

THE EU URBAN AGENDA TOOLBOX

Build your sustainable community with the EIB and the CoR



**European
Investment
Bank**

The EU bank

EUROPEAN UNION



Committee of the Regions

The EIB advised Warsaw's city government during the planning of its metro system expansion to ensure the project's eligibility for the EU grants it needed. Then the Bank lent the Polish city the bulk of the balance.

The first time EIB bankers came to discuss Warsaw's extension to its small metro system, they did not ask the questions that Deputy Mayor of Warsaw Michal Olszewski expected: "A commercial banker would have asked, 'Will you be able to pay me back?' The EIB wanted to know why we needed a metro."

Olszewski was impressed by the fact that the EIB wanted to be sure the city was taking the right decision financially – and in relation to EU policy goals. "The EIB is not just there to finance a project, but also to help solve the strategic challenges," he says. "Once they approve your project, you have a real proof of concept."

The EIB's testing of Warsaw's concept began long before it made a EUR 111 million loan to buy new rolling stock for the metro in 2012, and a further EUR 115 million loan to build the central section of the second metro line and seven new stations in 2013. Collaboration started when the City requested advice from the JASPERS programme on how best to structure its project so that it could justify significant EU grant funding.

JASPERS stands for Joint Assistance to Support Projects in European Regions. Co-sponsored by the European Commission and the EIB, JASPERS provides a range of advisory services on transport, and on investments in environmental projects, RDI, information and communications technology, health, education and urban development. The services range from reviewing the project and recommending changes to providing support during implementation. In Warsaw, the advice included justification of project feasibility and assessment of the environmental impact.

This helped Warsaw to receive from the European Commission EUR 945 million of the total cost of EUR 1.5 billion.

Warsaw is now working with the Bank on a EUR 200 million loan under its almost EUR 1.9 billion plan to build 11 more stations and a depot, and to buy 49 new units of rolling stock. "It's fantastic," says Olszewski. "You really feel like you're part of something great for your city."



“ You really feel like you're part of something great for your city

The EIB lent Belfius EUR 200 million, funding half the Belgian bank's Smart Cities and Sustainable Development programme, connecting the EIB with communities too small to access its regular loans.

Across many centuries, the town of Dinant grew lengthwise along the Meuse, hemmed in by rocky slopes on both sides. But the 14 000 residents were cut off from direct access to the river by roads along the banks.

Mayor Richard Fournaux always believed Dinant's residents should be better able to enjoy this beautiful feature of their town. With funding from the Smart Cities programme, Fournaux is realising that dream. On the right bank, a promenade called La Croisette will divert traffic from the river's edge, creating zones for pedestrians, bicycles, and playgrounds. "We have the chance to create infrastructure that greatly impacts life and work in our city," he says.

Smart Cities started in June 2015. With the EIB, it has funded over 30 projects in energy efficiency, sustainable mobility, and urban regeneration. Benefitting one million inhabitants so far, it's analysing a further 150 projects. The first schemes include:

- photovoltaic panels for the village school in Silly and sports facilities in Genappe
- near-zero-energy public buildings in Schelle, Bierbeek and Gembloux
- rest homes in Sambreville, Landen, Stekene and Sint-Truiden
- a filling station for cleaner fuel in Harelbeke, to be used by waste-collection trucks in ten municipalities
- brownfield regeneration for new civic buildings with mixed-use urban development and sustainable mobility in Weteren

As well as offering favourable interest rates because of EIB backing, the programme connects small communities with sources of European funding they might not otherwise have the resources to access. "I'm sure there are banks in other European countries that could perform this intermediary function for small municipalities," says Francis Hayen, who runs Smart Cities for Belfius. "If they team up with the EIB, they could implement the same approach."

In Dinant, La Croisette will attract tourists to the riverfront. They won't be able to bring their cars. There's already a Smart Cities project underway to build parking outside the centre. Says Fournaux, "This is the start of a real conversion of our town."

“ There are banks in other European countries that could perform this intermediary function for small municipalities



With a revolving investment fund, the Region has succeeded in maximising the impact of grant funding. Here is how to transform traditional grants into a successful financial instrument.

The old open-cast mine at Cutacre on the edge of Greater Manchester seems an unlikely place to find a cutting-edge financial instrument at work. But the 45 square kilometre site is one of a series of projects in North West England funded through a GBP 60 million development fund called Evergreen. Run by a private fund manager on behalf of 16 local governments, this financial instrument may look complicated, but the bottom line is illustrated by Cutacre: Evergreen's investment unlocked a key project, and the loan is already being repaid and being put to work on further projects.

It is a new approach to public sector intervention. Instead of searching for scarce resources to provide grants, national, regional and local governments set up an Urban Development Fund, which provides loans. Once the loans are repaid, the fund reinvests the proceeds. Of course, if the loans are to be repaid, they must be made to bankable projects, which in turn draw in private investors, spreading the effect of the public sector money still further.

“Evergreen allowed us to create a different kind of investment vehicle, whose strategy is aligned with what we want to do as a city to promote urban development,” says Desmond Gardner, a director of the fund in Manchester. “It took a bright idea and turned it into something that really delivered.”

“ A different kind of investment vehicle, whose strategy is aligned with what we want to do as a city

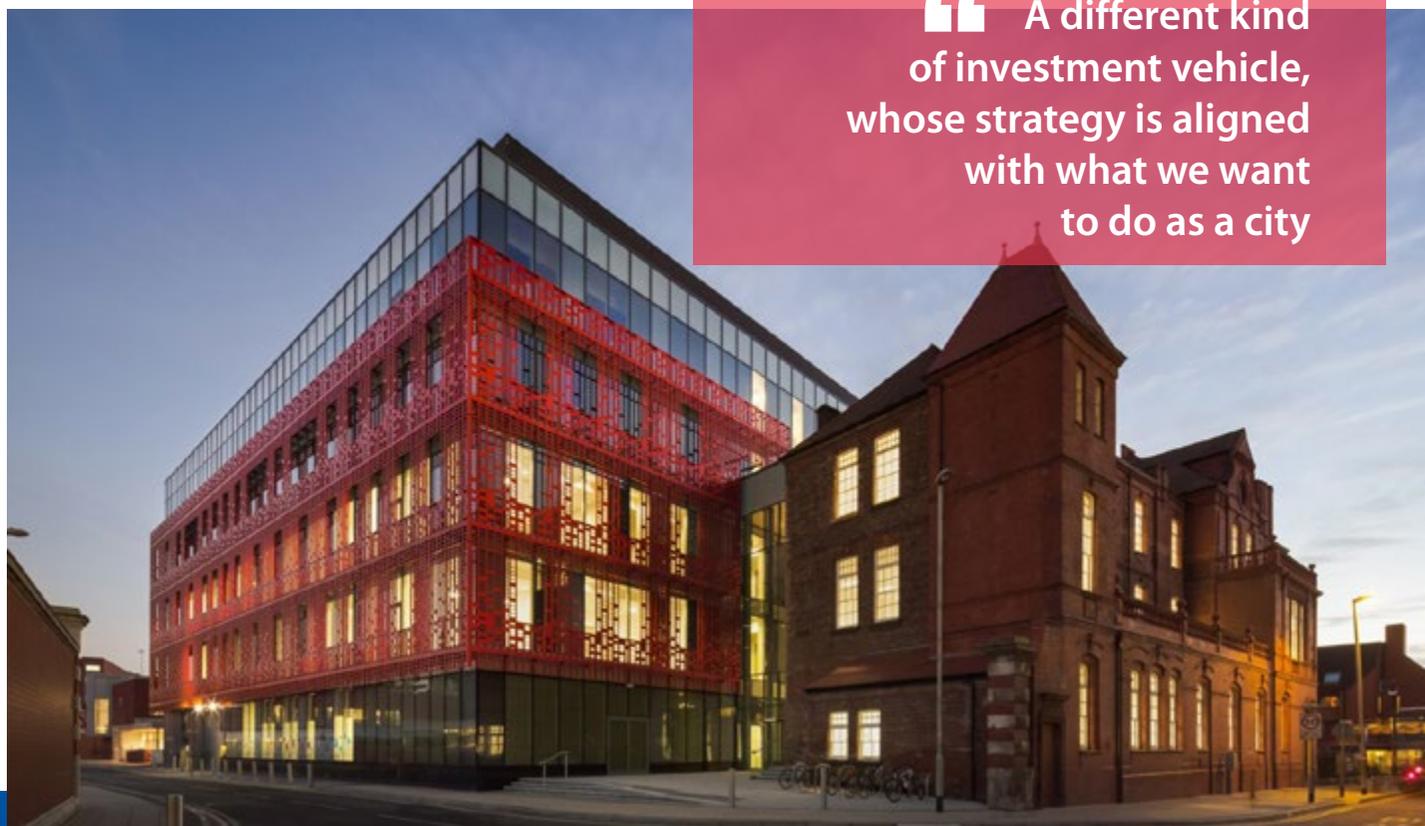
Here is how it works: the EIB receives grant funding from the European Regional Development Fund and national government agencies. The Bank picks financial intermediaries to manage the project investments. In this case, it is Evergreen, which was established by the local authorities in partnership with a private fund manager. Evergreen also has access to a GBP 100 million loan which the EIB made to Manchester City Council.

The fund was launched in 2011 with the help of an EIB/European Commission programme called JESSICA (Joint European Support for Sustainable Investment in City Areas), which aims to make EU grants (known as structural funds) go further.

Evergreen projects are already paying off:

- Citylabs: development of this GBP 24 million biomedical facility at a former eye hospital started after Evergreen's investment prompted Lloyds Bank to co-invest. Evergreen's loan is now repaid and being recycled into new investments;
- Cutacre: the project at the former mine has already created 300 jobs and paid back GBP 3.5 million of its loans from Evergreen;
- Cotton Building: GBP 10 million from Evergreen and Manchester drew GBP 10 million of private investment to this new building on an industrial site. It is expected to create 910 jobs.

Evergreen is making a second wave of investments – effectively with the same money. “Financial instruments aren't for everyone,” Gardner says. “They have to be tailored to local needs. But they can deliver real change.” Evergreen aims to recycle its resources three times over the ten years of its planned lifespan – though Gardner hopes the fund will be extended indefinitely. In the meantime, the EIB and the European Commission has launched the FI Compass Platform (<https://www.fi-compass.eu>) to provide advisory services to authorities interested in financial instruments like Evergreen.



One city has many needs. A single EIB loan is supporting a range of projects in Bologna from school renovation schemes to bike paths and measures to prevent major damage from earthquakes.

Lower secondary school pupils in southern Bologna will soon be able to give up their commute to overcrowded classrooms outside their neighbourhood. Via Lombardia School will be completed at the end of 2016, serving 225 children near their homes and with class sizes considerably smaller than at present. The school will also be:

- built with prefabricated sections that speed up construction;
- rated "A-plus" for energy savings, with solar heating and strong insulation;
- earthquake-resistant (in 2012, an earthquake with an epicentre 36 km from Bologna killed 27 people in the region).

"The children's learning environment will be better, and this will improve their education," says Marika Milani, head of Bologna's Department of Urban Renewal. "They won't have to travel far to school. They won't be squeezed into a classroom. We're very proud of this."

Milani has a lot of projects to be proud of. With a EUR 50 million EIB loan, Bologna is embarking on a series of very different schemes. The overall EUR 160 million programme is based on the city's plan to make itself a better place to live and a more attractive location for businesses and visitors – as well as more resilient to earthquakes and climate risks. "We did not have enough money to do all this for our beautiful city," says Milani. "The EIB loan was truly necessary."

Known as a framework loan because it is used for more than one project, the EIB funds will back:

- the renovation of several municipal buildings, roads, public spaces and squares;
- the completion of a bike path encircling the historic city centre;
- the restoration of the part of Bologna's famed medieval roadside *porticos* (arcades) rising to the San Luca Sanctuary that overlooks the city.

The porticos are candidates for inclusion on UNESCO's World Heritage List. "They're the most important symbol of Bologna in the memories of visitors," says Milani. "But we don't have to take all the time and trouble to make a separate deal for their restoration. All these different projects are combined into one deal with the EIB at a very good rate."



“ All these different projects are combined into one deal with the EIB at a very good rate

THE EU URBAN AGENDA TOOLBOX

Build your sustainable community with the EIB and the CoR

Local government matters to people all across Europe. Over 70% of Europeans live in urban areas, and 55% of public investment is made by regional or local governments. The European Investment Bank and the European Committee of the Regions collaborate on a range of Urban Agenda-related initiatives to share knowledge with local and regional decision-makers in order to improve access to funds and help them use existing funds more effectively. The EIB has provided EUR 95 billion in urban lending over the last five years and is extending that financing to projects with a higher risk under the European Fund for Strategic Investments, part of the Investment Plan for Europe. Along with the Bank's advisory services, these loans reflect all the Priority Themes of the EU Urban Agenda. What are those priorities? We were hoping you would ask. Take a look at projects the EIB has financed under each **Priority Theme**.

Jobs and Skills in the Local Economy



Rzeszow, Poland, 2015

EUR 145 million loan to fund a range of urban projects, including infrastructure services and transport connections to industrial enterprise zones employing local people.

Inclusion of Migrants and Refugees



Brandenburg, Germany, 2015

EUR 120 million to refurbish or build accommodation for 113,000 asylum seekers and refugees.

Urban Poverty



Royal Liverpool Hospital, UK, 2013

GBP 90 million loan to fund a new 600-bed hospital that serves an area with some of Britain's highest levels of economic deprivation and poorest health standards.

Sustainable Land Use and Nature-Based Solutions



Ginkgo Funds, Belgium/France, 2010 and 2016

EUR 46 million of equity (some funded by the Investment Plan for Europe) for a fund using innovative techniques to decontaminate polluted brownfield sites, which it sells for construction of residential or commercial buildings.

Urban Mobility



Budapest, Hungary, 2015

EUR 200 million framework loan to upgrade the metro, tramway, roads and bridges to create an integrated urban transport network.

Circular Economy



Vienna, Austria, 2015

EUR 150 million loan to finance the use of Vienna's sewage sludge to produce energy to run its wastewater treatment plant, cutting energy costs.



Urban air quality in Milan, Italy, 2014

EUR 300 million for a metro link between Linate Airport and the city's suburbs. A road congestion hotspot, Milan's climate and topography exacerbate air pollution. The new Metro line is part of a strategy to reduce congestion and improve air quality.

Portaal Housing Corp., Netherlands, 2015

EUR 200 million to retrofit social housing and build new energy-efficient units in Amersfoort, Leiden and Nijmegen.

Baden-Württemberg rolling stock, Germany, 2015

EUR 300 million for an innovative public transport procurement strategy to facilitate competition. The State will buy trains for leasing to small rail operators, which are unable to buy them because financing is scarce for such companies. An important element of the Stuttgart Region's urban strategy, with rail passengers set to rise to 25 million a year.

Municipal infrastructure, Poland, 2012

Climate change is causing increasing droughts and floods in Polish regions. This EUR 1 billion loan is helping to modernise bridges in small cities in southern Poland like Lesna, which was flooded in 2013. It makes them more durable and allows them to cope with flash floods.

Arqiva broadcast and communications infrastructure, UK, 2014

EUR 258 million towards projects that include smart meters (for more efficient use of gas and electricity), Wi-Fi telecoms, television and digital radio.

Energy efficiency via Banco Santander, Spain, 2015

EUR 50 million loan to support small energy efficiency projects in Spanish hotels. Financed under the Private Finance for Energy Efficiency Programme, which includes a loan, a risk-mitigation mechanism, and consulting services.

Air Quality



Housing



Innovative and Responsible Public Procurement



Climate Adaptation



Digital Transition



Energy Transition



TERRITORIAL IMPACT ASSESSMENT

Committee
of the
Regions

The European Committee of the Regions (CoR) has promoted and carried out territorial and urban impact assessments for several years. The aim: simpler, more efficient EU legislation. As most Europeans live in cities, we need legislation that takes into account the needs and unique characteristics of EU regions and cities.

In November 2015, the CoR, in cooperation with the European Commission's DG REGIO, Eurocities, CEMR and ESPON carried out a pilot Urban Impact Assessment on the "Energy performance of buildings." At a workshop in Brussels we welcomed energy efficiency experts from different types and sizes of EU cities. This assessment gave rise to positive and negative results, even within the same Member State, clearly supporting our approach of making territorial and urban impact assessments standard practice in EU policy-making.

The CoR will continue to carry out Urban Impact Assessments for other dossiers. Recent assessments have been carried out on the "New Skills Agenda for Europe" and "The Sharing (Collaborative) Economy."





European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
☎ +352 4379-1
☎ +352 437704
✉ info@eib.org
www.eib.org
🐦 @EIB

European Committee of the Regions
Rue Belliard 99-101
B-1040 Brussels
☎ +32 2 282 22 11
☎ +32 2 282 23 25
www.cor.europa.eu
🐦 @EU_Cor

Partners in the Urban Agenda

The European Investment Bank and the European Committee of the Regions are partners in building sustainable communities across the continent. Our actions contribute to the three pillars of the EU Urban Agenda:

- ➔ **Better regulation** – CoR Urban Impact Assessments ensure that the effect of EU legislation on urban areas is carefully calibrated
- ➔ **Better funding** – EIB lending products, financial instruments and advisory services help local and regional governments plan and fund their Urban Agenda priorities to build sustainability
- ➔ **Better knowledge (base and sharing)** – The CoR and EIB cooperate to ensure that best practice and knowledge is available and disseminated among the diverse range of urban authorities throughout Europe, for example on how the Investment Plan for Europe can support urban investment