



ELTI – CDLF Workshop

The experience of NPBIs in mobilizing financial resources for investments and services by local authorities

Cultural Centre of the Municipality of Athens (Pnevmatiko Kentro Dimou Athinaion)
“Antonis Tritsis” Room
50 Akadimias Str, 10679 Athens Greece

Thursday, 23 June 2022, 09:00 – 14:00 (CET+2)

Conclusions

Theme

In today’s world of continual changes and disruption, local authorities around the world have an increasingly important role to carry on relating with the provision of public services. In their agenda, they deal with great challenges as a result of their cities growing larger, thus straining basic infrastructure, coupled with the impact of natural disasters and other events linked to climate change. Meanwhile, the financial disruption brought about by the pandemic outburst and continuous ongoing geopolitical matters have also intensified these challenges.

Local authorities are confronted with profound economic challenges that circle the main issue in hand; notably the widening gap between the availability of financial resources and their growing needs.

Still, proper planning and financing systems are reasons for local governments to be optimistic as they offer opportunities for matching their needs with investment financing frameworks and tools.

In this workshop, we will share experiences and aim to identify successful financing mechanisms that allow municipalities to make strategic investments in their cities, support economic growth and social cohesion, and thus create confidence for better days ahead.

The workshop will be organised in two parts:

PART 1 - Understanding the local governments’ perspective and the challenges in backing their strategic public investments

- *The finance dimension with a focus on a metropolitan area* – Mayor of Athens, will share with us the experience of the largest metropolitan city in Greece
- *Let’s consider size: How can non – metropolitan municipalities finance investments and services?* – Mayor of Trikala/ Chairman of KEDE (Central Union of Municipalities of Greece)
- *The finance dimension with a focus on urban periphery* – Mayor of Voula-Vouliagmeni-Varkiza will share the experience of financing the needed infrastructure in the periphery associated with fast growth in the number of its inhabitants. A case of co-operating with the CDLF in street lighting financing.



Conclusions PART 1

The discussion with 3 Greek mayors showed that cities and municipalities are facing challenges determined by the global developments:

- The **energy transition**: cities and municipalities have high potential to reduce CO₂ and GHG emissions. Heating/cooling of public buildings as well as street lightning are important fields of activity.
- The **digital transition**: inhabitants expect efficient, cheap and easy access to municipal services.
- **Social challenge**: Municipal authorities should focus on citizens and people rather than administration and processes.
- **Municipalities expect** an appropriate mix of financing for their projects including funds from European and national level in order to provide the best financing conditions for the project.
- **Project volumes of cities and municipalities are smaller** (in most of the cases) compared to public infrastructure projects in transport or energy. This leads to less interest of institutional long-term investors. NPBl have the capacity to finance smaller projects and to include sources from other investors (i.e. EIB). A good knowledge of public support instruments at all levels
- **The NPBl** (in the Greek case: CDLF) have a **catalytic role** in financial engineering of projects. They need to know their customers and the needs of their customers. Mutual trust is of crucial importance. NPBl are seen as reliable partners.
- An energy savings project in southern-Attica (project volume: 1,6 mio EUR for new LED street lightning system) showed that energy transition projects can lead to significant budget savings very soon. The investment loan from CDLF will be repaid after 3 years from a reduced electricity bill only.



PART 2 – How ELTI members can contribute to local governments viable fiscal future

In this part, ELTI members, will exchange experiences and practices aiming to better understand the key elements and processes needed for local authorities to effectively communicate their needs, reach out to our organisations and the use of financing mechanisms.

Moreover, we will reflect on that basis in order to identify similarities, differences and/or gaps in the financing options, administrative capacities and other issues relevant to addressing the cities' challenges mentioned above.

Conclusions PART 2

Representatives from NPBI in France, Greece, Italy, Lithuania as well as from the European Investment Bank (EIB) presented different approaches.

- Public financing partners are giving preferential financing conditions as incentives to implement projects of public policy interest.
- The cooperation of NPBI with the EIB is a key success factor in order to include their advantageous financing resources based on the AAA-rating of the EIB. NPBI are bundling a number of small projects in order to absorb the refinancing (framework loan) of the EIB.
- Technical assistance remains a big challenge for all financing partners. It should be focused on
 - a) know-how transfer between municipalities and
 - b) identifying the needs of municipalities
- A good cooperation of the NPBI with the ministries (national level) as well as with other Financing Partners (i.e. EIB) is a key success factor for municipal financing of NPBI
- CDLF and EIB developed a **digital platform** for the management of municipal finance in Greece. This digital platform allows a paperless management of loans from the application via approval, disbursements, reporting to repayments.
- Most NPBI are currently financing street lightning projects in order to implement energy savings and CO₂ reductions.

The participants concluded that

- a comparison of financing conditions and incentives in the different EU Member States (peer review) would be a useful insight
- an in-depths discussion about technical assistance for municipalities should be triggered
- the different approaches about the cooperation with the private sector/private banks should be collected
- NPBI should meet once per year in order to continue the contact between municipal financing experts in ELTI member institutions and discuss new developments and topics of common interest in the municipal financing.