



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

During the 1st part of the workshop, the discussion with 3 Greek mayors showed that cities and municipalities are facing challenges determined by the global developments. More specifically, cities and municipalities have high potential to reduce CO2 and GHG emissions and that can be achieved in fields such as heating/cooling of public buildings as well as street lightning. Furthermore, due to the fact that inhabitants expect efficient, cheap and easy access to municipal services, digital transition is a field where municipalities have begun giving significant importance as well.

Concerning their financing, 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. Compared to public infrastructure projects in transport or energy, project volumes of cities and municipalities are smaller in most cases, leading to less interest of institutional long term investors. This increases the importance of the role of NPBIs, since they have the capacity to finance smaller projects and to include sources from other investors such as the EIB.

Concerning the relationship between the municipalities and the NPBIs, NPBIs are viewed by the municipalities as reliable partners, therefore it is crucial that the NPBIs know the needs of their customers and create a climate of mutual trust.

Finally, a general conclusion that arose from the discussion of the mayors is that Municipal authorities should focus on citizens and people rather than administration and processes.

At the end of the mayors' presentations, a very representative example was presented supporting the above conclusions. More specifically, an energy savings project in southern-Attica (project volume: 1,6 mil 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.



In the second part of the workshop, representatives from NPBIs in France, Greece, Italy, Lithuania as well as from the European Investment Bank (EIB) presented different approaches. These presentations led to the conclusion that public financing partners are giving preferential financing conditions as incentives to implement projects of public policy interest. Moreover, the cooperation of NPBIs with the EIB is a key success factor in order to include their advantageous financing resources based on the AAA-rating of the EIB. NPBIs 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) identifying the needs of municipalities and b) know-how transfer between 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 NPBIs.

A digital platform for the management of municipal finance in Greece developed by the CDLF and EIB was presented as an example supporting the importance of digital transition, which was noted in the mayors' presentations. This digital platform allows a paperless management of loans from the application via approval, disbursements, reporting to repayments.

The importance of streetlighting financing was also a basic conclusion that arose from the presentations, since most NPBIs finance street lightning projects in order to implement energy savings and CO₂ reductions.

At the end of the workshop, the participants identified some actions that could serve as next steps following this initial workshop. These next steps include a comparison of financing conditions and incentives in the different EU Member States (peer review), in-depths discussion about technical assistance for municipalities and the collection of different approaches about the cooperation with the private sector/private banks.

Finally, it was deemed useful by the representatives that the NPBIs 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.