

19 February 2021

2nd ICC City Lab

Day 4 – Transversal session on Access to Finance
1.10 – 3.10pm CET



Housekeeping rules

- Please note that this session will be recorded; should you not wish to be recorded, please turn off your camera
- Should you face any technical issues, please contact the WebEx host via the chat or through the ICC helpdesk (helpdesk_icc@technopolis-group.com)



Introduction

Nicoletta Minto – KPMG Italy

Access to finance (A2F) for Cities

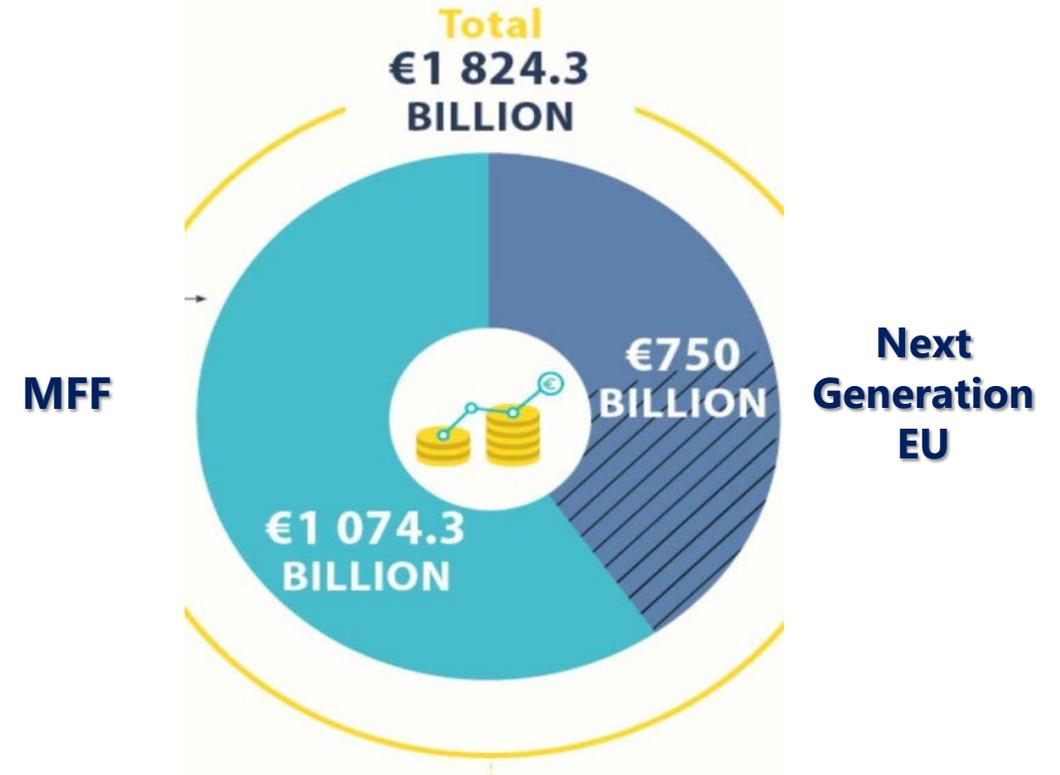
- Cities play a key role in preparing a resilient future, to achieve the green and digital priorities and in managing sizeable initiatives with major impact on citizen's life
- However, Member States are the main responsible for various EU initiatives (and Regions in some cases), while other EU Programs are targeted to industries/research centers, ecc.
- Nonetheless, the so called "Partnership principle" with local Authorities (and socio-economic partners and the civil society) applies and a direct role for Cities is provided by, for instance, the EU Cohesion Policy
- Some of the existing EU financing channels maybe more in line with cities' needs. Moreover, cities could promote partnerships with their industries/research centers, ecc.
- Overall, at least 30% of all EU financing in the 2021-2027 programming period will have to support the Green transition towards the EU climate change targets and the Digital transition will be a priority for all funds

The Recovery Plan for Europe - 1

Following the European Commission's proposal (May 2020) and the political agreement at the European Council (July 2020), in December 2020 the Council of the European Union (EU) and the European Parliament adopted the EU Regulations stemming from the "**Recovery Plan for Europe**", encompassing:

- A. the EU ordinary budget, the **Multiannual Financial Framework (MFF)** for the programming period 2021-2027;
- B. additional resources (to be borrowed by the EU on financial markets), through the so-called "**Next Generation EU**" initiative (or Recovery Fund).

Note: EU commitments and pre-financing will be possible after the new Decision on own resources will enter into force (i.e. first day of the first month after its ratification by the last Member State).



"To build a more sustainable, resilient and fairer Europe for the next generation"

The Recovery Plan for Europe - 2

The Recovery Plan for Europe also set the so-called “**Twin transitions**” principle, namely:

- on average, **30% of the whole resources** shall be allocated to support the EU climate change targets (the “**Green Transition**”), on the basis of the **European Green Deal**;
- The “**Digital transition**” too shall be a **priority for all funds**.

With this regard, the Annual Sustainable Growth Strategy 2021 fosters, inter alia, the so-called «**Flagship initiatives**» (and encourages Member States to support them through their National Recovery and Resilience Plans (see next slides).

Power Up



- Support the building and sector integration of almost 40% of the 500 GW of **renewable power generation** needed by 2030
- Support the instalment of 6 GW of electrolyser capacity and the production and transportation of 1 million tonnes of renewable hydrogen across the EU by 2025

Renovate



- Improve the energy and **resource efficiency of public and private buildings**, also fostering digital development through smart living and metering
- Contribute to the doubling of the renovation rate and the fostering of deep renovation by 2025

Recharge & Refuel



- Promote future-proof clean technologies for sustainable, accessible and smart transport, **charging and refuelling stations**
- Build by 2025 one out of the three million charging points needed in 2030 and half of the 1000 hydrogen stations needed

Connect



- Promote access to rapid **broadband** services, including fiber and 5G networks as well as quantum encryption communication
- Widest possible uninterrupted 5G coverage for all areas by 2025

Modernize



- Promote the EU-ID and key digital public services, including for justice and healthcare
- Ensure a **European digital identity** (e-ID) and interoperable, personalised and user-friendly **digital public services** by 2025

Scale-Up



- Double the production of **semi-conductors** in Europe by 2025, to produce 10 times more energy efficient processors
- Double the share of EU companies using advanced **cloud services and big data** by 2025 (from 16% today)

Reskill & Upskill



- Reach 70% of the share of Europeans from 16 to 74 with **basic digital skills** by 2025
- Reduce the share of 13-14 year old **students who underperform in computer and information literacy** to under 15%
- At least four in five vocational education and training graduates should be **employed** and three in five should benefit from **on-the-job training** by 2025

A2F – 1) The Recovery and Resilience Facility (RRF) - 1

The large majority of additional resources from Next Generation EU will be allocated to the **Recovery and Resilience Facility (RRF)**, whose general objective is *"to promote the Union's economic, social and territorial cohesion"*. The RRF will be implemented through **National Recovery and Resilience Plans (NRRP)**.

Specific objectives

- Contributing to the upward economic and social **convergence**, and to restoring the growth potential and the strategic autonomy of the EU
- Improving the **resilience**, crisis preparedness, and adjustment capacity and mitigating the social and economic impact of the crisis, in particular on women
- Fostering high quality **employment** creation and contributing to the implementation of the European Pillar of Social Rights
- Supporting the **Green transition**, promoting sustainable growth and contributing to the achievement of the Union's 2030 climate targets and the EU climate neutrality by 2050 (**37%** of NRRP resources)
- Supporting the **Digital transition** (**20%** of NRRP resources)

Sectors

- **Green transition; Digital transformation**
- **Smart, sustainable and inclusive growth**, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning single market with strong SMEs
- **Social and territorial cohesion**
- **Health and economic, social and institutional resilience**, including increasing crisis reaction capacity and crisis preparedness
- Policies for the next generation, **children and youth**, including education and skills

Relevant strategies

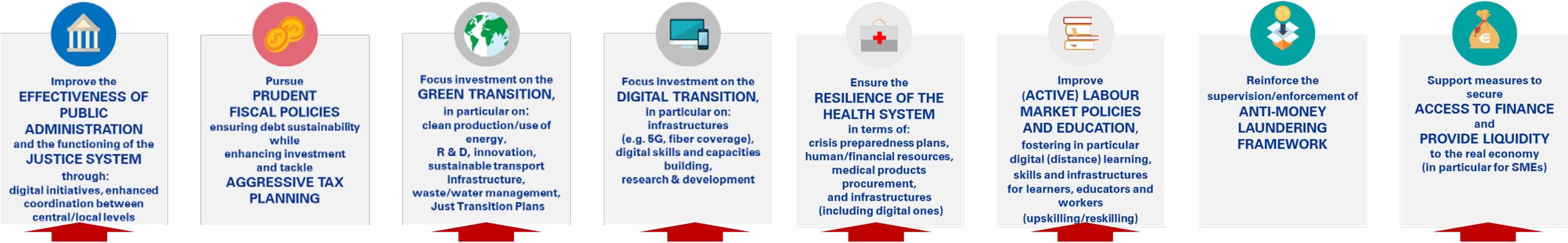
- NRRPs must be consistent with:**
- **the Country Specific Recommendations by the EU,**
 - **the National energy and climate plans,**
 - **the Cohesion policy Partnership Agreements, and the Territorial Plans for the Just Transition**

MILESTONES FOR THE RRF

1. **Deadline to present a complete NRRP to the European Commission (April '21)**
2. **Approval by the EC and the Council (Summer '21)**
3. **Pre-financing**
4. **Payments by the EU every 6 months if targets are met**
5. **Calculation of the contribution for the years 2023-2024 (by June, 30, 2022);** in case resources are left, the Commission can organize calls for projects by Member States in 2023-2024
6. **Deadline for payments to beneficiaries (2026, ex NextGenerationEU Regulation)**

A2F – 1) The Recovery and Resilience Facility (RRF) - 2

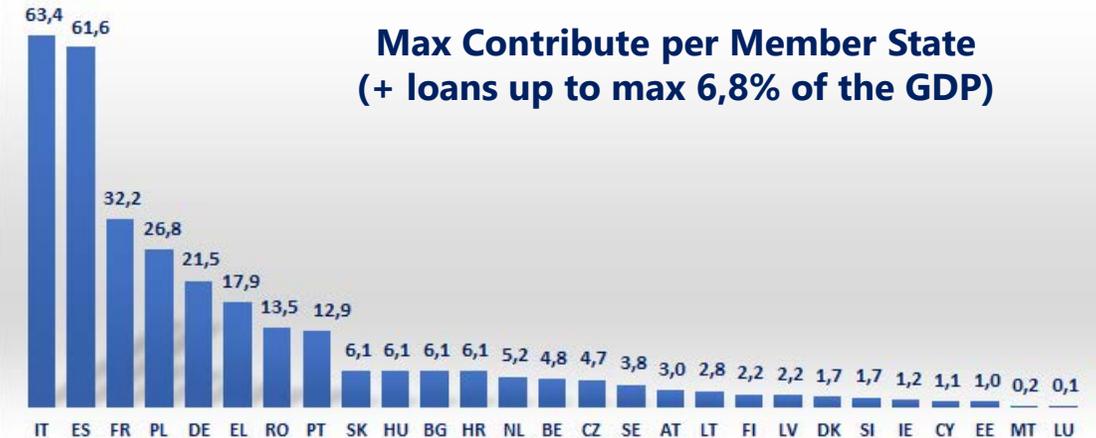
Main topics in the Country specific Recommendations



The “Partnership principle”

Each NRRP shall include: “a summary of the **consultation process**, conducted in accordance with the national legal framework, of **local** and regional authorities, social partners, civil society organisations, youth organisations, and other relevant stakeholders, **for the preparation and, where available, the implementation** of the plan and **how the inputs of the stakeholders are reflected in the plan**”.

Max Contribute per Member State (+ loans up to max 6,8% of the GDP)



A2F – 2) The EU Cohesion Policy - 1

- The EU Cohesion Policy resources for the 2014-2020 period can be spent till **2023**, including measures to counteract effects of the COVID-19 pandemic (i.e. **Coronavirus Response Investment Initiative**, CRII, by the European Commission).
- For the years 2021-2023 (still 2014-2020 period), Next Generation EU will provide additional resources, through the **“ReactEU”** initiative.
- In parallel, the **new 2021-2027 Programmes** will start (and resources can be spent till **2030**).

2014-2020 EU Objectives

1. Strengthening **research, technological development and innovation**
2. Enhancing access to, and use and quality of, **ICT**
3. Enhancing the **competitiveness of SMEs**
4. Supporting the shift towards a **low-carbon economy** in all sectors
5. Promoting **climate change** adaptation, risk prevention and management
6. Preserving and protecting the **environment** and promoting resource efficiency
7. Promoting sustainable **transport** and removing bottlenecks in key network infrastructures
8. Promoting sustainable and quality **employment** and supporting labour mobility;
9. Promoting **social inclusion**, combating poverty and any discrimination
10. Investing in **education, training** and vocational training for skills and lifelong learning
11. Enhancing institutional capacity of public authorities and stakeholders and efficient **Public Administration**
12. Fostering crisis repair in the context of the COVID-19 **pandemic** and its social consequences and preparing a green, digital and resilient recovery of the economy

Member States will have to present to the European Commission:

- revised Programmes to allocate ReactEU resources for the 2014-2020 period
- the national Partnership Agreements, on the strategy for the 2021-2027 period
- the 2021-2027 Programmes

ReactEU

A2F – 2) The EU Cohesion Policy - 2

2021-2027 EU Policy Objectives

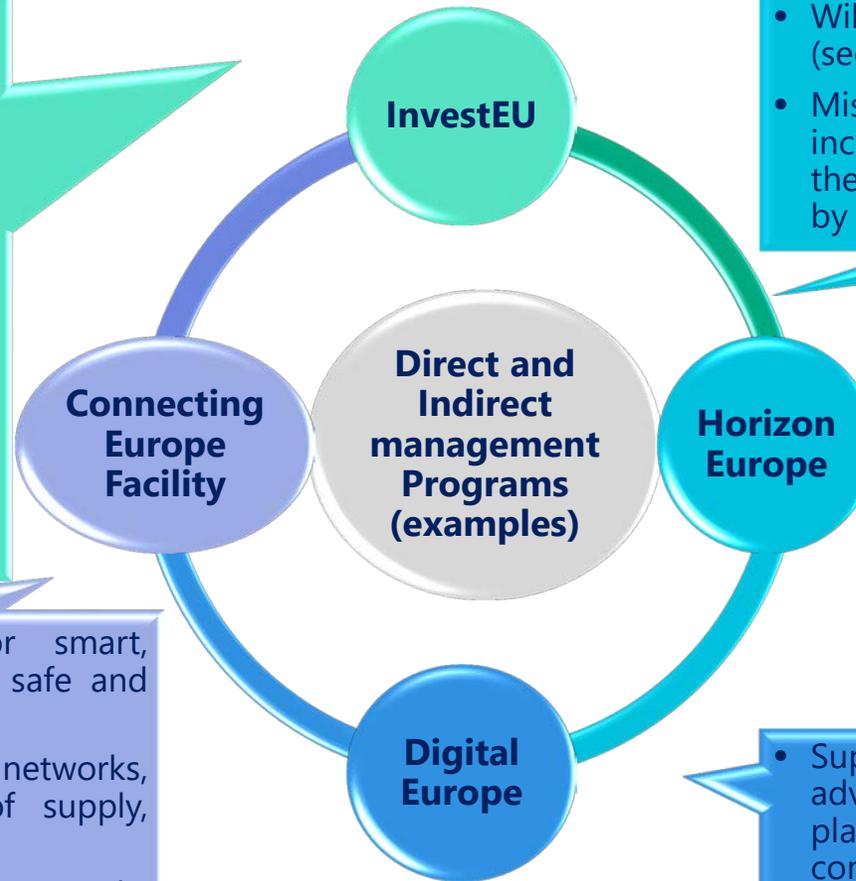
1. **A more competitive and smarter Europe** by promoting innovative and smart economic transformation and regional ICT connectivity
2. **A greener**, low-carbon transitioning towards a net zero carbon economy and resilient **Europe** by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and **sustainable urban mobility** (including green infrastructure in urban areas)
3. **A more connected Europe** by enhancing mobility
4. **A more social and inclusive Europe** implementing the European Pillar of Social Rights
5. **A Europe closer to citizens** by fostering the sustainable and integrated development of all types of territories and local initiatives (tourism and culture, but can include actions related to other Policy Objectives)

- **The “Partnership principle”** - “Each Member State shall organise and implement a comprehensive **partnership** ... which shall include at least ... regional, local, **urban** and other **public authorities**” (for the Partnership Agreement and for Programmes).
- **Territorial development strategies** – Support under Policy Objective 5 shall be provided through territorial and local development strategies (Integrated Territorial Investments, Community-Led Local Development and other territorial initiatives), to be drawn-up under the responsibility of the relevant territorial authorities. They shall select or shall be involved in the selection of operations and can be identified as Intermediate Bodies, if they implement tasks of the Managing Authority.
- **Sustainable urban development by the ERDF** – • To be implemented through Urban development strategies. • Special attention to: **environmental and climate challenges**, notably the transition towards a climate-neutral economy by 2050; **digital technologies** for innovation purposes; functional urban areas. • Not limited to Policy Objective 5. • At least **8%** of resources at national level under the Investment for jobs and growth goal. • To be promoted by Cooperation Programmes too. • **Capacity building** for local actors too.
- **Smart cities included in Policy Objective 1 – Specific Objective on Digitalisation.**
- **The ESF too** can support territorial development, through the support to the specific objectives implementing Policy Objective 4.
- **European Urban Initiative** by the Commission- EUR 400 million of the resources for the Investment for jobs and growth goal to promote innovative actions and to support capacity and knowledge building, territorial impact assessments, policy development and communication.
- **For some areas only**, the new **Just Transition Fund** will be available too (**dedicated Objective**).

A2F – 3) Other Programs/instruments (examples)

- Will substitute all current EU Financial Instruments
- Will include an EU compartment (managed by the European Investment Bank) and Member States Compartments (the MS can contribute to InvestEU, including through Cohesion policy resources)
- Will include an Advisory hub and an InvestEU portal
- Will focus on sustainable infrastructure; research, innovation and digitalisation; SMEs; social investments; Strategic Investment (new) + Second Pillar of the Just Transition Mechanism (new)
- The EIB and other Implementing parties will propose financial products to obtain a guarantee from the EU budget and select final recipients

- Transports: networks and infrastructure for smart, interoperable, sustainable, inclusive, accessible, safe and secure mobility
- Energy: energy market, interoperability of networks, decarbonisation, energy efficiency, security of supply, cross-border cooperation
- Digital: safe and secure very high capacity digital networks and 5G systems, digital backbone networks, digitalization of transport and energy networks



- Will be structured in Pillars, clusters and missions (see [link](#))
- Missions are a portfolio of actions on major issues, including on Climate-neutral and smart cities, with the objective of Reaching 100 climate-neutral cities by 2030



- Supercomputing, artificial intelligence, cybersecurity, advanced digital skills (masters, training and job placements), through Digital Innovation Hubs for companies (technical expertise and experimentation, and innovation services)

A2F – Considerations for cities - 1

	➤ <i>Pro active actions at city level</i>	➤ <i>Support via ICC</i>
<ul style="list-style-type: none"> Some draft National Recovery and Resilience Plans have already been submitted to the European Commission and the complete version of all National Recovery and Resilience Plans will have to be submitted by April 2021. However, in some cases, the NRRPs include big projects at national-level. 	<ul style="list-style-type: none"> ➤ <i>Since national plans encompass local and regional dimension, identify locally the content of the national plan to align/position cities financing needs</i> ➤ <i>Might be difficult to align to a national dimension</i> 	<ul style="list-style-type: none"> ➤ <i>Inform on Priorities for investment to your MS known via European semester</i> ➤ <i>Enable access to national plans and national decisions for allocation – follow-up EC’s feedbacks to national plans – guidance on the flagships initiatives</i> ➤ <i>Contact points nationally</i>
<ul style="list-style-type: none"> ReactEU resources for the remaining years of the EU Cohesion Policy 2014-2020 period shall be allocated according to the “Partnership principle” and revised Programmes are expected soon. Partnership Agreements and Programmes for the EU Cohesion Policy 2021-2027 period are expected in the next months. 	<ul style="list-style-type: none"> ➤ <i>Get involved early in this process where cities can really play the local partner role..</i> ➤ <i>Issue of co-financing in some MS</i> 	<ul style="list-style-type: none"> ➤ <i>Mature process in place in each Country - Guidance to onboard on the programming exercise</i>

A2F – Considerations for cities - 2

	➤ <i>Pro active actions at city level</i>	➤ <i>Support via ICC</i>
<ul style="list-style-type: none"> ▪ The EU Cohesion Policy fosters integrated territorial development and the share of ERDF resources for sustainable urban development will be the 8% in 2021-2027. 	<ul style="list-style-type: none"> ➤ Update your Urban Development Strategy 	<ul style="list-style-type: none"> ➤ Leverage on ICC to refine your Urban Development Strategy
<ul style="list-style-type: none"> ▪ The combination of the Recovery Plan for Europe, and related National Recovery and Resilience Plan, and of the EU Cohesion Policy, plus programs/instruments managed directly by the European Commission or indirectly, particularly through the European Investment Bank, will mean that multiple initiatives and multiple sources of funding will be available. 	<ul style="list-style-type: none"> ➤ Consider to combine different sources according to subject, time-span and partnership of your projects ➤ Consider the use of financial instruments using EU funding as guarantee 	<ul style="list-style-type: none"> ➤ Workshop on financial instruments via EIB (InvestEU) ➤ Size of the projects can be an issue for small cities – consider joint efforts
<ul style="list-style-type: none"> ▪ Therefore, strong administrative capacity will be needed to manage and implement all funding within its deadlines. 	<ul style="list-style-type: none"> ➤ Consider availability of the EU Cohesion Policy funds to enhance administrative capacity 	<ul style="list-style-type: none"> ➤ Guidance on how to access EU Cohesion Policy funds for administrative capacity and on DG REGIO initiatives to this aim

Annex – Useful links

- Multiannual Financial Framework and Next Generation EU: <https://www.consilium.europa.eu/en/infographics/mff2021-2027-ngeu-final/>
- Recovery Plan and Recovery and Resilience Facility: [Recovery plan for Europe | European Commission \(europa.eu\)](#)
- Coronavirus Response Investment Initiative: https://ec.europa.eu/info/live-work-travel-eu/coronavirus-response_en
- EU Cohesion Policy - ERDF: [Inforegio - EU Regional Policy - Regional Policy - European Commission \(europa.eu\)](#)
- EU Cohesion Policy - ESF: [Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#)
- Eur-Lex: [EU law - EUR-Lex \(europa.eu\)](#)

- European Investment Advisory Hub (EIAH) by the EIB: [Advisory Hub \(eib.org\)](#)
- **URBIS**: [URBIS \(eib.org\)](#) (The advisory platform within the European Investment Advisory Hub set up to provide advisory support to urban authorities)
- European Investment Project Portal (EIPP): [European Investment Project Portal \(europa.eu\)](#) (to boost visibility of projects to a network of international investors)
- EU One Stop Shop for Cities: [Cities and urban development | European Commission \(europa.eu\)](#)

**Developed for the
2014-2020 period,
but will remain in the
new 2021-2027
period**

- Horizon National Contacts Points: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/ncp>
- Enterprise Europe Network: <https://een.ec.europa.eu/>
- Digital Innovation Hubs per country: [Digital Innovation Hubs - Smart Specialisation Platform \(europa.eu\)](#)



Italy - Acces to Finance

Guido Arnone– KPMG Italy

A2F Main Challenges

- Smart innovation and digitalisation requires external resources funding.
- Public financing is a key source, however:
 - Local Government & Regional Funding are **not enough** to achieve all projects and goals
 - There is a high degree of **competition** in gaining access to funding of European programs
 - The discovery process and pursuing process requires a **high dedicate effort** becoming and investment itself
- Alternative financing schemes are a viable opportunity, however:
 - Involving **private sector** requires also a high degree of effort and commitment in identifying and exploit return benefit (partners not sponsors);
 - Only few high visibility / impact projects with clear return of investment (and commitment) can attract substantial funding partners

A2F Approach – Municipality of Roma

A structural and coordinated approach is adopted in both cities addressing Country specific and European opportunities:

Municipality of Rome

- The **General Accounting Office** is responsible to get finance for the city; the Metropolitan City has used loans and has established a dialogue with EIB for some projects
- The **Office for European Affairs** of the Metropolitan City is in charge of funding opportunities at EU/national/regional level (especially direct EU grants and EU Structural and Investment Funds);
- Use of some open-source intelligent tools are used to identify the above mentioned opportunities.
- City of Venice
 - **Research of funding sources and European policies department** with skilled and multilingual staff. Since 2000 the City of Venice has been involved in more than 160 EU projects both as Lead Partner and partner. Furthermore the city has been managing the funds allocated to the City of Venice (around 40 M€) in the frame of the Multi-fund National Operational Programme Metropolitan Cities 2014-2020 (PON METRO);
 - No use of any open source intelligence tool, only the constant online monitoring of European, national and regional call for proposals and the active participation in national and European networks, as for instance Eurocities, C40, Anci, PON metro cities.

ICC Opportunity / Expectation

The ICC initiative represents an opportunity both at global and local level:

- Besides the local dedicated offices there is a need to create **specialized Working Groups** to pursue further opportunities. ICC can help in **funneling local resources** belonging to different departments towards a unified and common effort;
- The engagement with other cities in similar goals and projects can help in **promoting partnership with other participants** and identify joint projects to exploit potential opportunities;
- **Scouting and benchmarking alternative financing opportunities** involving the private sector adopted (best practices) applicable to thematic areas (Digital Tourism, Green Mobility),



Greece – Access to Finance

Pantelis Koukos– Lead Expert Chalkida - KPMG Greece

Funding Opportunities in Greece

1

RRF Greece, Funding & Loans

2

National Strategic Reference Framework (NSRF) 2021-2027, EU Funding

3

NSRF 2014-2020 - ends in 2023, EU Funding

4

EU Funding initiatives

5

National Investments Funding, "Antonis Tritsis" Program

6

Consignment Deposits and Loans Fund, CDLF

7

Green Fund, National Investments Funding Resources for Municipalities

8

Municipality fees and revenues, Own Revenues

9

Special Purpose Funding

10

Funding for recovery from physical disasters

Funding Opportunities in Greece (1/3)

RRF Greece, Funding and Loans

The Greek National Recovery and Resilience Plan (about €32 bil) comprises of four pillars: (1) Green, (2) Digital, (3) Employment, skills & Social cohesion and (4) Private investment and economic & institutional transformation, and includes grants and loans. The grants are: Green €6.2 bil (38% of total), Digital €2.1 bil (13% of total), Employment, skills & social cohesion €4.1 bil (25% of total), Private investment and economic & institutional transformation €4 bil (24% of total). An amount of €3 bil is intended for investments through the Just Transition Mechanism (JTM) which affects the regions of West Macedonia and Northern Aegean. Projects contracts must be signed up to 31.12.2023 and completion of the project 31.12.2026.

National Strategic Reference Framework (NSRF) 2021-2027, EU Funding

Financing through the National Strategic Reference Framework (NSRF) 2021-2027 (European structural and investment funds) with a budget of approx. €27 bil. From the NSRF 2021-2027, an amount of approx. €1.6 bil concerns investments and projects of the JTM, in addition to the previous one for JTM. More than €5 bil are proposed for regional and municipalities' proposals. The program will practically end in 2030

NSRF 2014-2020 - ends in 2023, EU Funding

The NSRF 2014-2020 has been completed in terms of project announcements but includes scheduled and under implementation projects and actions, indicatively the "Sustainable Urban Development Plans, SUDP", a program with a significant budget, which has been distributed to some Municipalities and practically could support the initial funding of suggested proposals in the ICC

EU Funding initiatives

Includes EU initiatives and funding which affects municipalities, such as Interreg, Leader, Horizon, Life. Also initiatives as the present ICC.

Funding Opportunities in Greece (2/3)

National Investments Funding of Municipalities, "Antonis Tritsis" Program

"Antonis Tritsis" program is a National Public Investment Program especially for the Municipalities amounting to €2.5 bil. for a certain period (usually 4-5 years). It started on August 2020. The central government announces a single Public Investment program and invites the Municipalities to submit proposals. Such programs in the past were "Philodimos", "Theseus", "EPTA". Fields of projects are digital transformation & e-governance, environment & circular economy, social cohesion & solidarity, education, culture, tourism, sport, civil protection.

Consignment Deposits and Loans Fund, CDLF

CDLF is the lending organization for local authorities but also operates as a trustee for the Municipalities' funding through Public Investment programs. (like "Antonis Tritsis"). A range of financial (loan) tools that are offered cover the basic needs of the local authorities. These include most EIB loans, for which the CDLF negotiates total lending lines by subject and then invites local authorities to submit proposals. Areas covered by the CDLF (loans) are project maturation, urban planning, and expropriations, energy savings, strengthening of own resources of local authorities for the execution of projects, fleet renewal & maintenance, utilities, maintenance & operation, special needs. The CDLF operates as a trustee of the Municipal PPP projects' implementation.

Green Fund, National Investments Funding Resources for Municipalities

Green Fund collects resources from urban planning and environmental fines and fees from the issuance of building and environmental permits and between others finance the local authorities exclusively for green projects, pedestrian & other environmental projects. Also (from 2019) it acts as a trustee and fund for the environmental, recovery, and supply water services fees, which distributes according to the forecasts of RBWPs.

Funding Opportunities in Greece (3/3)

Municipality fees and revenues, Own Revenues

Includes fees for Municipality services to the citizens as waste management, water utilities, fees for a real estate property, use of public space, and other revenues of the Municipality.

Special Purpose Funding

It refers to special funds as VCs, Innovation Funds that have been created in Greece for investments and concern -in particular- innovation and recovery (approx. €1 bil) and leverage public and private funding. Also, private funding through PPP or PPF processes for the implementation, operation, and maintenance of related projects.

Funding for recovery from physical disasters

Includes funding mainly from national public resources for the recovery from physical disasters. In this period, it is included also funding for the purposes of actions at the Municipality level for the protection from COVID-19.

City of Chalkida

Thematic Goals	Growing startups, SMEs, and social economy			Smart and Sustainable Tourism		
	Hubs for start-ups and digital nomads	Hub for local products and commerce	Hub and smart solutions to support social economy and entrepreneurship.	Anthidona Camp and industrial buildings	International youth and schools' sports activities	Holistic framework and platforms for smart tourism
RRF Greece, Funding and Loans						
NSRF 2021-2027						
NSRF 2014-2020						
EU Funding initiatives						
"Antonis Tritsis" Program						
Consignment Deposits and Loans Fund						
Green Fund						
Own Revenues						
Special Purpose Funding						

Thematic goal : Waste management & circular economy

	Find the best choice for each cases to set up effective public infrastructures to successfully implement separate collection to all the areas of the Municipality.	Smart management of bins and smart fleet management
RRF Greece, Funding and Loans		
NSRF 2021-2027		
NSRF 2014-2020		
EU Funding initiatives		
"Antonis Tritsis" Program		
Consignment Deposits and Loans Fund		
Green Fund		
Own Revenues		
Special Purpose Funding		



Hungary – Access to Finance

Andras Kaszap – Lead Expert Budapest - KPMG Hungary



Hungary

Adrienn Bokányi – City Councilor Szombathelyi

2nd ICC City Lab

Next on today's agenda

- Transversals 1:1s
- Ecosystem 1:1s
- Communication workshop

Next session to start at 3.10pm CET

ICC Day 4 – Link 5: <https://bit.ly/3atPCMA>

Share your experiences with #IntelligentCitiesChallenge



1:1 Access to Finance

KPMG