



# EIB contribution to the Urban Agenda for the EU

## Factsheet

An online course (MOOC) for regional and local authorities

The European Investment Bank (EIB) works on a range of activities related to the [EU Urban Agenda](#) to share knowledge with local and regional decision-makers, to improve access to funds and help them use existing funds more effectively. The EIB provided EUR 95 billion in urban lending since 2011 in areas covered by the priorities of the EU Urban Agenda and is extending that financing to projects with higher risk under the [European Fund for Strategic Investments](#), part of the [Investment Plan for Europe](#).

### The Pact of Amsterdam and Urban Agenda partnerships

The EIB has been participating in the Urban Agenda process through its membership of the Urban Development Group, its presence at the three European Commission consultation sessions on the Urban Agenda, and its presence as observer at the Urban Agenda ministerial meetings in Riga and Luxembourg. At the request of the Dutch Presidency, the Bank also provided comments on the successive drafts of the planned Pact of Amsterdam.

The Pact of Amsterdam was adopted by EU ministers (in the presence of EIB) at their informal meeting in Amsterdam on 30 May 2016, and conclusions on the Urban Agenda for the EU were adopted by the General Affairs Council on 24 June 2016. The Pact, which represents the culmination of over ten years of preparation under previous presidencies, defines **the key challenges for urban development oriented along 12 priority themes**, and sets out an agenda for action in

the areas of “better funding”, “better regulation” and “better knowledge”. The agenda is to be taken forward under 12 “partnerships” (see table below) between the European Commission, Member States, cities, European institutions and other stakeholders, and aims to achieve concrete outcomes over three years, with follow-up under future co-presidencies.

### Urban Agenda partnerships / priority themes

- 1 Inclusion of migrants and refugees
- 2 Air quality
- 3 Urban poverty
- 4 Housing
- 5 Circular economy
- 6 Jobs and skills in the local economy
- 7 Climate adaptation (including green infrastructure solutions)
- 8 Energy transition
- 9 Sustainable use of land and nature-based solutions
- 10 Urban mobility
- 11 Digital transition
- 12 Innovative and responsible public procurement

Partnerships 1-4 have already started. The Bank is following all four partnerships and is actively engaged in two of them: Housing and Inclusion of migrants and refugees.

The Pact of Amsterdam has a specific section on the role of EIB (see box on the next page), and



## Pact of Amsterdam<sup>1</sup>

### IX. European Investment Bank (EIB)

The Ministers agree:

48. That the EIB plays an important role, also in cooperation with other international financial institutions and national promotional banks, in the financing of investments in areas covered by the Urban Agenda for the EU, in grant-loan blending for urban investments, and in advising Member States and cities about urban project preparation and financial instruments.

49. To invite the EIB to support the development of better funding approaches in the urban context,

including through financial instruments, in cooperation with the European Commission.

50. To invite the EIB to contribute to the work of the Partnerships in particular with regard to better funding and better knowledge.

51. To invite the EIB to reflect, where relevant, the outcomes of the Urban Agenda for the EU as appropriate in its urban lending, grant-loan blending and advisory services approach in the urban context taking into account the need to support sustainable urban development strategies and without jeopardising its financial discipline.

The full version of the Pact of Amsterdam is available at <http://urbanagenda.nl/pactofamsterdam/>

the Bank is mentioned extensively throughout the document. Even at the time of adoption of the Pact, the Bank was already actively pursuing the roles identified, in particular in better funding approaches through preparation of higher risk innovative urban projects under the European Fund for Strategic Investments and advisory work on urban financial instruments.

### How can the EIB support projects under the EU Urban Agenda?

EIB financing in the EU for the areas covered under the EU Urban Agenda is estimated at EUR 95 billion over the five year period 2011-2015. This figure comprises a holistic approach towards the urban financing and mirrors the Urban Agenda priorities by, for instance, including energy, water and public transport. This comprises EUR 80.6 billion of financing through **investment loans**, **framework loans** and **equity funds**, and EUR 14 billion of **indirect financing through commercial and public sector banks**.

The EIB lends across all of the priority themes of the EU Urban Agenda, and across all Member States. Urban lending is highest in countries which have a large number of large secondary cities, including UK (EUR 15.7 billion), France (EUR 13.7 billion) and Germany (EUR 10.9 billion). EIB lending is strongest in the areas of water/sewerage (EUR 16.8 billion), urban transport (EUR 16.7 billion), education (EUR 15.9) and urban development (EUR 12.3 billion).

Within the EU-28 there are approximately **930 cities with a population above 75 000**, which is typically the minimum size for a city to be able to absorb direct EIB lending. It is estimated that the EIB has lent to roughly one fifth (16.5%) of these cities. Recognising the importance of smaller towns and cities, the EIB finances urban investments extensively via framework loans intermediated by regional administrations, public or private banks, and specialised enterprises such as housing companies or energy efficiency agencies. The EIB also provides extensive financing through commercial and public sector banks to public or private enterprises delivering urban services in areas such as services (EUR 2.9 billion),

<sup>1</sup> The General Affairs Council Conclusions of 24 June 2016 include points 49 and 51 of the Pact.



energy (EUR 2.4 billion) and health (EUR 2.1 billion). EIB financing for urban infrastructure and services supports a wide range of EIB Public Policy Goals. On the infrastructure side, urban projects contribute to energy efficiency improvements in urban districts, housing and public buildings and decarbonisation of the urban economy. **Sustainable urban mobility** is a key contributor to reducing congestion, improving air quality and achieving CO2 reductions. Urban regeneration and social-affordable housing contribute to local economic development and social inclusion. Water and waste investments bring significant environmental, health and climate action benefits, and contribute to the circular economy and to improve resource efficiency. Over the five years 2011-2015 investments in urban development have totalled over EUR 28 billion for climate action and over EUR 10 billion has been deployed in Cohesion Priority Regions.

European cities face the brunt of the investment and social integration challenge posed by the refugee crisis. The Bank's first loans in this area have been loans to cities intermediated by regional banks (in Germany) or national housing agencies (in France).

## EIB urban lending (2011-2015) in areas covered by EU Urban Agenda

Breakdown by sector in EUR million

	Inside EU	
	Total	%
Water and sewerage	16.826	18%
Urban transport	16.704	18%
Urban development	15.485	16%
Energy	2.564	3%
Education	15.919	17%
Health	9.562	10%
Solid waste	1.725	2%
ICT	8.617	9%
Industry and services	7.233	8%
	94.633	100%

Breakdown by country

## Relevance of the Investment Plan for Europe

The EU Bank has already approved urban projects under the European Fund for Strategic Investments (EFSI), part of the Investment Plan for Europe. The EFSI guarantee enables the Bank to fund urban projects involving greater levels of risk, for example through risk sharing with promotional banks, lending to lower rated municipalities or municipal companies, financing private sector services provision to municipalities through PPP (public-private partnership), Energy Service Companies or other structures with limited recourse, or investing in funds targeting urban upgrades.

## Advisory support and knowledge development

Besides financing, the EIB contributes to the Urban Agenda through its advisory services, in particular:

- **JASPERS**, providing support to the preparation of European Structural and Investment Funds (ESIF) grant-funded projects in a number of urban areas
- **ELENA**, providing support to local and regional authorities in accelerating their investment



programmes in the fields of energy efficiency and renewable energy sources

- **Decentralised Instruments Advisory**, including “[fi-compass](#)” and bilateral advisory support for the design and feasibility of financial instruments such as Urban Development Funds. It is also expected that the [European Investment Advisory Hub](#) will be contacted by cities for support

economic benefits of urban projects. EIB projects in areas such as urban regeneration have followed an integrated approach, referring to the Leipzig Charter which made this a central priority for EU urban policy. Through its Structural Programme Loans and Urban Framework Loans the Bank has also found ways to target cities of different sizes, including small towns via intermediated facilities.

## Cross-cutting issues for EIB financing

In addition to the 12 priority themes (see table on Urban Agenda partnerships / priority themes), cross-cutting issues are also defined in the Urban Agenda. The cross-cutting issues are closely aligned with EIB’s financing approach and appraisal criteria, which emphasise aspects such as sound urban governance, a planning-led approach to project definition, and socio-

## Urban Agenda cross-cutting issues and their relevance to EIB lending

X-cutting Issues	Relevance to EIB
Good urban governance	<ul style="list-style-type: none"> <li>• Key principle impacting project quality and impacts</li> </ul>
Sound urban planning	<ul style="list-style-type: none"> <li>• EIB focus on planning-led development</li> </ul>
Integrated approach	<ul style="list-style-type: none"> <li>• Key EIB project appraisal criterion</li> <li>• Mixed EIB project teams across sector expertise</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>• EIB seeks to stimulate and promote best practice</li> <li>• EIB finances research into smart technology and advises on new instruments</li> </ul>
Impacting societal change	<ul style="list-style-type: none"> <li>• EIB focus on social and economic benefits favours projects which optimise benefits to society</li> </ul>
Attention to small and medium cities	<ul style="list-style-type: none"> <li>• EIB intermediated loans target small towns and cities</li> <li>• EIB direct lending down to cities of approx. 75,000</li> </ul>
Urban-urban, urban-rural, regional linkages	<ul style="list-style-type: none"> <li>• Key to appraisal of wider project economic benefits</li> </ul>



## Institutional relationships

As the EU Bank, the EIB has excellent institutional relationships in the areas covered by the Urban Agenda, in particular with DG Regio and other relevant European Commission DGs. Projects and advisory support are closely coordinated with other active multilateral development banks, national agencies and promotional banks. Close cooperation has also been established with the Committee of the Regions, Eurocities and other active urban networks.

## EIB role in the Urban Agenda partnerships

The EIB has participated in the first two meetings of the Housing Partnership and the first meeting of the Partnership on Refugee Integration. For Housing, EIB is probably the biggest lender in the social and affordable housing sector across Europe, and is familiar with investment constraints and funding models. For Refugee Integration, EIB has already financed projects in Germany and France, is exploring collaboration with DG HOME on potential co-financing for its AMIF programme, and contributed own resources to the CEB refugee emergency funding facility. The EIB has also offered to contribute to several other partnerships.

Whilst the agenda and work programme of each Partnership is still being defined, the areas in which the EIB could potentially contribute are through advice based on its knowledge of the sectors and financial instruments, sharing of EIB best practice experience across Europe, outputs of EIB ongoing studies and capacity to finance potential new projects or to give a “reality check” to proposed financing approaches.

### Disclaimer

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## For more information

- [How does the EIB contribute to the EU Urban Agenda?](#) – Video interview with Gerry Muscat, Head of Urban Development, EIB
- [The EU Urban Agenda toolbox](#) – Build your sustainable community with the EIB and the CoR

## THE EU URBAN AGENDA TOOLBOX

Build your sustainable community with the EIB and the CoR



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