



## Smart Cities financing – EIB-BELFIUS partnership, Belgium

**Pierre-Emmanuel Noël**, European Investment Bank



 #ficompass





# Financing SmartCities in Belgium: The EIB-Belfius Partnership

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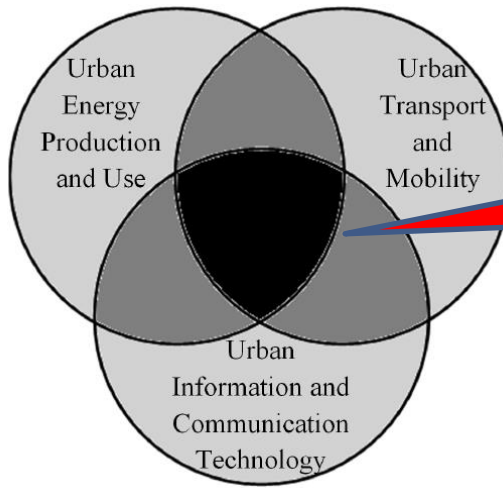
# EIB in Belgium (in a nutshell)



# Rationale behind the Belfius Partnership

- Reaching out to **smaller, municipal-scale** infrastructure projects (EUR >50m)
- Supporting **integrated, multi-dimensional schemes**
- Providing **long-term finance on favourable terms** to public sector promoters to enhance the economics of the underlying projects (to reflect longer payback period, etc)
- **First-ever EIB operation** based on the concept of « Smart Cities »

# Smart City – *What's in a name?*



**Communication CE (2012)**  
**Smart Cities and Communities**  
**("SCC") European Innovation**  
**Partnership**



In Smart Cities, digital technologies translate into better public services for citizens, better use of resources and less impact on the environment.

**DIGITAL SINGLE MARKET**  
Digital Economy & Society

## **The Urgency for Smarter & Safer Cities**

**Keynote Speech by Joan Clos**, Executive Director of the United Nations Human Settlements Program, former Mayor of the city of Barcelona, elected President of Metropolis, the international network of cities, the elected President of the World Association of Cities and Local Authorities

## **How does IoT Technology support the development of Smart Cities?**

### **Bootcamp Smart Mobility**

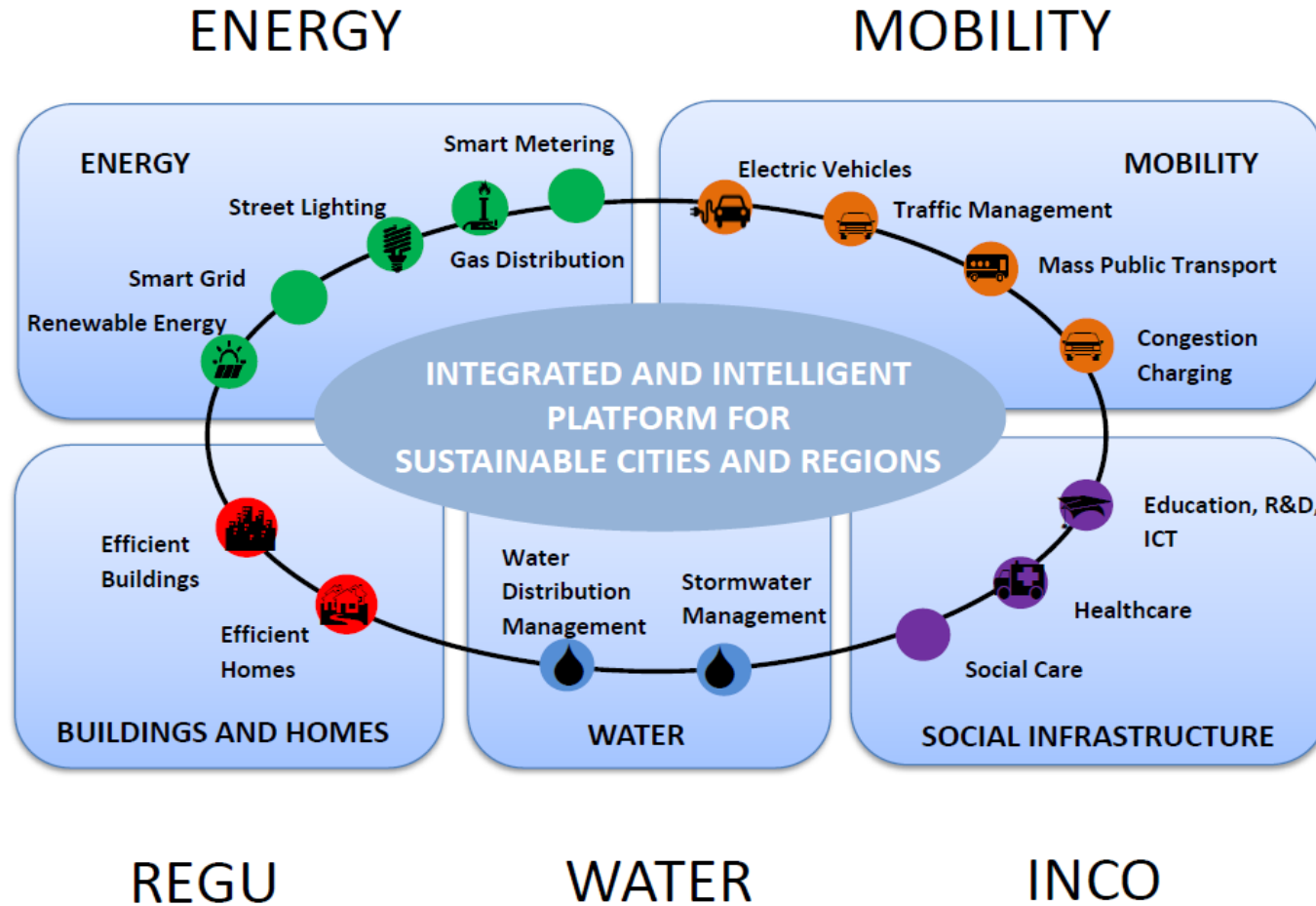
Topics: self driven cars, car sharing, electric vehicles, intelligent transport, big data, sustainable mobility

**Berry de Jong**, Proces Manager Mobility at Metropool Region Eindhoven  
**Andrew Collinge**, Assistant Director, London Smart City

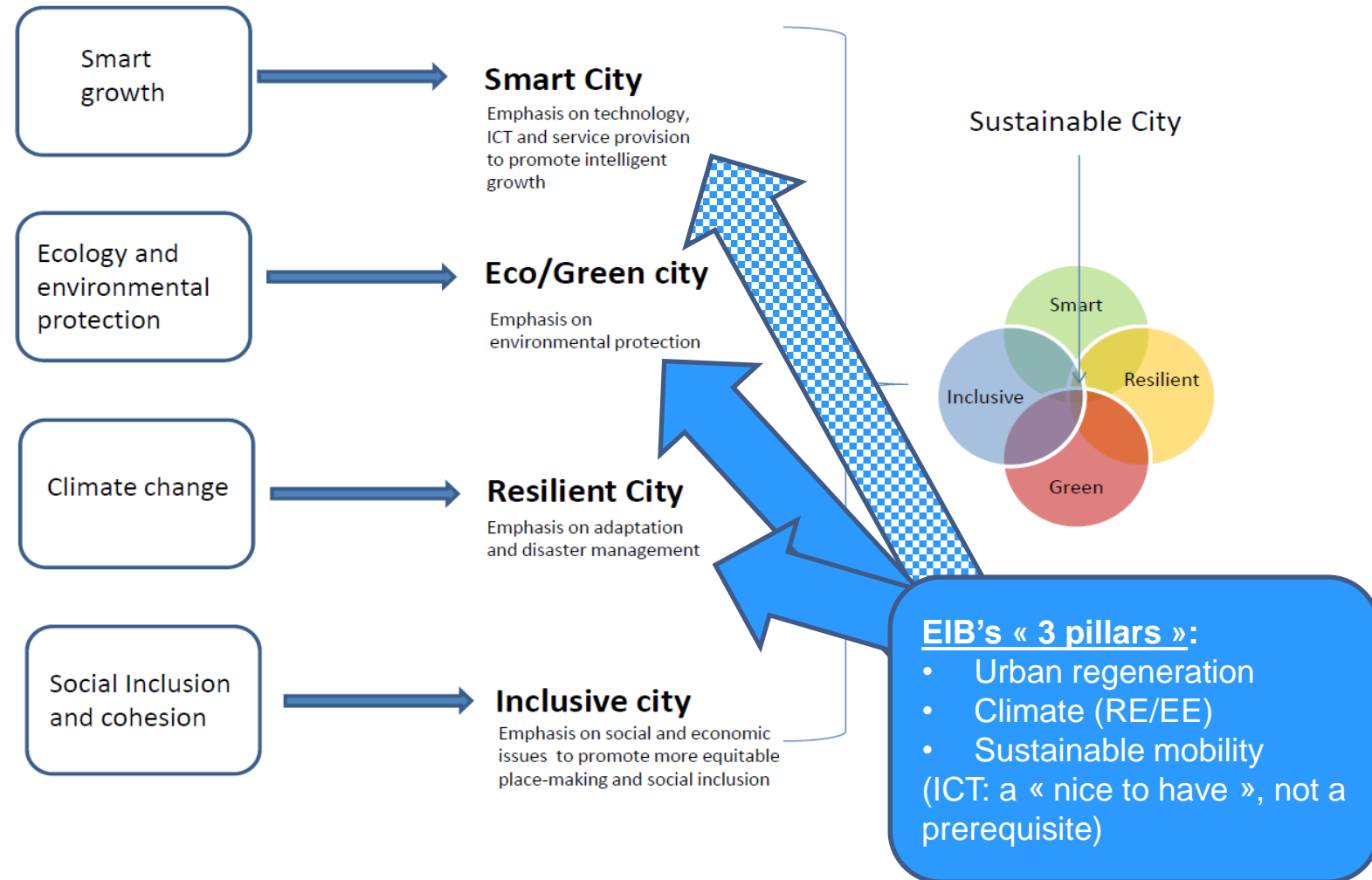
## **Cities in a state of permanent beta - the experience of Bristol how this created an innovation ecosystem**

**Stephen Hillton**, Director Bristol Futures Global, Government Innovator of the Year

# A concept that cuts across many sectors ...



# ... and spans various policy objectives



# The EIB-Belfius Partnership

- **Three EIB** internal technical teams involved to screen each and every underlying project submitted by Belfius:
  - Mobility + Urban Regeneration + Renewable Energy/Energy Efficiency
- Since 2014 total EIB financing (1:1 matched by Belfius) of **EUR 400m**
  - Smart Cities & Sustainable Development (EUR 200m)
  - Smart Cities & Circular Economy (EUR 200m)
- EIB participates to the **Belfius SmartCities Awards**



# Overview of Operation's Structure

## EIB

- Provides a EUR 400m funding line to Belfius
- Screens all underlying projects submitted by Belfius

## BELFIUS

- Executes underlying financings
- Submits and reports to EIB on each underlying individual project

Long-term loan with preferential rate

Un nouvel Office du Tourisme plus performant et plus durable à Hastière grâce à Belfius et la BEI

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La dynamique des villes intelligentes et durables n'est pas le seul fait des grandes métropoles. La petite commune d'Hastière en province de Namur vient d'en apporter la preuve avec la rénovation complète de son Office du tourisme. Un projet réalisé grâce au programme de financement Smart Cities & Sustainable Development de Belfius et la Banque européenne d'investissement. Avec notamment comme priorités : l'efficacité énergétique et l'amélioration de l'accessibilité, en particulier aux personnes à mobilité réduite.

## Local promoter (e.g. municipality)

Submits a detailed financing request allowing a thorough project screening by EIB

# Status: >200 projects (and counting!)

## Smart Cities & Sustainable Development : le premier programme a soutenu et financé 62 projets au bénéfice de 1,4 million d'habitants.

Depuis le lancement en 2014 du premier programme Smart cities, plus de 200 dossiers sont en cours d'analyse, les 62 premiers projets 'smart' ont été financés pour un total d'EUR 400 millions, de plus en plus de projets, en collaboration avec la BEI ont été mis à l'honneur et quelques projets ont déjà été inaugurés. Ces 62 projets, en cours ou achevés, profitent à plus de 1,4 million d'habitants et prônent dans leur majorité une approche intégrée en matière d'urbanisme, de mobilité durable et de performance énergétique.

Certains de ces projets ont déjà été présentés dans notre magazine Belfius Contact, dont vous pouvez lire la version électronique [ici](#). Découvrez ci-dessous le récit de la réalisation de projets « smart » dans tout le pays, dans les grandes villes comme les petites communes. Sur cette page, vous pourrez bientôt en savoir plus sur chaque projet.



<https://www.youtube.com/watch?v=EsjyCK-Va88>



## Flémalle : Rénovation énergétique dans une école communale



Elèves de l'école communale du Gros-Chêne - © RTBF

# Our vision of Smart Cities

The EIB considers that smart cities would typically present, to varying degrees, some or all of the following characteristics:

- ✓ Have a multisector sustainable development strategy → Smart cities plan and execute investments in their territories on the basis of medium- to long-term integrated strategies and target sustainable development.
- ✓ Utilise their comparative advantages → Smart cities ensure efficient use of human capital, resources and assets to optimise their comparative advantages.
- ✓ Consult citizens and stakeholders → Smart cities take into account the views of all the stakeholders, among them their citizens directly or through their associations, as well as the representatives of economic, social, cultural and political organisations.
- ✓ Adopt a comprehensive approach in the making of investment decisions → Smart city projects analyse costs and benefits, sustainability over their life-cycle, integration within the urban system and other planned investments, as well as overall consistency with the urban or regional development strategy.
- ✓ Use new technologies, skills and innovation → Smart cities invest in advanced technologies, in particular in information and communication technologies.
- ✓ Foster a pro-innovation environment → Smart cities foster an innovative ecosystem through investment and by encouraging and collaborating with universities, industry and other partners to put in place the infrastructure, services and skills needed to support and nurture innovation.



Given the diversity of potential smart city projects and borrowers, a number of EIB products could be potentially used for the financing of smart city investments:

#### Investment Loan

When a single large investment project needs long-term funding (such as a metro or a complex urban regeneration project) cities or regions typically arrange financing on a project basis. In such cases the EIB can provide dedicated project-specific loans – or as we call them investment loans. They usually amount to at least EUR 25m. To see how investment loans are being used in practice read more about [EIB financing for eco-districts in France](#).

#### Framework Loan

Framework loans are a source of long-term financing that is flexible enough to handle changes in the investment programme over time. They can be used to finance multiple small and medium sized projects, usually in the range of EUR 1-50m, over a period of normally 3-5 years. City or regional councils typically work with 3-5 year capital investment programmes but only give final approval to investments on an annual basis. Framework loans take this into account by setting up criteria for financing without specifying individual projects. As a result, projects in the indicative investment programme can be replaced by other projects, provided they meet the same criteria. Visit our dedicated [framework loan](#)

factsheet or read more about our smart city investments in [Belgium](#).

#### Equity Investment

We can also support smart city projects through equity investment, for example through pure private equity funds or financial instruments which blend together grant and commercial funding. We work with new and established fund managers both in traditional and innovative segments that are not yet mainstream. For illustration read more about our support for [Ginkgo Fund](#) facilitating sustainable redevelopment of polluted sites in urban areas.

#### Intermediated loans

Our intermediated loans provide indirect financing to smart city projects. The EIB works together with local banks or other intermediaries to set up dedicated smart city programmes, which then on-lend to final beneficiaries such as SMEs and local authorities.

#### Investment Platforms

Smart city investment projects can also be supported by investment platforms. Investment platforms involve the provision of EIB financing under the European Fund for Strategic Investments (EFSI). Through the investment platform approach, EFSI is used to catalyse a pool of other public and private financing for investment in a portfolio of projects with a given thematic and/or geographic focus.

# Our financial products for Smart Cities

# Thanks for your attention !

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