



Financial instruments for urban development in Portugal – IFRRU 2020

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CITIES WITH A FUTURE

REHABILITATE
TO REVITALIZE
OUR CITIES



REPÚBLICA
PORTUGUESA
INFRAESTRUTURAS
E HABITAÇÃO



Cofinancing:



Financial Intermediaries:



151

financing
contracts

479 M€

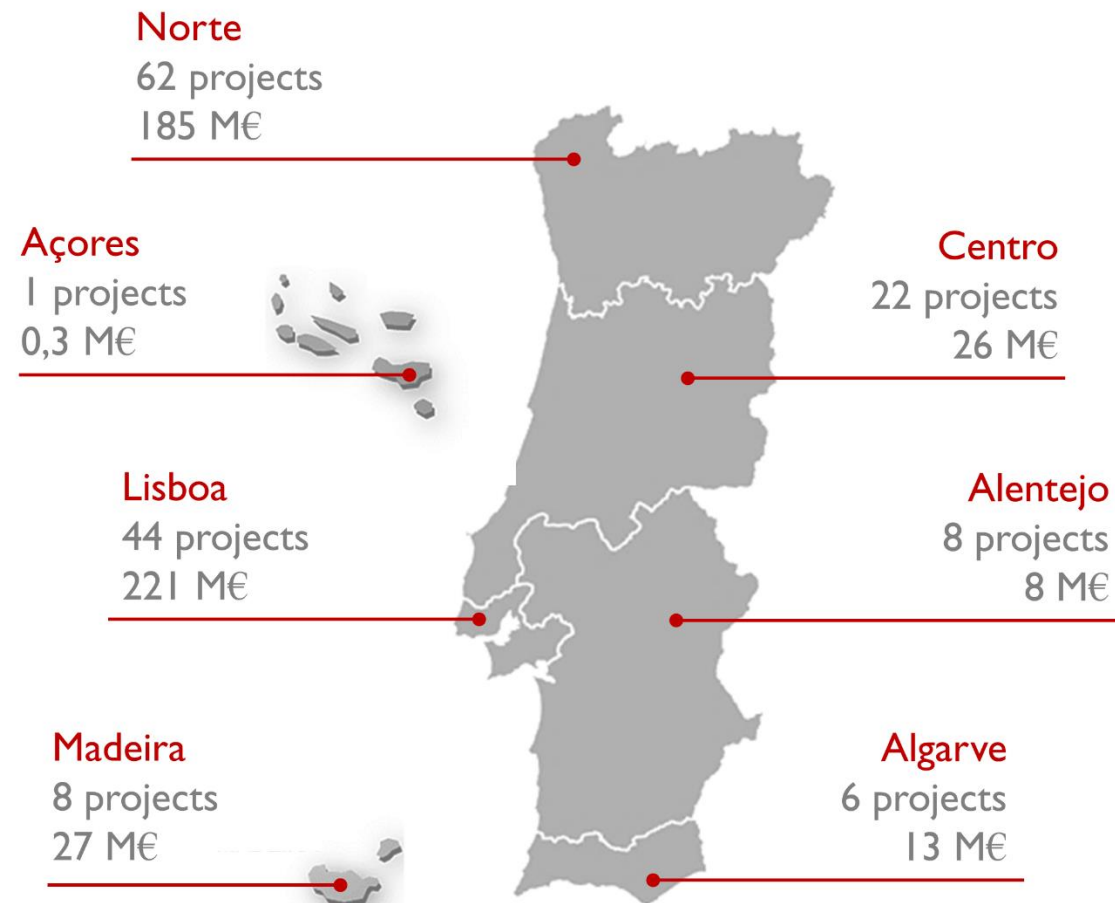
contracted
investment

411

applications

1 052 M€

potential
investment



57 cities with projects ongoing





IFRRU 2020

instrumento financeiro
reabilitação e revitalização urbanas

Contracted projects until Sept 2019:



770

renovated households



248 589 m²

renovated public or
comercial buildings



IFRRU 2020
instrumento financeiro
reabilitação e revitalização urbanas

Contracted projects until Sept 2019:



995

new residents



2.684

jobs





Contracted projects untill Sept 2019:



16.720 toe

primary energy
consumption reduction



8.308 ton CO2 equiv

greenhouse gas
emissions reduction



Using financial instruments to create cities with a future...

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1. Design of IFRRU 2020

Portuguese context

Aproximately 60% of the country's population living in urban areas.

Approximately 1 MILLION buildings in need of significant improvement

28% of the primary energy consumption comes from housing and services sectors the most relevant sectors in urban hubs.

Conclusions from Ex-ante assessments...

Financing gap in the sector EUR 2-3 billion over the following seven years

Financing costs relatively uncompetitive taking into account the profitability and risk of urban regeneration projects

Recommended the interlinking of financial instruments for energy efficiency with those for urban development, given the difficulty in separating interventions on buildings,

Timeline step by step

Conceptual and preparatory phase

Ex-ante Assessments
Decision regarding the use/selection of FoF
Governance

2015

Fund of funds

Establish separate block of finance
Management and control system
Transfer of resources (from Funders to FoF)

2016

Financial intermediaries

Selection of Financial Intermediaries - Restricted procedure (International Public Tender with prior qualification)
Transfer of resources (from FoF to Fin. Intermediaries)

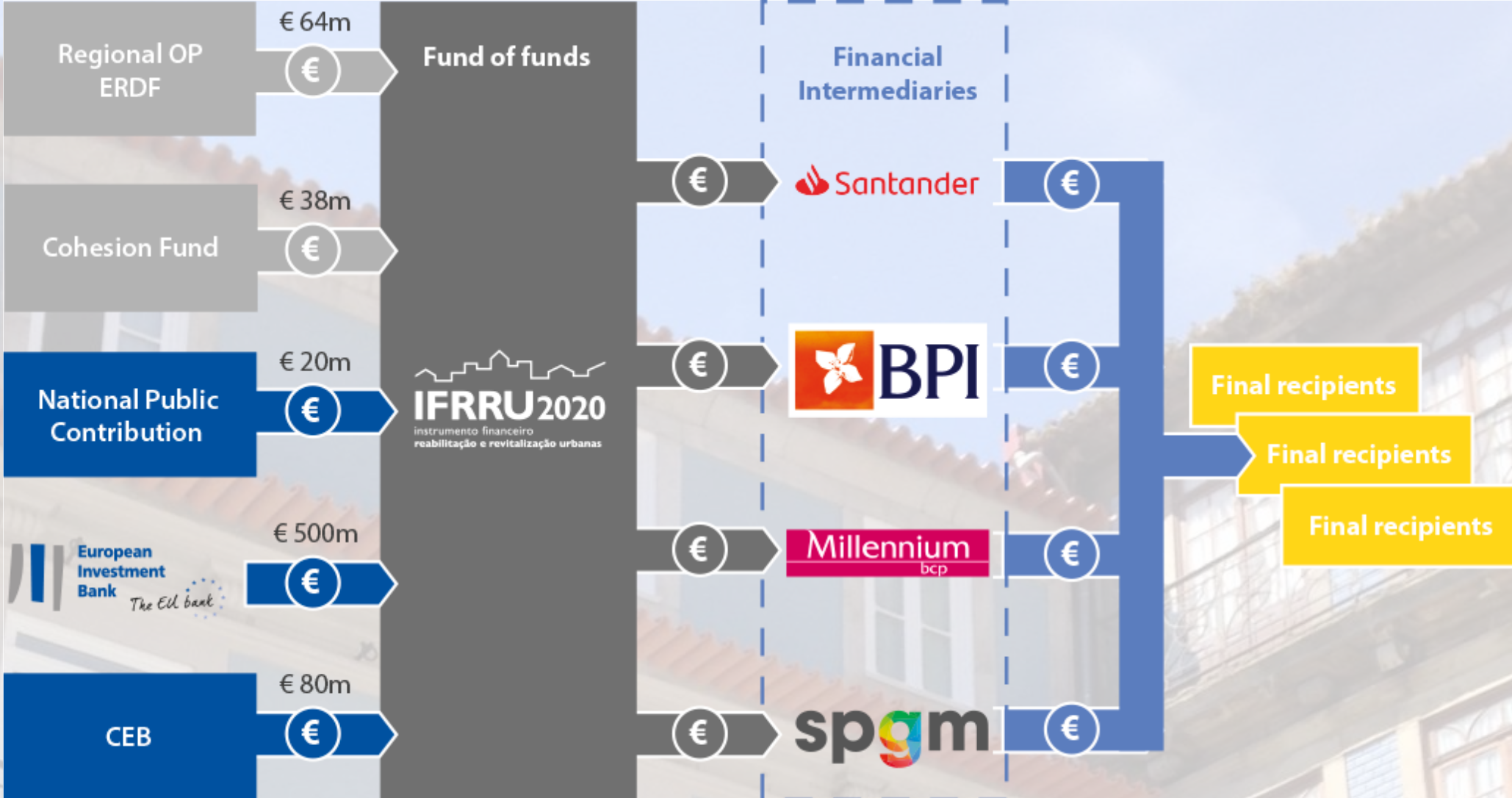
2017

Final recipients

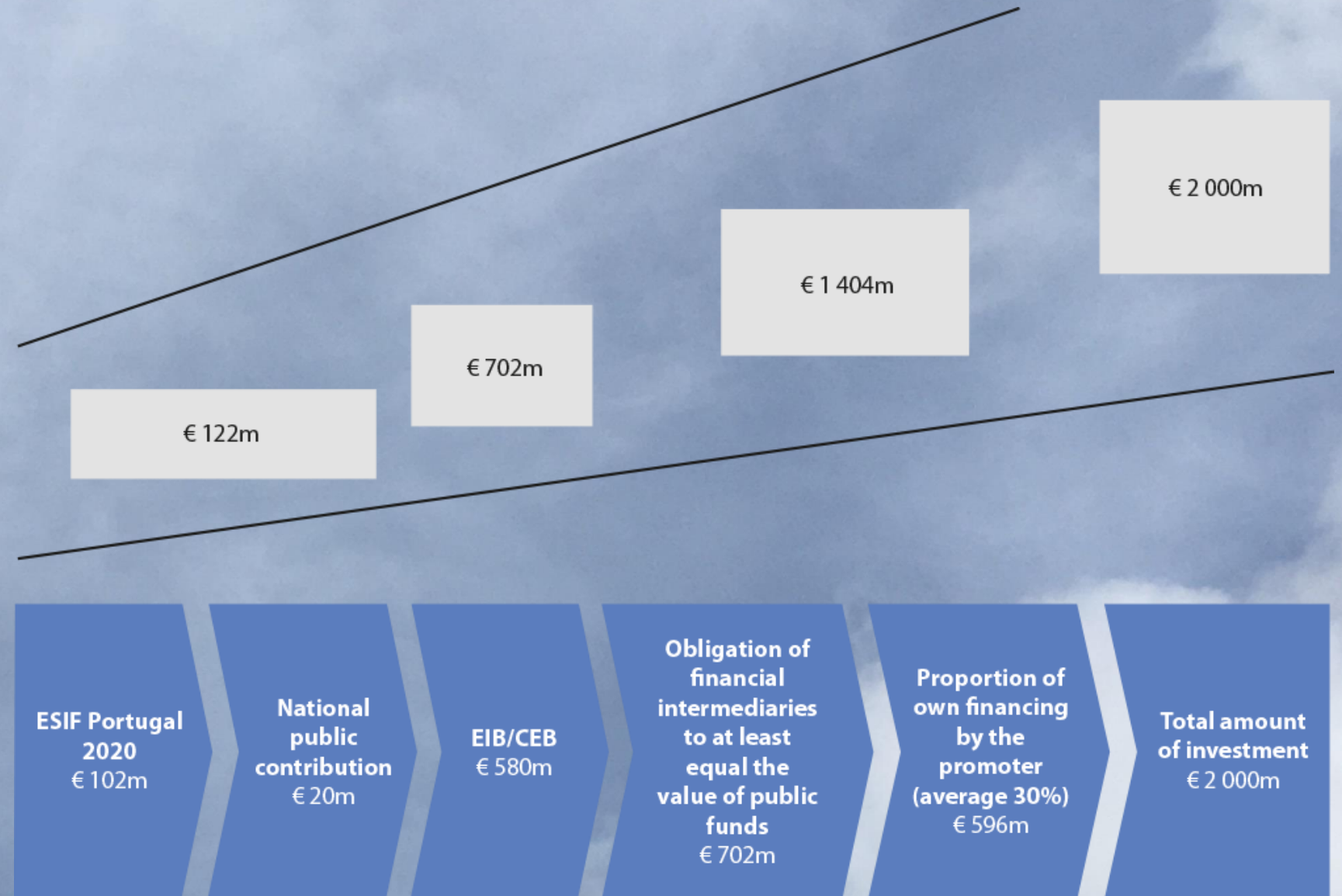
Call for applications
Assessment of applications from Final Recipients
Sign contract between Fin. Intermediaries and Final Recipients
Disbursements to Final Recipients (from Fin. Intermediaries)

2017 (Oct)

Design of IFRRU 2020



Multiplier effect

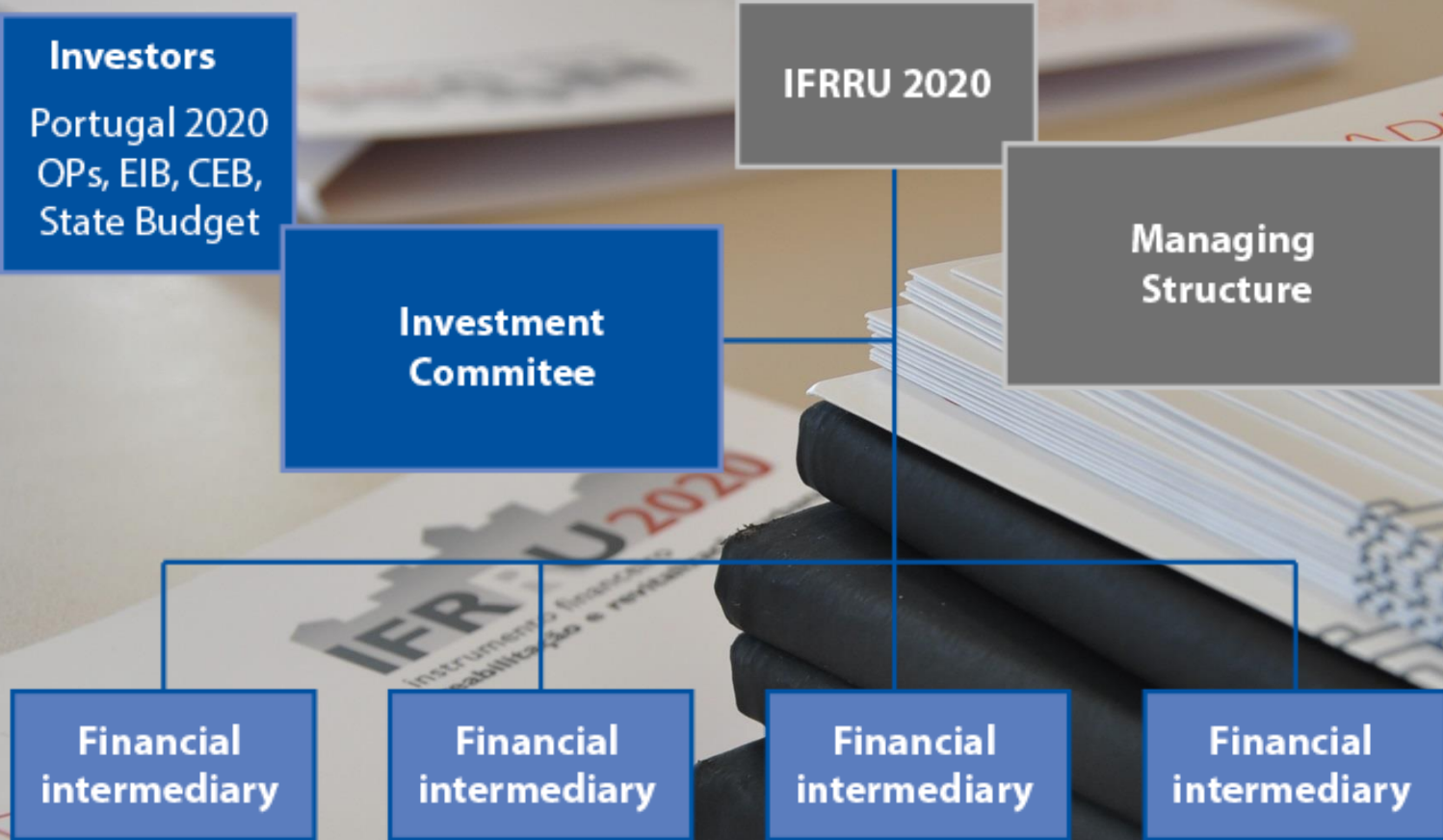




2. Set-up of the fund of funds

Set-up of the fund of funds

Governance



Set-up of the fund of funds

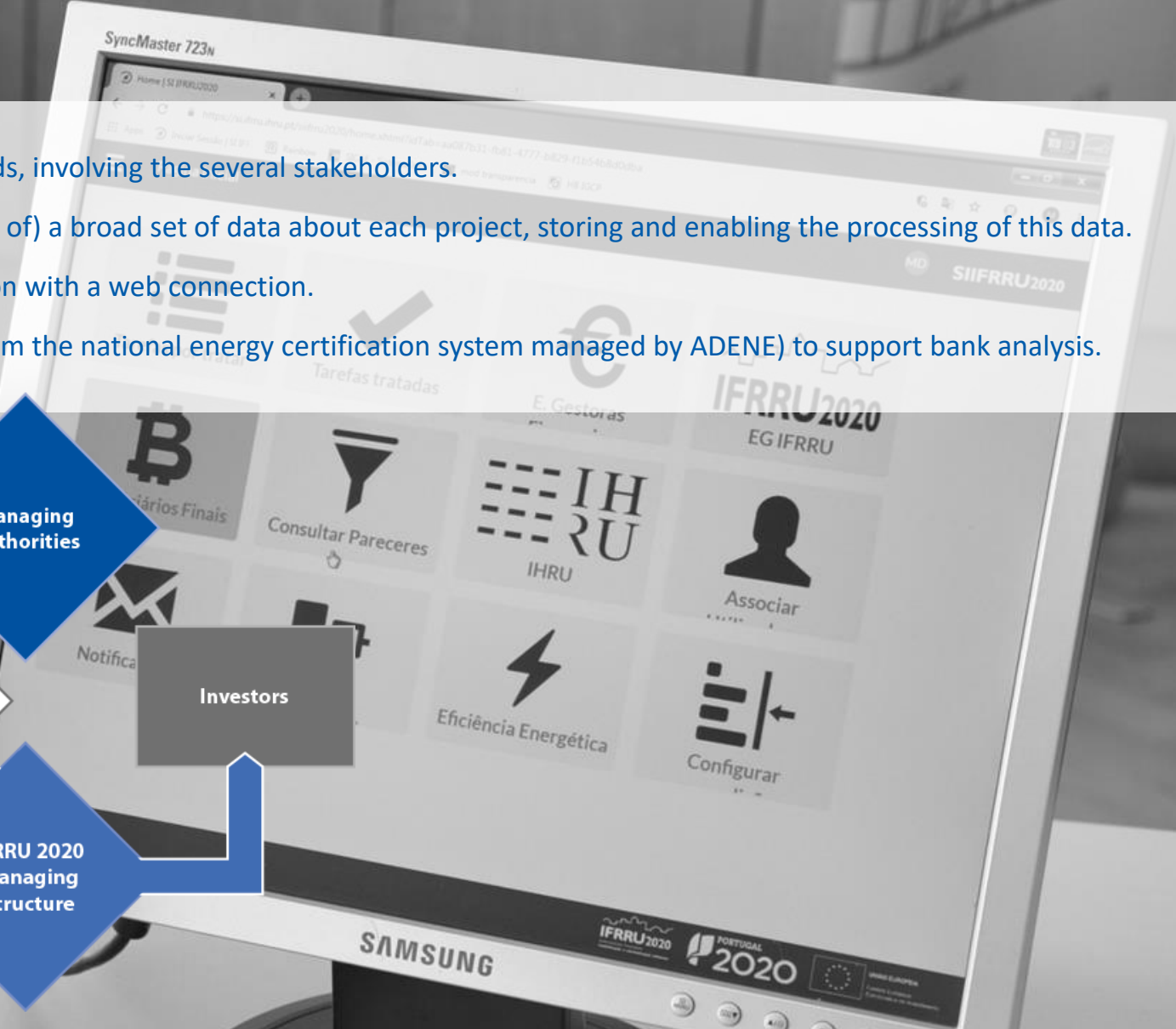
IFRRU 2020 Information System

Tailor-made to meet the specific characteristics of the fund of funds, involving the several stakeholders.

Close monitoring on a daily basis, collecting (and allowing updates of) a broad set of data about each project, storing and enabling the processing of this data.

Web-based and can be used with any type of device, in any location with a web connection.

Also collects information related to energy efficiency (obtained from the national energy certification system managed by ADENE) to support bank analysis.



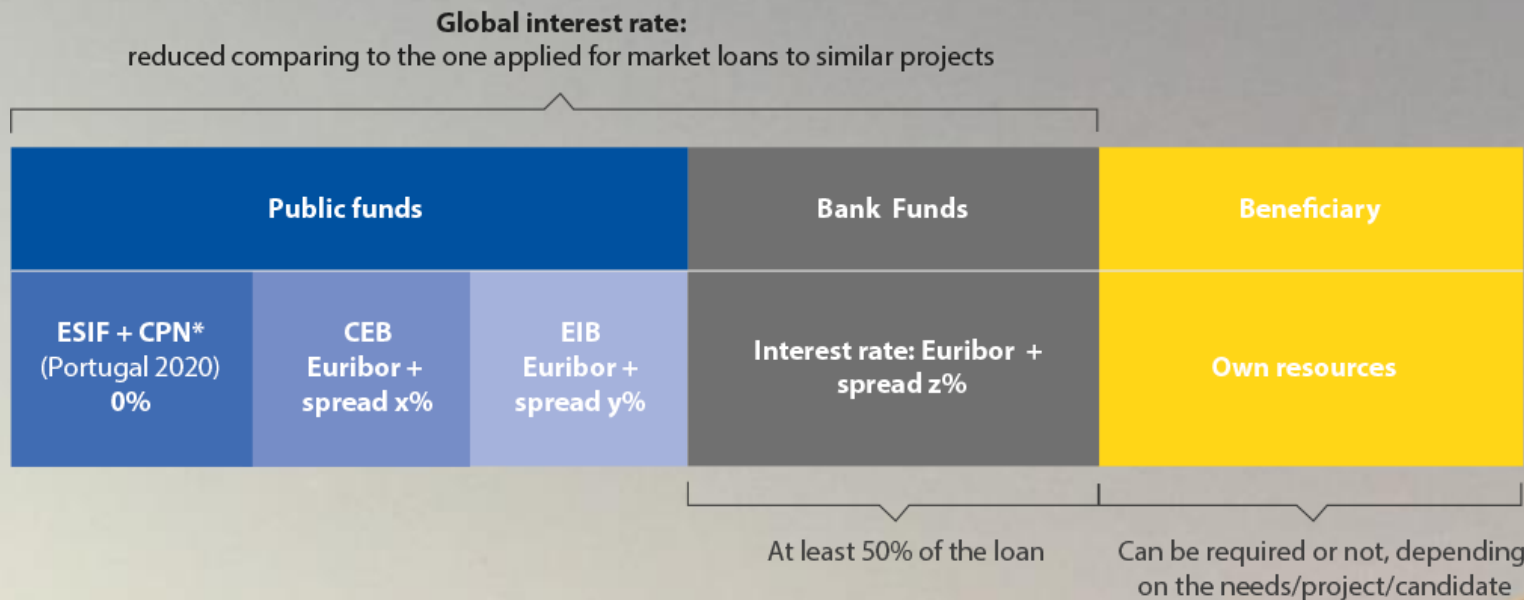


3. Implementation

Loans

Better financing conditions result from **combining public funds** (European funds from PORTUGAL 2020, EIB - European Investment Bank and the Development Bank and CEB - Council of Europe Development Bank) with **private funds from commercial banks**, selected specifically for this program.

EUR 1.4 million



*CPN = national public contribution from the State Budget

> Maturity

Up to 20 years

> Grace period

Investment period
+ 6 months (máx. 4 years)

> Guarantees

those required by the Bank,
consisting mainly in the
mortgage of the property
to be renovated

Projects that can be supported

Overall rehabilitation of buildings aged 30 years or more

The renovated buildings can be used for any purpose, such as housing, economic activities or equipment for collective use.

Where?

ARU – “Área de Reabilitação Urbana”,
PARU, PAICD
(areas approved by the municipality according to the rehabilitation priorities)

Application process

3 STEPS

Easy access for citizens

- > Simplified procedures
- > Support through a helpdesk (email and phone)

More details:

<https://ifrru.ihru.pt/web/guest/applications-en> (EN)

Who

URBAN AUTHORITY
FOCAL POINT

AGENCY FOR ENERGY
(ADENE)

FINANCIAL
INTERMEDIARIES

What

**BINDING OPINION
OF THE MUNICIPALITY**
Focal point confirms that the
project fits into the strategy
defined for the territory
Over 300 municipalities involved

ENERGY CERTIFICATION
Identifies the appropriate EE
measures for the project

Qualified experts

**ANALYSIS AND DECISION
OF APPLICATION FOR
FUNDING**

Loans for all final recipients
or guarantees (for
enterprises)
Banks

Application process

When?

Applications can be submitted to the selected banks through their commercial network at any time, that is, without prior application periods.

Who can apply?

Any entity, whether natural or collective person, public or private, with a title that gives her the power to carry out the intervention.



Communication strategy

- > Over **100 awareness raising sessions** - including in the outermost regions of Azores and Madeira
- > Reaching out to the **main actors of the sector**: national associations of engineers, technical engineers, architects and ADENE – close to the experts that do the energy certification
- > Promotion through **major events** of the sector: Urban Rehabilitation Weeks, Real Estate Exhibitions
- > **International promotion** – Protocol with AICEP + spreading information close to the consulates, the Embassies and the Portuguese emigrant support offices in each Municipality.



Communication strategy (cont.)

- > Dedicated **Website** including comprehensive information
- > **Guidance** and **Short Guide** for final recipients - online
- > Promotional **videos** which summarise the opportunity that IFRRU 2020 is for potential beneficiaries, including testimonials of promoters
- > **Leaflets**
- > A periodic **Newsletter** sent to all stakeholders
- > **YouTube channel** and **LinkedIn** account with regular updates.
- > Creation of webpages, brochures and videos in **different languages** – English, Spanish and French

In addition, the **financial intermediaries** have developed their own marketing campaigns integrated within the promotion of their conventional business.



<https://ifrru.ihru.pt/web/guest/home-en1>



4. Lessons learned

Main Challenges

Managing multiple stakeholders

Strong network involving all stakeholders

Information system - shared view of the current status of the applications

Protocols with key partners or representative bodies.

Public funders and the multiplier effect

A demanding challenge:

to combine different sources of funding from different financing providers and with different interest rates.

Advantageous lending conditions (including price) for the Portuguese State, resulting from securing loans from the EIB and CEB.

Combining ESI Funds from eight OPs with EIB, CEB and national resources was a complex process which needed a specific managing architecture. The development of this model was complex but critical to the success of the project.



A national coverage, but a local approach

Protocol with National Portuguese Municipalities Association (ANMP) - major pillar of IFRRU 2020 since municipalities are at the heart of urban development in Portugal.

Close working relationships with the municipalities through a network of focal points - streamlined process.

Making communication easy

Sustained effort to transform a complex product in something simple and easy for the public to understand.

Communication through a wide range of channels.

Direct contact with potential final recipients: one-to-one meetings, public information sessions and a dedicated email helpdesk

Keep it simple...

Dissemination at international level.

Main Success factors



Creating a competitive loan environment

Competition between financial intermediaries in the whole country = better offers for loan pricing





Urban development financial instruments in Portugal - IFFRU 2020



Case study



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