Multi-Region Assistance Project - Revolving Investment for Cities in Europe (MRA-RICE)

Blueprint of City Fund

Presentation by Denise Chan
November 2018
A city-led financial instrument, independently managed, with an investment strategy aligned to the city’s strategic priorities, that achieves significant leverage of the public investment.

The vision for the blueprint of the MRA-RICE city fund
The financing needs of cities are mainly split among the following sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Transport</strong></td>
<td>Capital-intensive projects that generate limited income streams; need for long-term capital with a grant component.</td>
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<td><strong>Energy</strong></td>
<td>Projects of a variable investment size, with the potential to generate income streams (or financial savings); need for debt.</td>
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<td><strong>Economic development</strong></td>
<td>Higher-risk projects including SMEs and start-ups, as well as the development of new commercial/RFI facility projects; need for debt and equity.</td>
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<tr>
<td><strong>Housing and workspace</strong></td>
<td>Including urban development/regeneration projects; need for long-term debt.</td>
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<tr>
<td><strong>Green and blue infrastructure</strong></td>
<td>Higher-risk projects that are not directly revenue-generating investments; need for equity.</td>
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Key aspects that should be taken into account when setting up a new city fund

- Capacity
- Independent fund manager
- Structured design
- Products
- Investment-friendly
Blueprint of the city fund

**Investors with diversified risk profiles**
Co-investment is a key driver to successfully implementing the city strategy by launching strategic urban projects. Thanks to the involvement of public capital, private-sector investors become interested in joining the scheme and deploying additional capital.

**Structure**
The MRA-RICE blueprint defines a replicable structure that can be applied by cities that do not have past experience with city funds.

**Products**
Understanding individual projects’ needs and the market gap will help you identify the right products.

**Focus area**
Categorising your investment priorities based on their sectoral allocations and risk profiles will help you secure financing for projects.

**Private sector**
- Banks
- Funds
- Independent fund manager

**Public sector**
- National funds
- ESIF
- EIB

**City Fund**
- Investment strategy
- Equity
- Debt
- Guarantee

**Focus areas**
- Energy
- Economic development
- Housing and workspace
- Others
MRA-RICE City Funds
Roadmap for your city

01. Develop city capacity by creating a team of experts who will support the development of the fund for your city

02. Conduct ex ante assessment to identify the funding gap and investment barriers

03. Identify potential investors (assess the risks and profiles of investors that a project will need)

04. Secure public funds (ESIF, national and regional)

05. Define the investment strategy for the new fund in your city

06. Recruit the independent fund manager, who will work on developing the project pipeline and match funding, in order to maximise the realisation of the fund's investment strategy

07. Invest in selected projects
Thank you

Full report can be found at https://www.amberinfrastructure.com/media/1968/mra_rice-booklet_web.pdf. Any further questions please contact Denise Chan at denise.k.chan@pwc.com.