

Sustainable finance for municipalities – Caisse des Dépôts et Consignations



**Caisse
des Dépôts**
GROUPE

Mathieu Prengel – European Affairs Department

Athens, June 23, 2022

Summary

01 Introduction

04 Food for thought

02 Financing solutions for the municipalities

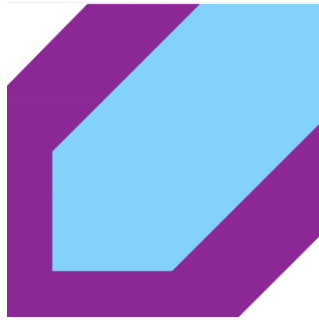
05 Appendix

03 Technical assistance to boost municipal sustainable investment

I. Introduction



Caisse des Dépôts is:



a public group composed of:

- a public financial institution
- subsidiaries
- strategic holdings



a long-term **investor** and **lender**



a manager of **public mandates**



at the service of French citizens **since 1816**

« Banque des Territoires » : meeting the needs of the territories

The « Banque des Territoires » gathers all CDC products and subsidiaries (SCET, CDC Habitat) dedicated to the territories.



Consulting, engineering and support to territories, to accompany their development strategies



A comprehensive financing offer loans, equity investments, financing from the future investment program, banking services



Direct and indirect management on behalf of clients Particularly in the field of housing

II. Financing solutions for the municipalities



Our resources

1. The passbook savings accounts (mainly Livret A) :

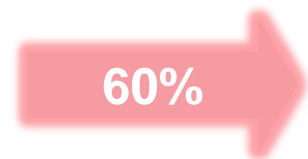
- A historical financial product, known by all in France
 - Created 200 years ago
 - 55 million *Livret A* savings accounts – 4/5 of French citizens own a *Livret A*.
- The passbook savings accounts (*Livret A*, *LDDS* and *LEP*) **deposited in the banking networks**: 10% of household financial savings
- A stable resource which enables our long-term financing

2. The Multi-beneficiary intermediated loan (MBIL) agreement with the EIB :

- Fixed Rate Green Loans ;
- Thematic Eligibility ;
- Individual amount between 40 000€ and 25 M€ ;
- Maximum 50% loan to value

The regulated savings circuit

Savings collected by the banking networks
€435 Bn as of 31/12/2020

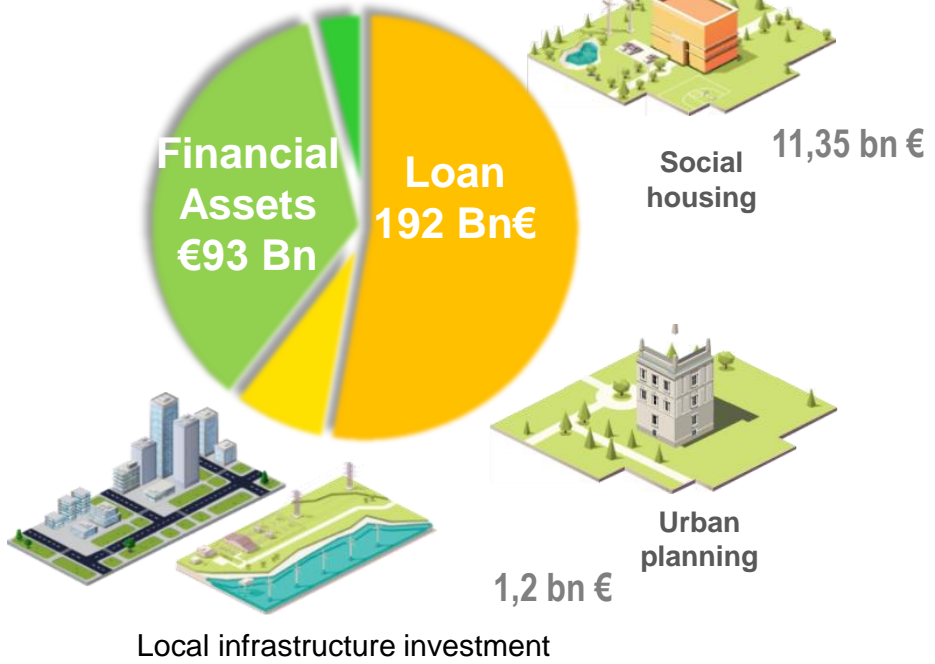


Centralisation and fund management
€285 Bn as of 31/12/2020



From savings to long-term loans

13,5 bn € in loans signed in 2020



A responsible borrowing requirement, a suitable loan-to-value ratio

The loan-to-value ratio of each product depends on the borrowing requirement and on the contribution of the project financed to certain public policies. This contribution can be characterized by :



Contribution to at least 1 Ecological and Energy Transition objective



The fact that the project financed belongs to a priority area of intervention (i.e impoverished area)



Contribution to a social emergency (ie: degraded condominiums)

6 Ecological and Energy Transition objectives (non-cumulative)

Benefits : 100% loan-to value ratio or eligible to fixed-rate financing (EIB MBIL)



Thermal renovation



Production, Stockage,
Distribution of Renewable energy



Low-carbon mobility



Biodiversity and adaptation to
climate change



Prevention of pollution



Food transition

Focus on the Prêt Relance Verte product (PRV)

Main eligible borrowers

- ✓ **Local authorities and their groupings.**
- ✓ **Local public institutions;**
- ✓ **Private operators**, including local public enterprises (LPEs), carrying out the investment within the framework of a public order (public service delegation) ;
- ✓ **Large maritime ports and autonomous ports;**
- ✓ **Consular chambers, foundations and associations recognized as being of public utility;**
- ✓ **Water agencies**

Main eligible projects

All types of operations contributing to :

- ✓ **Renewable energy production, stockage and distribution ;**
- ✓ **Waste valorisation ;**
- ✓ **Energy efficient buildings construction ;**
- ✓ **Biodiversity protection** (projects aimed at preserving all living species, whether animal or plant, and their ecosystems and promoting nature-based solutions).

Characteristics :

- ✓ **< 5M€** : 100% loan to value
- ✓ **> 5M€** : 50% loan to value*
- ✓ **Duration** : 0 – 50 years ;
- ✓ **Interest rate** : Taux Livret A + 0,60 %

* except if matching 1 EET criteria

III. Technical assistance to boost municipal sustainable investment



Technical assistance to municipalities : an overview

What do we provide ?

Operational, legal, financial, technical studies dedicated to a specific project

How ?

- Internal expertise (help in qualifying needs, support in drafting the terms of reference of the external support service)
- Co-financing of the support service (selection and piloting of the service by the beneficiary)
- 100% coverage of the support service (selection and guidance of the service by CDC)

In which context ?

Within the framework of national programs (« Action Cœur de ville », « Petites Villes de Demain », « Territoires d'Industries ») or in relation to our Recovery plan (health, EET, sustainable economy)

In partnership with the EU in some cases

- « SGREEN + » : EIAH co-financed program of operational support to medium-sized cities in the implementation of climate change adaptation / biodiversity protection strategies.
- « PVD + » : upcoming program under the InvestEU Advisory Hub to support access to sustainable finance for very small cities revitalization projects

Focus on the Plan « 1000 Ecoles »

Objective: launch 1000 projects of thermal renovation of schools by 2022

For whom?

- 233 municipalities benefitting from the national programme « Action cœur de Ville »

Which buildings?

- Kindergarden and primary schools,
- Buildings used for school needs, educational estate (canteens, conservatories, libraries, sport halls...)

Action Cœur de Ville

National programme
launched in 2017,
5bn € including 1bn€ by
CDC
to revitalize the centers of
middle-sized municipalities
in France

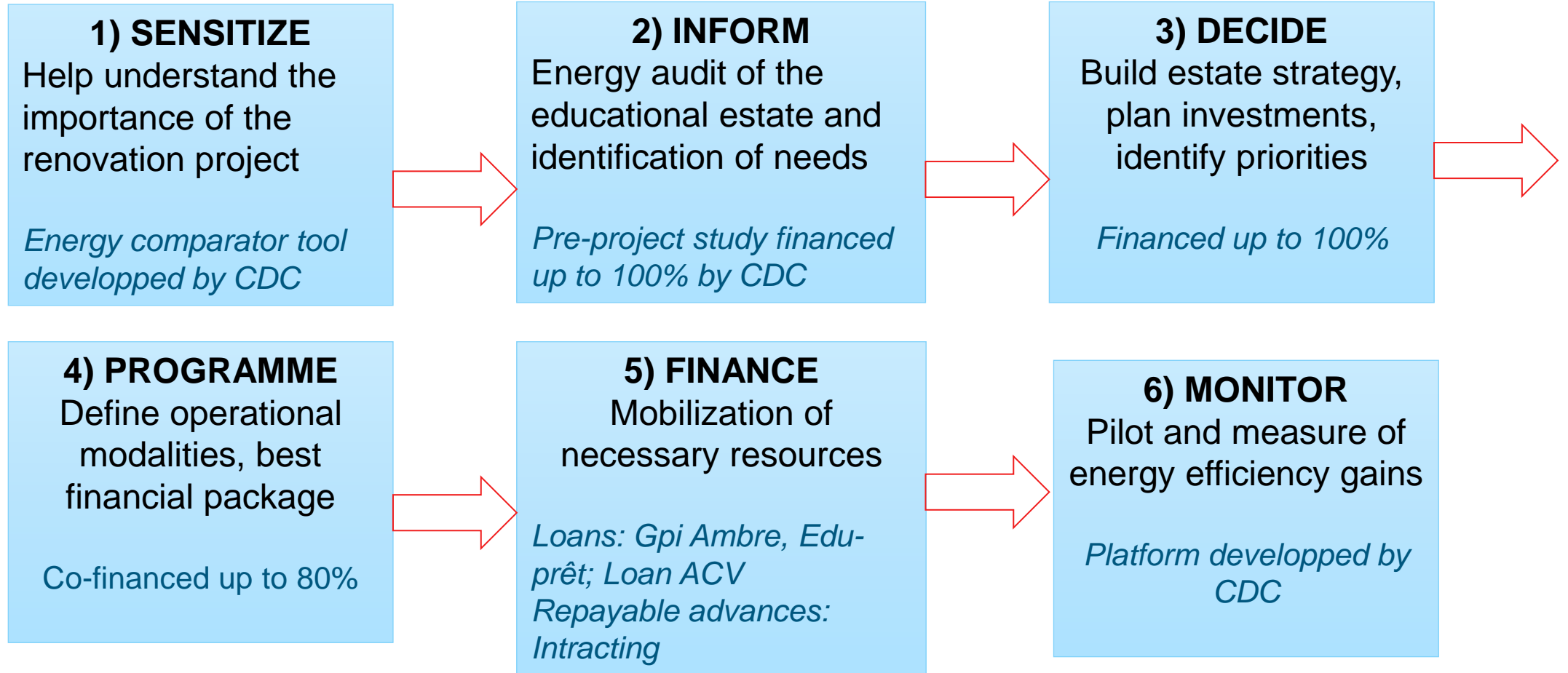
Schools represent

30%

of the energy
consumption of public
buildings of local
authorities

And **40%** of the local
authorities' estate

Focus on the Plan « 1000 écoles » : steps of the support



IV. Sustainable finance and municipalities : food for thought



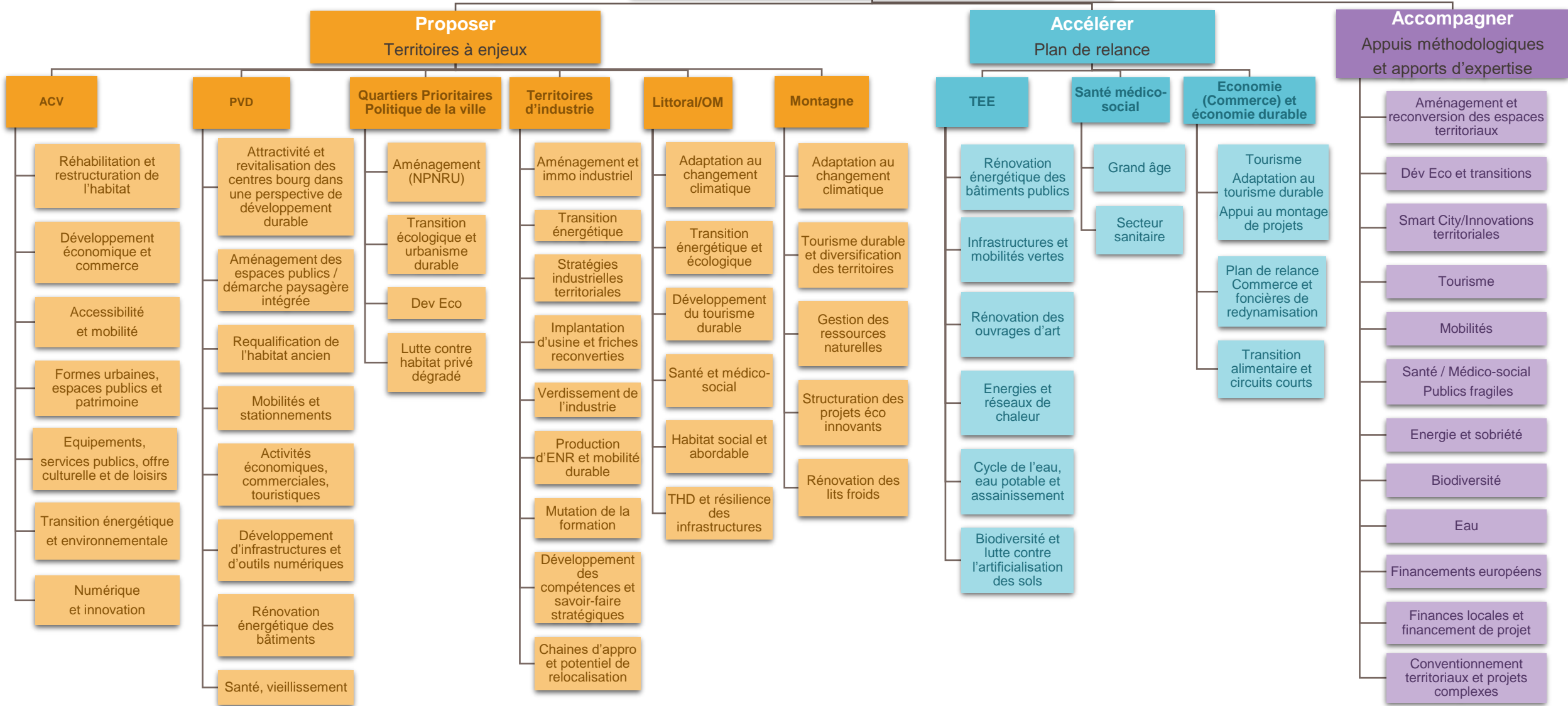
Sustainable finance and municipalities : food for thought

- Our role in sustainable finance goes beyond our own sustainability towards accompanying our ecosystem, therefore we have a deep interest into its effective deployment.
 - We are able to provide a flexible, project-oriented, long-term financing capacity for the sustainable projects carried out by the municipalities, thanks to a specific resources.
 - However, beyond access to finance, the enabling of a pipeline of sustainable projects (i.e : climate change adaptation, biodiversity protection) by municipalities faces two obstacles :
 - Technical ones
 - Normative ones : municipalities are not subject to mandatory sustainability reporting and do not have much practical experience with sustainable finance (except for sporadic issuance of green bonds). However, they will gradually be impacted by financiers' need for compliance to demanding reporting requirements and by EU funding sustainability criteria.
- Need for capacity building at the level of the project and at the level of the municipality (green budgeting ?).

V. Annexes



Overview of technical assistance offer



15 products dedicated to public development

Land Development

Gaïa

Land acquisition

Gaïa Territorial

Brownfields Redevelopment and industrial assets relocation

Priority Districts

PRU AM/ACV/PVD / PPU

Public Infrastructures in priority districts

Public investment

Aqua Prêt

Water infra. And flood prevention

PI AmbRE

Thermal renovation

Edu Prêt

Construction and renovation of Educative buildings

Mobi Prêt

Everyday green mobility

PSPL

Public investment

Relance Verte

Renewable energy, biodiv, waste mngt, passive build.

Relance Santé

Health sector

Relance Tourisme

Tourism sector

Deteriorated private housing

PCD

Rehabilitation of deteriorated private housing