

Blueprint of a
city fund
to boost urban
development
in your city



Cities are the drivers of economic and urban development

Almost

70%

of the world's population will live in urban areas by 2050

Every day, cities around the world are setting the direction of their urban development to overcome the most challenging obstacles, such as a growing population, climate change and digital transformation.

Urban policy objectives should be supported by comprehensive development strategies. These strategic plans should target the smooth transformation of a city's vision into reality. These development plans should help cities in taking action to facilitate affordable housing, promote investment in economic development and energy efficiency, revitalise and regenerate urban areas, and improve and extend public transport.

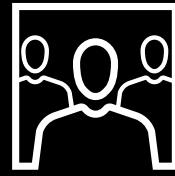
Nowadays, the digital transformation and development of smart cities appear to be urban priorities. Urban decision makers are putting these topics on their development agendas along with other key investment areas.

82%

of the population of North America lives in cities.

81%

of the population of Latin America and the Caribbean lives in cities.



In 2018

55%

of the world's population
lives in urban areas.

74%

of Europe's
population lives in
urban areas.

43%

of Africa's population
lives in urban areas.

68%

of Oceania's
population lives in
urban areas.

Approximately

50%

of Asia's population
lives in cities.

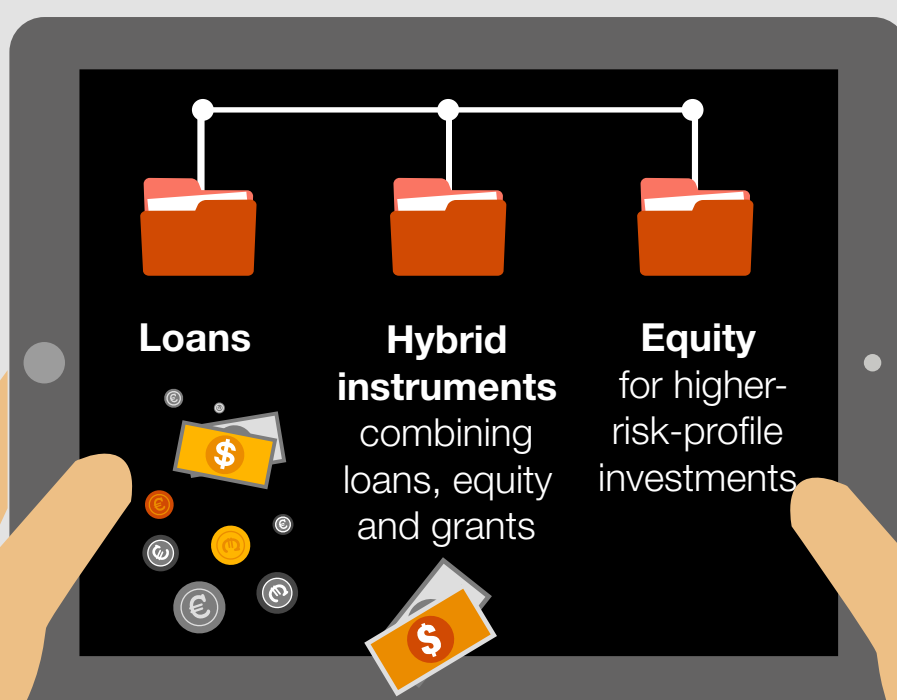
Financing needs

Unlocking financing for urban projects

Public resources play a crucial role in addressing market gaps. They enable a number of strategic projects to be carried out, some of which would otherwise have no chance of being delivered due to there being too high a risk-investment profile or too long investment horizons.

Urban projects need access to a flexible tool that can be adapted to address sector-specific requirements.

This financing tool should facilitate access to:





The financing needs of urban projects are sector-specific

Transport

Long-term and capital-intensive projects with limited income streams

Need for long-term loans and grants

Energy

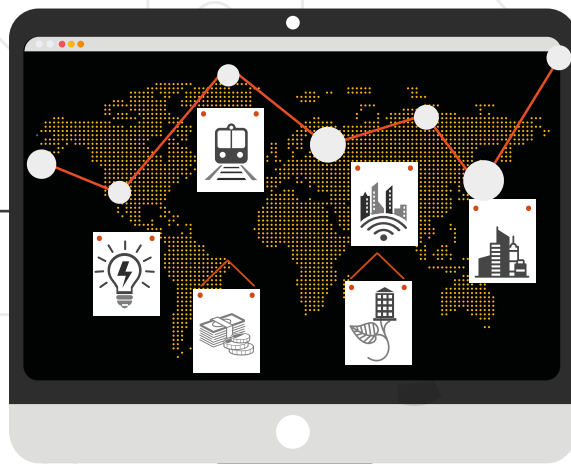
Projects of variable investment size, with diversified income streams or financial savings

Need for loans

Economic development

Higher-risk projects launched by SMEs and start-ups, as well as investments in new commercial/RDI facilities

Need for loans and equity



Smart development

Development of infrastructure (e.g. broadband) and smart applications for citizens

Need for loans and equity

Housing and workspace

Urban development and regeneration projects

Need for long-term debt

Green and blue infrastructure

Higher-risk projects that might generate financial savings but do not generate revenues

Need for equity

Private sector

Investors with diversified risk profiles

Co-investment is a key factor for leveraging the involvement of public capital. Thanks to this involvement, private-sector investors are keen to join the scheme, since the higher risk is covered by public resources.



Structure

The city fund has a replicable structure that can be tailored by cities with limited experience of financial instruments.

Products

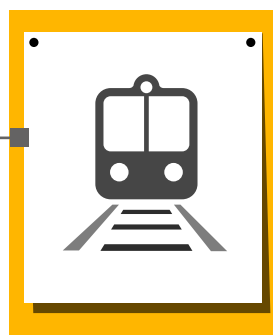
The products offered should address individual projects' needs and fulfil the market gap.

Focus area

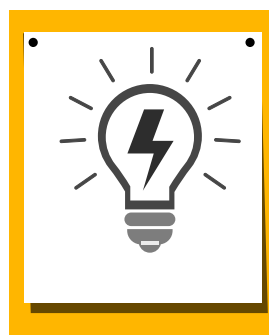
The city fund should focus on the key sectors that need public help in securing financing for projects.

Independent fund manager

Equity



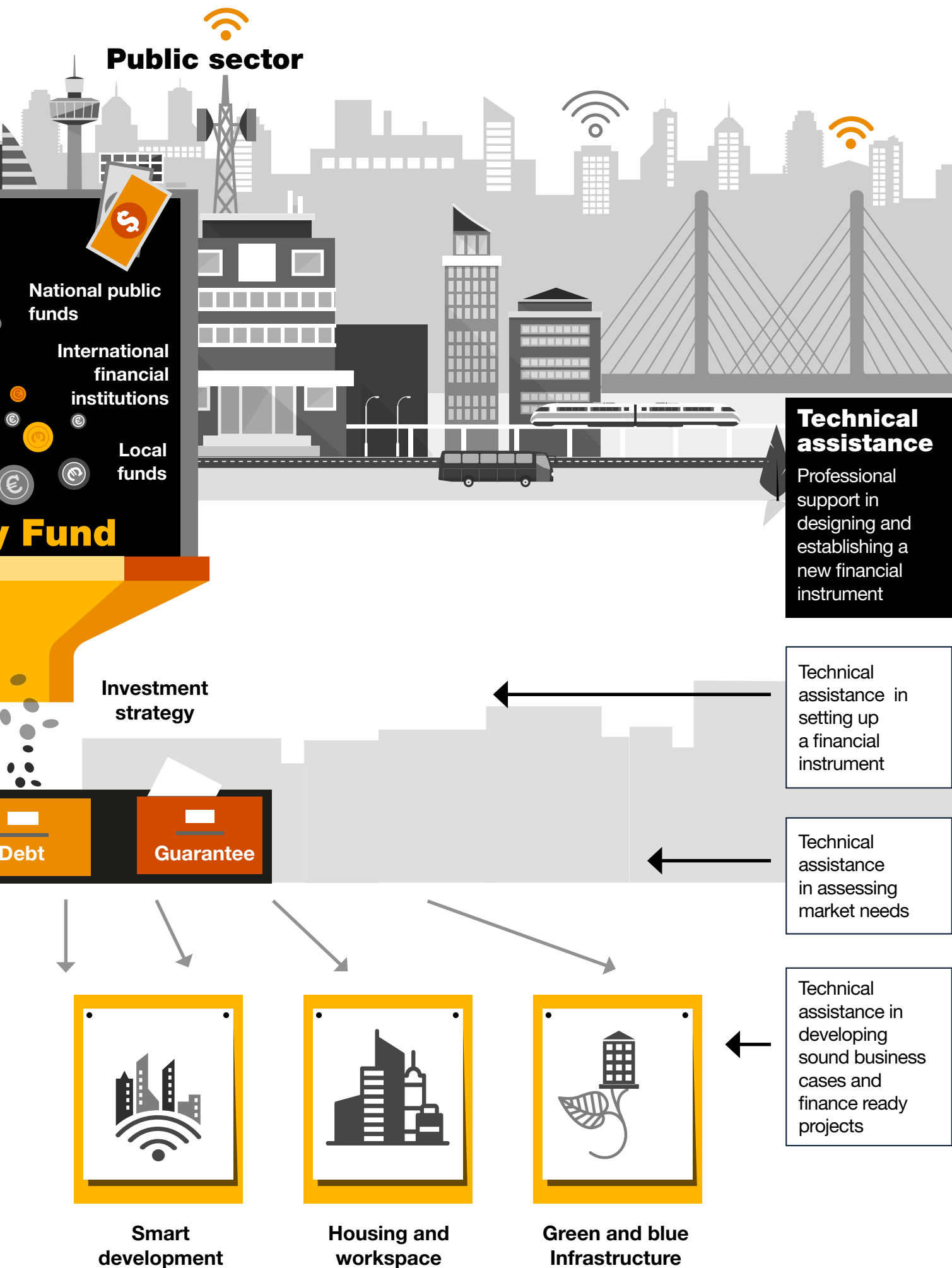
Transport



Energy



Economic development



Blueprint of the city fund

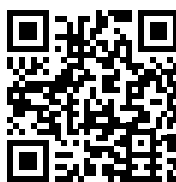
Transform a city's vision into action

The blueprint of the city fund can be aligned with the specific needs of cities around the world to support their urban development.

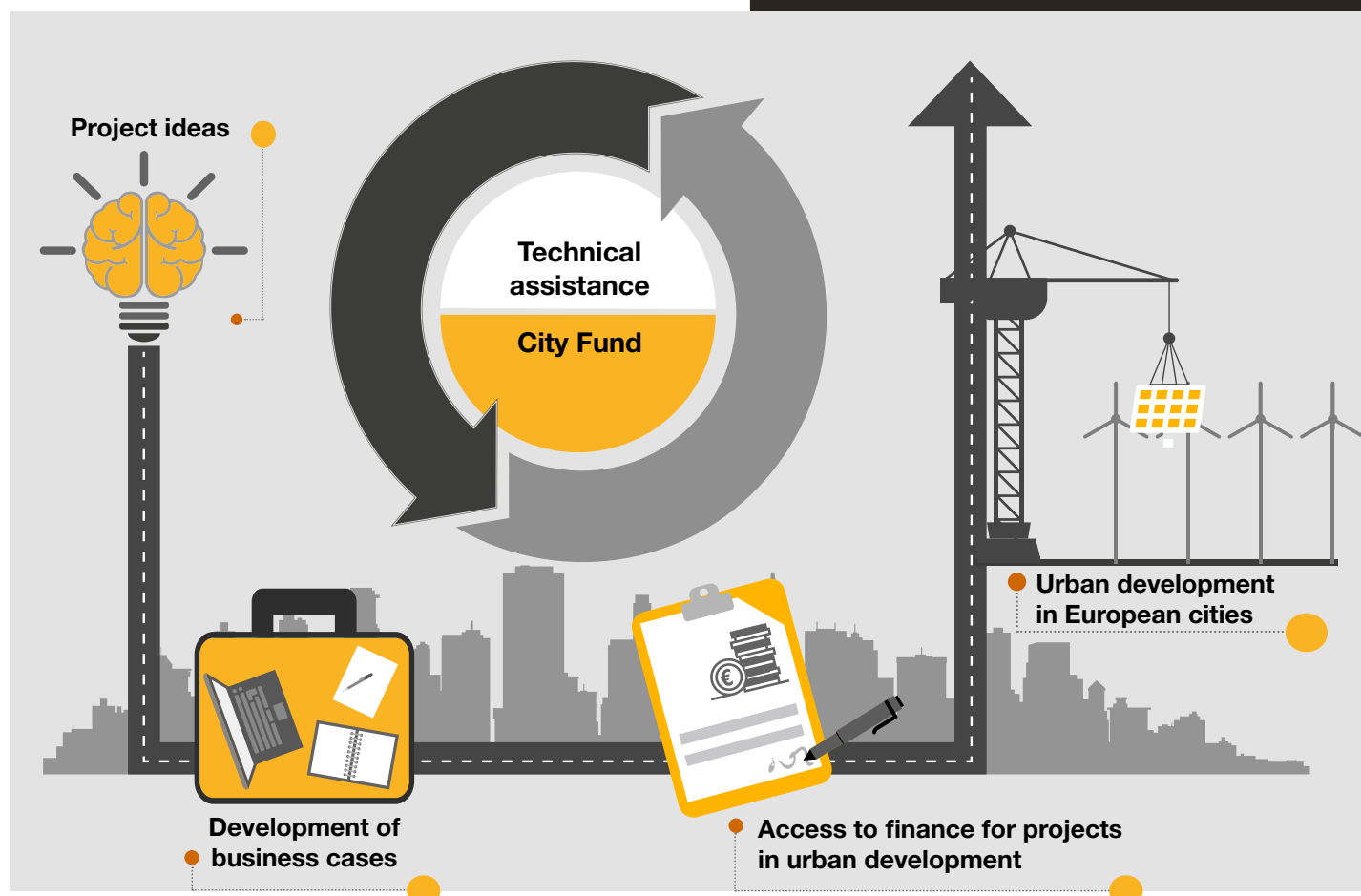
Investors with different risk profiles and investment horizons can invest in selected projects in a city based on the city's development strategy.

Find out more about the MRA – RICE blueprint city fund in this video:

<https://www.youtube.com/watch?v=EAgkCqaOXso>



“A city-led financial instrument, **independently managed**, with an investment strategy **aligned to the city's strategic priorities** that achieves significant **leverage** for the public investment.”





The blueprint of the city fund brings a flexible framework structured around five key principles.

1

Capacity

Cities need to develop their capacity to lead the city fund and should establish a local team of experts with experience in urban development and fund financing.

2

Independent fund manager

An independent fund manager should be involved in the governance structure to create a distinction between political and investment decisions.

3

Structured design

There should be a replicable and modular structure with key features, such as investment strategy, to benefit from the best practices observed among sectoral funds.

4

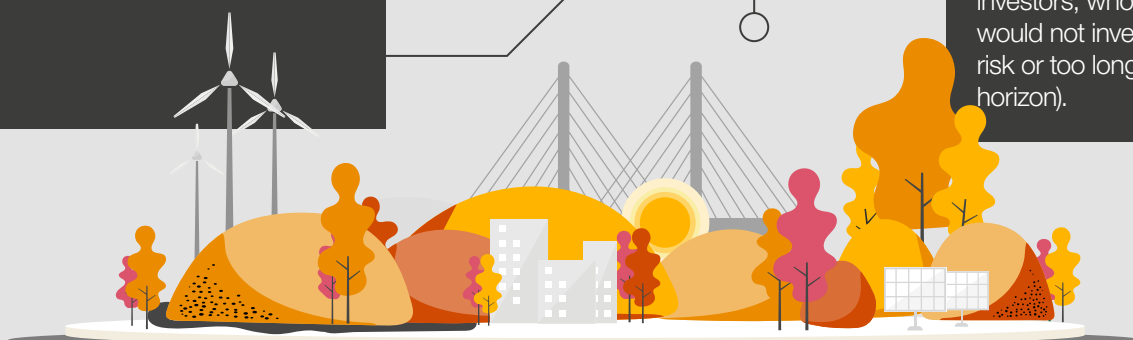
Products

There should be financial and capability-building instruments to facilitate the implementation of the city investment strategy.

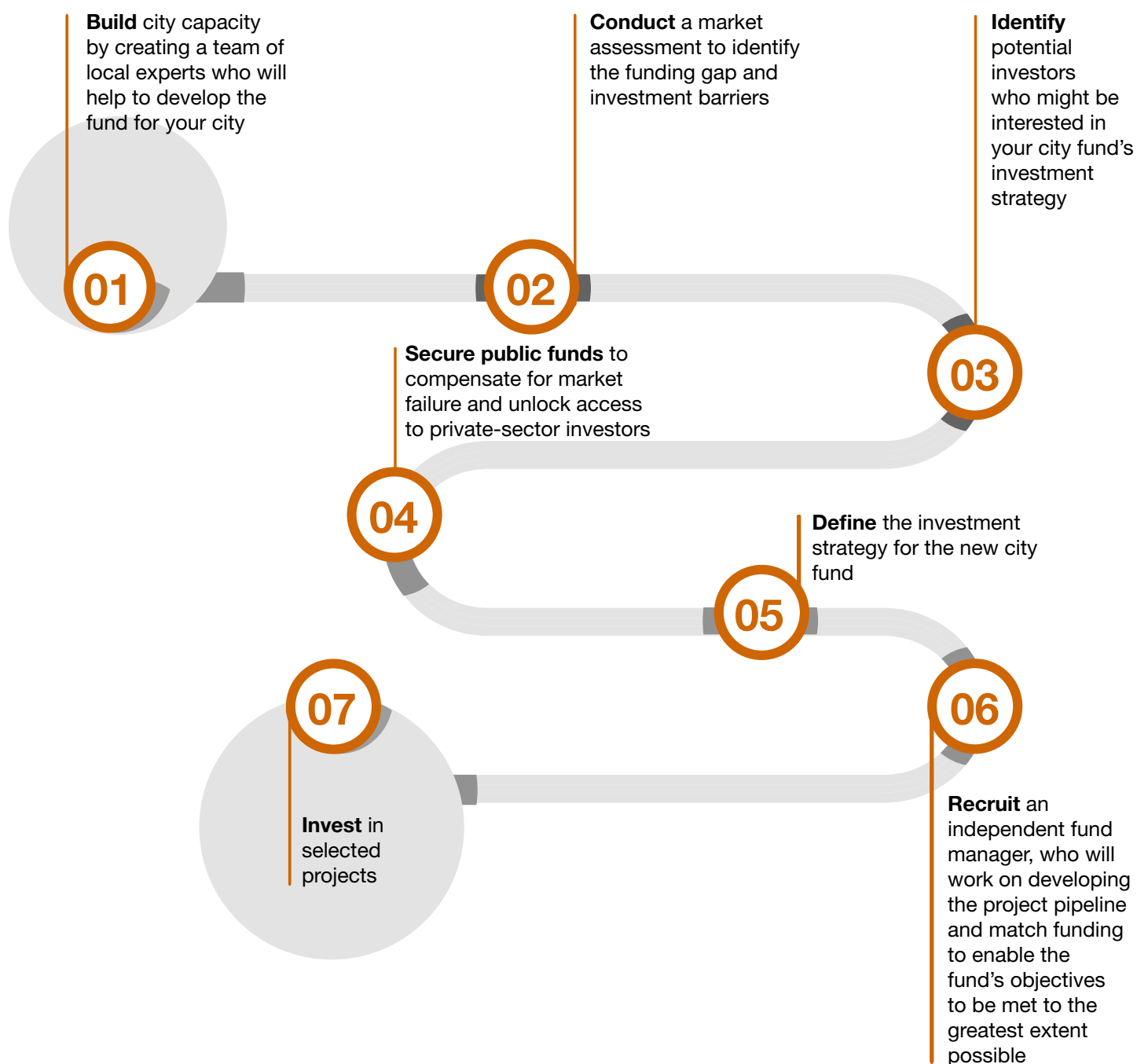
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Investment-friendly

Cities should build on the co-investment principle and the involvement of public funds to unlock access to private investors, who otherwise would not invest (too high a risk or too long an investment horizon).



Implementation road map for your city



How can PwC help your city in setting up a city fund?

Smart City Strategy: Unlocking finance for urban opportunities

PwC as strategy orchestrator



- Smart City Strategy development /policy advice
- Identification of pipeline of smart city projects
- Technical analysis (incl. pre-feasibility studies, environmental, impact assessments, institutional analysis, etc.)

PwC as investment unlocker



- Identification of sustainable financing solutions
- Development of smart city priorities into bankable investment proposals
- Preparation and evaluation of bankable project proposals
- Capacity development for project structuring and use of financing mechanisms.

PwC as transformation manager



- Implementation, and management of smart city strategies/ initiatives
- Support in the setup-up phase
- Monitoring of smart city support operations
- Monitoring of city level risks and potential changes in the underlying assumptions.

PwC as services provider



- Introduction of Smart urban technologies into public infrastructures
- Development of data-driven and technology-enabled urban systems and services
- Use of digital technologies to harvest the data related to the management of cities.



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