

From traditional bankability to alternative financing

16 February 2025

▶ 11:00–12:30 CET, ONLINE



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A graphic consisting of several overlapping triangles in shades of purple, yellow, and green, positioned in the bottom right corner of the slide.

• EU
SHAPE Phase II
Affordable Housing Initiative
European Partnership

Housekeeping rules



Mute your microphone: Please keep your microphone muted during the presentation to avoid background noise. You can unmute during the **Interactive Q&A segments**.



Video: Please keep your camera off during the panellists' presentations, and feel free to turn it on during the **Interactive Q&A segments** if you wish to take the floor.



Use the chat for questions: If you have any questions during the session, feel free to type them in the chat box.



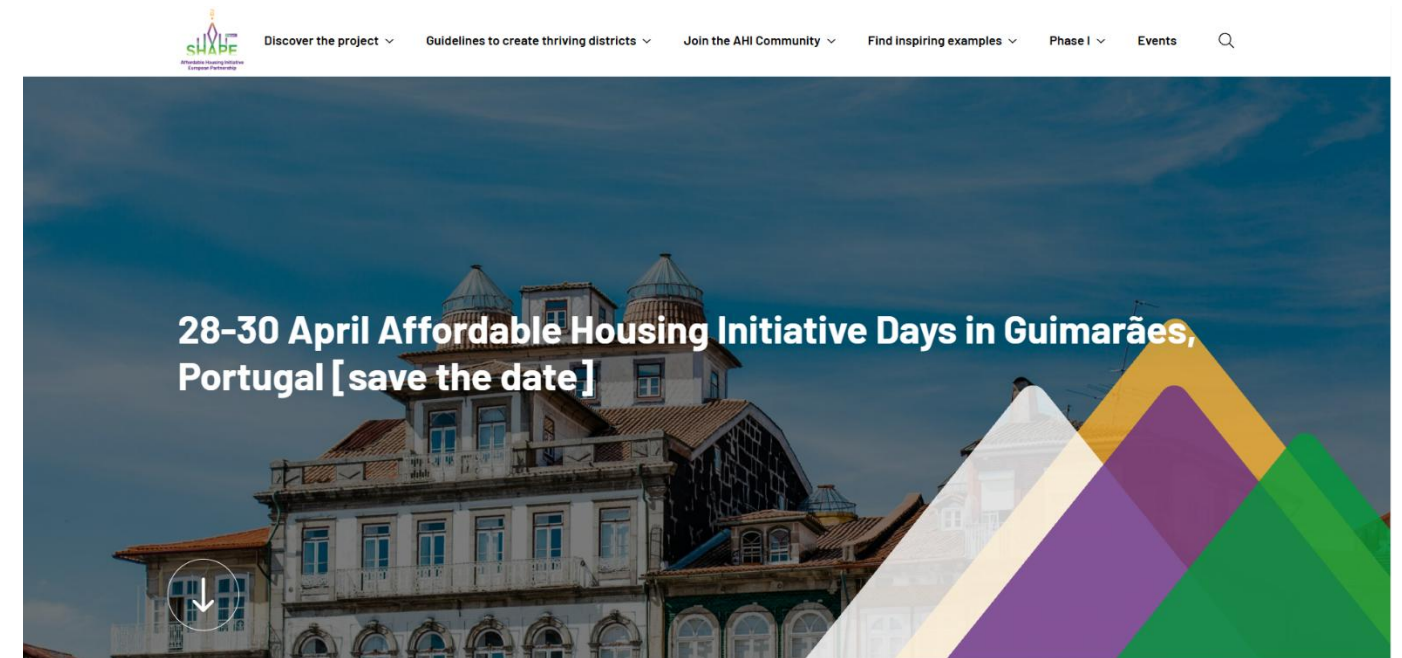
Questions: During the Interactive Q&A segments, please **raise your hand** if you wish to ask your question **directly using your camera and microphone**, instead of posting it in the chat.



Recording notice: This webinar is being recorded.

SHAPE II in a nutshell: Affordable Housing Initiative European Partnership

<https://shape-affordablehousing.eu/>



Speakers



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at La Dinamo Fundació



Ilektra Mancini

Certified Passive House Designer
at Hellenic Passive House Institute



Sintia Farah

Policy and Project Officer
at the European Commission



João Gonçalves

Director of Innovation
at Housing Europe



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Agenda

- **Building a bankable business case**
- **Affordable and socially driven financing models for social and cooperative housing projects**
- **The Tavros Project: corporate sponsorship and community-based mobilisation**
- **The Public Sector Loan Facility (PSLF)**

Building a bankable business case

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Project bankability, project viability, and promoter creditworthiness

What is bankability

Refers to a project's **ability to attract and secure financing from financial institutions** –such as commercial banks, development banks, or private investors – under favourable and viable terms



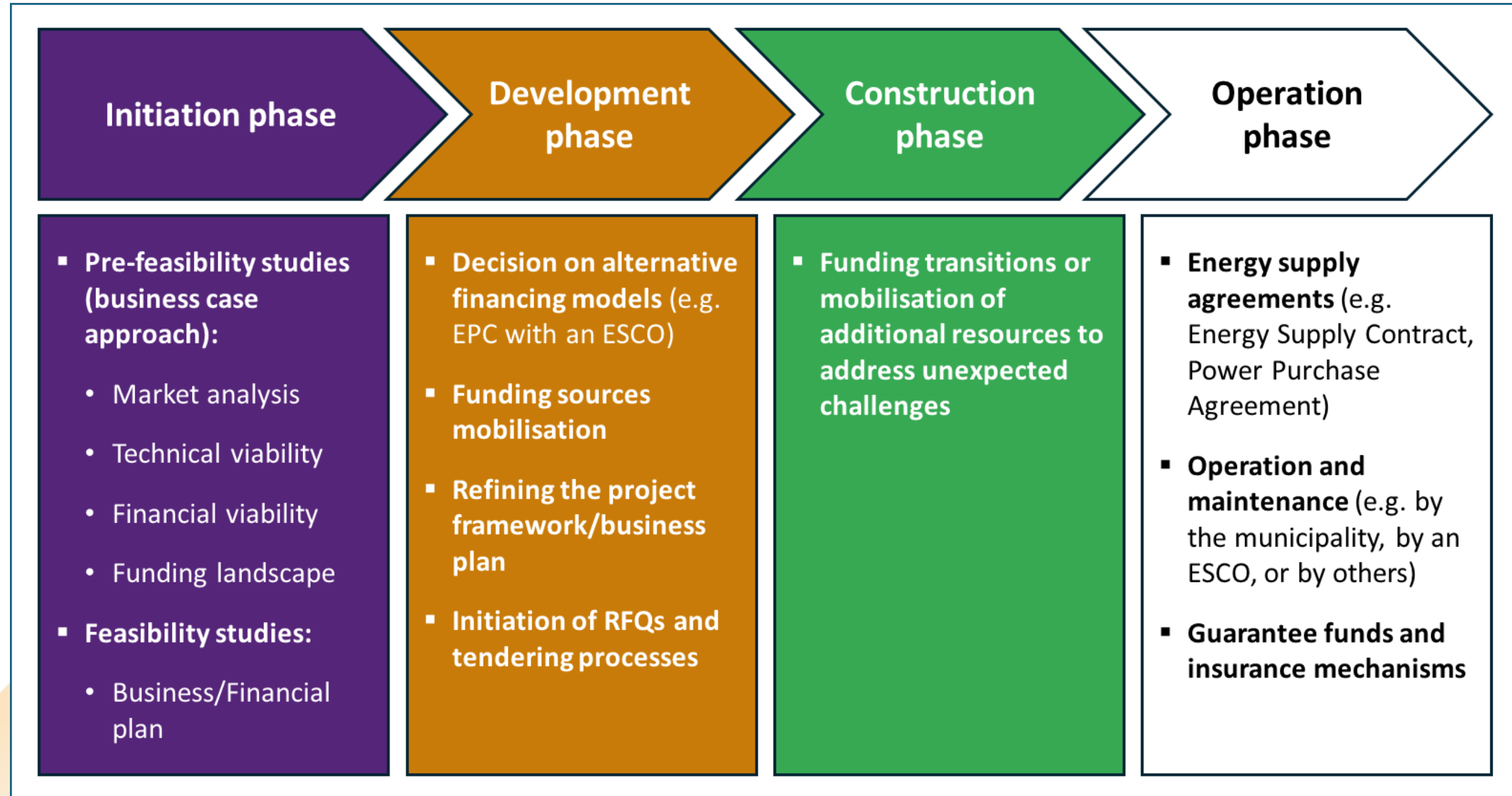
Project bankability, project viability, and promoter creditworthiness

What is bankability

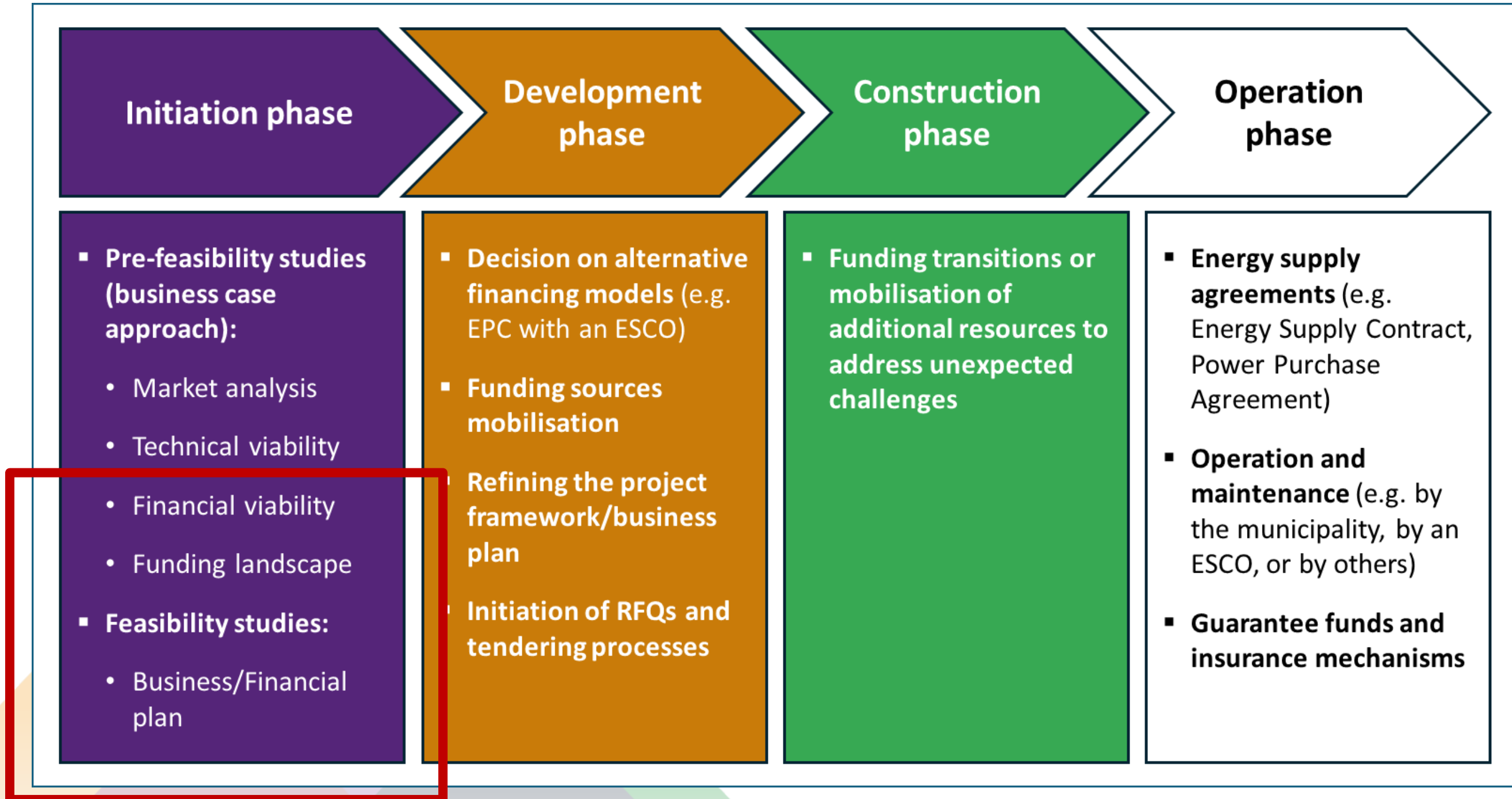
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Concept	What it means	What does it assess?
Project viability	Refers to whether the project itself is technically, socially, environmentally, and economically sound.	<ul style="list-style-type: none">• Technical quality and feasibility• Economic/financial viability (ROI, NPV, IRR, etc)• Social and environmental sustainability• Long-term impact and resilience
Promoter creditworthiness	Refers to the financial, institutional, and legal capacity of the promoter (municipality, agency, developer) to manage and deliver the project.	<ul style="list-style-type: none">• Financial capacity and credit profile• Ability to meet contractual and debt obligations• Institutional stability and governance• Transparency and efficiency in fund management• Political/institutional backing

Step-by-step roadmap for project funding



Step-by-step roadmap for project funding



CAPEX, OPEX, revenues and financial modelling



Revenues

CAPEX

OPEX

CAPEX, OPEX, revenues and financial modelling

Revenues

CAPEX

OPEX



Financial Model:

- P&L
- Cash flows
- Valuation
- Payback Period
- Equity IRR
- Project IRR

CAPEX, OPEX, revenues and financial modelling

Revenues

CAPEX

OPEX



Financial Model:

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Is the project itself financially viable and, **in principle**, bankable for commercial banks and traditional investors?

How to structure and finance your project

Funding sources



- Funding sources are the different origins of finance that a project can rely on to cover its costs, particularly the **investments that constitute its CAPEX**.
- **Blended finance** is key to attracting private investment and improving the project's bankability.

Other financing and operating models



- **Energy Performance Contracts (EPCs)** are the most common contractual focus in these projects.
- Often implemented through **Public-Private Partnerships (PPPs)** and developed by Energy Service Companies (**ESCOs**).
- Generally, they **may reduce the required CAPEX of the project for the public promoter**, and any related operational cost is reflected in the **OPEX**.

Other alternatives to attract private investment



- Project bundling
- Risk-sharing facilities
- On-bill and On-tax financing schemes
- Project Finance

Funding sources and traditional bankability

Non-redeemable funding sources	Redeemable funding sources		
	<u>Debt</u>	<u>Equity</u>	<u>Hybrid</u>
European funds and programmes - Grants: <ul style="list-style-type: none"> ▪ Cohesion Policy Funds - Grants & subsidies ▪ Innovation Fund ▪ LIFE Programme ▪ Modernisation Fund ▪ Recovery and Resilience Facility (RRF) - Grants ▪ Social Climate Fund (SCF)* 	European funds and programmes - Debt: <ul style="list-style-type: none"> ▪ Public Sector Loan Facility (PSLF) ▪ Recovery and Resilient Facility (RRF) - Debt 	Equity crowdfunding	European funds and programmes: <ul style="list-style-type: none"> ▪ Cohesion Policy Funds - Sectoral Financial Instruments ▪ EIB Funding ▪ European Energy Efficiency Fund (EEEF) ▪ InvestEU
	Concessional debt (Usually loans)	Traditional equity	
	Non-concessional debt: <ul style="list-style-type: none"> ▪ Commercial loans ▪ Capital market debt 	Community equity financing	Private investment funds: <ul style="list-style-type: none"> ▪ Debt and equity funds ▪ Impact funds ▪ Infrastructure funds ▪ Institutional investor-backed funds ▪ Revolving funds
National, regional, and municipal grants & subsidies	<ul style="list-style-type: none"> ▪ Crowdlending 		
Donations: <ul style="list-style-type: none"> ▪ Classic donations ▪ Donation-based crowdfunding 	<ul style="list-style-type: none"> ▪ Financial leasing ▪ Instalment purchases 		
Community financing (non-repayable)	Community debt financing		Mezzanine finance

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Thank you!

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Enabling Urban Climate Action



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