

Case Study // Round Table SDG 11: Financing the transition to sustainable cities and communities: challenges and opportunities

Renovating School Buildings

Italy

Levels: national and local

Summary

School buildings renovation is key to both for educational and cultural needs. Not only need to make them more secure (earthquake and flood risks) but also more suitable for modern education and make them a place for social life. The scarcity of public resources required to build a partnership with private individuals to make the best use of available resources.

Situation

More than 50,000 schools are present on the national territory. Over 8 thousand schools are located in buildings built at least 50 years ago, and 331 of these are found in the areas of the country where earthquakes are highly possible.

Strategy

As the property of the buildings belong to local authorities, the Central Government use a real estate investment fund to wrap up all the available resources for the renewal of the buildings or to build new schools paid exchanging the old ones to be used for different (commercial) purposes.

Results and impact

The project started in 2016. The first result of the pilot project are:

- N ° 6 Municipalities coordinated with a leader
- Institutional collaboration with: MIUR, Agenzia Demanio, ANCI / FPC, Local Authority Leader and INVIMIT
- N ° 6 new school complexes with energy class A and innovative services
- 23,000 square meters of regenerated schools
- 40,000 square meters of residential surfaces to be built or restored
- investments in schools amounting to 27 million
- investments in residential properties amounting to 41 million
- contribution of the Miur amounting to 6 million
- investments of the municipalities of 11 million (no cash but unused and unused properties)
- multiplier effect 1 to 6 of the resources invested by the municipalities (11 million invested generate an investment in the territory of 68 million euros)
- expected returns for Invimit equal to 3% + inflation, for Municipalities about 1%
- 18 months (from the start of the Fund) to implement the new schools

- returns in social terms: employed on site, urban redevelopment, safety of schools and reduction of maintenance costs and utilities
- efficient allocation of public resources through the assessment of alternative scenarios taking into account risks and financial returns
- different balances: non-speculative financial remuneration for Invimit (and for any other investors), returns on the territory and new schools for the Municipalities, remuneration for private SGRs for the realization of the project

Challenges and lessons learned

The main challenge was to coordinate all the administrative work of the various municipalities that have adopted different ways of supporting the operation. Timetable has been modified to wait until all the Municipalities finished their activities; an extra work of 6 months compared to the initial forecast was needed.

The refurbishment of the schools should start in June.

Potential for replication

We built the operation in a way that other Municipalities may follow the model. In a way this pilot was necessary to test all the relevant aspect of the transaction and to prepare the way for other operations.

Contact

Name: Stefano Scalera

Organisation: Ministry of Economy and Finance