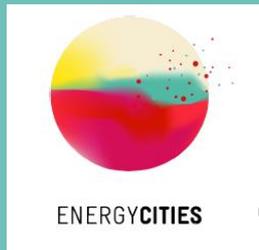


THE EU CITY FACILITY DESIGNED BY CITIES, FOR CITIES

Presentation to Climate Alliance Working Group on Financing



#CAIC19

Hosted by



In cooperation with



Why?

- Tremendous potential for building substantial pipeline of investment projects across Europe
- Key role in aggregation of smaller projects into sizeable packages
- Mobilisation of significant amount of finance needed



Climate Alliance
International Conference 2019

**CLIMATE. CITIES.
COMMUNITIES.**

Climate Alliance | Strategies for a liveable future.

Image source: <https://www.euractiv.com/section/energy/opinion/building-renovation-can-provide-new-momentum-to-the-european>

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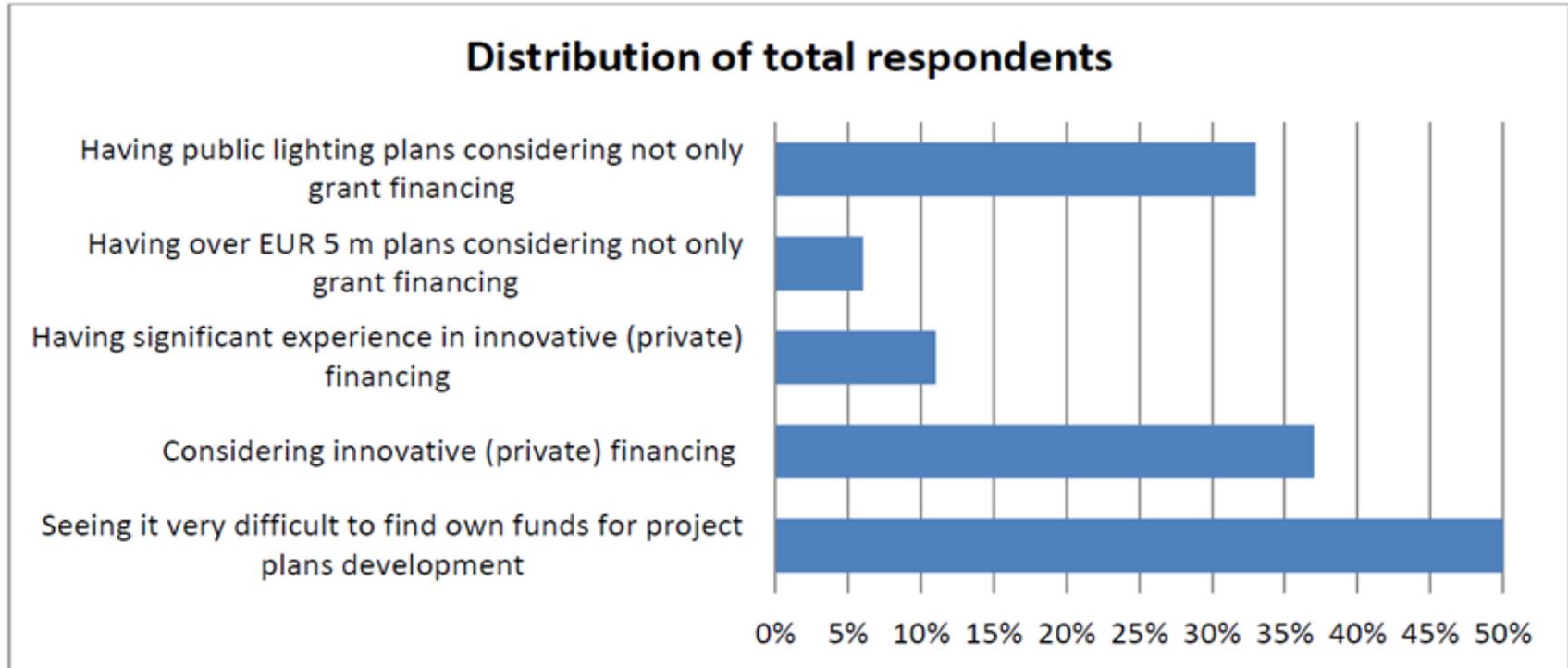
Barriers to Action

Based on needs assessments from cities:

- **Limited human resources and capacity** for energy management and development of bankable sustainable energy projects and investment packages
- **Conservative approach to project financing:** cities often use only a (limited) municipal budget and grants to finance their projects. Covenant of Mayors signatories have relatively low levels of experience in using innovative financial instruments
- **Lack of experience with developing investment packages:** The Covenant of Mayors survey showed that across the EU, the most significant barrier to project development was lack of experience with bundling of energy efficiency projects.
- **Reluctance to invest in project preparation:** political representatives spend limited budget on technical/feasibility studies which are not certain to lead to real investments
- Last but not least, the **difficulty of matching election and investment cycles** as well as **prioritisation of investments** are very important barriers



2016 Covenant of Mayors survey



37% of respondents plan to consider some innovative financing methods⁴. **11%** have significant experience in some of them⁵.

Aims and Objectives

- Provide technical, legal and financial expertise inspired by best in class European practice to deliver at least **225 investment concepts**, which should **trigger more than EUR 320 M of public and private investment**
- Build capacity of at least **450 public authority staff** to develop substantial project pipelines. Provide them with tools, networking and knowledge transfer opportunities to accelerate Investment Concept implementation,
- Facilitate access, especially for small and medium-sized municipalities to private finance, EU funding streams and similar facilities and advisory services to realise and amplify the expected investments
- Use successful investment concepts and knowledge generated to **reach out to more than 8,000 cities and communities**, encouraging replication and catalysing further action across Europe



How?

- Multiple application windows (“calls”) for support funding of up to €60k to develop an investment concept
- In-depth support from a country expert in each EU Member State
- Opportunities for peer networking and access to potential project investors
- Additional EU level and national activity together with city and energy agency networks
- Linking to other EU funded activity – e.g. Covenant of Mayors, Managenergy, Sustainable Energy Investment Forums, EIB, EBRD



What is an investment concept ?

- **Clear identification of potential project pipeline**
 - (Local) market/barrier analysis
 - Sample energy audits etc.
- **Analysis of local stakeholders controlling the project pipeline**
 - Commitments (by asset owners)
 - Engagement strategy etc.
- **Legal analysis (regional, national, international)**
 - Available investment types and framework conditions
 - Actual investment approach
 - Structuring/timeline of investment steps
(incl. e.g. public procurement or debt accounting rules) etc.
- **(Pre-feasibility) analysis of available financing solutions**
 - Basic modelling of investment costs, transaction costs, expected (cost) savings, other revenues etc.
- **Roadmap: basic process to launch investments**
 - Work planning
 - Resource allocation etc.

Engagement with key Stakeholders

- **Regional and local energy agencies**
- **National & regional city networks**
- **Investors and financiers** such as International Financing Institutions (IFIs) and national development banks
- **EU Structural and Investment Fund Managing Authorities** and experts
- **The European Commission** (DG ENER, DG CLIMA, EASME, etc)
- **Energy Utilities and ESCOs**
- **Citizens' cooperatives** and their umbrella organisations

Next Steps

- Autumn 2019 – project website established
 - Early 2020 – launch event
 - Spring 2020 – first call for proposals
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- Follow @eucityfacility on Twitter
 - Keep an eye on <https://www.climatealliance.org/home.html> for more info