

# Climate Alliance Working Group on Financing

## THE REALITY OF LOCAL CLIMATE FINANCE AND WHAT WE ADVOCATE

Adequate financing remains a key in order to realise local climate and energy projects. To overcome budgetary and capacity constraints, local authorities have to dig deeply into the wide variety of funding programs (regional, national, European) and need to learn about the experiences of others as well as about innovative financing models.

The Working Group on Financing was launched in 2012 with two main objectives:

- To serve as a platform for exchange between peers on local financing solutions;
- To engage in advocacy work in favour of a more tailored approach for local authorities, removing persistent bottlenecks to accessing financing.

Membership of the group is open to all Climate Alliance members. Do not hesitate to contact us if you want to get involved: [financing@climatealliance.org](mailto:financing@climatealliance.org)



## CONTEXT

Adequate financing remains key to realising local climate and energy projects. However, **currently available financing instruments are often very complex**. These must be better tailored to the different needs and sizes of local authorities. While bigger cities can reach high leverage factors and implement projects that can serve as examples, small and medium sized cities face higher barriers in securing investments, particularly because they cannot benefit from economies of scale.

**Local authorities Capacities on European funding, alternative financing schemes and their implementation will need to be increased.** At the moment, good exam-



ples are isolated and very context-dependent, which gives the impression that replication is very difficult.

Many of our members have indicated that they have various projects related to energy efficiency, distributed renewables and sustainable urban transport in the pipeline. They have the most accurate knowledge of place-based potentials for revitalising local economies and for job creation. They are also best placed to reach out to citizens and stakeholder groups. At the same time, however, they **lack the capacity and adequate financial means to realise their ambitious objectives.**

Taking the example of energy efficiency, local budget and debt constraints create barriers to (deep) retrofitting investments, which have long pay-back periods and high upfront investment needs. A lack of trust in the market and a lack of standardised contracts and procedures increase risk perception and transaction costs, which jeopardises the profitability of investments.



## MAIN OBJECTIVE

**The Working Group on Financing's main objective is to help Climate Alliance members realise their climate and energy plans.** We believe that that the way forward must involve mobilising local stakeholders, increasing our members' capacities to accelerate sustainable energy investments, scaling-up and aggregating smaller projects, reducing bottlenecks and simplifying procedures. With the Working Group, **we want to improve local authority access to adequate financing, exchange experiences and gain visibility for our members' efforts.**

## ACTIVITIES

*Via briefings and brokerage sessions, bi-annual meetings and events, newsletters and direct mailings, we keep our members informed about new funding opportunities and support them in their efforts to financing their goals.*

### Policy work

In our policy work on European financing, we takes a two-way approach. On the one hand, we are dedicated to informing working group members about new



financing opportunities, interesting funding schemes, events and upcoming calls for proposals. On the other hand, we work with contributions from the Working Group to develop arguments and responses to consultations run by the European Institutions or the European Investment Bank. It is the local evidence, provided by the members, which feeds the content side of our policy work. Climate Alliance Policy Coordinator Andy Deacon, for example, is a member of the European Commission Advisory Group on Energy (AGE) where he represents the position of local authorities.

## Events

In addition to the Climate Alliance international conferences and our continued presence at high-level events such as the international climate negotiations (COPs), we actively contribute to the major relevant European events such as the European Sustainable Energy Week and the Open Days. During these formats, Climate Alliance organises events and provides opportunities for Working Group members to make their local efforts more visible.

The Working Group on Financing also plays a very active role in Climate Alliance match-making events for European projects. The so-called **brokerage events are open to all Climate Alliance members** and facilitate the partner search for concrete funding lines (INTERREG, Life, Horizon2020 etc.).

## Exchange of experiences

Collecting concrete examples of innovative and local funding schemes is an important exercise to support exchange among members on workable financing solutions. These examples also demonstrate to key European institutions what actually works at the local level and which type of funding local authorities need to continue their climate work and investments. Via direct meetings, mailings and the newsletter, Working Group learn from one another throughout the year.

## Projects

Climate Alliance runs various projects in which financing topics are addressed. Working Group members are engaged these project activities as partners, advisory board members or demonstration cities.

## CONTACTS

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