THE EU CITY FACILITY
DESIGNED BY CITIES, FOR CITIES

Presentation to Climate Alliance Working Group on Financing

#CAIC19
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

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

• Follow @eucityfacility on Twitter
• Keep an eye on https://www.climatealliance.org/home.html for more info