



NET ZERO CITIES

Feedback to First Cohort of Cities

Deliverable D7.5

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Table of contents

Introduction	6
1. What is an investment plan?	6
1.1 The Investment Plan within the CCC	6
1.2. The CCC IP Checklists.....	8
2. Cities who received feedback and support during Window 1 and city feedback	8
3. Further IP sessions provided	9
4. CCC IP checklists as detailed feedback per city.....	9
Conclusion	10
Annex – Example CCC checklist excerpt for the city of Helsingborg.....	11

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Abbreviations and acronyms

Acronym	Description
IP	Investment Plan
CCC	Climate City Contract

Summary

The feedback to the first and second cohort of cities had to be prioritized following the request from the Mission Team. Under its new scope, this deliverable aims at providing feedback on the investment plans submitted by the first cohort of cities in the forms of Investment Plan checklists. During Window 1 submissions (city submission deadline 2023 April 15th), the Consortium members provided feedback in multiple stages: general info event, preliminary IP checklist exercise, coaching session, final IP checklist.

Keywords

Investment Plan, checklist, Climate City Contract

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Introduction

Context: The feedback to the first and second cohort of cities had to be prioritized following the request from the Mission Team. Under its new scope, this deliverable aims at providing feedback on the investment plans submitted by the first cohort of cities in the forms of Investment Plan (IP) checklists. During Window 1 submissions (city submission deadline 2023 April 15th), the Consortium members provided feedback in multiple stages. First, general information was distributed to submitting cities. Then if Investment Plans (IPs) were submitted before the 14th of April deadline, a pre-liminary IP checklist exercise was carried out. Initial checklists were shared with cities. Those cities, who needed an explanatory session regarding their preliminary checklist results, got additional time from the reviewers in an online session.

Afterwards, cities could re-work their IPs and submit the plans again. A second round of IP checklist assessments were carried out by the reviewers. Final results were shared with the cities. During this multi-stage process, we believe that cities had the chance to work on their investment plans iteratively and got sufficient information and opportunity to develop them during an extended period of time. The deliverable for this task is the set of CCC IP checklists per individual city. (See exact location of these checklists below.)

1. What is an investment plan?

1.1 The Investment Plan within the CCC



Figure 1: What is an Investment Plan

The Investment Plan developed by cities will be closely aligned with the Mission Action Plans, with both plans forming crucial elements of the Climate City Contract.

Align with the Climate Action Plan: Whilst it should not be mistaken with the Mission Action Plan, the Investment Plan and the Climate Action Plan will be closely aligned. The Investment Plan will build upon the portfolio of actions cities have committed to take within their Action Plans and quantify the capital needs and sources to deliver on these actions. Cities, with the support of NZC partners will undergo an iterative process of developing actions to achieve impact, identify the costs of these actions and source capital to meet these costs.

Economic & Financial Planning: The Investment Plan will focus particularly on the economic and financial planning of the city becoming climate neutral until 2030. A key facet of the proposed framework is the provision of cost, impact and capital allocation guidance that will be provided to cities. The Investment Plan will provide an estimation of the costs and capital required over time to implement the portfolio of actions outlined within the Mission Action Plan. The resulting direct and indirect impact/benefits of actions will be closely aligned with the capital breakdown. An estimate of the capital allocation per each emitting sector according to ownership will be broken down by public and private capital. This will allow for recommendations of suitable innovative financial instruments and funding mechanisms that can be utilized. Some cities are already using innovative financial instruments such as revolving funds and sustainable bonds which will be amalgamated into the capital planning process.

City-Wide Approach: The Investment Plan needs to capture both the public and private sector. The public sector usually owns only a fraction of the emitting assets within a city, and a city-wide Investment Plan needs to capture it all. Whilst the public municipality will not have a direct control over all the actions of the corporate and residential sector, it can act as a facilitator, through various policy, finance and regulatory mechanisms, for the development and implementation of new business models for climate neutrality.

Captures All Sectors: The Investment Plan needs to take an integrated approach, which will capture all emitting sectors/assets across the entire city, including buildings, waste, energy, transport and others. The segmentation of sectors and selected actions as outlined in the Action Plan need to be aligned with the Investment Plan. The top-down approach of cost and capital planning will be complemented with a bottom-up approach to create a portfolio of projects available to invest in.

Iterative Process: The process of developing an Investment Plan will iterate over time as the project team, in partnership with the cities, will learn, develop and tailor individual plans to the city's local circumstances. Whilst the plans will be fluid over time and vary from city to city, the development of the first version will be of particular importance. The Investment Plan will also incorporate a set of indicators as part of a monitoring framework to track the progress of the city over time.



Catalyst for Capital: One of the main purposes of the Investment Plan is to help cities gain additional access to capital at scale. The ambition is that the Investment Plan will act as a catalyst to optimize funding and financial sources over time towards net zero projects. By clearly outlining the capital allocation required for actions and achieved impact will provide cities with more credibility with funding platforms and financial institutions. The role of public capital, including national and EU structured funds, and private investment capital will be closely analyzed and optimized.

Multi-Stakeholder Involvement: The development and implementation of the Investment Plan will require not only the involvement of public municipality, but also of other city stakeholders, including private sectors and citizens. Stakeholders from different backgrounds need to be involved in the process of developing an Investment Plan. Such stakeholders can be both within the city administration such as the environmental, legal, and financial team but also different external stakeholders including citizens, utilities, housing associations and academia.

Long Term Planning: In contrast to a municipality budgetary planning approach, the development of an Investment Plan is a long-term planning exercise for the identification of cost and capital allocation over time. One of the starting points in developing the plan will be to draw upon existing budgets and identify the investment gap to reach climate neutrality. As part of the planning process, it will be important to analyze the opportunity of redirecting existing public spending, to be aligned with climate goals. These mechanisms need to be closely aligned with other policy mechanisms such as the use of procurement and regulatory powers to drive investments within the city towards climate neutrality.

1.2. The CCC IP Checklists

IPs checklists are covering three main areas: current state of climate investment (with current capital allocation, financial policy); investment pathways towards climate neutrality by 2030; and enabling conditions for climate neutrality by 2030. (For an example checklist please see the Annex.) Reviewers aimed at providing the cities with solutions to better express their current state and with what specific investments they are intending to reach net zero.

2. Cities who received feedback and support during Window 1 and city feedback



The CCC IP checklists were submitted to the folder linked in the 'CCC IP checklists as detailed feedback per city' section of this summary. From the consortium, BwB, FS, SP, UPM, VC colleagues worked on these checklists and on the support sessions.

1. Madrid, Spain
2. Valencia, Spain
3. Valladolid, Spain
4. Vitoria Gasteiz, Spain
5. Klagenfurt, Austria
6. Mannheim, Germany
7. Cluj-Napoca, Romania
8. Stockholm, Sweden
9. Sønderborg, Denmark
10. Zaragoza, Spain
11. Marseille, France
12. Helsingborg, Sweden
13. Malmö, Sweden

3. Further IP sessions provided

BwB colleagues delivered additional sessions online (except for the Finnish one, which took place in person) during 2023 spring. These sessions were not city-specific, but city stakeholders were present.

- Finnish city IP webinar
- French city IP webinar
- Polish city IP webinar
- Greek city IP webinar
- Window1 city webinar and a separate IP webinar about Window1 (among participants there were non-city stakeholders)
- Portuguese city IP webinar
- German city IP webinar

4. CCC IP checklists as detailed feedback per city

The CCC IP submitted checklists can be found in the following folder on the CKIC NetZeroCities shared drive: NetZeroCities & SGA Consortia – Documents - Theme 4 Investment and Finance - 03. NZC & SGA-NZC Deliverables - D7.5 Annexes - First cohort of cities checklists and feedback documents. An example feedback can be seen at the end of this document as Annex.



Conclusion

Through the CCC IP checklists, detailed feedback was given to Window 1 cities. Future submissions will learn from this process and will take more time to explain the template to cities to improve the 'first time right' ratio. During the feedback to the second cohort of cities this learning was already implemented, and cities could produce higher quality investment plans in their first submission attempt.

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Annex – Example CCC checklist excerpt for the city of Helsingborg

CCC Completeness Checklist

2. 2030 Climate Neutrality Investment Plan (IP)

A-Current State of Climate Investment					
ID	Building block/element	Template section links	Yes ✓	No ✗	Notes
3.1	Does the IP describe existing funding and financing options for climate activities by fields of action or sectors (for example % of budget allocation & precise amount of allocated investment)?	IP Module A-1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No. Helsingborg has not put together a percentage of budget allocation per sector. The city has indicated that a minority of investments will be made by the City Council itself and it does not consider budget allocation is therefore not a good indicator of total climate investments. We consider there is value to looking at both capital flow as well as capital stock which would present a more holistic overview of short term and long term finances.
3.2	Does the IP include a description of existing strategies for capital deployment by fields of action or sectors?	IP Module A-2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The IP details work that Helsingborg has done in green finance.
3.3	Does the IP identify existing regulatory policies that support capital deployment, and their associated impact?	IP Module A-2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes.
3.4	Does the IP include an assessment of the city's capacity and/or capabilities needs to develop an IP?	IP Module A-2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Helsingborg mentions that capacity of the city is sufficient in some areas and identifies some gaps in the barriers section but does not do a review of capability needs of the city in one place. Having a distinct section where the city can execute a review of the internal capacities will be helpful so the mission is able to

CCC Completeness Checklist

					effectively support and help to define the stakeholder engagement process as well as the risks and barriers.
3.5	Does the IP include an assessment of existing financial and related non-financial barriers to deploy capital?	IP Module A-3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Some barriers are listed though they are not distinct to financial capacity of the city and in some cases it is unclear as to the relation of financing Net Zero and the barriers. There is a provision for "related" non-financial barriers but the relation needs some sign posting. Some of the opportunities are interesting, but it would be beneficial to include some mitigation strategies.

B-Investment Pathways towards Climate Neutrality by 2030

ID	Building block/element	Template section links	Yes ✓	No ✗	Notes
3.6	Does the IP describe the cost analysis across identified fields of action or sectors?	IP Module B-1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No. Costs are shown only for transportation.
3.7	Does the IP describe the direct/indirect monetization of benefits?	IP Module B-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In depth analysis is only shown for transportation. Does Helsingborg imagine it will do the same for other fields of action or is there a rationale for sticking to transportation? We understand from the Action Plan that this will cover close to 40% of emissions.
3.8	Does the IP describe the public and private capital sources available to meet the estimated costs?	IP Module B-2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No. Sources of capital are not clearly mapped to the costs outlined for transportation. It is interesting that the city will consider the use of thematic bonds to cover costs but additional analysis could be undergone to demonstrate this.
3.9	Does the IP indicate some (innovative) financial	IP Module B-2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Helsingborg has experience innovating green finance and this comes across.



CCC Completeness Checklist



	structures/instruments to raise capital?				
3.10	Does the IP include a selection of key economic and financial indicators?	IP Module B-3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Indicator set has an interesting mix of targets, in order to improve the relevance beyond those in the action plan these could be framed in a perspective of finance and costs. It is encouraging to see the mix of ways the transition can be monitored but in order to manage these effectively Helsingborg would benefit from framing these against spend. Indicators here should support optimising the way in which the city leverages its balance sheet and deploys capital towards Net Zero. These can be advanced from the Action Plan, and there is an opportunity to set intermittent targets before 2030. The consortium is releasing a comprehensive indicator set which includes a lot of these which will provide support for the cities.
3.11	Does the IP demonstrate alignment between cost analysis, capital planning and a monitoring framework?	IP Modules B-1, B-2, B-3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Difficult to see the alignment between the sections as per the CCC categories though there is a link in the way it has been pulled together.

C-Enabling Financial Conditions for Climate Neutrality by 2030

ID	Building block/element	Template section links	Yes ✓	No ✗	Notes
3.12	Does the IP include a description of additional climate policies to be implemented that enable capital deployment in the city?	IP Module C-1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No. Some policies implemented though it has not shown how they will aid in capital formation.

CCC Completeness Checklist



3.13	Does the IP identify risks and appropriate mitigation strategies for them?	IP Module C-2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Some work has been done to analyse risks at a high level. We consider very few risks have been identified and the mitigation strategies are general. Some cities have gone into details of mitigation strategies for price fluctuations and supply chain issues.
3.14	Does the IP map relevant stakeholders and outline their engagement strategy?	IP Module C-3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Stakeholders have been mapped well and thought has been given to the engage strategy.
3.15	Does the IP identify relevant knowledge gaps on developing and delivering the plan?	IP Module C-3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Some relevant knowledge gaps are identified in the barriers section and some opportunities off these are also identified, it would be beneficial to include areas of capacity development. Some cities have identified support they would benefit from in reviewing (for instance) innovative financial tools.

