

**CLIMATE
CITY
CAPITAL
HUB**

**NET
ZERO
CITIES**
EU MISSION PLATFORM
CLIMATE NEUTRAL AND SMART CITIES

The Climate City Capital Hub





Through the EU Mission on Climate-Neutral and Smart Cities, cities are at the forefront of decarbonisation efforts across Europe – driving change as trailblazers for climate action. The challenge is huge, but one by one cities have led the way with the development of Climate Action Plans to achieve emission reductions.

Alongside the development of ambitious projects and transitions is the realisation that cities cannot fund the process on their own. Climate Investment Plans have been developed to identify what is possible with municipal funding and where there are funding gaps that will need to be plugged with external support from grants, public funding and private capital.

The Climate City Capital Hub (“The Capital Hub”), as part of the Cities Mission Platform managed by NetZeroCities, aims to provide the technical and financial assistance to Mission Cities that have received the Cities Mission Label to facilitate capital flows to ensure the full implementation of Climate Action Plans. The Capital Hub also provides support in relation to actions aimed at climate adaptation, with support from the EU Mission on Adaptation to Climate Change and its Platform MIP4Adapt.

THE AIM OF THE CAPITAL HUB IS TO PROVIDE A PLATFORM TO:



-  Support cities through the **project preparation process** to ensure projects are investment ready.
-  Help cities **identify and access the technical assistance** required for project development using both in-house expertise and connections to existing technical assistance programmes.
-  Provide **financial assistance and structuring** for funding projects and pools of projects.
-  Provide **access to a range of capital providers (including lenders and investors)** from both the public and private sector and support the process to deal closure.

The Climate City Capital Hub (international finance resource)

+ The deployment of City Finance Specialists (city resource)

In addition to support through the Capital Hub, City Finance Specialists will shortly be deployed across Mission Cities to support cities implementing their Climate Investment Plans. These individuals will provide on-the-ground support to finance and transition teams and are a city-driven resource. Each have a background in finance, speak local languages and have a direct understanding of the local context and finance ecosystem. They will be deployed to cities through 2024 to work in tandem with local stakeholders and city teams.

+ The cooperation with the European Investment Bank

The Capital Hub has been developed to cooperate as a neutral centre for capital and will work in close cooperation with the European Investment Bank (“EIB”).

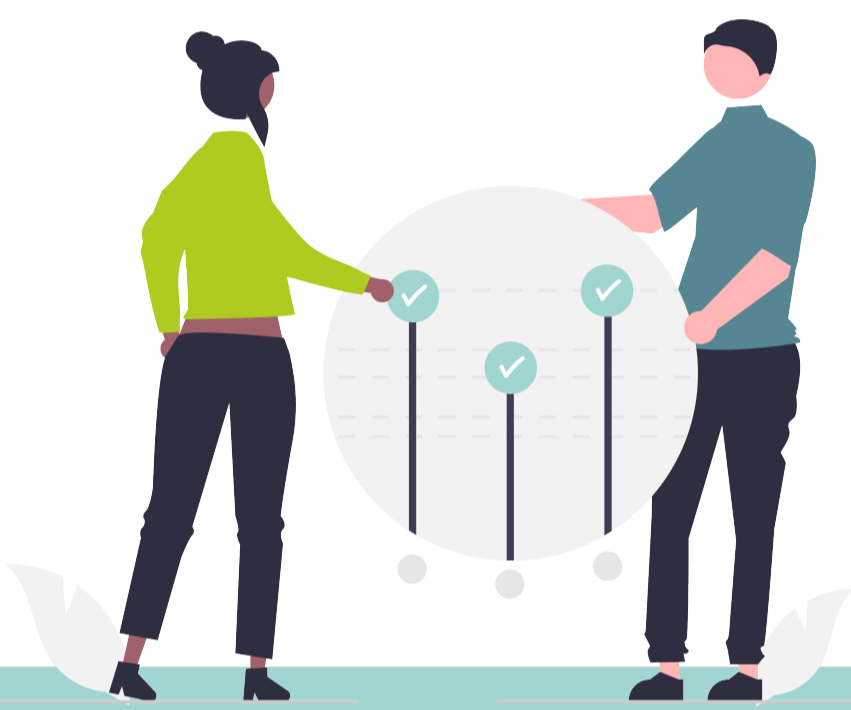
Support structure to finance the implementation of the Climate Investment Plans

ENGAGEMENT PROCESS & ACCESS

Access to the support offering provided by the Climate City Capital Hub is available to all cities that have been awarded the Cities Mission Label. This ensures that Climate Action Plans and Climate Investment Plans have been developed, evaluated and verified by the EU Mission team and leads to the most productive use of Capital Hub support. The delivery model includes an integrated screening process whereby projects are presented to the group and the delivery team (EIB and Capital Hub) can offer a support structure based on needs. Cities with the Cities Mission Label that have also signed the Charter of the EU Mission on Adaptation to Climate Change, and are using the technical assistance of its Platform MIP4ADAPT, will also receive support on financing adaptation.

SUPPORT OFFERING

& ASSOCIATED MECHANISMS



Through the initial engagement process outlined above, the Capital Hub will identify projects and thematic opportunities for support to be offered, ranging from research and technical assistance through to financial assistance and sourcing of prospective funds and investors. Projects may be identified and supported at varying stages of development – there is no requirement to start at the beginning with concepts and technical assistance if this work has already been conducted.

1. CITY PROJECT FINANCE FRAMEWORK

All projects identified within the Climate Investment Plans can be processed through the City Project Finance Framework. This project preparation tool leverages the input of project data to ascertain the current development stage of a city's climate action and both its technological and financial feasibility. This tool will be utilised by City Finance Specialists to give cities an overview of the current readiness of each climate action.

2. RESEARCH, BEST PRACTICE & CASE STUDIES

For climate actions judged to be in the early stages of conceptualisation and pre-feasibility, the Capital Hub can support with research into how similar projects have been actioned elsewhere in Europe, and provide case study material and advice on best practice to cities to take the next step in the development of these climate actions.

3. TECHNICAL ASSISTANCE

For projects that have already undergone pre-feasibility analysis, the Capital Hub can provide links to EU technical assistance programmes and – where this is not available – provide technical assistance for the development of projects. This can include reviews of feasibility studies, advice for technical solutions, and support for project calibration or business model identification.

4. FINANCIAL ASSISTANCE

Once a project has concluded its feasibility study and is ready for refinement and development into a fundable project, the Capital Hub can support projects through the development of indicative economic and financial modelling, identification of viable financing and funding solutions, and development to risk mitigation and impact frameworks. Financing solutions may involve traditional green loans and revolving funds, but also more innovative solutions such as sustainability-linked bonds, securitisation, crowdfunding and energy performance contracting.

5. ACCESS TO FINANCE

If a project has been determined as fundable with a viable financial model, and the city is now looking to secure funding or financing via external sources, the Capital Hub team can support with facilitating access to external finance. This may include engaging new investors, supporting cities through the due diligence process, and providing template term sheets for cities.

PRELIMINARY STEPS FOR CAPITAL HUB

If your city has developed a Climate Investment Plan and received the Cities Mission Label, your City Advisor will shortly organise an introductory session with the Capital Hub and representatives of the EIB. You can reach out to your City Advisor to initiate this process sooner. In the meantime, cities are encouraged to:

- Identify and prioritise projects listed in their Climate Investment Plan
- Gather data for each project including development stage, required investment, funding gap, sector, expected benefit, potential revenue streams and the stakeholders directly engaged in development

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