



NET ZERO CITIES SGA2-NZC

Interim Report Summarising Projects Supported

D2.12

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Abbreviations and acronyms

Abbreviation / Acronym	Description
BECCS	Bioenergy with Carbon Capture and Storage
CCC	Climate City Contracts
CESF	City Expert Support Facility
CFS	City Finance Specialist
EIB	European Investment Bank
ELENA	European Local Energy Assistance (EIB Programme)
ESCO	Energy Service Company
MIP4Adapt	Mission Implementation Platform for Adaptation
NbS	Nature-Based Solutions
NCC	Neutral Capital Centre
SME	Small and Medium-sized Enterprises

Summary

This report provides an overview of the activities and progress of the Climate City Capital Hub (referred to as the Capital Hub or the Hub) under Task 2.4, covering the period from June 2024 to June 2025. It summarises the work of the Capital Hub across W2 to W4 Mission Cities and does not include activities related to W1 cities, which are reported under SGA1.

The Capital Hub was launched in June 2024 to support cities participating in the EU's 100 Climate-Neutral and Smart Cities by 2030 Mission in accessing finance for climate-related projects, with a focus on mobilising private capital alongside public funds to meet the significant investment needs associated with climate neutrality and adaptation goals.

Since its launch, the Capital Hub has been working closely with the 12 City Finance Specialists and established partnerships with all cities that have achieved Mission Label status, supporting more than 50 projects across key subsectors such as energy, built environment, finance, adaptation, waste and water and mobility. The Hub's work has ranged from assignments focused on technical project preparation support, financial modelling, and investor outreach. It has also included the development of innovative funding structures such as city funds green bonds, and energy service contracts that facilitate the implementation of emissions reductions measures.

Notable activities include:

- Joint engagements with the European Investment Bank (EIB) and collaboration with the European Bank for Reconstruction and Development (EBRD) and other public and private investors.
- Establishment of the project preparation infrastructure of the Capital Hub across subsectors.
- Establishment of the Neutral Capital Centre to lead investor engagement and cross-sectoral finance innovation.
- Strategic coordination of adaptation efforts across participating actors in the EU Mission for Adaptation
- Innovative work on green bonds, blended finance structures, and nature-based solutions to support the climate ambitions of cities.

The Capital Hub also plays an active role in EU-level networks and initiatives such as the Mission Implementation Platform for Adaptation and Smart Cities Marketplace, ensuring alignment and knowledge-sharing across programmes.

While levels of engagement from cities remain uneven, the Hub has built strong foundational infrastructure – scoping tools, frameworks, and project bundling capabilities – that will enable it to scale support moving forward.

This report details current assignments by subsector and country, highlights emerging trends, and outlines opportunities for accelerating urban climate investment through expanding public-private collaboration.

1. Introduction

According to the World Bank (2021),¹ cities account for over 70% of global carbon emissions. As a result, climate action at the city level will play a crucial role in determining the world's ability to meet the Paris Agreement targets and reduce global carbon emissions. The International Monetary Fund (2023)² states that achieving “net-zero by 2050 requires low-carbon investment to rise from \$900bn in 2020 to \$5tn annually by 2030”. This fivefold increase in investment cannot be met through public sector financing alone. There is an urgent need to mobilise significantly greater levels of private sector capital and enhance synergies between public and private sectors in financing climate-related initiatives.

In Europe, the EU's 100 Climate-Neutral and Smart Cities by 2030 Mission (Cities Mission) aims to support 112 cities (Mission cities), 100 in the EU and 12 in countries associated with the Horizon Europe research initiative, in achieving climate neutrality by 2030. In parallel, the EU Mission on Adaptation to Climate Change (Adaptation Mission) is assisting 301 regions, authorities, and cities with their adaptation planning and investment efforts. Approximately 30 cities are signatories to both Missions. Collectively, the Climate City Contracts (CCC) of these Mission cities face a significant investment gap. Based on extrapolated analysis of 28 exemplary Mission city investment plans conducted by BwB (2025),³ approximately €307bn additional investment is required to meet the Cities Mission's goals by 2030. This investment is projected to generate €308bn in operational savings and unlock an additional €87bn in co-benefits for the citizens of Mission cities.

The Climate City Capital Hub (hereafter referred to as the Capital Hub or Hub) was established to help bridge the investment gap by accelerating the flow of capital towards climate-related projects in Mission cities. It provides project preparation and financial advisory support in order to assist cities to secure funding for the implementation of their climate action projects. The Cities Mission has supported the Hub's creation and development from the start. As a pilot exercise, the Hub is working with five cities that have received the Cities Mission Label and are signatories to the Charter of the Mission on Climate Adaptation, to provide services that cover both mitigation and adaptation projects, supporting a holistic approach to tackling climate challenges.

2. Capital Hub Progress – June 2024 to June 2025

The Capital Hub was officially launched on 24 June 2024 in Valencia, Spain, during the Climate-Neutral and Smart Cities Mission Conference. In the year since launch, it has been steadily rolling out its operational structures and developing high-impact ways of working. Key advancements include close collaboration and the establishment of a structured process to work with the 12 City Finance Specialists (CFS) across Europe, active engagement with Mission cities, and the co-hosting of the Capital Hub kick-off event for all recipients of the Cities Mission Label with the European Investment Bank (EIB). Additionally, as part of the collaboration with the Adaptation Mission, the Hub piloted a collaboration across the missions to see where it could drive financing for five cities who are signatories to both the Adaptation Mission and recipients of the Cities Mission Label.

¹ World Bank. (2021). 'Climate action through an urban lens'. World Bank. <https://www.worldbank.org/en/topic/urbandevelopment/brief/climate-action-through-an-urban-lens>

² International Monetary Fund. (27 November 2023). 'World needs more policy ambition, private funds, and innovation to meet climate goals'. <https://www.imf.org/en/Blogs/Articles/2023/11/27/world-needs-more-policy-ambition-private-funds-and-innovation-to-meet-climate-goals>

³ BwB. (2025). 'Financing the Climate-neutral and Smart Cities Mission: Investment gap estimates and opportunities for co-benefits'. <https://www.bwb.earth/post/climate-investment-plans-analysis-may-2025>

The Capital Hub team has been actively scoping targeted work assignments across five priority subsectors: built environment, energy, waste and water, adaptation and mobility.

To strengthen engagement with financial stakeholders, the Neutral Capital Centre (NCC), as an integrated part of the Capital Hub, has been established to enhance outreach to financial institutions and to promote innovation in urban financial instruments. Additionally, Project preparation partners from NZC in each subsector are well coordinated with the Capital Hub Secretariat. Finally, the collaboration with the EIB, the European Bank for Reconstruction and Development (EBRD), and other public banks continues to grow alongside increasing engagement with private capital investors.

Key Capital Hub Achievements to June 2025

- The Hub has been ramping up support for Mission cities in scoping specific work assignments across five key subsectors: built environment, energy, adaptation, waste and water energy and mobility. Most of the requests to date are in the energy sector.
- The Hub is actively working on 22 project assignments sourced by CFS, and more than 30 further assignments are being scoped out in discussions with Mission cities.
- The Hub and the EIB have agreed on a workflow and a model for cooperation. CFS and EIB representatives have conducted joint visits to cities and held kick-off meetings to scope various project assignments.
- The NCC is engaged in cross-sectoral assignments, with active investor outreach and financial structuring activities underway on 6 specific assignments. Additionally, the NCC engages in ad-hoc calls with key investors focusing on urban finance (mainly infrastructure funds, asset managers, pension funds, and private banks) in order to assess their interest in investing in sustainable urban infrastructure projects. The NCC also plans to explore philanthropic sources of capital building on its existing engagement with the Philanthropy Europe Association (Philea) and other foundations active in the urban space.
- In May 2024, it was agreed that the Hub's collaboration with the Adaptation Mission would focus on five cities – Leuven, Lisbon, Tampere, Turku, and Valencia (Adaptation pilot cities). Joint meetings between the EIB, the Mission Implementation Platform for Adaptation (MIP4Adapt), and the Hub were held to discuss these cities and what specific adaptation support requests they had made. Calls with the cities were held to gain an understanding of their adaptation needs.
- In addition to its collaboration with the EIB, the Capital Hub has actively engaged with other public development banks, including the EBRD. These interactions have focused on identifying aligned priorities in urban climate finance, facilitating early-stage project structuring, and investment opportunities. The EBRD has shown strong interest in collaborating on technical assistance efforts and building synergies between its Green Cities programme and the Hub's pipeline development approach.

As cities seek to attract private investment in climate-related projects, the Capital Hub's CFS have engaged with them on a range of topics, including public-private partnerships, energy service companies (ESCO), Small and Medium-sized Enterprises (SME) funds, blended finance structures, municipal green bond issuances, and alternative bond instruments.

The Capital Hub has received several requests for support with establishing municipal funds – particularly from cities in Belgium, Germany, Italy, Portugal, and the United Kingdom (UK). In some cases, cities have expressed openness to multi-city approaches as a means to scale their efforts. There is a clear opportunity to deploy innovative financial structures to mobilise private capital, including blended models that combine public and private investment and/or involve guarantee schemes.

Another option to consider for scaling up private investments going forward is the green bond market:

- Green bonds can provide a low-cost, long-term, and diversified source of capital compared to traditional bank loans.
- Issuing a green bond can highlight a city's climate priorities and its mitigation and/or adaptation strategy, enhancing its visibility and attractiveness to investors.
- Green bond issuance can support the development of a city's financial and risk management processes and foster greater collaboration between environmental and finance departments, thereby strengthening the systems needed to secure future funding.

Green bond issuance and management is complex, involving high underwriting costs and stringent transparency obligations. It requires city personnel to possess sufficient financial expertise to effectively monitor and manage the various processes. The Capital Hub can provide targeted support and help identify potential partners to address capacity gaps. This model has already been applied in several French cities through dedicated workshops and sessions attended by various municipal teams, including transition and finance departments. This demonstrates how the Hub introduces innovative concepts to municipal authorities that can help them find solutions and overcome challenges to unlock finance. For example, projects can be bundled together for green bond structures, which helps cities overcome the obstacle of financing individual projects with small ticket sizes.

The Hub is also interacting with other relevant forums such as Smart Cities Marketplace, Circular Cities and Regions Initiative, and the Covenant of Mayors to promote private capital mobilisation. Additionally, the Hub contributed to several EU-wide workshops on private capital mobilisation and built capacities in cities.

On the adaptation front, workshops have been held with MIP4Adapt, Pathway to Resilience and Climate FIT to understand the technical assistance and planning support that is currently being provided by the programmes.

Following the Hub's engagement with the five Adaptation pilot cities in 2024, the start of 2025 marked the beginning of broader engagement with cities participating in both the Adaptation and Cities Missions. This has included several workshops organised for the CFS to ensure they are fully briefed on the adaptation support that is available to cities involved in either or both Missions.

Other activity by the Hub in the adaptation space includes presenting at the 'Leveraging Funding for Climate Adaptation' seminar hosted by MIP4Adapt, which was attended by over 70 participants from cities and regions within the Adaptation Mission.

Challenging Environment

It should be acknowledged that while there is significant opportunity to engage with cities in sourcing and deploying capital, the Capital Hub and CFS have observed several common challenges:

- Debt ceilings deterring cities and municipal companies with consolidated accounting from generating new pipeline projects.
- Reliance of cities on grants/public funding rather than the private sector. This is particularly true for adaptation initiative, where projects are generally much smaller and are usually considered in isolation.
- Availability of cheap loans from local municipal banks acting as a disincentive to financial innovation.
- Small ticket sizes of municipal projects can undermine the interest of larger investors, such as the EIB or EBRD, which have minimum project amount thresholds.
- Policy aspects such as accounting expenditure limits (excluding grants); lack of flexibility in procurement rules to allow for the crowding in of private capital; and failure to (adequately and specifically) incentivise decarbonisation.
- Limited appetite among cities for innovative solutions involving private capital, particularly during election periods.

Although cities often struggle to access private capital, they can overcome this challenge by implementing supportive policies, structuring strong project pipelines, fostering early collaboration to build trust, and developing innovative financial instruments to attract private investment.

The Capital Hub has organised several series of roundtables, inviting investors and cities to interact and knowledge-share to support the development of more innovative sources of financing. Those organised in Sweden and the UK have already taken place, and the series in Norway is in the pipeline.

Progress in deploying support to labelled Mission cities in countries without CFS has been slow, primarily due to delays in finalising sub-contracting arrangements. The management of the Capital Hub will engage with the NZC programme lead to explore the possibility of transitioning these arrangements to a person-months model, in alignment with the setup currently used for the 12 existing CFS. Given the substantial number of Mission cities under Window 4 that have not been assigned a CFS, it is essential that this issue be addressed promptly.

3. Overview of current active project assignments and activities by subsector

This section outlines the project assignments currently underway across the five subsector groups.

3.1 Built Environment

In the built environment subsector, efforts have focused on enhancing the financial and technical frameworks that enable the decarbonisation and modernisation of urban infrastructure, particularly through building retrofits and renewable energy integration.

In **Kranj** (Slovenia), the Hub provided targeted support to advance the development of financial mechanisms within the city's 'building-retrofit one-stop shop', a strategic initiative aimed at mobilising private investment into the energy retrofitting of residential buildings. By facilitating access to tailored incentives and financing options, this intervention helps to overcome common economic barriers to citizen-led building upgrades, contributing to improved energy performance across the urban housing stock.

In **Velenje** (Slovenia), the focus was on the municipal building portfolio, where Hub support was directed towards the conceptualisation of a large-scale retrofit project involving 28 public buildings. This included the development of a pre-feasibility study and a financial viability analysis, which will enable the city to assess investment readiness and identify pathways for scaling energy efficiency improvements across its assets.

In **Kozani** (Greece), attention was given to the systemic retrofitting of the district heating infrastructure – a critical component of the built environment with significant emissions reduction potential. The Hub provided a financial viability analysis that allowed the city to understand the cost effectiveness and long-term sustainability of upgrading its heating network, with implications for broader decarbonisation strategies. This project is explained extensively in SGA2 D2.3.

In **Antwerp** (Belgium), support from the Hub addressed the financial structuring of the city's 'building retrofit one-stop shop'. A comprehensive risk analysis was conducted alongside a review of European best practices, which informed the design of robust and replicable financing mechanisms that can support widespread renovation of the urban building stock.

In **Valencia** (Spain), the Hub provided technical and financial advisory support to assess the viability of a solar rooftop project for municipal buildings. Although the project was later halted due to political shifts within the city government, the financial assessment groundwork that was completed is a valuable resource for future renewable energy integration in the public building sector. This project is explained extensively in SGA2 D2.3.

In **Lappeenranta** (Finland), the Hub engaged in capacity-building efforts focused on introducing and contextualising energy performance contracting models for municipal building retrofits. The engagement aimed to build institutional understanding of these models as a tool for off-balance-sheet financing of energy upgrades. Further dialogue and feedback from the city is anticipated in order to scope the follow up assignment for the Hub. This project is explained extensively in SGA2 D2.3.

3.2 Energy

In the energy subsector, the Capital Hub is playing a central role in driving forward sustainable energy transitions across a significant number of Mission cities. Currently, the most advanced and actively progressing assignments are those in **Kranj** (Slovenia), **Kozani** (Greece), **Liepāja** (Latvia), **Heidelberg** (Germany), **Suceava** (Romania), and **Velenje** (Slovenia).

3.3 Waste and Water

In the waste and water subsector, the Hub's ongoing work is centred around the development of two key projects in **Sønderborg** (Denmark) and **Gothenburg** (Sweden), both of which contribute to advancing climate neutrality pathways through the integration of carbon capture and removal strategies into local waste and energy systems.

The **Sønderborg** assignment is nearing completion of its initial phase – a technical study that includes a comprehensive assessment of the full bioenergy with carbon capture and storage (BECCS) value chain. This study evaluates the feasibility of clustering and aggregating CO₂ emissions from various sources within the region for subsequent transport, permanent storage, and/or potential utilisation. Given Sønderborg's strong commitment to achieving net zero, the city will need to offset its residual emissions with negative emissions from BECCS. This work is therefore critical to supporting a credible and technically sound decarbonisation pathway, especially in sectors where full elimination of emissions is not feasible.

The **Gothenburg** project is focused on the monetisation of CO₂ through the development of carbon assets. The project is conducting an in-depth analysis of potential pathways for the certification and sale of carbon dioxide removal credits across both regulated and voluntary carbon markets. This includes an examination of relevant certification standards and regulatory frameworks, with a strong emphasis on aligning with the EU's emerging Carbon Removal Certification Framework. The ultimate goal is to provide strategic recommendations that enable stakeholders to participate effectively in carbon markets, thereby maximising financial returns from CO₂ removal activities and reinforcing the economic viability of advanced waste-to-energy and water sector interventions.

3.4 Adaptation

In the adaptation subsector, the Capital Hub is supporting cities with the design and financing of **nature-based solutions** (NbS) that will enhance urban resilience to climate change impacts. The work emphasizes co-creation with municipalities, ensuring that adaptation proposals are context-specific, financeable, and scalable.

In **Suceava** (Romania), the Hub is focusing on the Park Șipote NbS project. In response to the city's request for assistance in identifying public funding opportunities, the team provided an overview of relevant public financing sources to guide the city's next steps. While private capital is not under active consideration at this stage, the team also highlighted its potential benefits, ensuring that city officials are well informed about the full spectrum of potential financing options that are available.

In **Guimarães** (Portugal), the Hub is contributing to the development of the Green Belt project, which aims to restore 60 km of riverbanks, enhance biodiversity through protection and growth of native species, and strengthen ecological connectivity between urban and rural areas. The project is expected to require significant land acquisition and involve complex funding arrangements. Further engagement is planned, pending additional input from the municipality and MIP4Adapt.

In **Leuven** (Belgium), the Hub provided strategic guidance on integrating adaptation and NbS projects into the Leuven Fund. Using a local tree-planting initiative as a pilot, the team co-developed an Adaptation Fund Framework to help the city assess project eligibility, climate impact, and alignment with funding priorities. This framework equips Leuven with a structured methodology to evaluate future NbS and adaptation proposals and builds internal capacity for fund management.

There is growing interest in the greening of school playgrounds among cities in Spain and France. Early Hub engagement in **Zaragoza** (Spain) explored innovative financing approaches for such projects. The topic is highly promising for replication (as many cities have identified similar projects they are looking for funding for) and is a strategic priority.

The Hub's adaptation subsector actively collaborates with other EU initiatives such as MIP4Adapt, Climate Fit, P2R and Urbreath, promoting knowledge sharing and ensuring complementarity of efforts. To further support cities and strengthen future project design, the team is also building a database of private adaptation finance case studies, intended to serve as a reference and inspiration for municipalities and the subsector itself.

3.5 Mobility

In the mobility subsector, exploratory efforts are underway to identify potential opportunities for engagement in the City of **Cork** (Ireland). The CFS, in coordination with the subsector, is in the process of scoping possible assignments that could address urban mobility challenges and support sustainable transport development. While this work is still at a preliminary stage and no formal engagement has yet been initiated, these efforts are building a good foundation for future collaboration.

3.6 Neutral Capital Centre

The **NCC workstream** of the Capital Hub is actively supporting a growing portfolio of innovative financial solutions for urban climate projects across European cities. These initiatives aim to accelerate climate action through nature-based solutions, inclusive finance, and integrated community-led development. A number of these assignments are cross-sectoral, reflecting strong synergies with the Hub's adaptation, energy, and the data analytics streams.

In **Bristol** (UK), the *Green Growth West Fund* has been launched with an initial £10mn contribution from the West of England Mayoral Combined Authority. The fund aims to attract an additional £90mn over the next 12–24 months, with the goal of financing a broad spectrum of low-carbon projects – from renewable energy and sustainable transport to nature-based adaptation and circular economy innovations – thereby advancing a just and inclusive green transition for the region. The Hub is supporting the fund manager and the council to expand their investor database.

Leuven (Belgium) is progressing with the *Leuven Transition Fund*, a flagship financial instrument under the Leuven CCC, which was co-created by over 30 stakeholders. The fund supports the city's 2030 climate neutrality goals by facilitating investments in areas such as energy retrofits, green mobility, urban greening, circular economy projects, and socially inclusive climate initiatives. This assignment is being developed in close coordination with the adaptation subsector and is about advising Leuven on how to include adaptation projects into the fund.

In **Aachen** (Germany), efforts are currently focused on designing a local *SME Fund* to unlock climate finance for over 100 'commitment partners' of the city's CCC. With over half of the engaged SMEs actively seeking financing, the fund aims to provide resources for implementing energy efficiency and resilience measures, thus operationalising stakeholder-led decarbonisation efforts across the urban landscape. The Hub is supporting with the conceptualisation of the fund structure as well as with the provision of capacity building activities on similar fund structures around the globe.

In **Porto** (Portugal), the Porto Energy Agency (*AdEPorto*) is leading the development of the *Porto Energy Fund* to finance residential property retrofits and small-scale renewable energy installations. The fund targets energy poverty reduction enhanced residential energy performance, and greenhouse gas mitigation. A tiered support structure is being explored to ensure affordability and equity across different household income levels. The Hub is actively advising Porto Energy Agency on the governance structure of this fund in order to make it attractive for private capital mobilisation.

In **Marseille** (France), the Hub and the CFS covering France have conducted targeted capacity-building with the city's transition and finance teams, focusing on the potential use of green bonds as a sustainable finance tool. These efforts were designed to lay the groundwork for the city to develop future climate-aligned financing strategies.

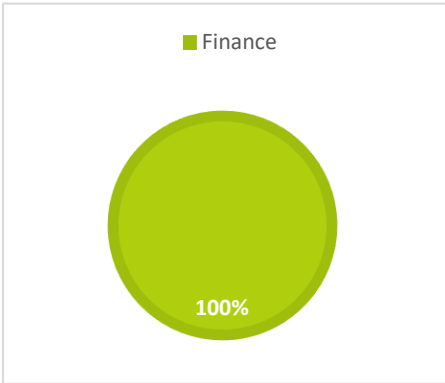
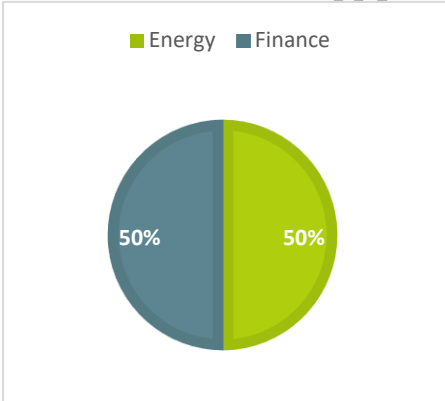
In **Lyon** (France), the Hub has facilitated support for the city through City Expert Support Facility (CESF) with its preparations for a series of sustainable bond issuances in 2025 following budget approval in March. The plan is to issue three to four bonds, each with a face value of between €10mn and €15mn, to fund projects under the city's CCC. The Hub is supporting this process by making efforts to mobilise funds to cover placement fees for the issuance. This initiative is closely aligned with the financial modelling activities.

In **Heidelberg** (Germany), the Hub's collaboration with the city is focused on structuring the financial strategy for two major heat pump and heating network projects, with combined investment needs of approximately €80mn. The Stadtwerke (Municipal Company) approached the Capital Hub to support in the outreach work with institutional investors on equity and debt structuring to facilitate implementation of the projects. This assignment links directly with the energy subsector.

Together, these initiatives showcase the NCC workstream's integrated approach, which brings together financial innovation, community involvement, and nature-based resilience solutions to help cities achieve their climate ambitions.

4. Overview of assignments and activities by country

This section includes all ongoing projects as well as those currently being scoped by country. It duplicates some of the projects listed in the previous section.

Country	City Assignments
<u>France</u>  <p>A pie chart representing the distribution of projects for France. The chart is entirely green, indicating 100% of the projects are in the Finance sector. A legend above the chart shows a green square next to the word 'Finance'.</p>	<p>Lyon (W2): Green Bond Issuance Support</p> <ul style="list-style-type: none"> Sector: Finance Status: In progress The Capital Hub and the CFS for France are supporting the city in its green bond issuance process. The focus is on ensuring the successful execution of the bond programme while optimising issuance costs. The Hub is supporting the application for covering the placement fees paid through the CESF funds. <p>Dijon (W4): SPV Structure for Energy Projects</p> <ul style="list-style-type: none"> Sector: Finance Status: Scoping Supporting the city's efforts to implement a public-private structure to finance new types of energy projects (Dijon SEM project). The Capital Hub aims to support the city in reviewing the financial model in collaboration with the private investor Meridiam, who is involved in the project.
<u>Germany</u>  <p>A pie chart representing the distribution of projects for Germany. The chart is split into two equal halves: green (50%) and blue (50%). A legend above the chart shows a green square next to 'Energy' and a blue square next to 'Finance'.</p>	<p>Heidelberg (W2): Wastewater Heat Pump and River Water Heat Pump for District Heating</p> <ul style="list-style-type: none"> Sector: Energy / Finance Status: In progress The Capital Hub was requested to provide support in mobilising funds to bridge the financing gap for two district heating projects by Stadtwerke Heidelberg. The Stadtwerke is seeking assistance with investor outreach. Project progress has been slow due to limited responsiveness from the city in acknowledging the scope of support proposed by the Hub. <p>Aachen (W3): SME Climate Fund</p> <ul style="list-style-type: none"> Sector: Finance Status: In progress The Capital Hub is supporting the development of a fund structure concept in Aachen to mobilise investments for local companies that support the city's decarbonisation efforts.

- The first two tasks – 1) a mapping exercise of city-initiated fund structures managed by professional fund managers, and 2) a concept note for a potential fund structure in Aachen – were submitted in Q1 2025.
- The city is also in the process of hiring a financial architect to support this initiative.
- The NCC aims to contribute to the continued development of the fund.

Aachen (W3): Supporting Municipal Companies

- **Sector:** Energy
- **Status:** On hold
- Municipal companies in Aachen are seeking potential grants to finance their infrastructure projects. The scope of work for the Capital Hub appears limited at this stage.

Munster (W3)

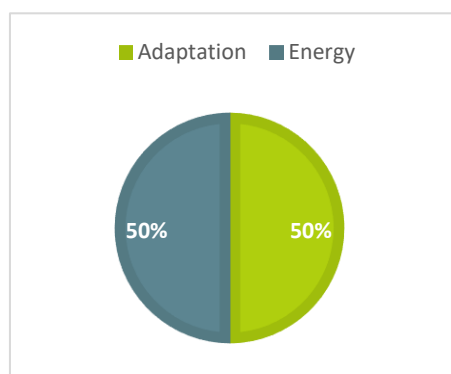
- A bilateral kick-off meeting with the city took place on 13 March to start scoping assignments.

The city has not yet made use of the Capital Hub support offer or submitted any projects.

Munich (W4+)

- Munich has not yet obtained its Mission Label.
- The Capital Hub supported the submission of a City Expert Support Facility request, based on the city's proposal to create locally based infrastructure to mobilise capital and address the specificities of Munich's financial landscape.

Romania



Suceava (W3): Solar PV Energy

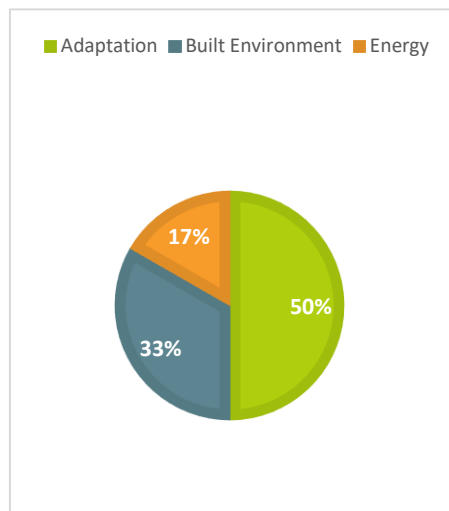
- **Sector:** Energy
- **Status:** In progress
- A floating photovoltaic park at the Dragomirna reservoir, with an installed capacity of 63 MW, is expected to generate approximately 75,000 MWh per year – sufficient to fully cover Suceava County's electricity demand.
- The project may also include green hydrogen production via electrolysis.
- The Capital Hub will support project preparation and assist in identifying a potential financial solution for the project.

Suceava (W3): Park Sipote NbS Project

- **Sector:** Adaptation
- **Status:** Delivered
- The Capital Hub supported the city of Suceava on the Park Șipote NbS project, which focuses on forming a green belt in certain part of the city.
- The work involved delivering an overview of public funding opportunities, as requested by the city.
- The Hub also highlighted the benefits of private funding, despite it not being pursued at this stage.

Bucharest (W3)

Spain



- The city has not yet made use of the Capital Hub support offer or submitted any projects.

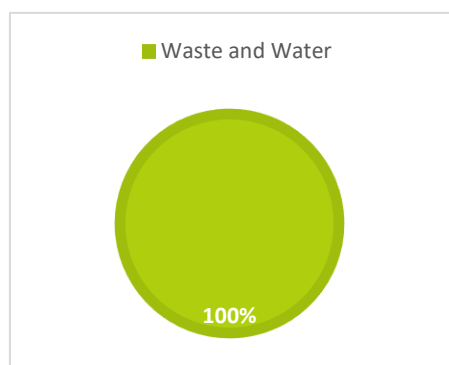
Barcelona (W2)

- Other than early scoping discussions regarding retrofitting of municipal buildings, the city has not yet made use of the Capital Hub support offer or submitted any projects.
- Engagement was restarted through participation in a peer-to-peer exchange event in Barcelona at the end of March.
- The CFS for Spain is exploring the possibility of greater engagement on public-private partnerships (PPPs) with the city.

Seville (W2)

- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Sweden



Gothenburg (W3): Renova CCUS project

- Sector:** Waste and Water
- Status:** In progress
- Renova, a Gothenburg-based waste management company, is exploring carbon capture, utilisation, and storage (CCUS) technologies. It is part of the CinfraCap project, which aims to establish large-scale CO₂ transport and storage infrastructure.
- The Capital Hub's assignment involves an in-depth analysis of carbon removal monetisation opportunities, certification requirements, and regulatory considerations.
- The study will include market research, process mapping, and recommendations for certification and trading strategies, and is expected to be finalised in Q3 2025.

Gävle (W3)

- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Umeå (W3)

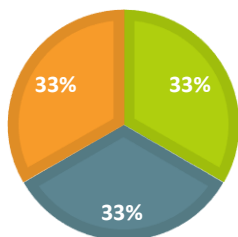
- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Malmo (W2)

- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Belgium

■ Built Environment ■ Energy ■ Finance



Leuven (W2): City Climate Fund

- **Sector:** Finance
- **Status:** In progress
- The Capital Hub collaborated with the city to apply for a €500,000 grant to further support the establishment of a city fund aimed at covering administrative expenses.
- The request for a fund guarantee from the European Investment Fund was unsuccessful.
- The primary focus for the City and the Hub's support to Leuven at this stage is establishing the fund.
- Leuven is an Adaptation pilot city and several adaptation projects are included among the 87 initiatives the city has identified for potential funding through the fund.
- The Hub is currently supporting the city on finding appropriate investors for the fund and developing a framework for including adaptation projects under its scope.

Antwerp (W4): District Heating Project in the Left Bank

- **Sector:** Energy
- **Status:** Scoping
- The Capital Hub is supporting Antwerp on a €100mn new district heating network project, led by Fluvius (the utility owned by the Belgian municipalities), that covers the greater part of the city's Left Bank district. Specifically, the Hub will provide alternative financial modelling support to narrow down the key factors for project viability for Fluvius (based on its current financial models and scenarios) and other potential investors.

Antwerp (W4): Link Retrofit Left Bank

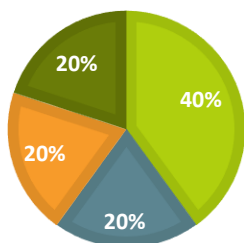
- **Sector:** Built Environment
- **Status:** In progress
- The Capital Hub is supporting Antwerp and its project partner (Climact) in advancing their pre-existing LINK Retrofit Pilot, which is a key piece within a wider retrofit programme for the whole of the Left Bank (with a total investment of between €300mn and €500mn).
- LINK aims to develop a financing model that addresses the challenge of 'renoviction' in condominium settings, specifically targeting co-owners who cannot afford the upfront renovation costs and might otherwise be forced to sell their units if the renovation proceeds.
- The Hub is supporting on several fronts: 1) providing a detailed risk analysis framework for the implementation financing mechanisms that are being considered; 2) setting up a collaborative workstream between Antwerp and several financial entities in France that are already using a specific solution for this target group; and 3) providing a 'best practices' analysis of relevant comparable examples throughout Europe.

Brussels (W3)

- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Finland

■ Built Environment ■ Finance
 ■ Mobility ■ Waste and Water



Lappeenranta (W2): Wastewater plant

- **Sector:** Waste and Water
- **Status:** Scoping
- The city is cooperating with the EIB to raise financing for the city's investment in a new wastewater treatment plant.
- The EIB could finance 50% of the plant and the Capital Hub could assist the city in finding the remaining 50%.
- The Hub has worked with the city to identify components that could be included into the EIB's loan programme as its minimum ticket size is approximately €50mn and the project investment cost therefore needs to be at least €100mn.
- The cost of the wastewater treatment plant is approximately €80mn. The city therefore needs to identify investments of approximately €20mn to make the project eligible for an EIB loan.

Lappeenranta (W2): Municipal Building Retrofitting

- **Sector:** Built Environment
- **Status:** Completed
- A key task undertaken by the Capital Hub has already been completed: to develop a financial model for assessing the implications of retrofit energy efficiency investments for buildings
- The Hub presented the retrofit financial model during a meeting in Q4 2024.
- Additional support for the project is being scoped out by the Hub.
- Extensive details on the support provided to this project is summarised in D2.3

Lahti (W2): Renovation of Municipal Building

- **Sector:** Built Environment
- **Status:** Scoping
- An assignment for Capital Hub support is being scoped out.
- Lahti Energia is responsible for energy storage and carbon collection. The company has indicated that it is only interested in grant money at this stage.
- Lahti Energia is an existing EIB client and there have been regular calls between the two parties.
- The Hub arranged a capacity-building workshop for city officials and members of Lahti Energia in January 2025.

Turku (W2): Tramway Project

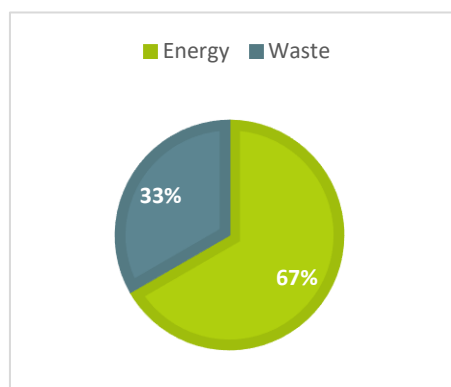
- **Sector:** Mobility / Finance
- **Status:** Completed
- Turku is an Adaptation pilot city.
- The city's Tramway project is an example of an initiative where the EIB and the Capital Hub will be able to work together. The EIB is considering extending a loan to Turku on the basis that the city must raise 50% of the total funding requirement from other sources.
- The city has asked the Hub to help it assess the potential sources and cost of funding to complement the EIB loan.

- The city has also asked for assistance in understanding the impact of the tram project on emissions and biodiversity to ensure that it is as environmentally friendly as possible.

Tampere (W2): Hakametsä Sport Campus

- **Sector:** Built Environment
- **Status:** Scoping
- Tampere is an Adaptation pilot city.
- The current focus of the city is on the complete redevelopment of the Hakametsä Sports complex with surrounding areas. The intention is that the complex would be fully climate resilient once built.
- The assignment for the Hub is being currently scoped out by the CFS for Finland

Greece



Kozani (W2): Greening of District Heating

- **Sector:** Energy
- **Status:** In progress
- The scope of the Capital Hub's assignment is to support DEYAK (the municipal district heating company) in determining the optimal energy mix for the remaining 50% of the district heating network's energy requirements, including strategies for transitioning to a renewable energy mix over time.
- Extensive details on the support provided to this project is summarised in D2.3

Kalamata (W2): Industrial Park Energy Upgrade

- **Sector:** Energy
- **Status:** On hold
- This is an early-stage project idea from the city.
- The CFS for Greece is currently looking into how this could be scoped out as a project.

Trikala (W3): Energy Management & Saving Systems in Trikala Water Supply & Sewage Infrastructure

- **Sector:** Energy/Waste
- **Status:** On hold
- On hold because the city is waiting for a confirmation of funding from a public source to continue with the project.
- The exact scope of the assignment will be scoped out.

Thessaloniki (W2)

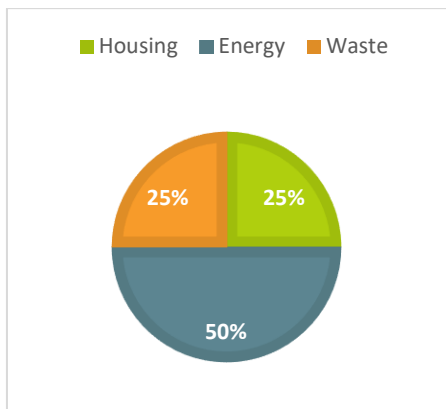
- The city is engaging but has not submitted any projects to the Capital Hub.

Ioannina (W2)

- The city is engaging but has not submitted any projects to the Capital Hub.

Italy

Florence (W2): Energy Communities' Project and Social Housing Project



- **Sectors:** Energy and Built Environment
- **Status:** Scoping
- The city is looking for philanthropic capital for these projects.

Parma (W2)

- **Sectors:** Multiple
- **Status:** Scoping
- The city has several projects in early stages of development, including a bus-based rapid transport system (support being defined by the EIB), a social impact bond, public building refurbishment, and PV solar panels in public spaces. A working group has been established by the city to identify potential philanthropic capital and support.

Bergamo (W3): Street Lighting Revamp

- **Sector:** Energy
- **Status:** Scoping
- The assignment is being scoped out by the CFS.

Bologna (W3): Social Housing

- The city is not currently engaging with the Capital Hub.

Milan (W3): Recycling Facility

- **Sector:** Waste
- **Status:** Scoping
- Milan aims to develop two recycling facilities where citizens can drop off used items to be resold.
- One facility is fully designed, while the second is in the planning stage.
- The Capital Hub is awaiting confirmation from Milan if the city wants to move this project forward.

Prato (W3)

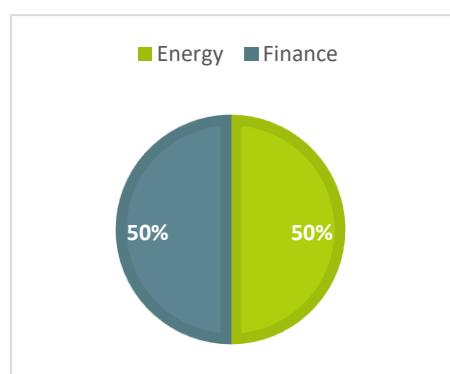
- A first in-person workshop has been held with the city at the end of May and ongoing conversations are being held to define priority projects

Turin (W3)

- **Sectors:** Multiple
- **Status:** Scoping
- The city has several projects in early stages of development, including the development of a continuous digital twin platform, support in the identification of financing for the new metro line's extension to the city's Polytechnical University, district heating energy sources, and carbon capture from an incineration plant.

Padova (W4)

- **Sectors:** Energy, Finance and Waste and Water
- **Status:** Scoping
- The city has several projects in early stages of development, while two priority projects have started receiving technical assistance from local consulting firms.
- The planning for a district heating project is being completed; the city will require support from the Hub in engaging with local investors.
- A circular economy project, Padova 84, to receive technical and financial support. The city will get back to the Hub in July once the necessary preparation on their end is complete.

Portugal

Guimaraes (W2): Urban Green Belt Project

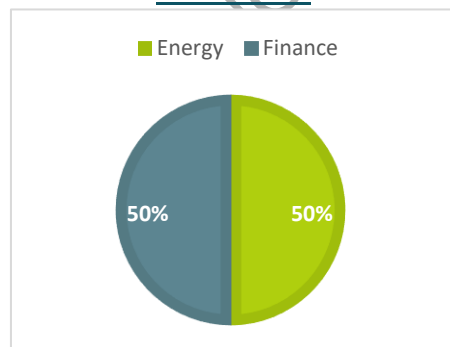
- **Sector:** Multiple
- **Status:** Scoping
- Together with MIP4Adapt, the Capital Hub is supporting the further development of the project.
- A CESF request was submitted for capacity building activities on financing.

Lisbon (W2)

- The Capital Hub had a kick-off meeting and visit to Lisbon in October 2024, during which the city expressed strong interest in advancing a portfolio of blue and green infrastructure projects (some early-stage, some more technically advanced). However, the city has not yet made use of the Capital Hub support offer or submitted any projects.

Porto (W3): Fund Structuring Support

- **Sector:** Finance / Energy
- **Status:** In progress
- The Capital Hub is providing comprehensive advisory and structuring support for establishing an energy fund in Porto to drive investments in renewable energy and energy efficiency projects.
- The Hub also supported the city on a CESF application to cover legal due diligence fees.

Netherlands

The Hague (W3)

- **Sector:** Finance / Energy
- **Status:** Scoping
- The CFS for the Netherlands is supporting the city to create a business case for mini-grid energy projects.
- Several early-stage projects are being scoped out.

Groningen (W4+)

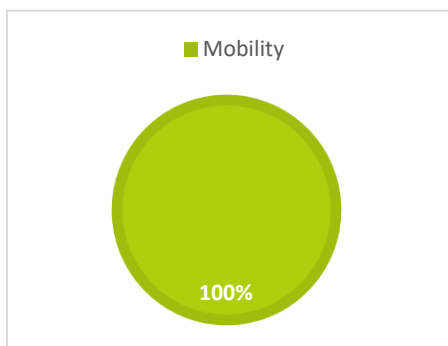
- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Hungary
Pecs (W2)

- After the June 2024 elections, work only resumed in January 2025, with the Capital Hub's introductory meeting taking place alongside the EIB.
- Follow up with the city on the results of its project prioritisation efforts are planned for July.

Miskolc (W3)

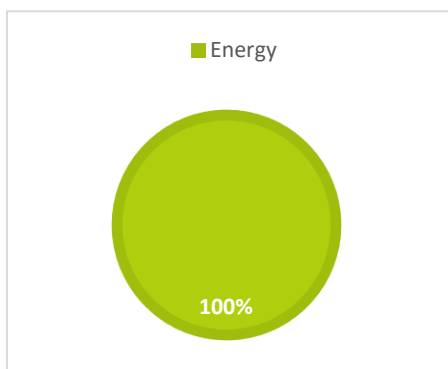
- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Turkey

Izmir (W3)

- **Sector:** Mobility
Status: Scoping
- Inactive at this stage, with a new government resulting in a change in the transition team. The Capital Hub hopes to resume engagement as soon as possible.
- The city requires support for financing the procurement of rolling stock, which cannot be sourced from multilateral development banks.

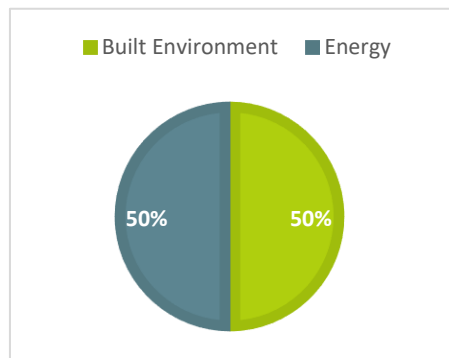
Cyprus
Limassol (W2)

- Project assignments are currently being scoped out by the CFS.

Latvia

Liepaja (W3): Solar Energy Project

- **Sector:** Energy
Status: In progress
- The Capital Hub is working on project and financing solutions for a solar PV and battery park.

Slovenia



Kranj (W3): Renovation of Residential Buildings / Green Areas and Green Roofs

- **Sector:** Energy / Built Environment
- **Status:** Scoping
- This bundled project combines energy-efficiency retrofits of residential buildings (€78.5mn; 5,092 tCO₂e reduction) with the installation of green roofs and the creation of blue areas (€5mn; 68 tCO₂e sequestration).
- With a total investment of €83.5mn, the project aims to upgrade 20,984 pre-1990 apartments, retrofit 2,500 individual houses, and install 30,000 m² of green roofs by 2030.
- Key support activities needed are urban planning assessments, community awareness and engagement programmes, feasibility studies, and the financial structuring required to enable large-scale implementation of building retrofits.

Kranj (W3): District Heating Fuel Switch from Fossil Fuels to Clean Source

- **Sector:** Energy / Built Environment
- **Status:** Scoping
- Kranj aims to transition its district heating and cooling (DHC) systems from fossil fuels (currently operates on 45% natural gas and 55% cogeneration) to 90% renewable energy sources by 2030, as a key pillar of its climate neutrality strategy. This €21.83mn initiative is led by DOMPLAN d.d., the city-owned utility and primary project stakeholder.
- The project focuses on system upgrades in three areas: Zlato Polje (2,000 MWh/year), Vodovodni Stolp (4,000 MWh/year), and Planina (40,000 MWh/year). It also includes the installation of a new 2 MW DHC system in Zlato Polje, expected to generate 3,000 MWh/year. DOMPLAN is responsible for technical implementation, system operation, and securing funding, while the city is supporting the initiative by facilitating permitting processes, aligning local policies, and contributing to co-financing efforts.
- This high-priority project is expected to deliver significant environmental benefits, including an estimated reduction of 14,342 tCO₂e.

Ljubljana (W3)

- The city has not yet made use of the Capital Hub support offer or submitted any projects.

Velenje (W4): Energy Efficiency Enhancement in Public Infrastructure

- **Sector:** Energy / Built Environment
- **Status:** Scoping
- The city owns 36 public buildings – primarily educational facilities – with a total area of 81,729 m². Many of the buildings in the city centre are designated as cultural heritage sites, which makes renovation efforts more complex. Partial upgrades, such as window replacements, have already been carried out on some buildings.
- By 2030, the city's priority is to carry out energy-efficient renovations of primary schools, kindergartens, the health centre, and sports and cultural facilities. To support this goal, the city administration has applied for assistance through the

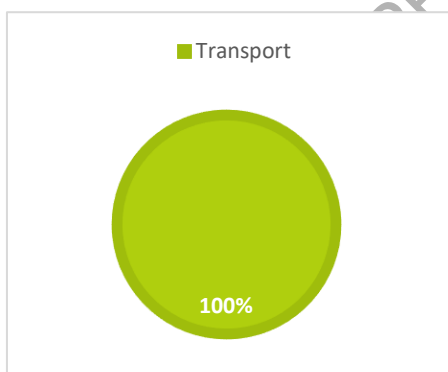
ELENA programme. The programme aims to conduct energy audits and prepare energy renovation projects for seven buildings.

- Energy-efficient renovation is also planned for state-owned public buildings totalling 8,143 m². The ELENA programme will cover the costs related to technical preparation and procurement for this renovation.
- The renovation of the seven selected buildings is expected to be financed using the ESCO model.
- The Capital Hub aims to support with the technical documentation and financial models for the remaining 28 buildings

Velenje (W4): Decarbonising Coal-Based District Heating System

- **Sector:** Energy / Built Environment
- **Status:** Scoping
- The city aims to transition its district heating (DH) system from being lignite fuelled to a more sustainable mix of renewable energy sources. The project, which is structured into several phases, involves the installation of heat pumps, biomass boilers, and solar thermal systems to enhance the DH system's energy efficiency and sustainability.
- Phase 1 is supported by the Government of Slovenia through the Operational Programme 2021–2027, financed by the Just Transition Fund and is scheduled for completion by 2026.
- Phase 2, which began in early 2025, is currently in progress. The city-owned utility company in Velenje (Komunalno Podjetje Velenje) is developing an action plan to define the approach for replacing existing heating sources.
- In parallel, the project benefits from the involvement of the EIB through its technical assistance programme. Under this programme, external experts are conducting a study to assess the capacity and potential of biomass as a primary heating source.
- The specific direction and scope of the support needed from the Capital Hub will be determined by the outcomes of the action plan and the biomass study.

Ireland



Dublin (W3)

- The city has not yet made use of the Capital Hub support offer or submitted any projects.

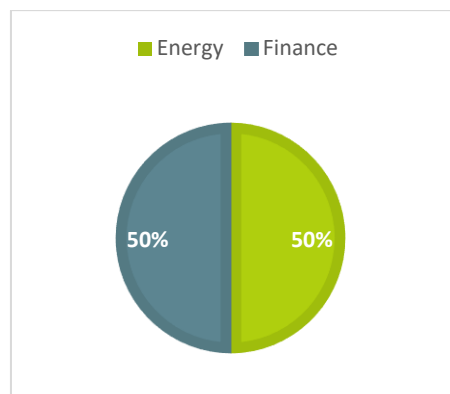
Cork (W4)

- **Sector:** Transport
- **Status:** In progress
- The Capital Hub is supporting the city's EV charging infrastructure project, which covers residential neighbourhood and destination charging, by providing a best practices analysis of EV charging concessional models in these areas, in coordination with the EIB and Zero Emissions Vehicle Ireland (ZEVI), a Department of Transport entity in charge of EV policy and strategy in Ireland.

United Kingdom

Bristol (W4): Green Growth West Fund

- **Sector:** Finance
- **Status:** In progress
- The Capital Hub is providing fund structuring support.

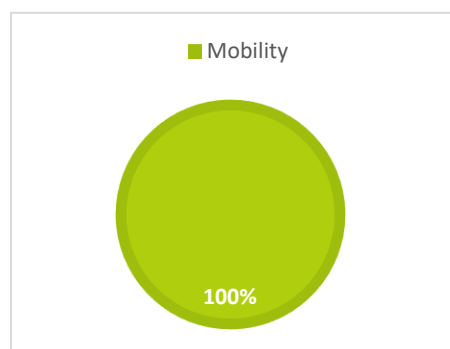


- The NCC is supporting and collaborating with the fund manager in its investor outreach efforts to increase the investor base of the fund.

Bristol (W4): Sleeved pool project

- Sector:** Energy
- Status:** Scoping
- The Bristol sleeved pool project is designed to connect local electricity generators with local consumers through a managed supply and demand pool.
- It leverages Bristol City Council's electricity procurement powers, alongside demand from other public and private partners in the city, to act as a market-making tool.
- The goal is to provide a long-term price signal that helps unlock an existing pipeline of approximately £100mn in local renewable energy investments (including wind, utility-scale solar, and rooftop solar).
- The Capital Hub is currently exploring how it can support the project by developing specific guidelines and methodologies for green procurement.
- These guidelines aim to inform the quality criteria used by Bristol City Council when procuring electricity from the sleeved pool, with the objective of effectively targeting and incentivising local generation plants.
- The Hub expects to continue supporting the project as it progresses along its development pathway.

Croatia



Zagreb (W4): Smart Tram Depot Project

- Sector:** Mobility
- Status:** Scoping
- The city is developing a state-of-the-art smart depot for trams and buses as part of its Zagreb Smart City strategy. This advanced facility will utilise cutting-edge technologies to improve the maintenance and operational efficiency of Zagreb Electric Tram vehicles.
- The city asked the Hub to support in the investor outreach process and further design of this project.
- It will feature smart systems for energy efficiency and real-time vehicle monitoring, while automated depot management will streamline operations and boost overall performance.
- The integration of renewable energy sources – such as solar panels – will further reduce the environmental footprint.
- The project will require comprehensive technical documentation and detailed feasibility studies to support its implementation.

Israel

Eilat (W2-W3)

- No current engagement due to political circumstances. No CFS.

5. Conclusion

In the 12 months since its official launch in June 2024, the Capital Hub has made substantial progress in supporting climate mitigation and resilience initiatives in urban areas across Europe. It has responded effectively to the diverse and evolving needs of cities participating in the EU's Climate-Neutral and Smart Cities by 2030 and Adaptation to Climate Change Missions by providing tailored financial advisory services, facilitating the mobilisation of both public and private capital, and promoting innovative financing solutions.

Key milestones include the establishment of effective collaboration and workstreams with the 12 CFS, the active collaboration and engagement models set up with major financial institutions such as the EIB and the EBRD, and the successful initiation of over 20 project assignments across the critical sectors discussed above: energy, built environment, mobility, finance, adaptation, and waste and water. The establishment of the NCC has expanded investor outreach and advanced the development of innovative financial structures such as city funds, green bonds, and energy performance contracts focused on emissions mitigation.

Pilot initiatives in cities such as Antwerp, Heidelberg, Leuven, Suceava, and Turku underscore the strength of the Hub's strategic decision to integrate technical and financial expertise in providing support with infrastructure project preparation and accelerating climate adaptation investments. Effective and ongoing collaboration with EU programmes such as MIP4Adapt, the Covenant of Mayors, and Smart Cities Marketplace ensures complementarity and maximises synergies.

With varying levels of engagement by cities and many projects at a very early stage of development, the Hub has adapted flexibly, focusing on strengthening municipal capacity, and establishing a framework that will ensure a robust pipeline of investable projects for future engagement with key investment and financial actors. The lessons learned and structures developed during this period provide a solid foundation for scaling impact and reinforcing the role of cities as pivotal players in the European Green Industrial Deal.

Looking ahead, the Capital Hub is well positioned to deepen engagement, leverage blended finance solutions, foster cross-city collaboration, and help European municipalities navigate the complex transition to sustainable, resilient, and climate-neutral urban infrastructure.