



**NET  
ZERO  
CITIES  
SGA2-NZC**

# Training Materials for Cities on Attracting Private Capital

**Deliverable D2.14**

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## Abbreviations and Acronyms

Abbreviation / Acronym	Description
CapEx	Capital Expenditure
Capital Hub	Climate City Capital Hub
CFF	City Finance Framework
CFS	City Finance Specialist
CIP	Climate Investment Plan
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
Mission	EU's '100 Climate-Neutral and Smart Cities by 2030' Mission
NZC	NetZeroCities
SPV	Special Purpose Vehicle

## Summary

Following the successful submission of their Climate City Contracts, cities participating in the EU's Climate-Neutral and Smart Cities Mission receive a Mission Label to acknowledge the quality of their plans for achieving the Mission's aims and objectives. Receiving the label is a key milestone in a city's participation in the Mission but is only one stage of the long journey towards implementing its climate plans and achieving its emission reduction ambitions. Given the extent of the activity needed to achieve decarbonisation goals, cities will not be able to finance their journeys alone. Municipal budgets will only go so far in covering the existing funding gap, and citizens, corporations, and private finance will all need to play a role in the transition.

Under the first phase of the NetZeroCities project (NetZeroCities H2020 Grant Agreement), Mission Cities were provided with a series of webinar training sessions on the use of various financial instruments and mechanisms, namely city funds, special purpose vehicles, green bonds, and citizen/community financing. This document focuses primarily on the support available from the Climate City Capital Hub, alongside support offered through other channels such as the technical assistance and funding pathways of the European Investment Bank and European Bank for Reconstruction and Development. The central objective of this support is to help Mission Cities build capacity for sourcing private capital.

The training materials presented in this document are based on Investment Advisory Exchange webinars conducted for Mission Label cities. These exchanges served as a short introductory course, presented by

partners of the Climate City Capital Hub, through which cities received information and guidance on issues such as the meaning of 'bankable' projects and project prioritisation and preparation for access to finance, as well as a presentation on the City Finance Framework tool.

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## 1. Introduction to the Climate City Capital Hub

The Climate City Capital Hub (Capital Hub) hosted an introductory session for each Mission Label window. Bilateral meetings were held with Mission Cities in Window 1 and Window 2, as each of these groups only contained a relatively small number of cities. For the larger group of Window 3 Mission Cities, a joint session was organised in November 2024, followed by a similar arrangement for Window 4 Mission Cities in June 2025. These sessions presented the Capital Hub's mission and approach, and provided information on the support it offers to help cities advance in financing their climate-related initiatives. The presentation included how the Capital Hub works with cities to develop investment-ready projects, offering targeted guidance through City Finance Specialists (CFS) and tailored financial assistance for accessing climate capital. It also outlined the process through which cities can engage with the Capital Hub and how project development is coordinated from early scoping through to capital mobilisation.

The primary objective of the Capital Hub is to build capacity within Mission Cities for sourcing private capital alongside the European Investment Bank (EIB) or the European Bank for Reconstruction and Development (EBRD) or existing public funding. The sessions therefore included representatives from the EIB, who shared how the EIB collaborates with cities to provide technical advisory services and financing instruments aligned with climate-neutrality goals. Cities were encouraged to work with their CFS to identify opportunities for collaboration with the Capital Hub and the EIB, helping to accelerate project implementation and unlock financing solutions.

The Capital Hub engagement process begins with a kick-off meeting involving the city, its CFS, the Capital Hub, and EIB country representatives to understand the city's specific needs. Cities then work with their CFS to prioritise projects, involve the right stakeholders, and define the relevant support required. Based on the outcomes of these actions, the Capital Hub will assess what type of support can be offered and at what stage. A Letter of Interest will be signed to formalise this support, defining all the tasks and assistance that will be provided. The support is tailored to each project's current level of readiness and specific needs. The aim of the introductory sessions, therefore, was to ensure that cities were well informed about the assistance available through the Capital Hub's Project Preparation team and would have sufficient understanding of the Hub's organisation and scope to make effective use of its resources to advance their climate projects towards implementation.

The presentation material is provided below.



## Objectives of the Session



**Introduce Label Cities to the Capital Hub** as a key initiative to accelerate climate-neutral investments



**Present the Capital Hub's purpose, approach, and support offer**, including real examples from cities



**Share practical lessons and early insights** to help newly labelled cities avoid common pitfalls and build on existing momentum



**Introduce the EIB's suite of Advisory Services** available to strengthen project design, structuring, and access to finance



**Demonstrate how the Capital Hub and EIB can support cities** in advancing the implementation of their climate-neutral ambitions



**Encourage active engagement and collaboration** with advisory services and peer cities to fast-track investment readiness



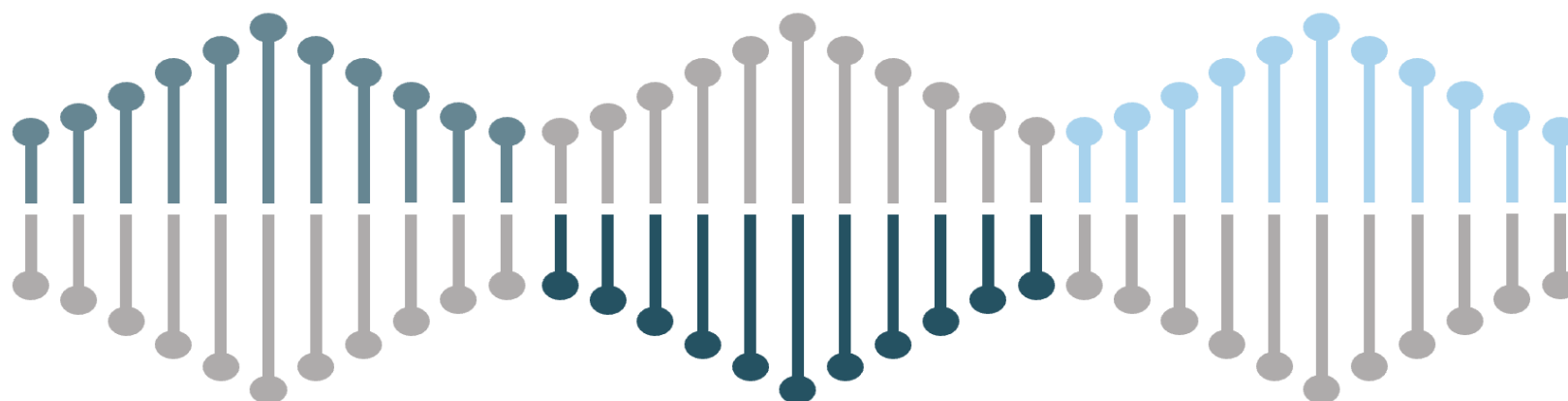
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## Climate City Capital Hub: DNA



### TRANSACTIONAL

The focus of the Capital Hub is to facilitate capital flows into low carbon and emission reducing infrastructure projects across cities

### NEUTRAL

The Capital Hub has no balance sheet and has developed relationships with a large investor base meaning operations are neutral and purely in the interests of cities

### CLIMATE-ALIGNED

Launched to increase and enhance investment to reduce emissions, the Capital Hub targets its support towards the most impactful projects where action is needed



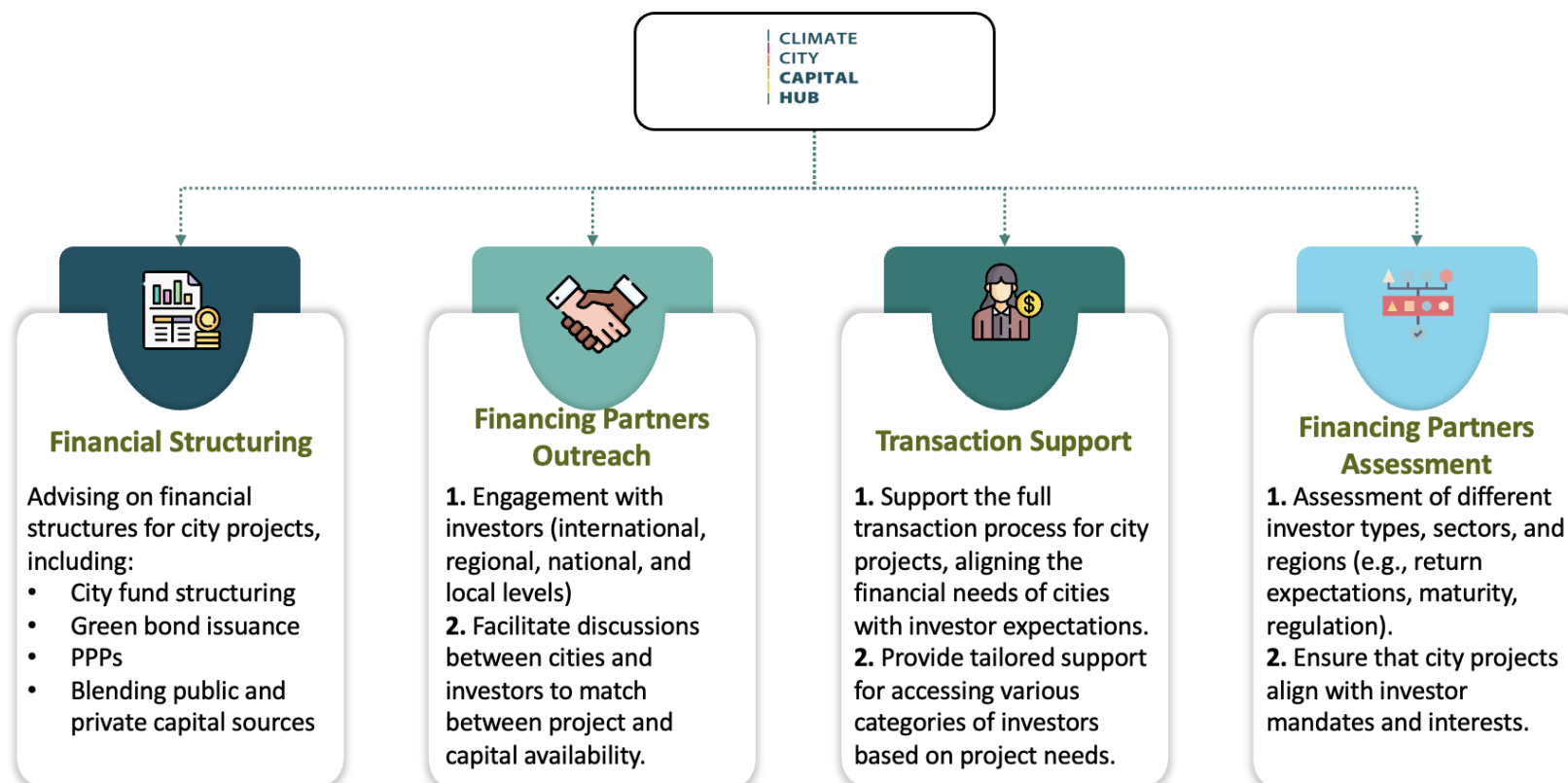
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# Capital Hub: Key strengths



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# Climate City Capital Hub: Attributes

## Project Preparation

The Capital Hub uses project preparation and advisory services to facilitate capital facilitation to existing project pipelines and support the development of new ones.



## Neutral Capital Centre

Supporting the city in the outreach process to financial institutions in a neutral way - public and private sources



## City Finance Specialists

CFS are resources made available for the cities to align their project goals and priorities with investor requirements and the local finance landscape.



## Data and Analytics

Data collected and processed in project preparation lays the foundation for a more impactful outcome



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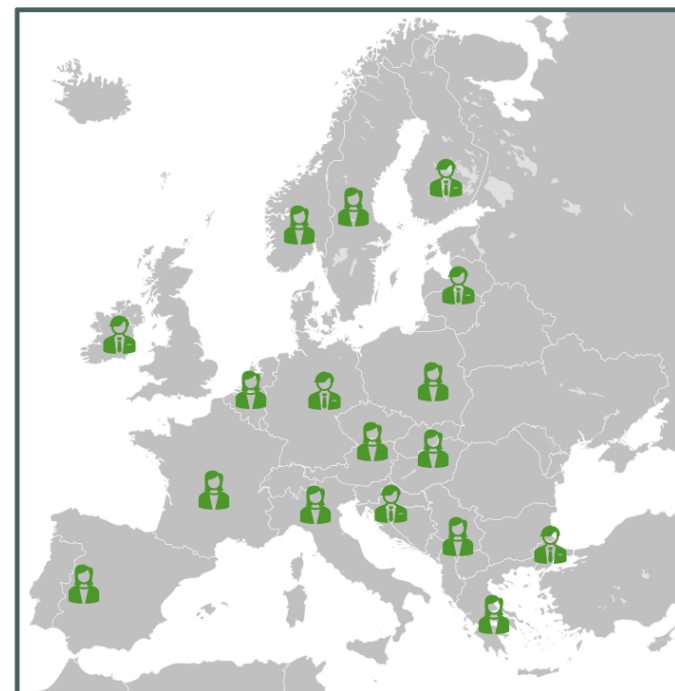


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## Climate City Capital Hub: City Finance Specialists



- As part of the Net Zero Cities Mission **12 City Finance Specialists** ("CFS") were deployed around Europe and additional ones are being hired.
- These specialists are a **city-driven resource** not Mission-driven – providing on the ground support and financing expertise to cities.
- Each CFS will have local language capabilities, have public or private finance experience and **understand the local context**.
- CFS can assist with project identification and preparation, investor outreach support, develop EU funding proposals etc.



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# Climate City Capital Hub: Built Environment Subsector

 CLIMATE  
CITY  
CAPITAL  
HUB


Country	Project Name	Hub Support
<b>Slovenia</b>	Residential <u>retrofits</u> ('one-stop shop')	Developing financing models/incentive structures to <u>mobilise</u> private investment;
<b>Greece</b>	<u>District heating infrastructure</u>	Financial viability analysis to assess cost-effectiveness of systemic retrofitting
<b>Belgium</b>	Retrofit <u>financing models</u>	Risk analysis + EU best practices to design replicable funding mechanisms
<b>Spain</b>	Solar <u>rooftop project</u>	Financial advisory groundwork (project paused due to politics, but insights retained)
<b>Finland</b>	Energy <u>performance contracting</u> (EPC)	Capacity-building on EPC models for off-balance-sheet financing


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# Climate City Capital Hub: Waste and Water Subsector

 CLIMATE  
CITY  
CAPITAL  
HUB


Country	Project Name	Hub Support
<u>Denmark</u>	BECCS & regional emissions offsetting	Technical feasibility study on full <b>BECCS value chain</b> , enabling clustering of CO <sub>2</sub> sources for storage or use; supports credible net-zero strategy
<u>Sweden</u>	<u>Monetisation of CO<sub>2</sub> via CDR credits</u>	Analysis of <b>certification standards</b> and <b>market pathways</b> ; strategic recommendations for financial viability in carbon markets



## Additional Sector-Wide Actions

- Supporting cities in identifying waste-focused and circularity-related projects and initiatives
- Building a case study database on on existing and successful CCUS cases and financing


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## Climate City Capital Hub: Energy Subsector

Country	Project Name	Hub Support
<b>Slovenia</b>	Renewable energy & energy efficiency	Advisory to align projects with city energy goals
<b>Greece</b>	Urban energy system transition	Context-specific support to reduce emissions and improve resilience
<b>Latvia</b>	Climate-resilient energy strategy	Development of local capacity for sustainable energy planning
<b>Germany</b>	Integrated climate-energy approach	Governance and financing models to scale clean energy implementation
<b>Romania</b>	Renewable deployment in urban infrastructure	Municipal engagement to align with Mission objectives
<b>Slovenia</b>	Clean energy and efficiency roadmap	Strategic planning and technical support for energy system decarbonisation
<b>Belgium</b>	District Heating system	New DH system in the Left Bank of the city
<b>United Kingdom</b>	Sleeved pool project	Connect local generators with local consumers, through a managed supply and demand pool, using Bristol City Council electricity supply procurement powers
<b>Belgium</b>	PV 1000	Putting PV on 1000 residential buildings through rethinking the collective roofs of the entire city as one decentralized solar field.
<b>France</b>	Energy SPV financial validation	Supporting the city in validating their financial model for setting up an SPV



### Additional Sector-Wide Actions

➡ Thinking in horizontal themes (e.g., district heating system modernization) and vertical themes as well (different RES technologies)

📈 Optimizing city budget spending and revenue side (e.g., power market revenue of battery + PV installations)



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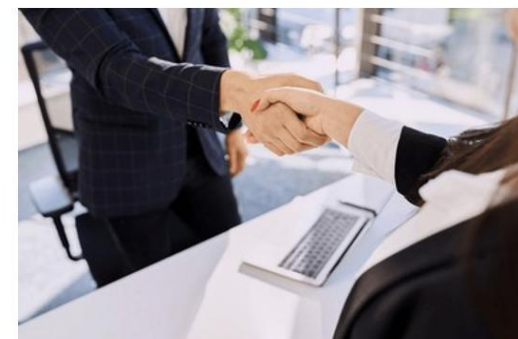


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## Climate City Capital Hub: Neutral Capital Center



Country	Project Name	Hub Support
<b>United Kingdom</b>	Green Growth West Fund (£10M seed)	Supporting fund set to mobilise £90M for low-carbon, circular & NbS projects
<b>Belgium</b>	Leuven Transition Fund (CCC) – Crosscutting work with Adaptation	Co-created with 30+ stakeholders; funding retrofits, mobility, circularity & inclusion
<b>Germany</b>	Local SME Climate Fund	Designed to unlock finance for 100+ SMEs under the CCC; targets energy & resilience
<b>Portugal</b>	Porto Energy Fund – Crosscutting work with Energy	Financing residential retrofits & renewables; includes a tiered support model
<b>France</b>	<u>Green bonds strategy development</u>	Capacity-building for city finance teams; groundwork for sustainable bond issuance
<b>France</b>	Series of sustainable bonds (€10–15M each) – Crosscutting work with Energy	Technical assistance & fee coverage to support efficient bond placements (2024)
<b>Germany</b>	Heat pump & heating network finance (€80M) – Crosscutting work with Energy	Financial structuring with Stadtwerke and investors; linked to energy transition projects



👉 Cross-sectoral coordination with the following core teams:

- Adaptation
- Energy
- Financial Modelling



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## Climate City Capital Hub: Adaptation Subsector

Country	Project Name	Hub Support
Romania	Park Șipote NbS project	Mapped public funding opportunities; advised on potential private finance options
Portugal	Green Belt river restoration	Supporting design of a 60 km ecological corridor; upcoming work on complex funding needs
Belgium	Adaptation Fund (via tree-planting pilot)	Co-developed <b>Adaptation Fund Framework</b> ; built internal capacity for NbS project vetting
Spain	Greening school playgrounds	Early-stage exploration of innovative financing for replicable NbS interventions



### Additional Sector-Wide Actions

- 👉 Co-creation with cities for contextual design
- 📖 Building a case study database on private adaptation finance
- 🌐 Strategic alignment with Mip4Adapt and Urbreath initiatives



## Capital Hub: Key lessons learned

### Success factors

- Mapping **key sectors** to see where priority projects lie and estimate their success odds
- Breaking projects into **clear, actionable steps** to nail down technical requirements before thinking about financing
- Ongoing, **cross-departmental and stakeholder engagement** with city officials for shared buy-in

### What to keep in mind

- **Do not fear to overcommunicate:** keep updates frequent and transparent once a project kicks off
- Many financing options don't add new debt—**be open to co-creating solutions with CFSs** that suit all stakeholders



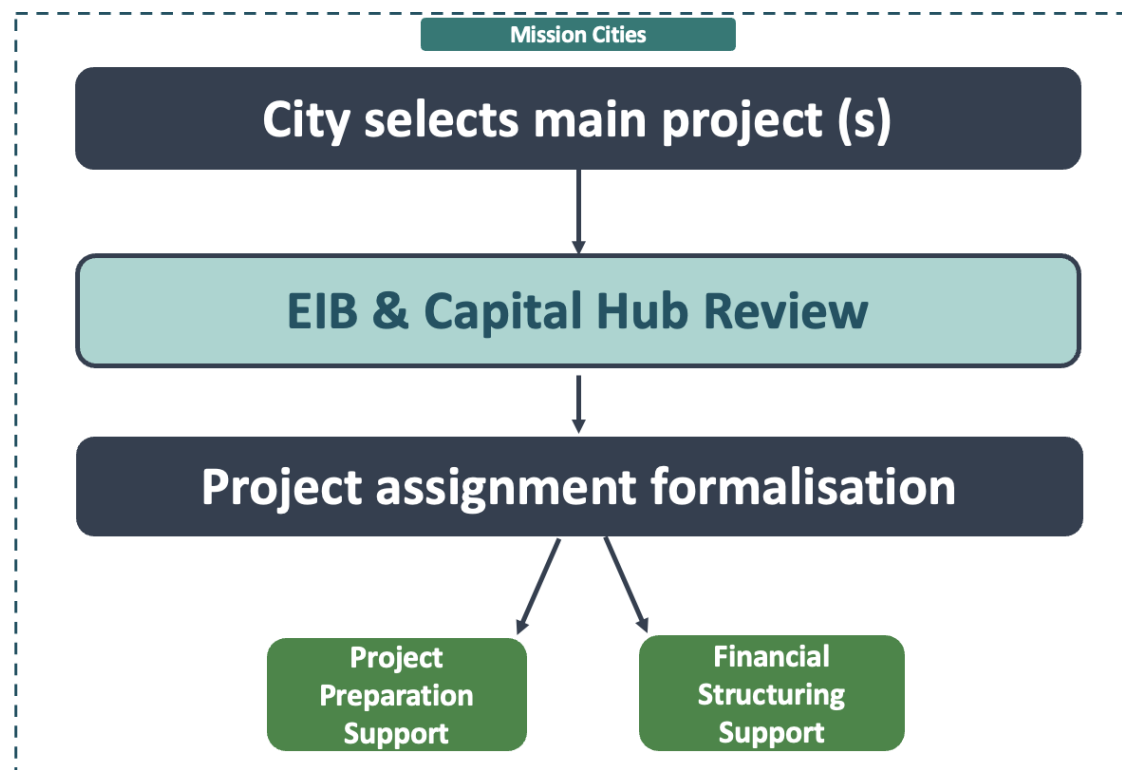
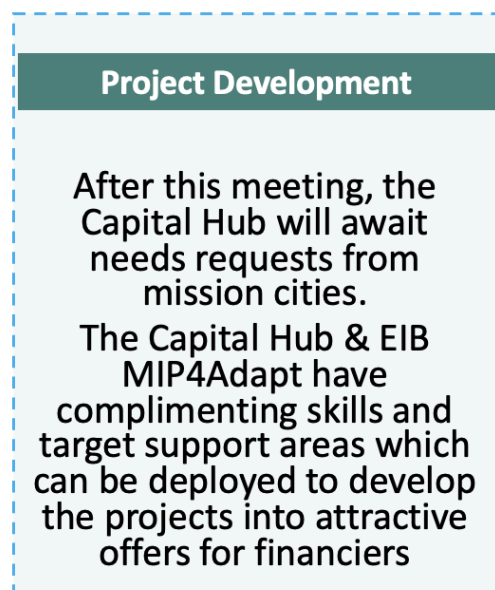
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## What's next?



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# Examples of Current Project Assignments

Some city-specific successes within the first twelve months:

## Turku, Finland

- Co-financing structure, 50% EIB loan, 50% other sources facilitated by the Capital Hub



## Leuven, Belgium

- €500K city fund secured; adaptation planning advanced.



## Stockholm, Sweden

- Supporting the creation of a Nordic City forum with labelled Cities and investors interested in funding city projects



## Capital Hub City Examples

## Lyon, France

- Supporting the City with a green bond program



## Velenje, Slovenia

- Project preparation support for large solar and battery projects



## Aachen Fund, Germany

- Supporting the City with the design of an SME climate fund



Delivering high project value



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Source: BwB (2025)



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## Climate City Capital Hub: Project Development Stages



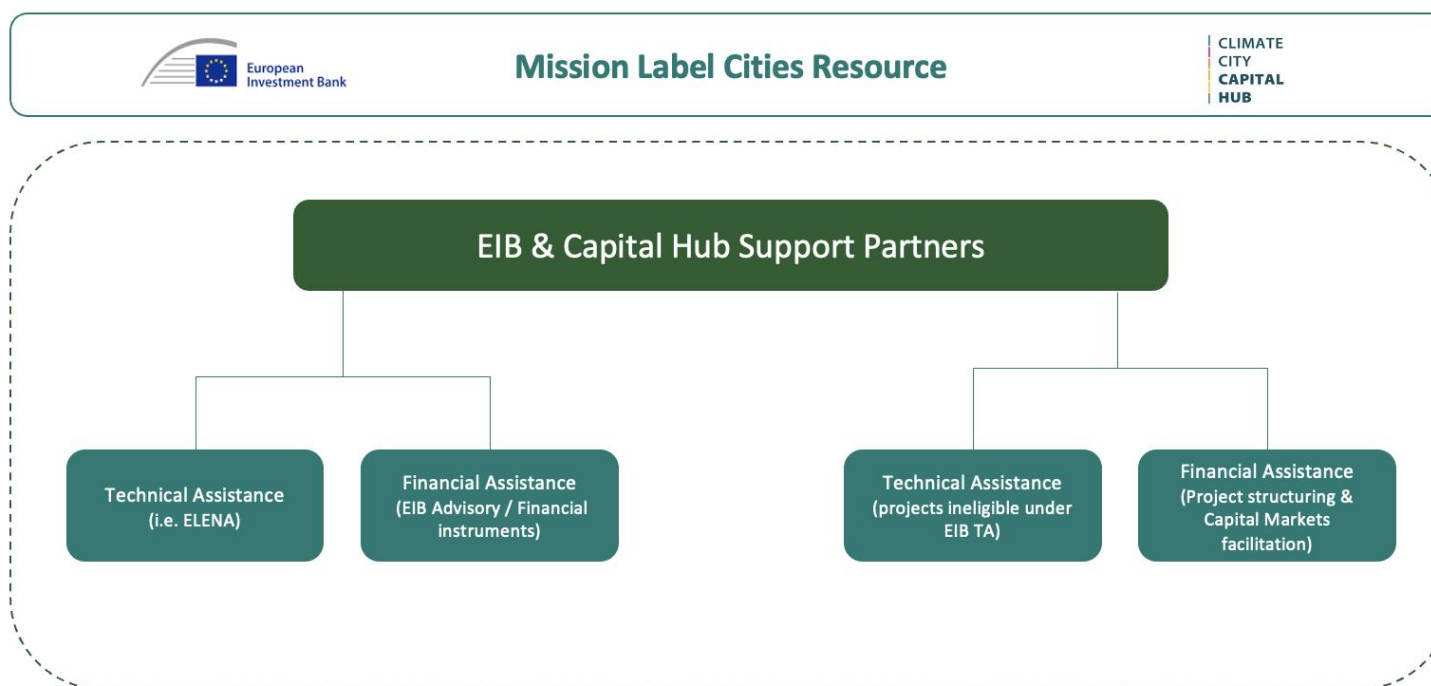
**At a Project Level** the Hub will help Cities access the necessary Technical Assistance to ensure a project is bankable. This comes through coordination with EU TA such as InvestEU Advisory Hub, JASPERS, ELENA, the EU City Facility, Structural Funds, etc. as well as some in-house provision of TA



NetZeroCities has received funding from the H2020 Research and Innovation Programme under grant agreement n°101036519.



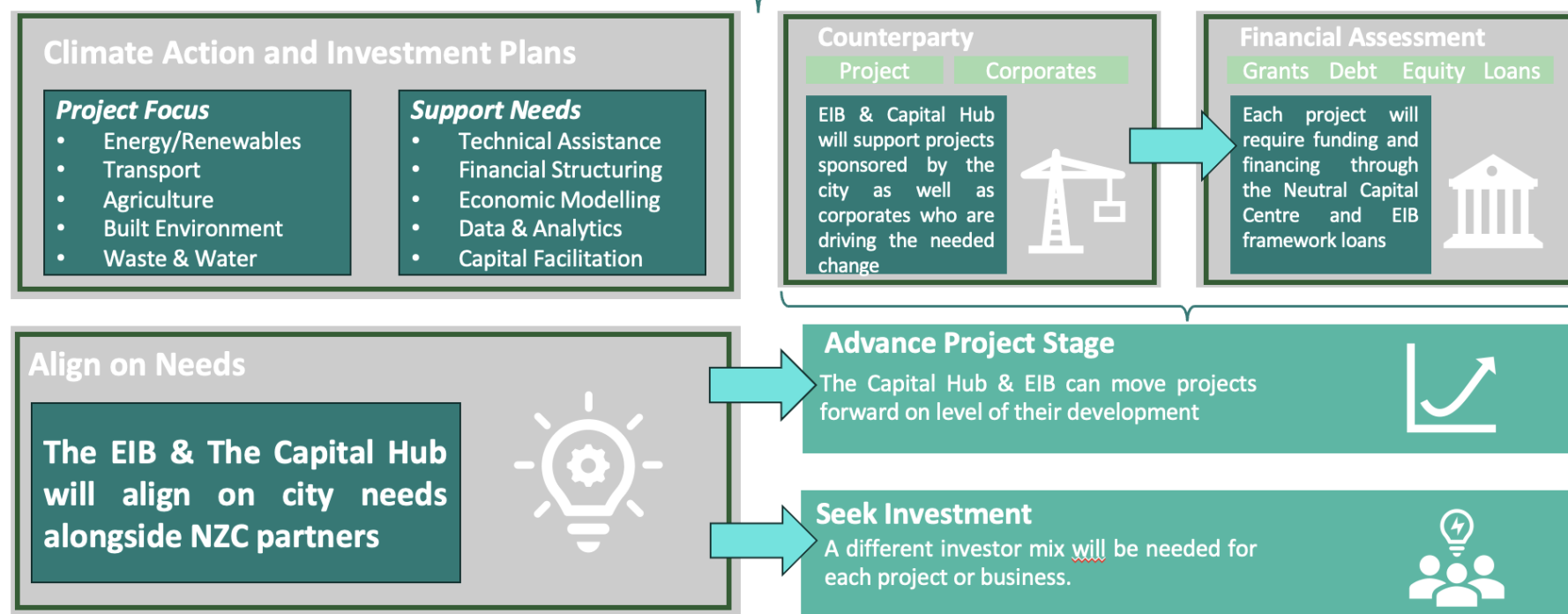
# Mission Label City Access to the EIB and Capital Hub





# What Support is Available?

The EIB & The Capital Hub are collaborating on post Label implementation support infrastructure for cities with the label



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## Detailed Guidance

Project Development Stage	
<b>Project definition &amp; technical design review.</b>	<p><b>Information:</b> Project objectives &amp; outcome expectations; - Informed evaluation of technical solutions and business model(s) for project; - Policy and regulatory aspects evaluated; - Realistic assessment of project scope; - High-level project costing (Budget compiled); - High-level organisational project structure;</p> <p><b>Main Documents:</b> High level concept note/planning document of project; - Pre-feasibility study; - Feasibility study; - Indicative budget;</p>
<b>Economic and Financial Modelling</b>	<p><b>Information:</b> Organisational Project structure defined; Technical solution(s) finalised; Business model(s) defined; Implementation plan made; Detailed budget; Risks and mitigation measures evaluated; Impact measurement framework and reporting plan developed; Project stakeholders onboarded;</p> <p><b>Main Documents:</b> Detailed Project plan: - Detailed Financial Model incl. summary for investors; - Risk (incl. ESG) mapping, framework incl. mitigation measures defined; - Impact measurement framework and reporting plan; - Necessary permits and licences; - In case of PPP, tender documents for private project partner.</p>
<b>Financial structuring</b>	<p><b>Information:</b> Potential investors for project identified; Potential subsidies, national funding schemes etc. Identified for implementation of projects with objective to explore leveraging of private capital only; Overview of investment criteria, conditions, and preferences of investors; Potential capital combinations for project financing evaluated; <u>Derisking</u> solutions evaluated e.g. guarantees, insurances, phased project implementation etc.;</p> <p><b>Main Documents:</b> Investor pitch deck; - Detailed Financial model (reflecting targeted capital combination, assessed investment conditions (e.g. interest, grace period, payback) of targeted investors);</p>
<b>Access to Finance</b>	<p><b>Information:</b> Investor interest verified; - Project specific information for investment conditions received;</p> <p><b>Main Documents:</b> If required, investor specific documents additional to project documents already developed; - <u>Rfp</u>/grant applications prepared; - Indications of interest from investors received;</p>
<b>Transaction implementation (Due Diligence)</b>	<p><b>Information:</b> Due Diligence requirements from investor received; Investor Conditionalities communicated;</p> <p><b>Main Documents:</b> Term sheets and Commitment letters; Legal and contractual documents; Tender documents for project procurement;</p> <p>NB: The Capital Hub support for the transaction implementation stage will be limited due to capacity restraints, especially for legal support the Capital Hub will direct Cities and Investors to external legal support.</p>



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## NCC – Examples

Project Example	Request Example	Assistance being Provided
<b>Set up of City Fund</b>	Help with the <u>set up</u> of a City Fund which is intended to fund all the City's projects including the returns and <u>non returns</u> generating projects	Identifying the main steps and decisions that need to be made to set up a City Fund (including for example what is the purpose of the fund; who will own the Fund, governance). Help the City understand the importance of the Fund Manager and the tendering process for the Fund Manager. To follow - Help on project selection; Discuss potential investors into the fund and arrange a roadshow.
<b>Issuance of a social impact bond</b>	Help the City plan and issue a social impact bond to fund social housing project	Helping to identify project characteristics (what will the funds cover and how will it see improved social outcomes), develop metrics to evaluate outcomes and structure a baseline/control against which you can measure impact. Financial model showing cost savings with scenario analysis including how much cost savings are shared with investors
<b>Set up of an SPV to fund energy investments</b>	Advise the city on the set up of an SPV for their energy investments	Sounding board and advisor for the city including helping on what needs to happen for an SPV to be set up, which projects will be included in the SPV and how thinking about how the financials work and how cashflows from underlying projects get distributed through the SPV.
<b>Fund funding for an infrastructure project</b>	Infrastructure project has engaged the EIB to fund 50% of the build cost but needs help finding the other 50%	Investor mapping, pitch deck preparation, roadshow organisation, feedback collation and help to ensure project information covers all investor requests
<b>Loan</b>	Help the city find a loan to fund projects at the best terms	Lender mapping and outreach to the lender, helping on price/performance indicator discussions as well as filling in application form. Assistance on documentation through the appraisal process including risk assessment.

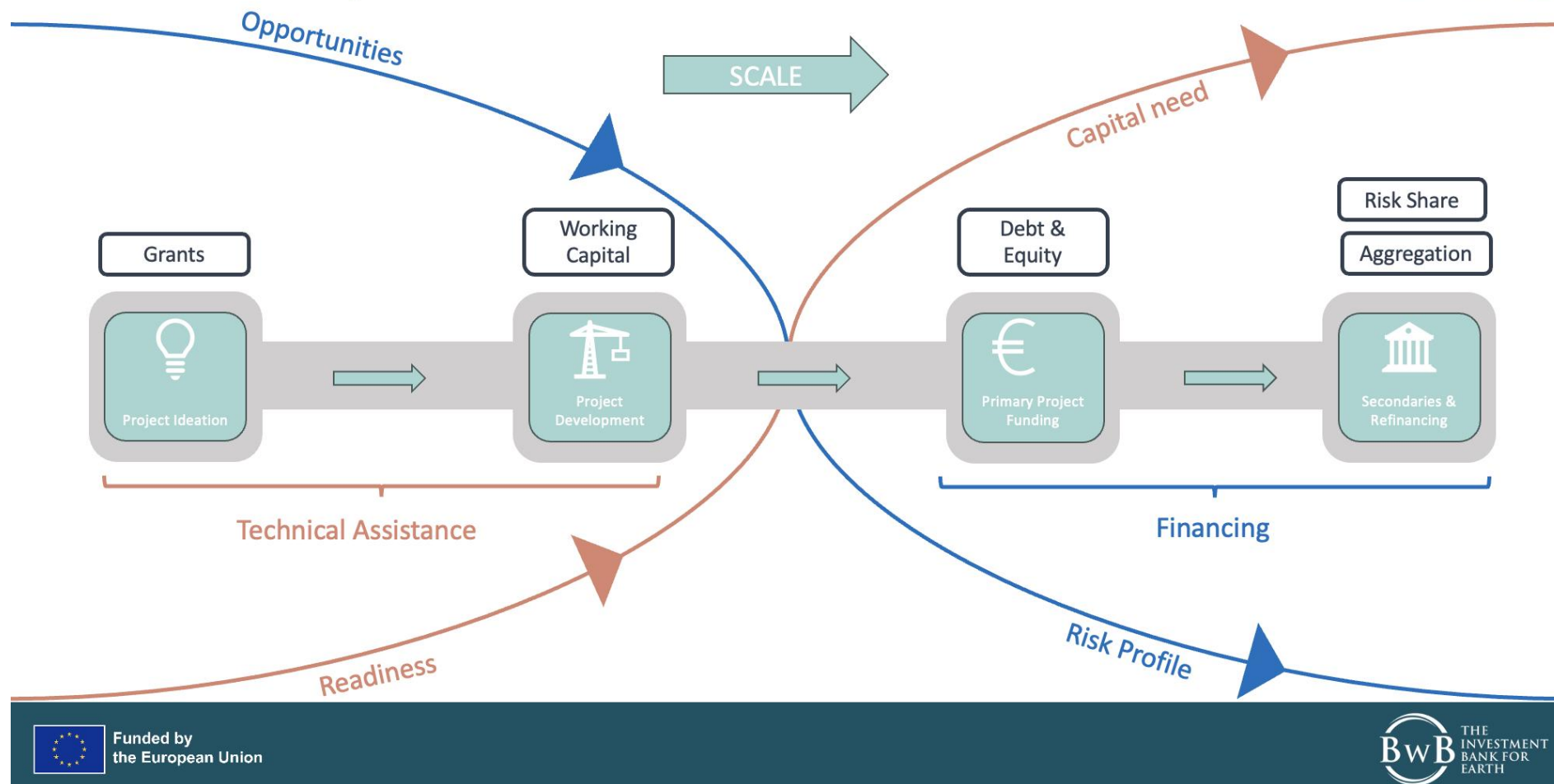


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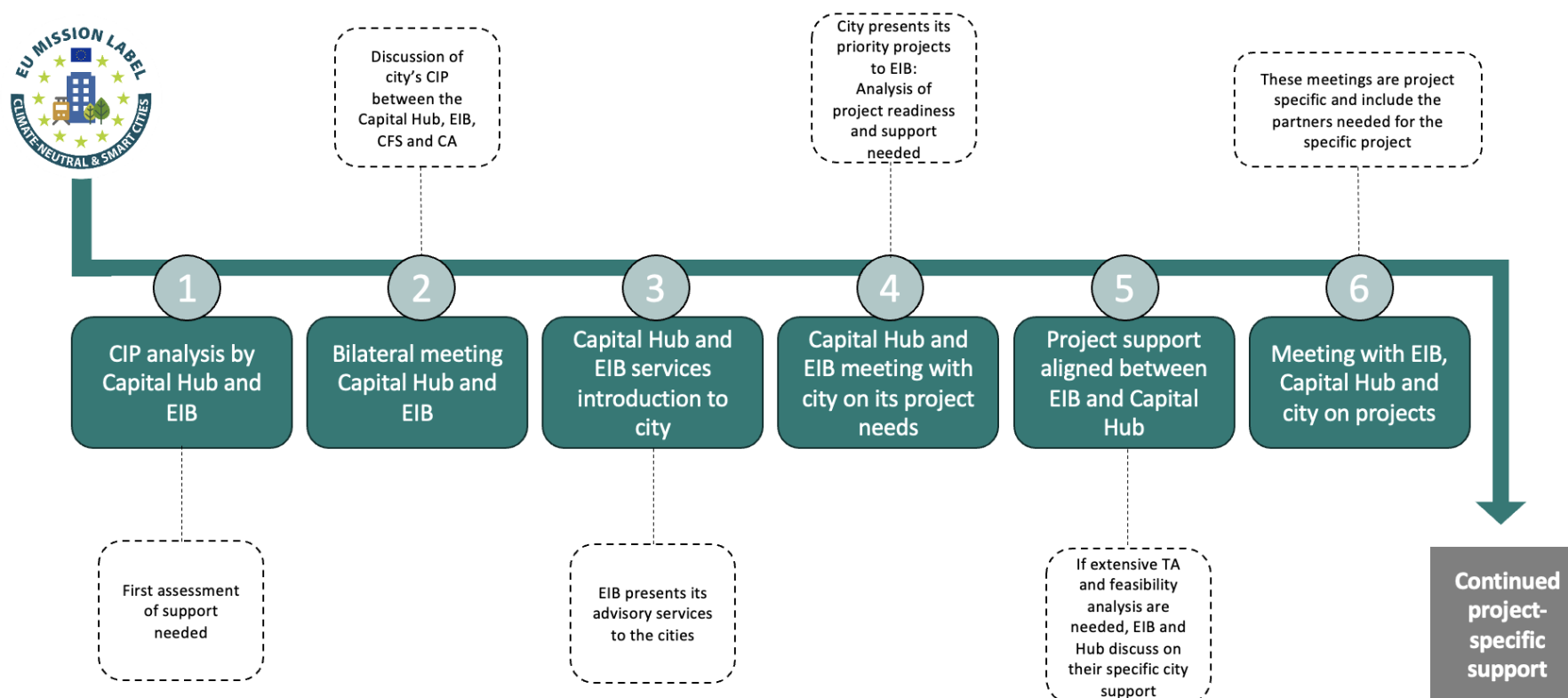


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## Where are you now?



## What are the Steps?



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## 2. Creating Bankable Projects

The Capital Hub delivered a dedicated session entitled 'Creating Bankable Projects'. The session focused on guiding Mission Cities understand what is meant by 'financially viable, investment-ready 'bankable' projects', and what developing such projects entails. Cities learned that bankable project does not necessarily mean profitable projects as different investors have different financial and impact-based return matrices. The content of this session reflects the Capital Hub's broader objective of to helping cities to structure credible climate investment portfolios by developing concrete projects with robust financial underpinnings.

The session outlined the practical steps cities can take to assess and enhance the bankability of their projects. This includes collecting essential data at the project level, applying financial modelling techniques to test economic feasibility, and exploring opportunities to cluster similar projects into larger, investable portfolios. The aim is to ensure that projects are not only aligned with climate and policy objectives but also meet investor expectations for clarity, return potential, and risk mitigation.

Cities were encouraged to work closely with their CFS to identify priority projects, apply the appropriate analytical tools, and prepare for structured engagement with public and private financiers.

The presentation material is provided below.





## The Finance Case of Decarbonisation

Cities must follow a pathway to securing additional finance for the implementation of their Investment Plans



### EXISTING FUNDING

Identifying gaps in existing city funding ensures the city can avoid impact on budgets and essential public services.

### CAPITAL MAPPING

Mapping out existing and prospective sources of capital for the city helps the alignment of sources with suitable climate actions.

### INTERNAL COLLABORATION

Investment planning facilitates internal collaboration with city treasury, climate and investment teams to all work together.

### INVESTOR OUTREACH

Cities can then liaise with public and private capital providers to begin sourcing capital for city-wide climate actions and projects.

### PROJECT FINANCING

Through project identification, investment planning and discussions with capital providers, cities can finance their Net Zero transition.



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## Developing Bankable Projects

There is a clear four-step process for the development of bankable projects



### 1 Data Collection

- Identify required data on a project-by-project basis to understand return profile and required capital
- e.g. Estimated ROI, Return Period, Co-benefits

### 2 Project Clustering

- Based on data from task one, begin to cluster projects based on their time horizon and return profile
- e.g. bucketing small ticket, 1yr construction projects

### 3 Project Modelling

- Develop project-level models that display upfront and ongoing costs as well as potential capital returns
- e.g. potential return on investment and co-benefits for infrastructure

### 4 Stakeholder Outreach

- Map out and begin discussions with public and private capital providers utilising developed materials
- e.g. using the project financing models and pro formas



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## Data Collection at the Project-Level

Two key formats of data required: direct project-level data and indirect information



### Direct Information

- Construction & Development Timeframe
- Timeframe for Breakeven & Returns
- Capex, Opex & Working Capital Assumptions
- Estimated Yield / Return on Investment
- City Budgetary Contribution / Commitments
- ESG Data & Co-benefits

### Indirect Information

- Policy: Tariffs & Charges
- Research: Strategy Groups & Scientific Studies
- Policy: Regulations & Municipal Resolutions
- Financial: Committed External Funding
- Research: City Pilots
- Financial: Partnerships & Co-Development



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# Project Clustering for Capital Portfolios

Portfolios are clustered to optimise returns and align with maturity profiles

Levers	Timeframe	Reasoning
<b>Urban Mobility</b>		
Reduced Motorised Transportation	Short (1–5 years)	Incentives for cycling and walking are not costly and do not require infrastructure
Shift to Public Transport	Medium (5–10 years)	Infrastructure required
Car Pooling	Short (1–5 years)	No infrastructure required, incentives/marketing will suffice
Electrification of Passenger Cars	Long (10+ years)	Time required to phase out existing cars and incentivise electric cars
Electrification of Buses	Long (10+ years)	High upfront cost and time required to phase out existing buses
<b>Freight</b>		
Optimisation of Logistics	Short (1–5 years)	No existing infrastructure required, new/existing personnel can chart optimal routes
Electrification of Trucks	Long (10+ years)	High upfront cost and time required to phase out existing buses
<b>Built Environment and Heating</b>		
Building Renovations	Long (10+ years)	Costly process with regulations involved
Energy Efficient New Buildings	Long (10+ years)	Costly process with regulations involved
Decarbonization Heating	Long (10+ years)	Time required for tech rollout locally/wider scale, could be higher cost
<b>Energy Development</b>		
Renewable Electricity Production	Long (10+ years)	Time/cost associated with PV/Wind, incentives required for private housing PV
Distribution Type of New Renewables	Long (10+ years)	Time/cost associated with PV/Wind, incentives required for private housing PV



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# Project-Level Modelling and Risk Analysis

Cities begin developing models to estimate potential costs and identify financial pathways



Inputs & Assumptions																
Construction																
Construction Period	# Years	Commence Yr	Construction Costs					Cost (EURm)	Phase	Metrics		EUR m				
Model Duration	30		1a Feasibility & Design					4.0	Design	Project EURm p/km		13.8				
Design Phase	2	Year 1	1b Construction Development					6.5	Design	Track Construction EURm p/km		7.6				
Construction Phase	5	Year 3	2a Line Construction					183.0	Construction	Cost per Station		1.0				
Rollout / Testing	1	Year 8	2b Station Construction					33.0	Construction	Cost per Tram		2.0				
Operational Ramp	1	Year 9	2c Depot Construction					20.5	Construction							
Fully Operational	21	Year 10	2d Initial Rolling Stock Purchase					30.0	Construction							
			3a Secondary Rolling Stock Purchase					53.0	Rollout							
			Construction Total					330.0								
			Design	Design	Construction	Construction	Construction	Construction	Construction	Rollout	Ramp	Operational	Operational	Operational	Operational	Operational
Cashflow Waterfall (m)	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
(+) Revenue	1,505.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.8	51.6	53.1	54.7	56.4	58.1	59.8
(-) Opex	-1,001.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.1	-32.3	-33.2	-34.2	-35.3	-36.3	-37.4	-38.5
Operating Income	503.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.1	-6.5	18.4	18.9	19.5	20.1	20.7	21.3
(+/-) NWC Adj.	-51.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.1	6.5	-2.6	-2.7	-2.7	-2.8	-2.9	-3.0
Net Op. Cashflow	452.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.8	16.2	16.7	17.2	17.8	18.3
(-) Construction Capex	-330.0	-5.3	-5.3	-53.3	-53.3	-53.3	-53.3	-53.3	-53.0	0.0	0.0	0.0	0	0	0	0
(-) Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(-) Financing Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(-) Working Capital Float	-22.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.1	-6.5	0.0	0.0	0.0	0.0	0.0	0.0
Total Construction Costs	-352.6	-5.3	-5.3	-53.3	-53.3	-53.3	-53.3	-53.3	-69.1	-6.5	0.0	0.0	0.0	0.0	0.0	0.0
Cashflow Pre-Funding	99.7	-5.3	-5.3	-53.3	-53.3	-53.3	-53.3	-53.3	-69.1	-6.5	15.8	16.2	16.7	17.2	17.8	18.3
(+) Funding from Equity	187.6	2.6	2.6	26.7	26.7	26.7	26.7	26.7	42.6	6.5	0.0	0.0	0.0	0.0	0.0	0.0
(+) Funding from Debt	165.0	2.6	2.6	26.7	26.7	26.7	26.7	26.7	26.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Combined Funding	352.6	5.3	5.3	53.3	53.3	53.3	53.3	53.3	69.1	6.5	0.0	0.0	0.0	0.0	0.0	0.0
Cashflow Post-Funding	452.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.8	16.2	16.7	17.2	17.8	18.3



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## Stakeholder Outreach

Once you have an understanding of the payback period and return profile, you target aligned stakeholders

Private Sector	Financial Institutions	Banks	Equity Investment; Debt Financing (e.g. Term A Loans, Bond Issuance); Concessional & Non-Concessional Debt; Grants; Guarantees.
		Alternative Inv/Asset Owners	Equity; Tax Equity Investments; Green & Sustainability-Linked Bonds; Investment Funds.
		Insurers	Sustainability-Linked Products; Green Bond Investments.
	Industry	Project Owner (Borrower)	Equity Investment; SPVs; PPPs.
		Project Customer	Equity Investment; Offtake Agreements; Green Premiums.
	Public Sector	Governments / Policy Makers	Grants; Green Bond Investments; PPPs; Tax Incremental Financing; Social Impact Bond; Seed Capital.
		MDB / State Financiers	Traditional Debt Financing; Grants & Donations; Credit Guarantees.
		Export Credit Agencies	Debt Financing.



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## Bankability - How and When?

Investors prioritize returns but can be flexible for impactful opportunities



- Projects must be **financially viable** and generate an appropriate **return on investment** for investors within an acceptable risk/reward scenario.
- Project outcomes must be known and a clear **risk and scenario analysis** should be conducted.
- A clear operational and legal framework must be established to ensure the **enforceability of contracts**, as well as clarity around land ownership and dispute resolution mechanisms.
- The rationale for the project and **clear objectives for its use** must be evident.



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## Financial Viability

This involves the readiness of quantifiable data and potential for a return on investment for an adequate level of risk.



### Data Availability



### Return on Investment



### Assessed Risk



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## Financial Viability Checklist

A non-exhaustive list of key points for financial viability

### Cash flow (s)

- The existence of current or future cashflows are key for prospect investments
- The quality of such cashflows is also assessed: regular and multiple revenue streams are best

### Current and Projected Costs

- Have all the existing costs been identified? What about future ones? Are they foreseeable?
- Is there any opportunity for economies of scale, as the project grows, to cut costs?

### Payback Profile

- When is the project expected to break even?
- Do cashflows allow it to become profitable after then?

### Existing Funding/ Financing Sources

- Do already existing funding and /or financing sources exist? Who are they issued from?
- What is the share of the existing funding/financing compared to the overall project budget?

### Share of debt/ Equity

- How much debt does the project carry?
- What are the conditions of the repayment for the debt that are being requested by investors?



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### **3. Project Preparation: Window 4 Onboarding Presentations (Investment Advisory Exchanges)**

As part of its support, the Capital Hub delivered deeper-dive training on one specific attribute of the capital facilitation process – Project Preparation (see slide 5). This was designed to help cities move from high-level investment planning to concrete, bankable projects. The training included guidance on conducting gap and risk analysis through a review of project documentation and supporting feasibility studies. The ultimate goal is to ensure that cities' projects are ready for structuring and capital mobilisation in the later stages of capital facilitation.

The presentation material is provided below.

AWAITING APPROVAL BY THE EUROPEAN COMMISSION





# Project preparation for transaction readiness

## Today's presenters



**Mara Menz**

Senior Manager Sustainable  
Infrastructure/Cities  
Climate Investments



**Tommaso Buso**

Associate  
Bankers without Boundaries



**Renata Haseth**

Vice President  
Bankers without Boundaries



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## Session purpose

This session builds on last week's session on the overview of services available from the Climate City Capital Hub ('Capital Hub') and the EIB. It will explain:

- **Project preparation for transaction readiness**
- **Guidance for project prioritization and support requests**



## Agenda

1. Capital Hub support offering;
2. Project types in scope of support;
3. How to get a project transaction ready and financed;
4. How to access support;
5. Considerations for project prioritization.

# 1. Capital Hub support offering

The core objective of the Capital Hub support is to facilitate access to finance for individual or sector/geography-based bundled Projects of Mission Cities.



To access financing, projects need to be **bankable (i.e. transaction ready)**. The Capital Hub has resource capabilities to **support the preparation of projects towards transaction readiness and to facilitate access to finance.**



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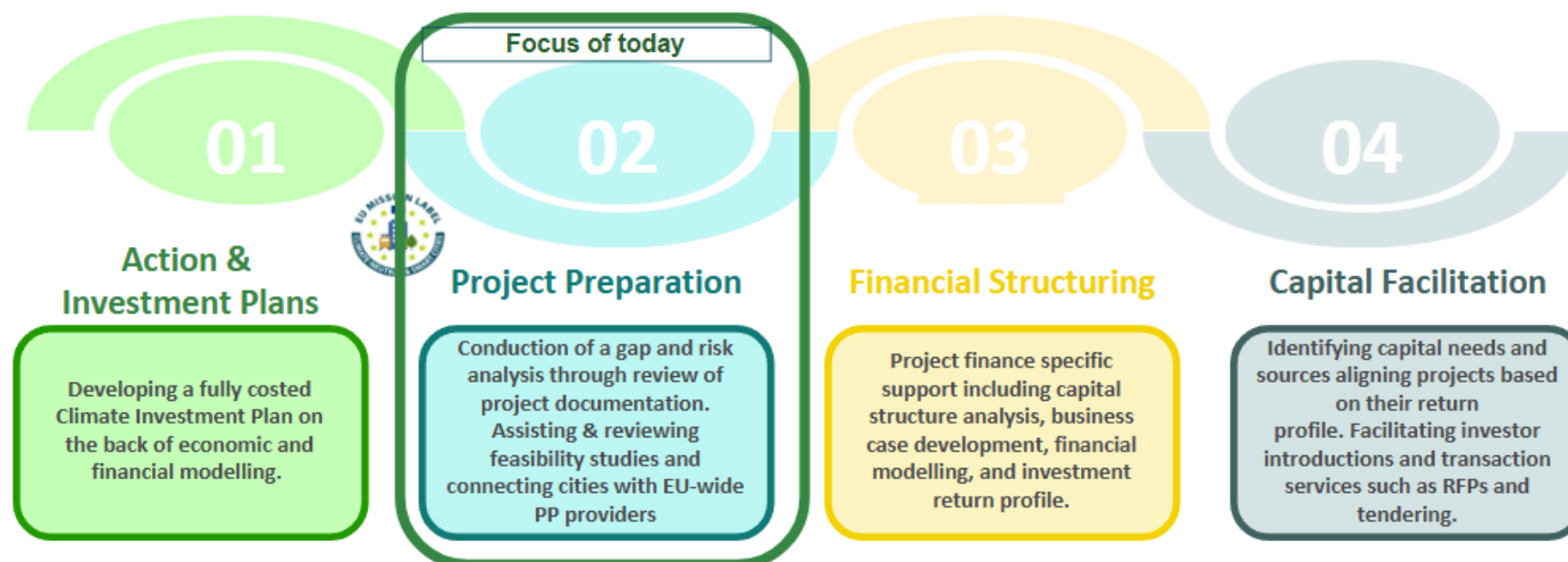


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# Capital Hub: The Process to Capital Facilitation

The **Capital Hub**'s aim is to **support cities** that have **received the Mission Label** to implement their Climate City Contracts and Investment Plans through project development assistance, assistance for identification and implementation of blended finance approaches, and connecting public and private financial institutions to the cities to ensure projects are implemented

***This is a free resource for cities that have received the Mission Label***



## 2. Project types in scope of support

An initiative mandated by a Mission City to help cut greenhouse gases / carbon emissions and/or increase resilience against the impacts of climate change.



Built  
environment



Mobility



Energy



Waste and  
water



Nature &  
Adaptation

To be eligible for support, projects must need external financing justified by a viable business model.



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## Typical sustainable infrastructure projects to be supported

### Built environment

**Building retrofits:** Retrofits can improve energy efficiency and so reduce greenhouse gas emissions with better insulation and windows, efficient lighting, and advanced heating and cooling systems.

**Greening of district heating & cooling:** Exchange the energy sources of district heating and cooling systems with renewables, often coupled with system retrofits, efficiency improvements, added connections and building retrofits

### Sustainable Transportation

**Low emission vehicles:** Exchange of bus/taxi fleet with low emission alternatives, incl./or installation of charging stations/battery swaps, potentially incl. modal shift incentives for citizens

**Bike lanes & last mile transportation:** Supporting the creation of bike lanes and the introduction of connection/last mile transportation models (e.g. how to bring people to switch from car to train outside of city, or commute without car)

### Renewable Energy

**Mid-to-large scale on-grid systems:** Wind, solar or hydro-electric electricity generation dispatched to the grid

**Solar rooftop/community solar:** Small-scale (typically) solar PV installations supplying a/several buildings, industry, areas – feed into grid and backed up by grid

### Carbon Capture & Storage

**Bioenergy with Carbon Capture and Storage (BECCS):** bio energy production coupled with carbon capture and storage technology (CO<sub>2</sub> separated, captured and stored geologically)

### Waste & Water

**Improved efficiency and greening of waste-water treatment facilities:** Managing and treating wastewater through eco-friendly methods (constructed wetlands, bioreactors, biofiltration) or in decentralized manner

**Repurposing biowaste:** Improve biowaste collection and repurposing it e.g. for energy or fuel production

### Nature and Adaptation

**Urban greening:** Repurposing and greening of community spaces or neighborhoods in Cities, improving air quality and managing temperatures through vegetation

**Managing water resources:** improved accessibility and/or protection of water sources in Cities



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# Examples of most typical City projects in the renewable energy sector





## Typical small-scale solar project types in scope of NZC



Solar rooftop for individual buildings (residential, industrial/offices, municipal)

Self-consumption

Grid back-up

With or without feed-in option for surplus energy



Charging infrastructure (residential, public, commercial)

Self-consumption

Typically with grid back-up

With or without feed-in option for surplus energy



Community solar (rooftop or ground)

Shared consumption based on membership (ideal for non-building owners)

Grid connected (self-consumption + feed-in model, or direct feed-in+REC attribution model)

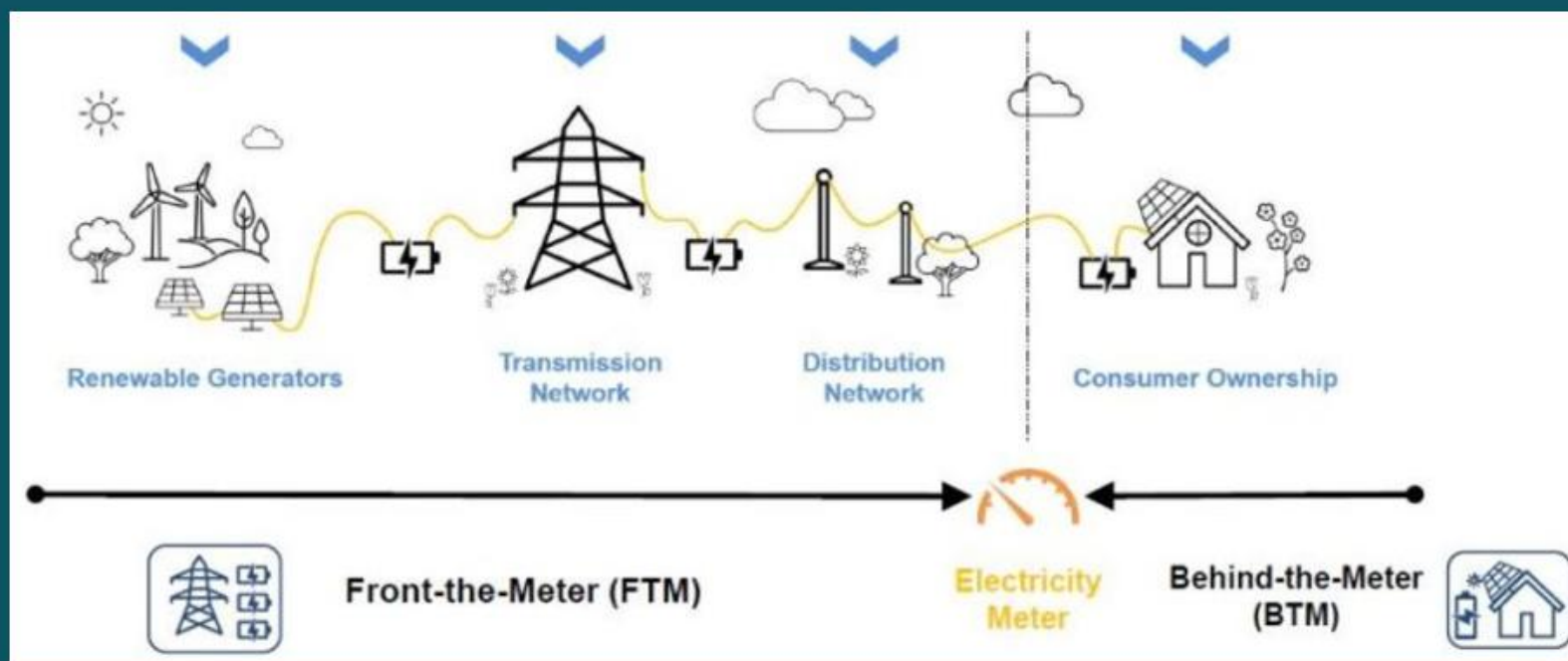


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## Typical larger-scale project type: Independent Power Production





## Typical larger-scale project type: Greening of district heating system

Shifting from fossil-fuel based to renewable and low-carbon alternatives for heating such as biomass, geothermal, solar thermal, or waste heat. This includes isolation measures and evaluations on low temperature district heating.



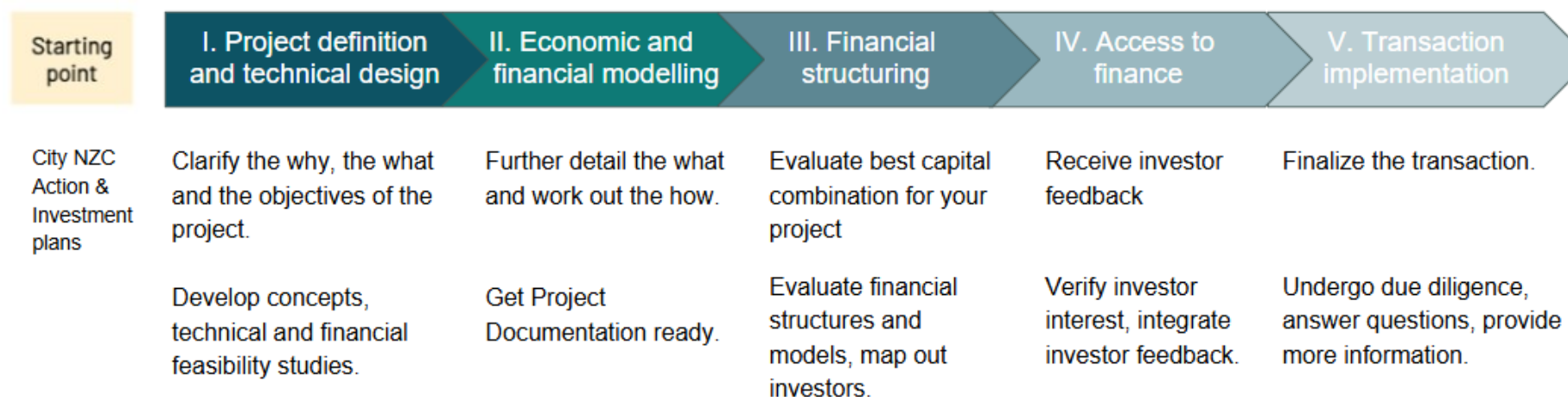


# Explanation of the project preparation process for energy projects



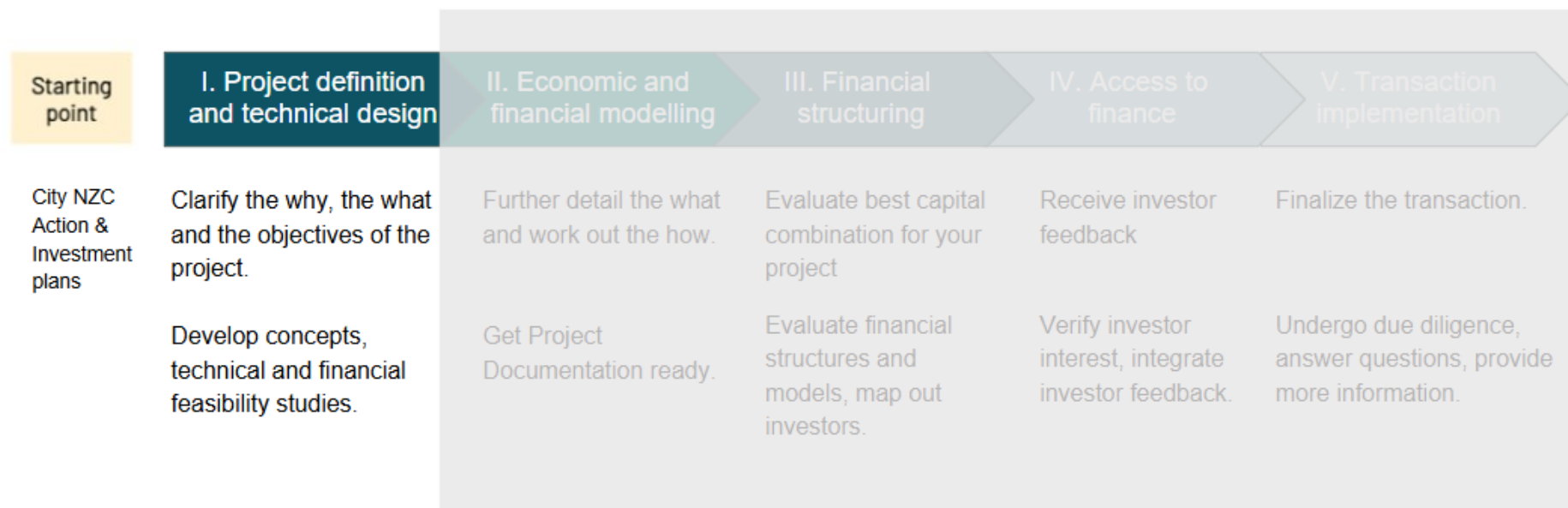


### 3. How to get a project transaction ready and financed



The next slides present data and documents needed per stage for suitability and access to appropriate financing.

## Let us look at each step in more detail



The next slides present data and documents needed per stage for suitability and access to appropriate financing.

## Let us look at each step in more detail (I/V)

### Project definition and technical design

**Target:** Clarify the why, the what and the objectives of the project.

**How to reach it:** Develop concepts, technical & financial feasibility studies.

#### Main information to clarify:

- Project objectives & deliverables
- Informed evaluation of technical solutions and business model(s) for project;
- Policy and regulatory aspects evaluated;
- Realistic assessment of project scope;
- High-level project costing (Budget compiled);
- High-level organisational project structure;

#### Main Documents to prepare:

- High level concept note/planning document of project;
- Pre-feasibility study;
- Feasibility study;
- Indicative budget;
- Tender documents for procurement in case of ESCO, PPA, PPP structures;



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## What is a feasibility study?

### 1. Technical Feasibility

- **Resource Assessment:** Availability and reliability of renewable resources (e.g., solar irradiance, wind speed).
- **Technology Selection:** Suitability and maturity of proposed technology.
- **Site Analysis:** Location, grid connectivity, land use, and environmental constraints.

### 2. Economic & Financial Feasibility

- **Capital & Operating Costs:** Equipment, installation, maintenance, and operational costs.
- **Revenue Projections:** Power purchase agreements (PPAs), subsidies, and carbon credits.
- **Financial Metrics:** Payback period, Net Present Value (NPV), Internal Rate of Return (IRR)

### 3. Legal & Regulatory Feasibility

- **Permitting & Compliance:** Environmental impact assessments (EIA), zoning laws, and licenses.
- **Regulatory Incentives:** Feed-in tariffs, tax credits, grants.

### 4. Environmental & Social Impact

- **Environmental Impact:** Biodiversity, water use, emissions (if any), land degradation.
- **Social Considerations:** Community acceptance, land ownership, job creation, and displacement risks.

### 5. Operational & Management Feasibility

- **Project Management Capacity:** Expertise in design, procurement, construction, and O&M.
- **Supply Chain & Logistics:** Equipment availability, transportation, skilled labor.

**Analyzing core components for a viable project** from a financial, regulatory, commercial, technical & environmental perspective

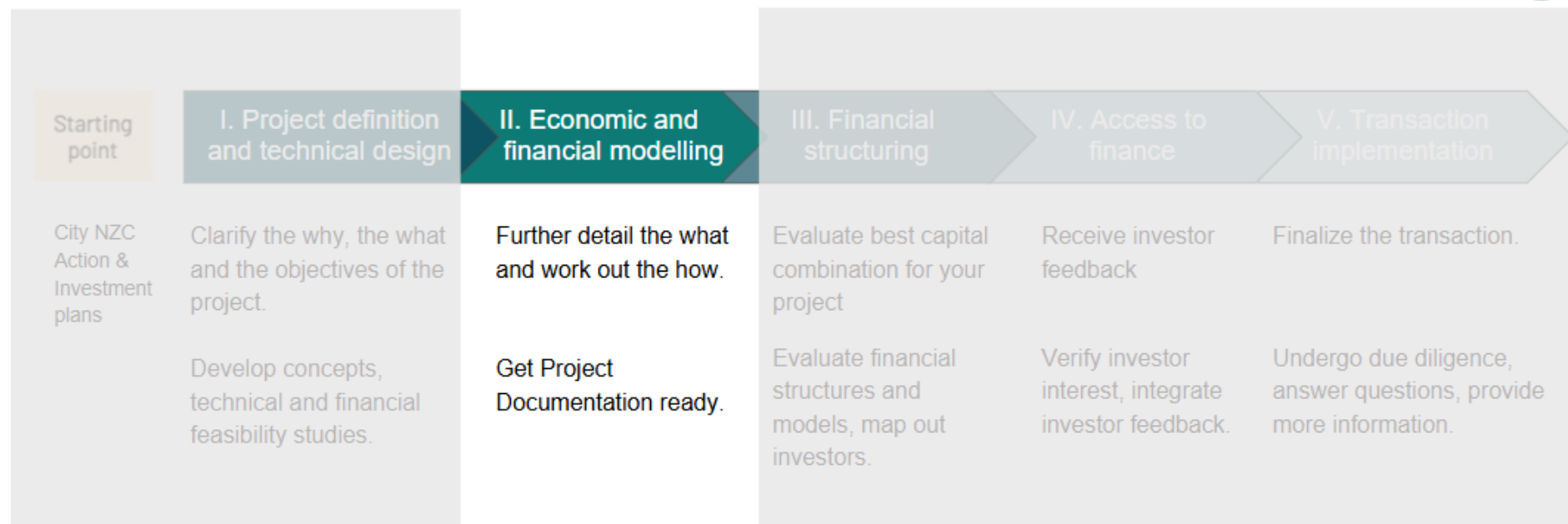


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## Let us look at each step in more detail



The next slides present data and documents needed per stage for suitability and access to appropriate financing.

## Let us look at each step in more detail (II/V)

### Economic and Financial Modelling

**Target:** Further detail the what and work out the how.

**How to reach it:** Get Project Documentation ready

#### Main information to clarify:

- Organisational Project structure defined;
- Technical solution(s) finalised;
- Business model(s) defined;
- Implementation plan made;
- Detailed budget;
- Risks and mitigation measures evaluated;
- Impact measurement framework and reporting plan developed;
- Project stakeholders onboarded;

#### Main Documents to prepare:

- Detailed Project plan;
- Detailed Financial Model incl. summary for investors;
- Risk (incl. ESG) mapping, framework incl. mitigation measures defined;
- Impact measurement framework and reporting plan;
- Necessary permits and licenses;



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## Selecting a business model – Evaluation Criteria

<b>Project Size and Type</b> Rooftop solar, utility-scale wind, biomass	<b>Ownership Structure</b> Private, public, community, utility	<b>Customer Type</b> Residential, C&I, utility, government
<b>Financing &amp; Capital Availability</b> High upfront CapEx, grants, leasing, debt, equity, crowdfunding	<b>Contract Duration &amp; Flexibility</b> Short-term, long-term PPAs, flexible VPPAs	<b>Energy Market Design</b> Regulated, deregulated, wholesale, off-grid
<b>Sustainability Goals / ESG Alignment</b> Net-zero targets, carbon offset value, SDG alignment	<b>Regulatory &amp; Policy Environment</b> Feed in Tariffs, net metering, tax credits, RECs compliance/voluntary markets	<b>Revenue Model &amp; Risk Appetite</b> Power Purchase Agreement, Merchant, REC sales, leasing, ESCO, shared savings



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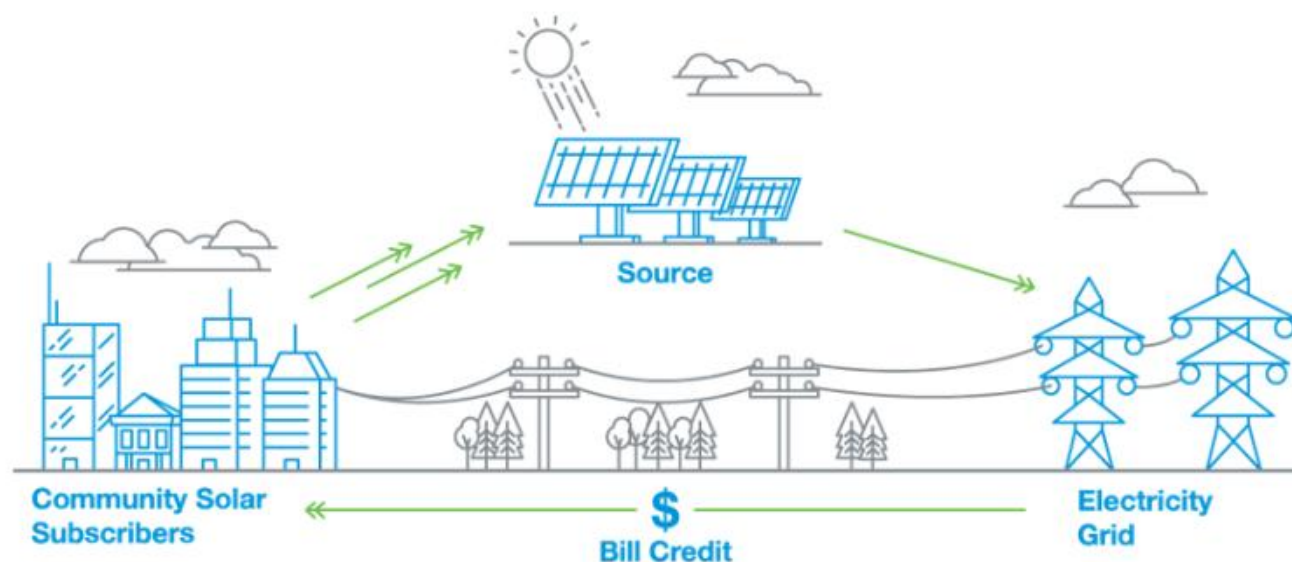
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## Short deep dive: Community Solar Models

**Different models** (most popular):

- Directed to **self-consumption** (closer proximity to source), with feed-in to grid;
- **Investment model:** Community invests in RE installations, Power Purchase Agreement with grid, profit or self-consume through Renewable Energy Attributes;



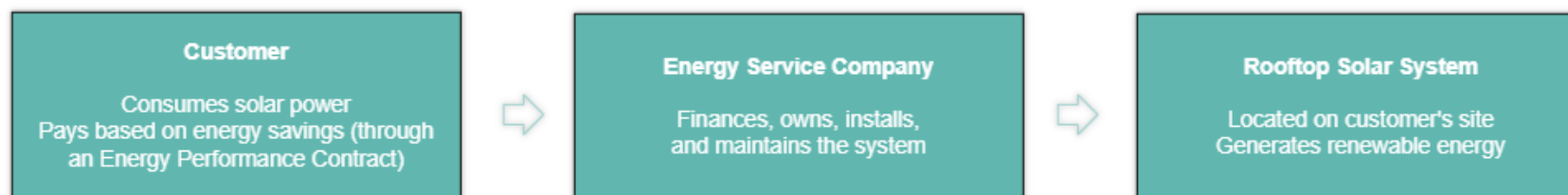
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## Short deep dive: ESCO Model



### ✓ **\*\*Key Benefits:\*\***

- No upfront investment for customer
- ESCO handles performance, maintenance, and monitoring
- Payment linked to energy savings (performance-based)
- Ideal for C&I, education, and public sector

*Note: EPC's (Energy Performance Contracting) offered through ESCO's are very typical for energy efficiency retrofits, however, also commonly used for smaller scale renewable energy projects.*



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## Let us look at each step in more detail



The next slides present data and documents needed per stage for suitability and access to appropriate financing.

## Let us look at each step in more detail (III/V)

### Financial structuring

**Target:** Identify best grant/debt/equity split to optimize use of City funds

**How to reach it:** Structure projects (in collaboration with investors) to maximize impact and probability of execution

#### Main information to clarify:

- Potential investors identified;
- Decision matrix for subsidies/ national funding versus private capital or blended finance
- Overview of investment criteria, conditions, and preferences of investors;
- Derisking solutions evaluated e.g. guarantees, insurances, phased project implementation etc.;

#### Main Documents to prepare:

- NDAs and exclusivity agreements with private capital
- Investor pitch deck;
- Project doc. updates throughout fundraising
- Detailed Financial model with key metrics: payback, coverage ratios, etc.



## What Financial Structuring involves:

### Choosing the Right Financing Instruments

You may include a combination of:

- **Project finance** (non-recourse or limited-recourse)
- **Corporate finance** (on balance sheet)
- **Leases** (e.g., solar leasing, sale-leaseback)
- **Green bonds or climate funds**

### Defining the Capital Structure

- **Equity:** Contributed by sponsors, developers, or investors.
- **Debt:** Typically from commercial banks, development finance institutions (DFIs), or green bonds.
- **Grants, concessional loans, or blended finance**
- **Guarantees**

### Further defining Contractual Framework

Establishing agreements that allocate responsibilities and cash flows:

- **Power Purchase Agreement (PPA):** Defines how & at what price energy is sold
- **EPC Contract**
- **O&M Agreement**
- **Land Lease or Use Agreement**
- **Shareholders' Agreement** (if joint venture)
- **Loan Agreements & Security Packages**

### Include Regulatory & Tax Optimization Options

- Utilizing tax credits (e.g., ITC, MACRS in the U.S.)
- Structuring through special purpose vehicles (SPVs)
- Aligning with local laws, import duties, and VAT treatment
- Evaluating **RECs** or carbon markets

### Defining Risk Allocation and Mitigation Strategies

- **Construction risk** → EPC contracts
- **Operational risk** → O&M contracts
- **Revenue risk** → Long-term PPAs, feed-in tariffs, or hedging
- **Policy/regulatory risk** → Stabilization clauses, insurance
- **Resource risk** (e.g., solar irradiance) → Insurance or P90 yield modeling

### Outcomes of skilled financial structuring:

- ✓ Project investment-readiness
- ✓ Lower cost of capital
- ✓ Risk is well-distributed
- ✓ Investors and lenders are aligned
- ✓ Predictable returns over the project's life





## Sources of capital

Raising capital by borrowing money that must be repaid over time, typically with interest.

Loans

Equity

Raising capital by selling ownership stakes financiers, who receive returns based on the project's performance instead of fixed repayments..

Fixed-income financial instrument. Investors lend money for a periodic interest and the return of the principal amount at maturity.

Bonds

Grants & Subsidies

Non-repayable financial aids provided by governments or organizations to support specific projects, often to promote public benefits

**Any combined financing scheme with public and private funding we call: Blended Finance**



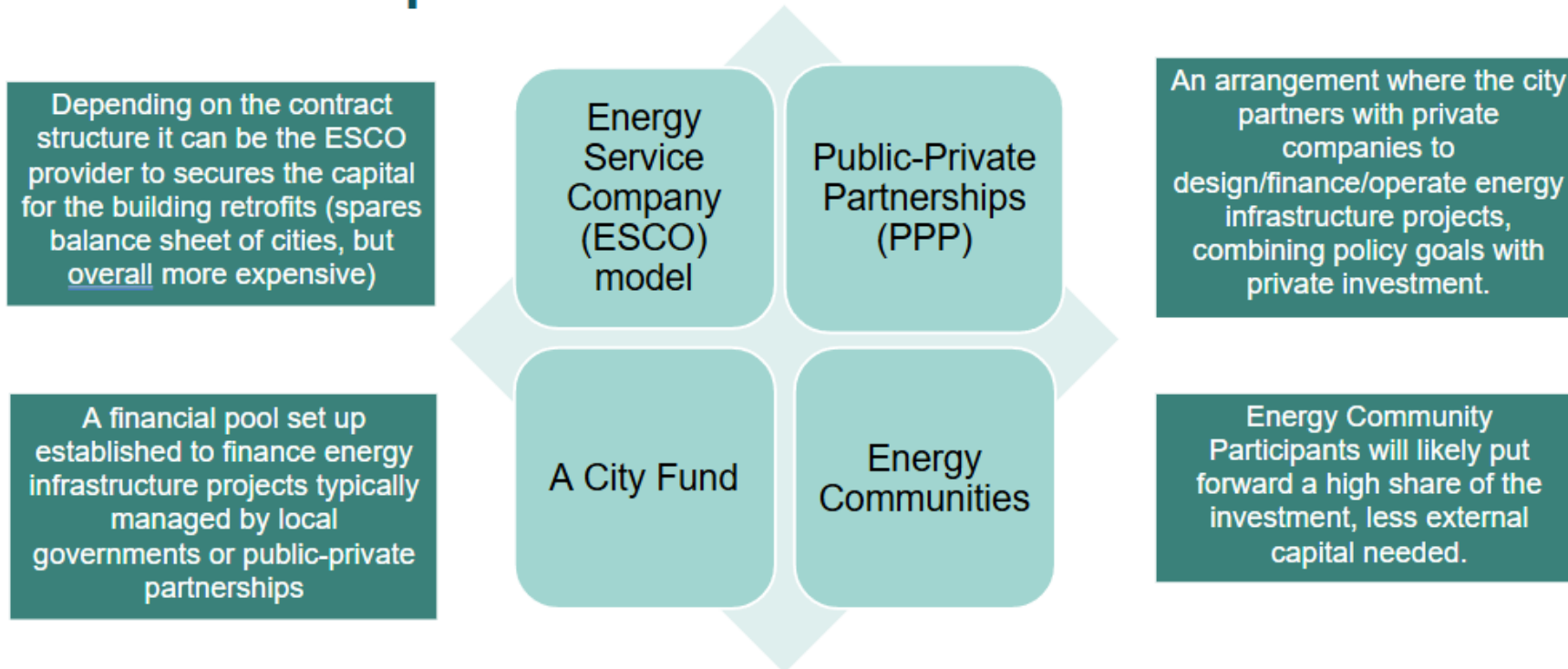
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## Selected sector specific business models that influence capital structure



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## Let us look at each step in more detail



The next slides present data and documents needed per stage for suitability and access to appropriate financing.



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## Let us look at each step in more detail (IV/V)

### Access to Finance

**Target:** Receive Investor feedback and Conditional Investor Commitments

**How to reach it:** Engage investors for collaborative transaction structuring

#### Main information to clarify:

- Shortlist distilled and Investor interest verified;
- Investor feedback re. terms (financing, security terms etc.) incorporated;
- Iterative due diligence (technical, commercial/market, financial, ESG, HSE, etc.)

#### Main Documents to prepare:

- Term sheets with key covenants, controls and reporting requirements;
- Investor specific documents additional to project documents already developed;
- RFP/grant applications prepared;
- Signed commitments conditional on confirmation of key terms in agreed timeframe;



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## Let us look at each step in more detail



The next slides present data and documents needed per stage for suitability and access to appropriate financing.



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## Let us look at each step in more detail (V/V)

### Transaction Implementation

**Target:** Financial documentation signed & project funds disbursed

**How to reach it:** Undergo due diligence, answer questions, provide more information

#### Main information to clarify:

- Key financing terms: interest rates, equity contributions, voting rights, security, collateral requirements, etc.
- Sculpting: drawdown (debt, grant or equity) and repayment schedules (for debt)
- Risk management: FX and/or interest rate hedging
- Reporting requirements

#### Main Documents to prepare:

- Finalized risk matrix discussed with investor(s)
- Periodic reporting templates
- Construction and Operating agreements; governing risks allocations;
- Necessary permits, licenses, approvals and procurement docs that were still outstanding in step II;
- **Financing agreements (T&C's between Sponsors, lenders and investors)**



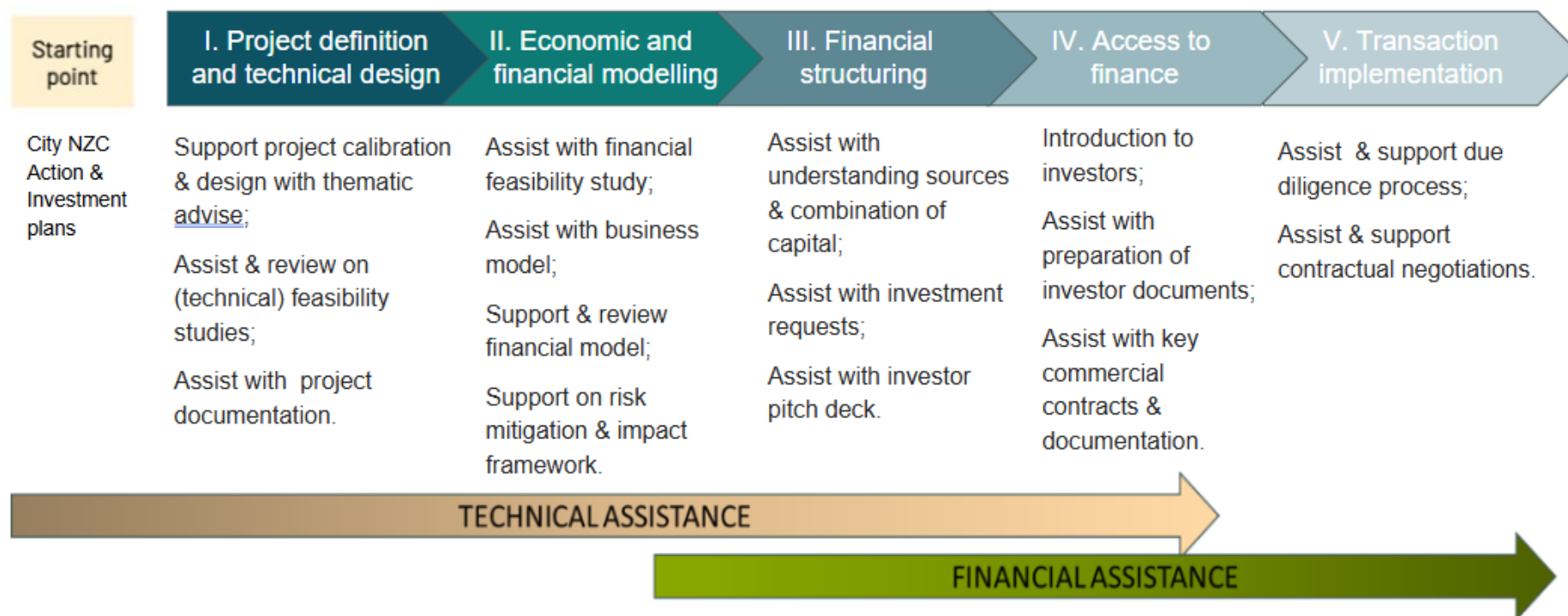
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# Project readiness process and support available



**Disclaimer:** The Capital Hub support for the transaction implementation stage is very limited, especially for legal support the Capital Hub will direct Cities and Investors to external legal support.



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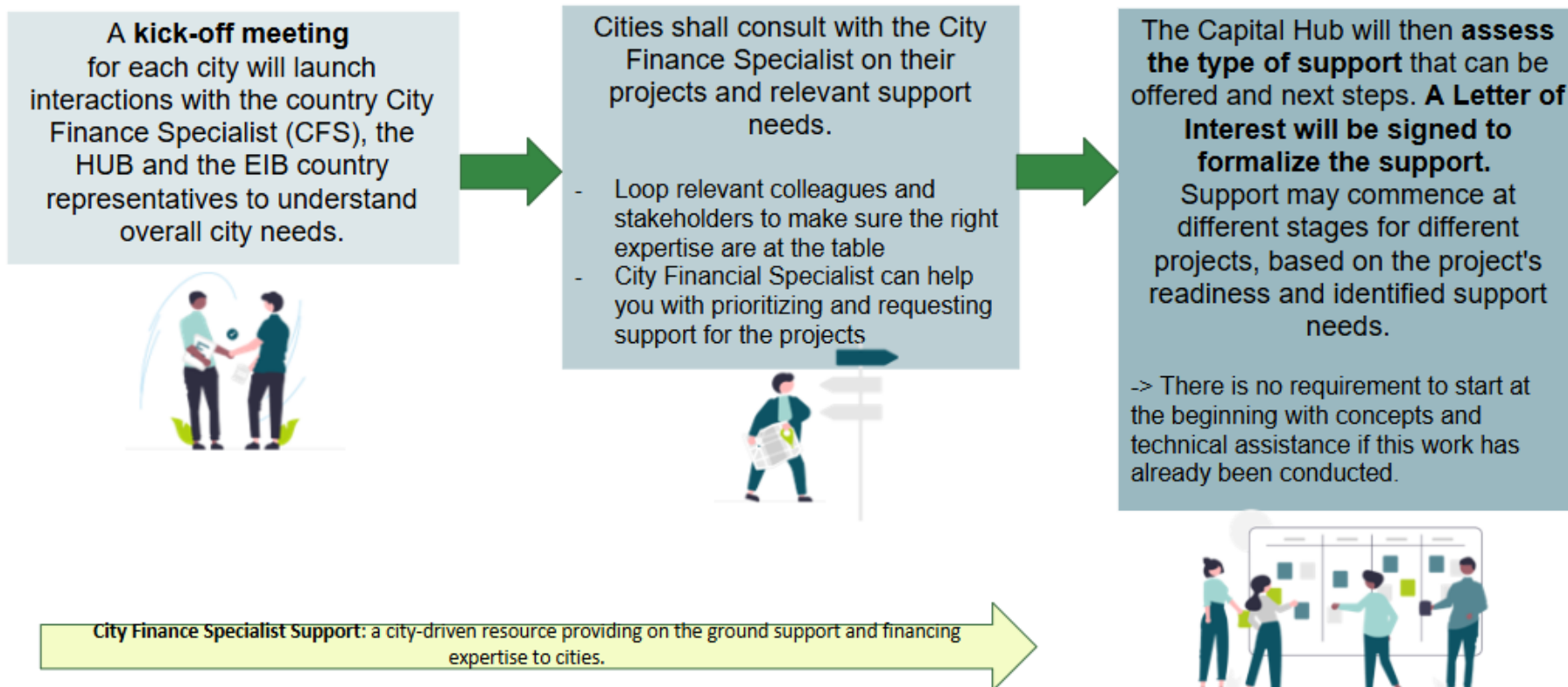
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## Climate City Capital Hub: Example PP mandates

Country	Project Name	Hub Support
<b>Slovenia</b>	Residential retrofits ('one-stop shop')	Developing financing models/incentive structures to <u>mobilise</u> private investment;
<b>Denmark</b>	BECCS & regional emissions offsetting	Technical feasibility study on full BECCS value chain, enabling clustering of CO <sub>2</sub> sources for storage or use; supports credible net-zero strategy
<b>Belgium</b>	Retrofit financing models	Risk analysis + EU best practices to design replicable funding mechanisms
<b>Spain</b>	Solar rooftop project	Financial viability assessment (project paused due to politics, but insights retained)
<b>Latvia</b>	Energy Community Project	Support the City with hiring consultants for pre-feasibility study



## 4. How to access support



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## 5. Consideration for project prioritization

- Projects prioritized at City's discretion
- Decision based on relevance to the NetZeroCities and the Mission goals, urgency, political flagship, external financing needs, etc.
  - o the City Finance Specialist can advise and support;
  - o and so can the City Finance Framework: a project preparation tool to assess project readiness, technological and financial feasibility (focus of the next presentation on 28/11).
- Projects submitted require financing and showcase a (viable) business model;
- Projects anchored in the CCCs, city-owned or city-led projects
  - o allows for the project developer not necessarily being the city, a utility or a private developer can be considered if they are directly mandated by City



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## Your next steps for Capital Hub support

1. Identify and prioritize projects listed in your CCC
  - Get support from your City Finance Specialist!
2. Gather data and documentation for each project including – where available - concept note and/or feasibility studies, project plans, business and/or financial models, etc.
  - Engage your stakeholders
1. Discuss with your CFS, who will then help you bring these projects to the Capital Hub.

The Hub will then analyze requests, meet you (the cities) to discuss project uptake and support, and formalize the agreed upon support in a letter of interest.



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## 4. City Finance Framework (CFF): Window Four Onboarding Presentations (Investment Advisory Exchanges)

The Capital Hub delivered a dedicated training session to introduce the City Finance Framework (CFF). The CFF is a practical tool that is designed to support cities and the Capital Hub in assessing the investment readiness and strategic value of proposed projects. It facilitates more informed decision-making about which projects to prioritise for further support.

The presentation outlined how the CFF works: through a structured assessment of five thematic areas, cities (via their CFS) evaluate each project's financial viability, impact potential, and overall readiness. This data is then used by the Capital Hub to compare projects within and across city portfolios. While the CFF itself does not make prioritisation decisions, it provides critical insights that help guide those decisions, balancing technical scoring with broader strategic considerations.

The training session also highlighted that the CFF is flexible in its applicability and usability, can be adapted over time to reflect evolving Capital Hub priorities, and supports cities in understanding what makes a project more bankable or suitable for external financing. Ultimately, the goal of the session was to familiarise Mission Cities with the tool and ensure they are equipped to work with their CFS to apply the CFF as part of the project pipeline development process.

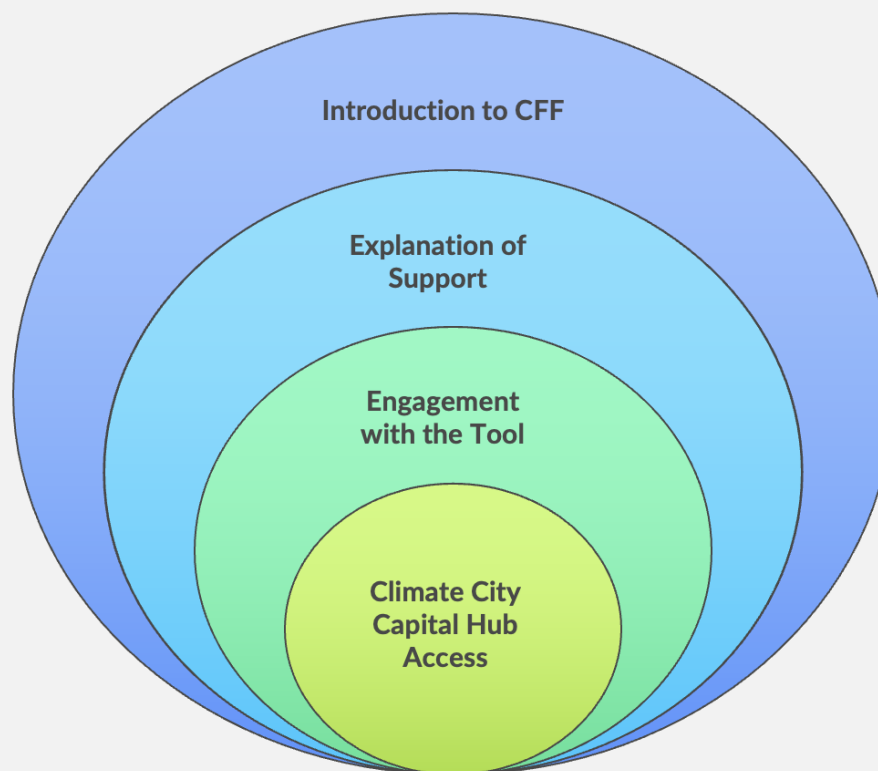
The presentation material is provided below.



## City Finance Framework Agenda



- Provide foundational understanding of the framework
- Clarify how CFF aids project financing
- Demonstrate practical application of CFF
- Enables cities to secure climate finance

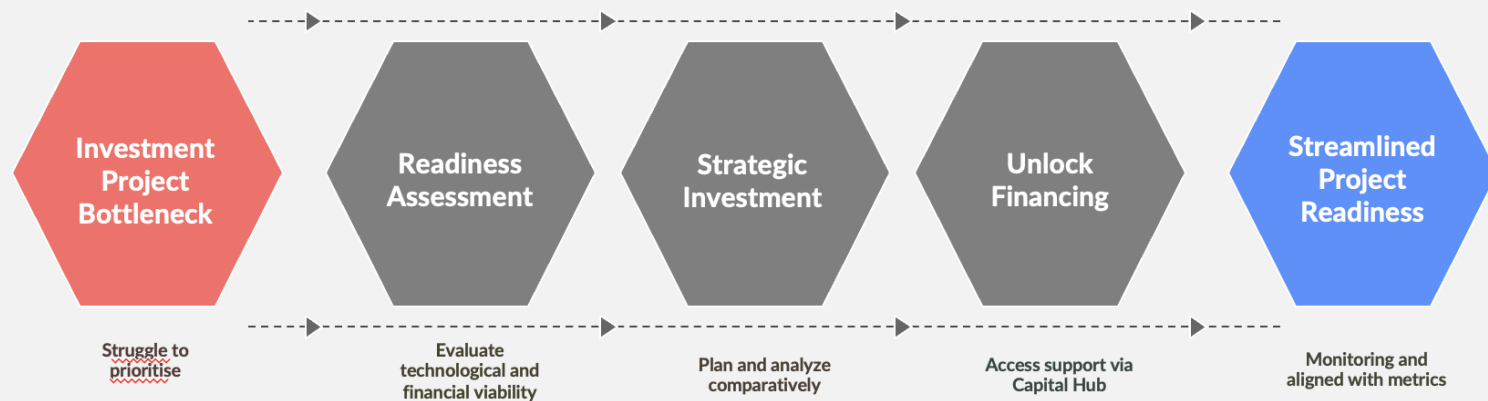
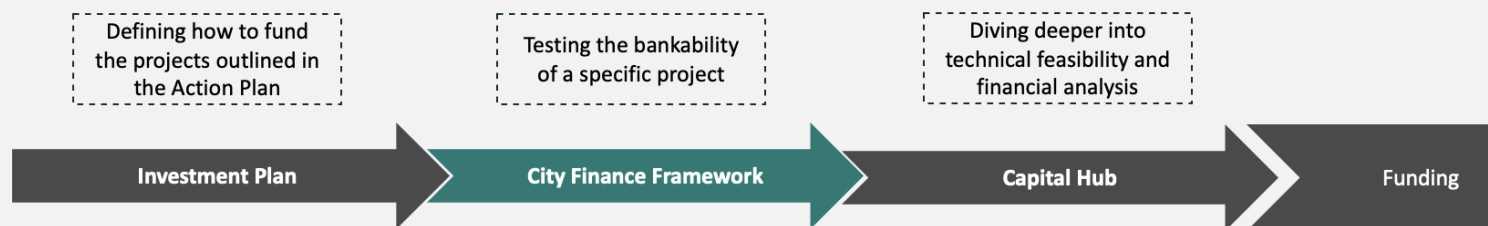


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## City Finance Framework



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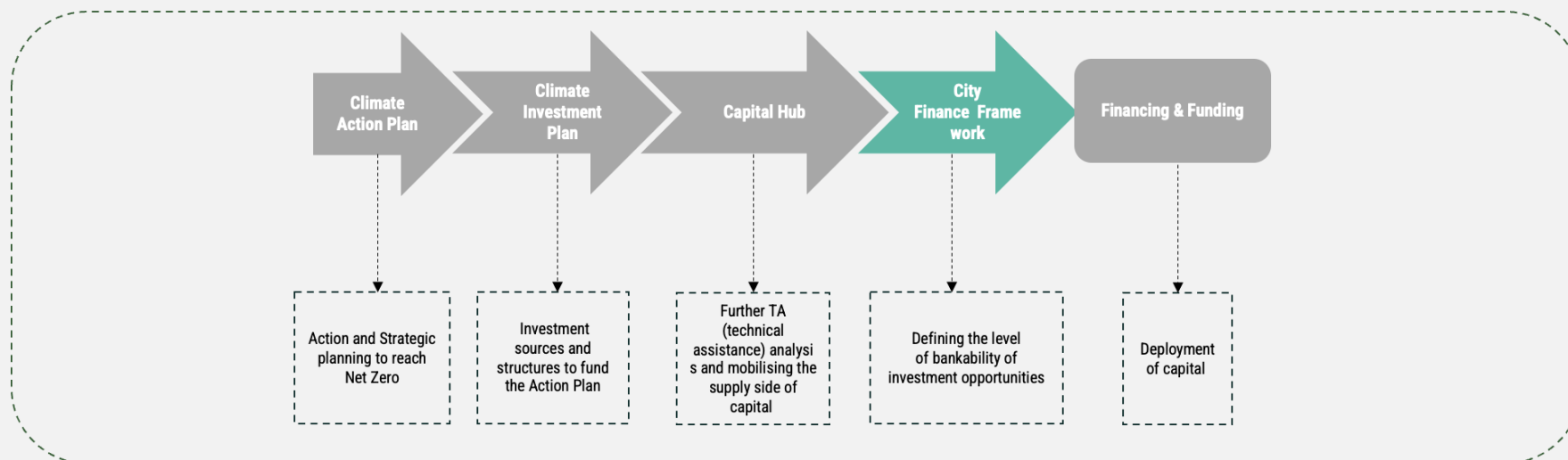
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## Project Prioritisation



### Two prioritisation points in time

1. Pre Capital Hub city project selection (maximum of 5 projects)
2. Post Capital Hub project selection (which projects do we focus on as the Capital Hub)



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## City Finance Framework – Capability Building



The City Finance Framework is a web based interface for user input which takes **Qualitative & Quantitative** data across several key parameters, uses an excel based scoring model with weighted metrics and provides tangible data to the Capital Hub

### PARAMETER

Technological Readiness  
 Impact (Direct + Co-Benefits)  
 Monitoring  
 Enabling Environment  
 Financial Efficiency  
 Finance Gap  
 Project Development  
 Intake Meta-data

### Outputs

Weight Scoring for Project  
 Advice on Next Steps  
 Summary outputs for Capital  
 hub & Cities

### Value Add

Evidence Based Prioritisation  
 Portfolio overview of projects  
 Iterative & Flexible



NetZeroCities has received funding from the H2020 Research and Innovation Programme under grant agreement n°101036519.



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## City Finance Framework

### 1. Have you clearly defined the project's scope and technological maturity?

- a. Project objectives, sector, state of development, and whether the technology is proven or emerging
- b. Do you know where you can go to find this information if not?

### 2. Can you assess the likely impact of this project?

- a. Expected CO<sub>2</sub> reductions, co-benefits (public health, biodiversity, jobs, inclusion), alignment with NZC indicators?  
Is this impact clearly defined and measurable?

### 3. Is there a plan to monitor and learn from this project?

- a. Monitoring & evaluation framework, indicators to be tracked, how lessons will be shared(  
Not included in the framework, but are there additional costs associated with this MRV approach which might need to be factored into the DEVEX of the project)
- b. If what you are monitoring is hard to objectively measure, do you have an approach to obtain second derivative measures?  
Sometimes an academic approach will need to be adopted to find the appropriate impact scores.

### 4. Is the enabling environment in place for this project?

- a. Local policy alignment, stakeholder support, past similar initiatives, legal/regulatory considerations  
For example, is City aware of pipeline-generating activities/stakeholders – (e.g., developers, accelerators, universities & regional businesses)

### 5. Can you provide financial details for the project?

- a. Total capex/opex, funding sources identified, expected revenues, financing terms, target leverage?  
If not all, where can these details be sourced
- b. What funding is committed vs. outstanding, and by which stakeholder groups?

### 6. Have you documented the project development status?

- a. Feasibility studies, business cases, permitting, technical drawings, consortium links, readiness for support
- b. Do you know where you can go to find this information if not?

**Are the right people in place?!**



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## Key Factors Defining Bankability

### Sufficient DATA for Financial Model

- The financial model should clearly highlight the key assumption, project financials, valuation of the investment and details of the various sources of funding.
- It allows public or private investors to take a view on the impact of changes in assumptions on the investment and return dynamics.

### Stable Policy Framework

- A stable policy framework is always preferable but may not be achievable, particularly in low-income countries.
- Investors will typically seek higher levels of return to offset any perceived policy risk.

### Availability of Public Finance

- Public support is viewed favourably in the case of high-risk projects, where the presence of such capital at an early stage can potentially de-risk private sector investments.
- However, in the case of traditional projects, such support can often impact the pace of execution and bring with it additional compliance requirements.

### Track Record

- Track record of successful delivery and execution gives investors greater comfort that projections included in the financial model are likely to be achieved.
- Investors will also review contracts to understand roles and responsibilities as well as ownership of risk.

### Stable and Predictable Cash Flows

- Cash flows should be easily identifiable and capable of meeting financial obligations over time.
- Typically projects have negative cash flows during construction & execution and the cost of financing during this period is higher.
- Investors are likely to look at the returns that such cash flows are able to generate before making an investment decision.



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