



**NET
ZERO
CITIES
SGA2-NZC**

D2.6 Finance Expert Support Facility Process and Governance Strategy

**CESF Procedure for Procuring Expert Support for Cities
within the Scope of NZC SGA2 Task 2.3**

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Abbreviations and acronyms

| Acronym | Description |
|---------------------|---|
| CA | City Advisor |
| Capital Hub | Climate City Capital Hub |
| CESF | City Expert Support Facility |
| CFS | City Finance Specialist |
| GARAC | Grant and Resource Allocation Committee |
| NZC | NetZeroCities |
| NZC-SGA2 / SGA2-NZC | NetZeroCities Specific Grant Agreement No.2 |
| RFQ | Request for Quotation |
| WP | Work Package |

Summary

This document outlines the scope and resources for the deployment of City Finance Specialists (CFS) via the City Expert Support Facility (CESF).

For further context, SGA2-NZC refers to the Finance Expert Support Facility in D2.6. Following dialogue between the Coordinator Climate-KIC and CINEA during Grant Agreement Preparation it was agreed that all subcontracting facilities would be included in the CESF and therefore this document from henceforth references the CESF as the process followed to deploy this subcontracting

Keywords

City Finance Specialists, City Expert Support Facility.

Introduction

As part of Work Package 2 "Finance and investment services to Mission Cities", and more specifically SGA2 WP2 Task 2.3, support is provided for the hiring of City Finance Specialists (CFS). 12 CFS are recruited directly from the staff of the consortium partners (BwB, ICLEI, CKIC, SP, FS, LGI). A subcontracting budget is dedicated to subcontract experts to ensure coverage for the 19 Mission Cities in countries which are not covered as part of the initial direct 12 CFS personnel. The service provider(s) engaged to be the CFS equivalent, contemplated by this activity will be expected to provide services and deliver on deliverables sufficient to either match or surpass those provided by the hired CFS.

This subcontracting process will be carried out through the CESF, as, following dialogue between Climate-KIC and CINEA during the preparation of the grant agreement, it was agreed that all subcontracting facilities would be included in the CESF.

1 CFS Subcontracting scope

1.1 Technical Scope – Services to be delivered

CFS are a city-driven resource that provide on-the-ground support on a largely deliverable basis for the financial needs of Mission Cities. The focus of the CFS will be to support cities in the implementation of their Climate Investment Plans – supporting project development, identifying public and private funding opportunities and ensuring that capital requirements are met for the implementation of climate actions. It should be noted that the CFS will prioritise support to cities that have received their Mission Label.

In particular, CFS will:

- **Provide Tailored Financial Expertise:** Offer direct, tailor-made financial expertise, training, and advice to cities as they develop and implement investment projects aimed at achieving climate neutrality. This includes assessing and understanding financial needs, identifying private and public funding and/or financing sources, and developing financial strategies aligned with city objectives.
- **Deepen Local Knowledge and Networks:** Build and maintain strong relationships with key internal and external stakeholders within cities, including public and private sector entities. Develop a deep understanding of local contexts, priorities, and challenges to effectively tailor financial solutions and facilitate investment opportunities.
- **Mobilize Private and Public Sector Financing:** Engage extensively with investors to mobilize public and private sector financing for city investment projects. This involves leveraging their existing private sector financing relationships to conduct investor outreach, facilitate investment discussions, and structure financial transactions, in particular within the framework of the Climate City Capital Hub, to meet investors' requirements.
- **Overcome Investment Barriers:** Identify and address barriers to investment by tailoring financial solutions and assisting cities in developing portfolios of commercial projects. Work closely with cities to optimize project structures and enhance investor interest across multiple urban contexts.
- **Support on Financial Strategies:** Collaborate with city stakeholders to develop and implement financial strategies that support the achievement of climate neutrality goals. Provide guidance on financing mechanisms, investment frameworks, and risk management strategies to maximize the impact of city investment projects.

Important considerations:

- The deliverables will require both extensive inter and intra-regional travel, with this at times being at short notice. Indeed, it is expected that the CFS spend at least some working days per month working in-person with each covered city and participate in events outside of the covered cities (Cities Mission annual conference, NZC annual consortium meeting, In-person training sessions, other conferences of interests, Seasonal school for cities, etc.).
- It is important to note that the CFS will need to go through an onboarding training at the beginning of their contract before engaging with cities.
- CFS will operate in a complex environment and interact with numerous stakeholders at city and NetZeroCities (NZC) consortium level. Thus, in addition to the Mission Cities stakeholders (climate/transition teams, finance teams), the activities carried out by the CFS will be done in close collaboration with the NZC stakeholders, in particular the City Advisors (CA) working with the same Mission Cities and the City Support Group (CSG) Finance Specialists. The CFS will also work closely with the Climate City Capital Hub ('Capital Hub') that aims to provide the technical and financial assistance to Mission Cities that have received the Mission Label to facilitate capital flows to ensure the full implementation of Climate Action Plans. An [Operating model](#) has therefore been developed to ensure the quality, continuity and ownership of the work carried out by the CFS for the benefit of the cities and in line with NZC's objectives.
- As for the hired CFS, subcontracted CFS must be assigned to several cities in the same country and this CFS must remain the same, as far as possible, throughout the duration of the support to the city. This is to enable a relationship of trust to be built up with the city and the consortium partners, but also to build up knowledge specific to the city/national environment.
- As the CFS will obtain confidential financial information from the cities they will need to sign an individual non-disclosure agreement.

1.2 Geographical scope

Subcontracted CFS will cover the following 19 Mission Cities:

- **Bulgaria**
 - o Sofia (CCC for W4)
 - o Gabrovo (CCC for W4)
- **Czech Republic**
 - o Liberec (CCC for W4)
- **Estonia**
 - o Tartu (CCC for W4+)
- **Hungary**
 - o Budapest (CCC for W4)
 - o Miskolc (CCC Submitted W3)
 - o Pecs (Label)
- **Israel**
 - o Eilat (CCC Submitted W3)
- **Latvia**
 - o Riga (CCC for W4)
 - o Liepāja (CCC Submitted W3)
- **Lithuania**
 - o Vilnius (CCC for W4)
 - o Tauragė (CCC for W4)
- **Romania**
 - o Cluj Napoca (Label)
 - o Bucharest (CCC Submitted W3)
 - o Suceava (CCC Submitted W3)
- **Slovakia**

- Bratislava (CCC for W4)
- Košice (CCC for W4)
- **Turkey**
 - Izmir (Label)
 - Istanbul (CCC for W4)

In order to limit long-distance travel, ensure consistency in the local context and optimise coordination, the following grouping is suggested.

| | Country (city count) | Total # cities covered |
|---------------|----------------------|------------------------|
| CFS #1 | Estonia (1) | 5 |
| | Latvia (2) | |
| | Lithuania (2) | |
| CFS #2 | Romania (3) | 5 |
| | Bulgaria (2) | |
| CFS #3 | Czech Republic (1) | 6 |
| | Hungary (3) | |
| | Slovakia (2) | |
| CFS #4 | Turkey (2) | 2 |
| CFS #5 | Israel (1) | 1 |
| TOTAL | | 19 |

The progress made by cities in submitting their CCC and obtaining the EU Mission Label may be also a criterion for prioritisation if necessary. Indeed, if several calls for tender are issued and cannot all be issued at the same time, priority should be given to CFS #2, #3 and #4 covering cities that have already obtained their Mission Label.

It is required that the CFS for each region will be based in one of the countries covered and, ideally, in one of the Mission Cities covered.

1.3 Required Experience and Capabilities

The personnel provided by the Subcontractor will ensure sufficient capacity to deliver the services in an efficient and effective manner. The individuals delivering the services must be able to demonstrate the following experience and capabilities:

Minimum experience requirements:

- Minimum of 5 years in a private and public finance role - preferably financial analysis, project finance, financial transactions and execution, or similar, with a primary focus on sustainable finance highly preferable.
- Comprehensive understanding of financial markets, financial structuring, and investment instruments as they apply to sustainability projects.
- Prior experience working with cities and public sector institutions engaging and delivering on sustainable project development.
- Knowledge of local and national financial ecosystems, frameworks and sustainability funding initiatives.
- Proven experience of engagement with private sector financing institutions.
- Specific sectoral project experience in urban sustainable infrastructure e.g. renewable energy, energy efficiency, sustainable transportation, district heating and cooling, etc.

Expected capabilities:

- Fluency in English and in the local languages of each assigned Mission Cities.
- Excellent communication and interpersonal skills, with the ability to build relationships and collaborate effectively with diverse internal and external stakeholders.
- Financial transactional and execution skills.
- Demonstrated ability to think strategically, solve complex problems, and drive results in a fast-paced, transactional environment.
- Project management skills, including the ability to develop and implement action plans, monitor progress, and deliver results within set timelines
- Ability to adapt to changing city needs and project requirements, demonstrating flexibility in approach and problem-solving.
- Aptitude and flexibility to travel as the role will require both extensive inter and intra-regional travel, with this at times being at short notice.

1.4 Deliverables

The services will be delivered to meet the following deliverables:

| # | Deliverable | Estimated Due date (SGA2 Month) |
|---|--|------------------------------------|
| 1 | Action plans or financial data repository file completed | M17 |
| 2 | Mid-term report | M29 |
| 3 | Final report | M48 - End of the extended contract |

Deliverable #1: the supplier can choose between the following two deliverables.

- On the basis of meetings organised with the city teams, the Subcontractor draws up an **action plan** for each mission city covered, based on the city's strategic priorities and identifying concrete areas of support for the city.
- The Subcontractor fills in the 'financial data repository' (to be shared with the selected supplier) for each country covered. The purpose of this data repository is to collect financial information on debt and equity conditions to feed the financial modelling.

Deliverable #2 and #3: Mid-term and final reports should include, as a minimum, an analytical overview of the activities realized and recommendations on the following subjects:

- Enhancing on-the-ground finance support to Cities.
- Improving capability within Cities.
- Engaging with private and public finance stakeholders.
- Overcoming investment barriers and policy barriers to be addressed through NZC platform.
- Further development of the CFS operating model.

2 Resources

The support will be developed through the CESF resources allocated through SGA2-NZC WP2 for CFS Subcontracting. The amount allocated to the CESF for support is **€1,625,750**.

According to the analysis done of the different Mission cities to cover, we propose to deploy the CESF resources as indicated in the table below. This allocation is based on the following considerations:

- Subcontracting of 3 FTE equivalent CFS and 2 part time CFS, on € 9,031.94/month basis.
- A full-fees offer from bidders, including travel-related expenses that needs to cover at least 2 full working days per month in each covered city.
- A supplementary budget established from the remaining funds (see below), outside the CESF, to finance additional travel costs not directly related to the day-to-day work with the Mission Cities. These additional trips will represent around 5 trips of around 2 days per year which will be fully covered by this budget.

A variation of the CFS costs should be considered as:

- Costs may differ from countries to countries due to different bids.
- On the basis of the proposed grouping, some subcontracted CFS will have to travel less because they will cover fewer cities and, as a result, bids could be significantly lower than estimated in the table below.

The budget of the CESF should therefore be closely monitored as CFS are subcontracted, to ensure dynamic reallocation based on the real costs.

Based on the above breakdown, ~€325,150 of the €1,625,750 may still be available:

- Part of these funds will be transferred to the travel budget, managed by LGI, to **fund additional travel costs** (participation in consortium meetings, training session, specific meeting between CFS, etc.) for subcontracted CFS following LGI's travel policy. The amount transferred should be ~€67,500 (5 travels x €900 x 5 CFS x 3 years). It should be noted that recurring travels to Mission Cities must be covered by the offers in order to avoid the red tape associated with their reimbursement.
- In case there are remaining funds, those must be transferred to the financing of travel for contracted CFS.

Warning: figures below are indicative at this stage and depend on the validation of the hypotheses mentioned above.

| | |
|---|--|
| Total estimated amount of CFS subcontracting for 19 cities (via CESF) - A | € 1,300,600 |
| Estimated amount for additional CFS travel (outside of CESF) - B | €67,500 (5 travels x €900 x 5 CFS x 3 years) |
| Estimated remaining funds for CFS related additional support (via CESF) - C | €257,650 |
| TOTAL (A + B + C) | €1,625,750. |

Other service contemplated by the tender, however, to be included as options and not form a part of the evaluation is the availability of other financial experts on request to meet the specific expertise needs of cities that cannot be met by the CFS in place (e.g. structuring bond issues, advice on specific sectors, etc.).

3 Process and estimated timeline

For CFS subcontracting, the CESF will procure based on the scope described in Section 2 and will proceed to a competitive dialogue stage. The stages of the procurement procedure and the estimated date are as follows:

| Step | Estimated date |
|------|----------------|
|------|----------------|

| | |
|--|------------------|
| Project Start | 23 August 2024 |
| Issue Competitive Dialogue Documentation | 4 September 2024 |
| Suppliers Shortlisted for Scope Development/Negotiations | 4 October 2024 |
| High Level Evaluation of Shortlist | 11 October 2024 |
| Final Request For Quotation (RFQ) Issued | 28 October 2024 |
| RFQ Closed | 11 November 2024 |
| Contract Start Date | 18 November 2024 |

For using the remaining additional funds as additional support linked to the CFS, it will follow the same process of applying for and the deployment of expert support, as described in the [0. NZC CESF Guidelines A1.1 .docx \(sharepoint.com\)](#), primarily involving the CFS instead of the CA.