



Climate-KIC



# CITY FINANCE LAB

**Call for Proposals 2020**

3 September 2020

Climate-KIC is supported by the  
EIT, a body of the European Union



# Introduction

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- **Default audio setting:** mute on joining
- **Questions** via the **Question box** are welcome at any time
  - Technical support: we will aim to resolve ASAP
  - Topic-related questions for the discussion: Q&A at the end. If we cannot answer your question in the Q&A we will get in touch via email
- Many of us are broadcasting from **our homes**. Please bear with us in case of technical issues

# Speakers



**Aymeric  
Reymond**

**Managing Consultant  
Climate Finance**  
South Pole

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**Dr. Panayiotis  
Michael**

**PhD/MBA UC Los Angeles  
EU Affairs Office**  
Aradippou Municipality

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**Juliette  
Baralon**

**Senior Specialist  
Action Platforms**  
South Pole

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# Agenda

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**I. The City Finance Lab team**

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**II. The Challenge**

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**III. The City Finance Lab: activities & services**

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**IV. Example from a supported initiative: Aradippou, Cyprus**

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**V. Call for Proposals 2020**

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**VI. Q&A**

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# The City Finance Lab team



- 16 offices globally and over 300 collaborators
- Specialised in climate finance, strong understanding of technical and financial barriers for climate action
- Strong network with key local and regional organisations



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- European-focused innovation community
- Strong innovation capacity in the city space (e.g. Low Carbon City Lab)
- Strong network with key local and regional organisations

**PARTNERS**





# Why cities?



- Cities emit **75%** of worldwide energy-related CO<sub>2</sub>
- More than **65%** of the world's population will live in cities by 2050
- **USD 4 trillion** of urban assets are expected to be in jeopardy by 2030
- **80% of global GDP** is produced in cities and is at risk of the economic impacts of climate change



Sources: Renewable Energy in Cities Status Report 2019; CCFLA – State of City Climate Finance 2015; CDP – Global Cities Report 2014; C40 announcement at Global Climate Action Summit 2018; UN World Urbanization Prospects 2018

# The challenge



Only a limited amount of global finance currently reaches cities

**USD 1.1 tn** are needed annually to “climate-proof” urban infrastructure

## Reasons for limited finance:

- low creditworthiness of cities
- few bankable projects
- difficult access to existing financing
- limited climate finance knowledge



**Our mission**

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# **Unlocking climate finance for cities through innovative financing solutions**





# The solution: CITY FINANCE LAB

The first platform in Europe to support the development of  
**innovative, scalable and replicable financing solutions**  
dedicated to increasing investment in  
**climate-resilient, low-carbon and green urban projects**  
for sustainable cities



# Activities and services



- 1** **Technical advisory** on selected financing solutions to bring them to market
- 2** **Capacity building** for cities and municipal finance practitioners in order to prepare stakeholders to use the solutions
- 3** **Knowledge sharing** activities to discuss success stories, failures, lessons learnt



**Development and implementation of promising solutions**



**Scaling and replication across other cities**

# Activities and services – Technical Advisory



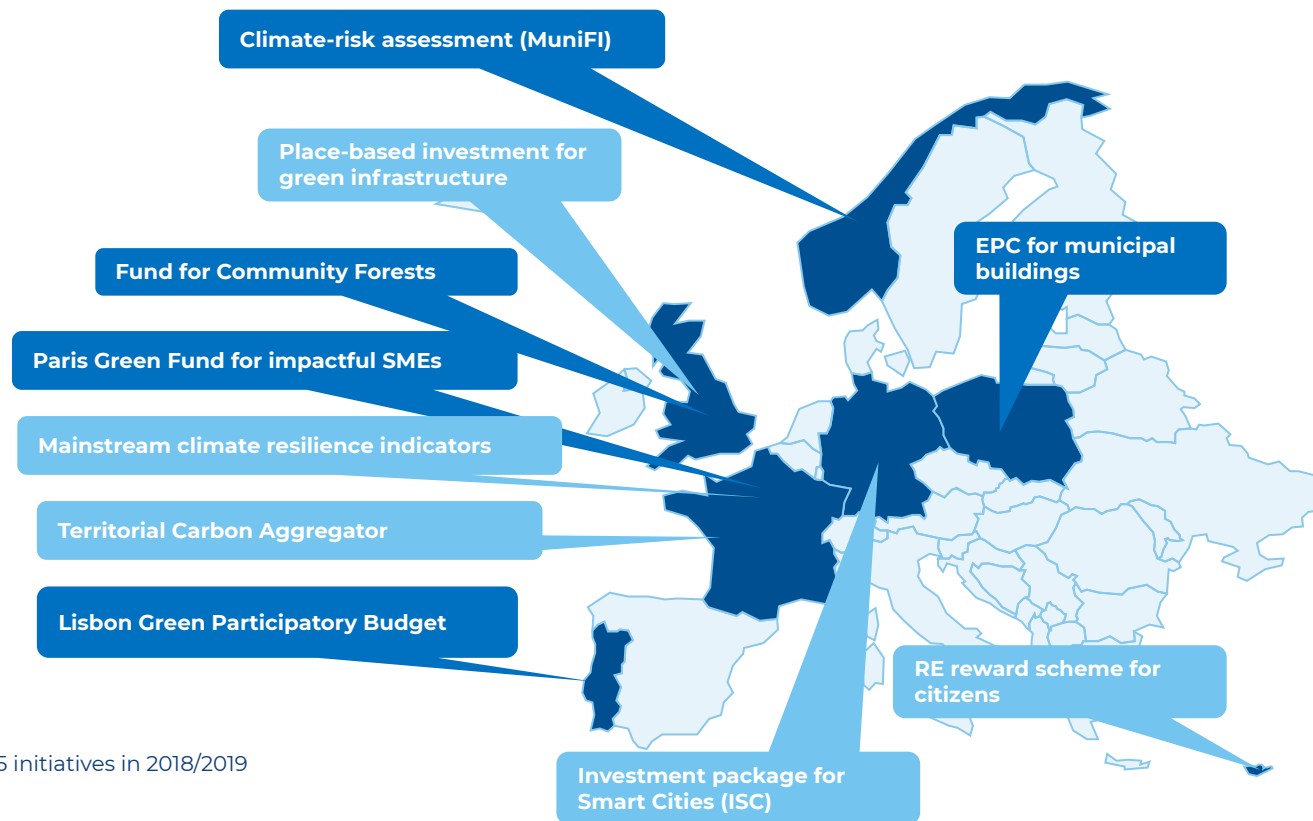
1

**Technical advisory** on selected financing solutions to bring them to market

The City Finance Lab will build a team of leading municipal and climate finance experts in its network to support the selected innovative solutions through (examples):

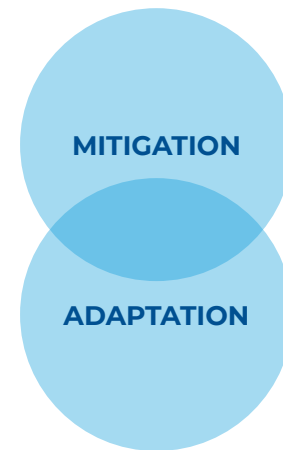
- **Developing** indicators and processes to mainstream climate finance
- **Advising** on financial vehicle structure and governance
- **Adapting** offering to match investor requirements
- **Structuring** innovative financing mechanisms
- **Improving** financing solutions to increase political support
- **Creating** standards and guidelines to facilitate replication of innovative solutions

# Innovative solutions supported



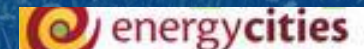
5 initiatives in 2018/2019

5 new initiatives in 2019/2020



# Aradippou Municipality Oxygen Rewards Card

**Presentation by Dr. Panayiotis Michael**  
**PhD/MBA UC Los Angeles**  
**EU Affairs Office Advisor**  
**[Panayiotis.Michael@DataCentersCyprus.com](mailto:Panayiotis.Michael@DataCentersCyprus.com)**



A Proud Member of Energy Cities

Supported by:



Cyprus Energy Agency





# Introducing Aradippou Municipality in Cyprus



A Proud Member of Energy Cities



**A small but vivid town in Cyprus  
with ancient history**

**UNESCO Intangible Cultural Heritage  
- St. Loucas fair in Aradippou**

**Mayor Evangelos Evangelides leads  
the Energy Transition of the town as  
a proud member of Energy Cities**

**Partner of the EU Horizon 2020 project  
INNOVATE**

- Municipality owned One-Stop-Shop  
for Energy Efficiency





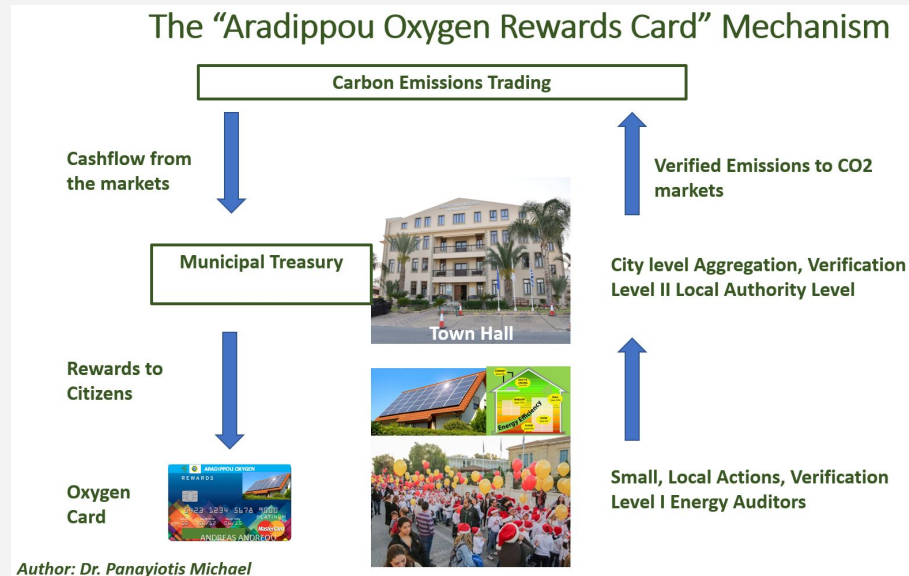
# Oxygen Card: A vision coming true

## A Municipal Card to Reward Citizens for Energy Efficiency Actions

- An initiative of Mayor Evangelos Evangelides, having the technoeconomic support of the EU Affairs Advisor of the Municipality, Dr. Panayiotis Michael PhD/MBA UCLA

**An innovative financial solution requiring technoeconomic analysis for linking the Municipal Card with the international carbon markets**

- Financial Sustainability



# ... but with obstacles



1

How to link the  
Oxygen card with  
carbon markets

**ETS is not structured for this type of market transactions**

2

Knowledge  
support needed

**Existence of alternative carbon markets**

3

Legal support  
needed

**Structuring of a Municipal Fund**

# Bypassing obstacles with the City Finance Lab Technical Assistance



## Background

Municipalities in Cyprus have committed to reducing CO<sub>2</sub> emissions with their [Sustainable Energy Action Plans](#). Thus, homeowners are required to take measures towards and make investments in energy efficiency (EE) and solar photovoltaic (PV). However, to accelerate the uptake of these green investments, it is necessary to offer citizens monetary returns. Current reward schemes tend to be restricted to grants with limited budgets that are occasionally released by governments. Due to their financial ceilings, the traditional reward schemes are not adequate for scaling up efforts to the level required to achieve Cyprus' energy saving targets.

With the support of South Pole, a company striving for a world where businesses, governments and communities make climate action the new normal. (<https://www.southpole.com/>)



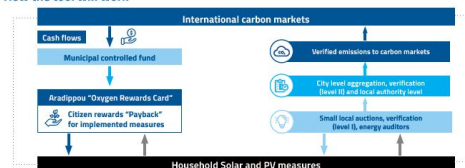
and the Cyprus Energy Agency as an independent, non-governmental, non-profit organisation helping strengthen the role of local authorities in energy planning (<https://www.cea.org.cy/>)



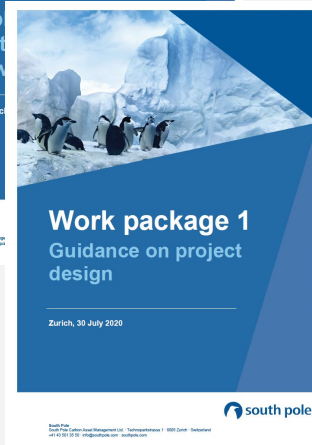
## Aradippou's innovative mechanism

Aradippou's solution is an initiative of the Mayor Evangelos Evangelides, having the technoeconomic support of the EU Affairs Advisor of the Municipality, Dr. Panayiotis Michael PhD/MBA UCLA. Under the scheme envisaged by the municipality, citizens will be rewarded for their solar PV investments by receiving payments on a municipality-coordinated credit card called the "Oxygen Rewards Card". The concept behind the scheme is to link local citizens' PV investments, and the associated emissions reductions, with actors purchasing carbon offsets on compliance or voluntary carbon markets. The mechanism seeks to become a permanent municipal service through its One-Stop-Shop (INNOVATE Horizon 2020 project (<https://www.financingbuildingrenovation.eu/>), with reductions in CO<sub>2</sub> emissions regularly reported and verified by local energy auditors.

## How the tool will work

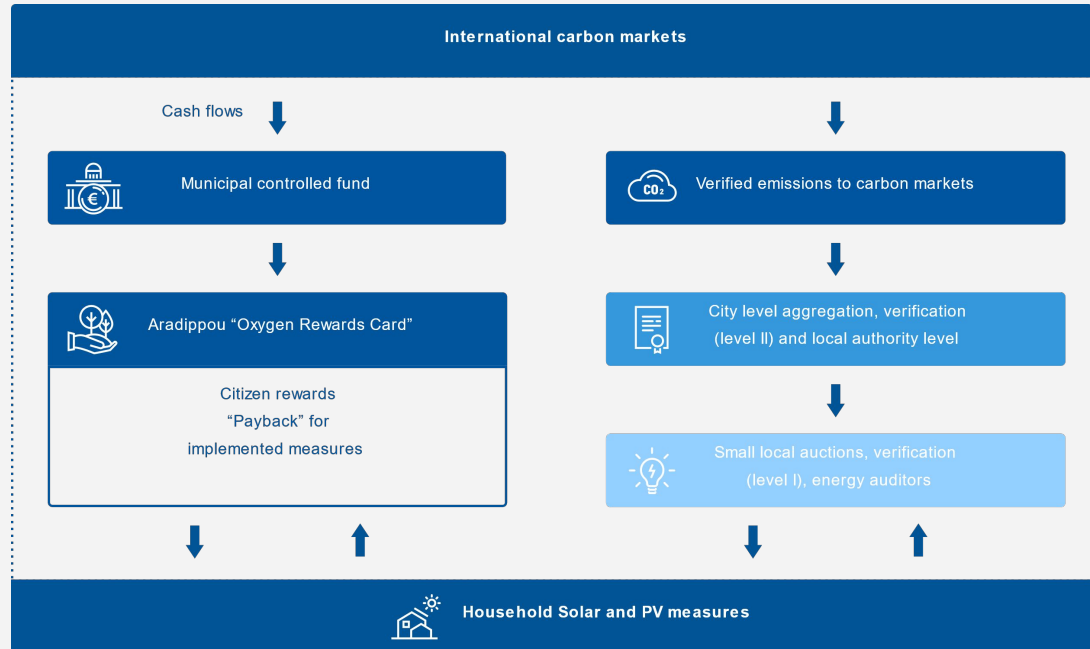


cfl.southpole.com



# Bypassing obstacles with the City Finance Lab Technical Assistance

## Towards international carbon markets





# Acknowledgements



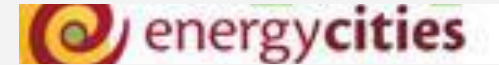
European Commission



Aradippou Municipality



Aradippou Mayor  
Evangelos Evangelides



The European association of cities  
in energy transition



CITY FINANCE LAB

Aradippou Municipality Oxygen Rewards Card



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south pole

Presentation by Dr. Panayiotis Michael  
PhD/MBA UC Los Angeles  
Aradippou EU Affairs Advisor

*Panayiotis.Michael@DataCentersCyprus.com*



Cyprus  
Energy  
Agency

A woman with long dark hair, wearing a white lab coat, is seen from the side, working on a large wall display. The wall is covered with numerous small photographs and cards, which she is organizing or attaching with string and clips. The entire image has a blue overlay.

# City Finance Lab – 2020 Call for Proposals

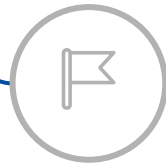
# Our process



## Call for proposal

Until October 21, 2020

Annual tender process for innovative solutions



## Selection

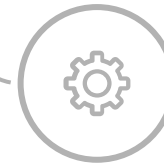
Mid-December 2020

Independent vote for the most promising solutions



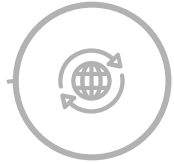
## Technical advisory 2021

Expert analysis and guidance to strengthen design, find partners and attract potential investors



## Implementation

Mobilising private and/or public capital towards urban climate mitigation and adaptation



## Scaling and replication

Actively supporting scaling and replication to other cities

# The Call for Proposals



## WHAT

**Submit your innovative financing solution. For example:**

- **Adapting** existing finance mechanisms to sustainable goals
- **Developing** innovative sustainable finance and contracting schemes
- **Creating** climate-related tools for local governments
- **Designing** dedicated urban funds or trusts
- **Replicating** successful financing solutions in different economies

## WHO

All **European-based entities** are invited to apply: cities, utility companies, NGOs, companies/start ups, etc. We cannot select initiatives that are based outside Europe for the 2020 Call for Proposals

# The Call for Proposals - criteria for selection



## Relevant

Financing climate-relevant solutions in cities

## Transformative

Mobilising significant level of private sector financing

## Feasible

Having a link or endorsements from potential partners/ investors

## Innovative

Tackling investment barriers yet to be addressed

Ambition to become

## Financially sustainable

Avoiding long-term reliance on public funding



# The Call for Proposals - How to apply?



## Step 1

**Deadline: 21 October, 2020**

- **Submit a short proposal** (max. 600 words)
  - What type of financial solution are you submitting and how is it innovative?
  - What barriers faced by cities will it help alleviate?
  - What level of investment could your idea mobilise?

Submit on our website: [cityfinancelab.com](https://cityfinancelab.com)

## Step 2

**Deadline: 18 November, 2020**

- Review of the short proposal by the CFL
- If the short proposal is accepted → invitation to submit a **full proposal** (template shared upon invitation to submit)

### CLIMATE FINANCE FOR CITIES

The City Finance Lab is a platform supporting the development of innovative, scalable and replicable financing solutions that increase investment in climate-resilient, low-carbon and green urban projects for sustainable cities

# Contact information



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