

PRESS RELEASE: For immediate release

First finance innovation lab for accelerating climate action in European cities

- **The City Finance Lab** has been launched by Climate-KIC, South Pole Group, the Global Fund for Cities Development (FMDV), CDP and the Climate Finance and Investment Centre at Imperial College Business School.
- The City Finance Lab will support the uptake of novel finance mechanisms and tools to accelerate the move towards low carbon, climate-resilient cities.

Milan, 30 October 2017 ~ The first finance innovation lab for accelerating climate action in European cities has been launched by Climate-KIC, South Pole Group, the Global Fund for Cities Development (FMDV), CDP and the Climate Finance and Investment Centre at Imperial College Business School.

The City Finance Lab will work with European cities to overcome finance barriers holding back critical climate mitigation and adaptation projects, and offer incubation support for novel financial instruments. The Lab expects to leverage **USD 500 million** in additional finance for climate action in cities.

Globally, municipalities will need significant additional investments – on top of business-as-usual infrastructure costs – to improve the climate-impacts and climate-resilience of their infrastructure, in particular in the transport, energy, water, waste, and building sectors.

To mobilize those investments, a set of services will be needed, including: project preparation to ensure projects meet the standards of the private investors, the creation of pipeline of creditworthy projects, and match making initiatives between project leaders and investors, etc.

The City Climate Finance Leadership Alliance (CCFLA) has estimated that the additional global capital investment per annum required to ensure that urban infrastructure is low-emission and climate resilient could be as high USD 1.1 trillion.

Cities consume over two-thirds of the world's energy and account for more than 70% of global CO₂ emissions. Making infrastructure improvements in cities is critical to the global decarbonisation challenge, which requires the carbon intensity of the global economy to fall by more than 6% every year – almost 6 times faster than anything the global community has achieved so far. To date, no EU member-state has achieved a reduction of more than 2% p.a.

As well as being high emitters, cities are also highly vulnerable to climate change, prone to sea level rise, storm surges, water scarcity, flooding and heatwaves.

Drawing down the USD 1.1 trillion needed to cut global emissions and improve resilience

Less than 15% of global climate finance has reached cities, according to the World Bank. European cities are no exception in the struggle to access climate finance, and face multiple barriers to financing climate action:

- European [cities lack the capacity and expertise](#) to identify and apply sources of climate finance; this makes it hard for them to choose the best financing instruments for climate investment
- With EU public debt reaching 89% of EU GDP and the stringent Maastricht rules in terms of public deficit, public authorities must be creative with regards to attracting new sources of funding for their projects
- Many cities in Eastern and Southern Europe still struggle with poor credit ratings
- [European cities struggle to create 'bankable' climate projects](#) that will attract investors, due to a lack of insufficient information about future return on investment.

Until now there has been no platform focused on supporting European cities to overcome these barriers and unlock climate finance.

The City Finance Lab will help cities develop novel financial instruments and bankable climate projects by providing technical assistance through design, development, pilot preparation and scaling. Cities and investors will be invited to submit proposals for innovative financial instruments for a place on The City Finance Lab's incubation programme.

The Lab will be scaled up over a three-year period. Launching as Europe's first innovation experiment for unlocking climate finance for municipalities, it will pilot its approach in Europe and then leverage its successes to roll out the programme in other countries and regions.

The first Call for Proposals is expected to be announced by (latest) June 2018. **To register your interest or find out more contact Victor Gancel (Victor.Ganel@Climate-KIC.org).**

Victor Gancel, Low Carbon City Lab Programme Manager:

"It is Climate-KIC's mission to support cities in accelerating their transition, for maximum climate impact. The City Finance Lab also has the potential to drive growth in climate-responsible funds, by delivering green investment opportunities for public and private investors."

Renat Heuberger, CEO South Pole Group:

"Investments in cities are key for a successful transition to a low-carbon and climate resilient future. We are thrilled to co-initiate City Finance Lab, which will incubate and accelerate innovative solutions for climate mitigation and adaptation in urban areas."



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About the partners

About Climate-KIC

Climate-KIC is the EU's largest public private partnership addressing climate change through innovation to build a zero carbon economy. We address climate change across four priority themes: urban areas, land use, production systems, climate metrics and finance. Education is at the heart of these themes to inspire and empower the next generation of climate leaders. We run programmes for students, start-ups and innovators across Europe via centres in major cities, convening a community of the best people and organisations. Our approach starts with improving the way people live in cities. Our focus on industry creates the products required for a better living environment, and we look to optimise land use to produce the food people need. Climate-KIC is supported by the European Institute of Innovation and Technology (EIT), a body of the European Union.

About The Low Carbon City Lab

The Low Carbon City Lab is a Climate-KIC Flagship programme addressing the current and future gap in access to finance for municipal authorities in both developed and developing economies.' LoCaL aims to influence the global agenda on unlocking climate finance for cities, mobilize cities and the financial sector to develop & implement bankable projects in cities, develop financial mechanisms dedicated to sustainable infrastructure projects and provide tools to better integrate environmental impact in urban infrastructure projects. We work with a core network of over 30 public and private financial players, policy makers,

private companies, solution and service providers, cities, and research institutions to mobilise finance. For more information visit: LoCaL.Climate-Kic.org or [@ClimateKICLoCaL](https://twitter.com/ClimateKICLoCaL)

About The South Pole Group

South Pole Group is a leading provider of global sustainability financing solutions and services. The company has 200 experts in 16 global offices and works with a wide range of public, private and civil society organisations for over a decade. The company's expertise covers project and technology finance, data and advisory on sustainability risks and opportunities, as well as the development of environmental commodities such as carbon credits or renewable energy credits. South Pole Group has developed and provided climate-finance to over 500 projects in emission reduction, renewable energy, energy efficiency and sustainable land-use. For more information, visit southpole.com or follow the company [@southpolegroup](https://twitter.com/southpolegroup).

About FMDV

FMDV is the unique International Alliance of Local and Regional Governments dedicated to identify, promote and develop solutions for financing and investing in urban development in a resilient, integrated and sustainable approach. Acting in a multilevel and multi-sectorial approach, FMDV provides support to local and central governments, donors & DFIs, private investors to organize the appropriate environments, instruments and strategies to finance urban development and local economic development. It contributes to facilitating the dialogue amongst stakeholders through coalitions of actors and thematic platforms such as co-hosting the Cities Climate Finance Leadership Alliance (CCFLA) and participates in international processes in order to promote proven solutions, identified from its actions on the field, for implementing international commitments.

Over the past two years, FMDV has collaborated with more than 1 500 cities and regions from over 100 countries, 250 private companies and most of the existing donors and funding institutions. www.fmdv.net

About CDP

CDP is an international non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted [number one](#) climate research provider by investors and working with institutional investors with assets of US\$100 trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 6,300 companies with some 55% of global market capitalization disclosed environmental data through CDP in 2017. This is in addition to the over 500 cities and 100 states and regions who disclosed, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP, formerly Carbon Disclosure Project, is a founding member of the We Mean Business Coalition. Please visit www.cdp.net or follow us [@CDP](https://twitter.com/CDP) to find out more.

About Imperial College London

Imperial College London is one of the world's leading universities. The College's 16,000 students and 8,000 staff are expanding the frontiers of knowledge in science, medicine, engineering and business, and translating their discoveries into benefits for society.

Founded in 1907, Imperial builds on a distinguished past - having pioneered penicillin, holography and fibre optics - to shape the future. Imperial researchers work across disciplines to improve health and wellbeing, understand the natural world, engineer novel solutions and lead the data revolution. This blend of academic excellence and its real-world application feeds into Imperial's exceptional learning environment, where students participate in research to push the limits of their degrees.

Imperial collaborates widely to achieve greater impact. It works with the NHS to improve healthcare in west London, is a leading partner in research and education within the European Union, and is the UK's number one research collaborator with China.

Imperial has nine London campuses, including its White City Campus: a research and innovation centre that is in its initial stages of development in west London. At White City, researchers, businesses and higher education partners will co-locate to create value from ideas on a global scale.

www.imperial.ac.uk