

ECCI & Climate-KIC Financing Sustainable Cities

City workshop Sustainable Scotland
Network

13 December 2018



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Aims of report

- Develop a readiness assessment of each city's ability to access private finance, in a framework which is compatible with the Covenant of Mayors' Sustainable Energy Action Plan (SEAP) framework;
- Identify priority projects for low/carbon/climate resilient development in each city in which finance is required, e.g. electric buses, rooftop solar, green fintech;
- Develop a draft financing and capacity development plan for each city, with the intention of making this public and visible;
- Map relevant EU sources and support to support this work, particularly other Climate-KIC projects such as the European Financial Centres for Green & Sustainable Finance ecosystems project;
- Conduct a workshop with the cities, key stakeholders, investors and experts to review the plans, refine them, and lay the foundations for a larger programme to deliver them.

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Identify challenges faced by cities

What do you think emerged from the consultation process as the key challenges for cities?

What financing options are available to cities?

What are the delivery options available to cities?

What assistance do they need to accelerate projects?

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Feedback from questionnaire process – the challenges

- Lack of leadership at a political level
- Lack of momentum, priority complications, slow decision making, lack of funding
- Not a joined-up approach internally
- Lack of capacity and resources to progress to procurement/tender
- Need dedicated resource to manage projects
- Skills gap in finance and legal-ability to manage external resources
- Conservative approach to finance – PWLB a safe option
- Good at developing business cases but are they commercial?
- Ability to understand and appraise different technology options – should the focus be on outcomes
- Identify cost saving/income generating potential
- Projects often not of adequate scale
- Financial modeling can be of dubious quality
- Risk appetite and a reluctance to take control
- Suspicion of private sector. There is a need for cities to partner

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Potential financing routes

- Grants
- PWLB
- Council revolving fund/infrastructure fund
- SALIX
- Bank funding- project specific or fund
- Social enterprise funds
- Community energy projects funding
- Equity raising
- Pension funds
- Crowd funding

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Potential delivery models

- In-house
- Traditional procurement
- Framework agreements for contractors
- Wholly owned Strategic ESCo
- ESCo JV with public sector partners
- ESCo JV with private sector partners
- Energy supply company
- Public sector infrastructure fund

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Areas of assistance

- Resource support internal and external
- Appropriate governance structure
- Holistic approach across departments
- Central government support unit
- Understand alternative delivery models
- Funding/resource support to develop commercial business cases
- Access and signposting to funding routes
- Risk approach