



Climate Alliance

Unlocking more and better climate action –
collaborative approach to climate finance access

Access to finance at the city level

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IPCC: Global Research and Action Agenda on Cities and Climate Change Science

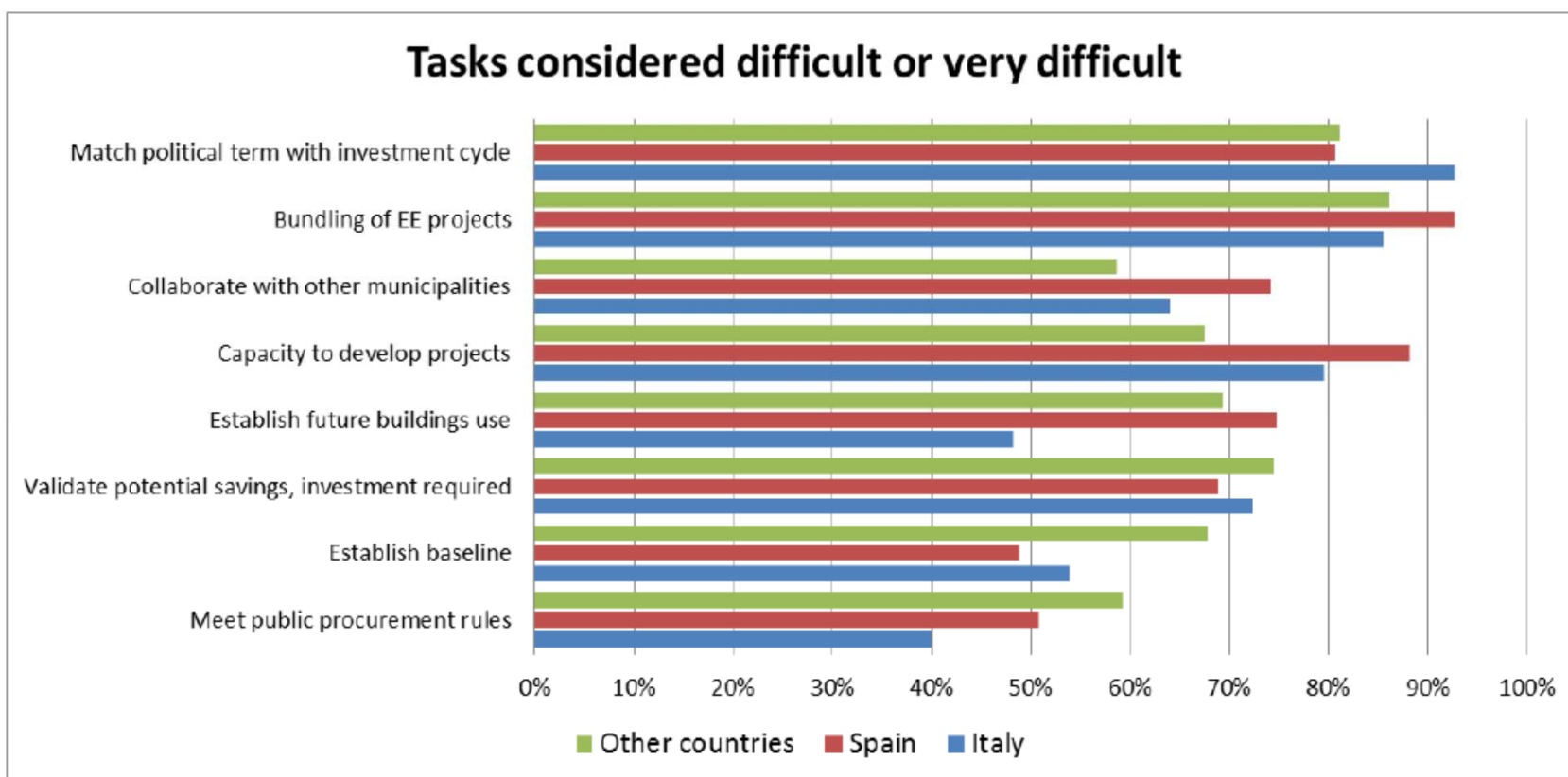


Graphic design by Amanali Cornejo V.

- Develop frameworks and tools to integrate climate considerations into fiscal and financial decision-making at the city scale
- Explore how public budgets can be strategically used, including to crowd in private investment, to address the shortfall in sustainable urban infrastructure investment
- Understand the role of public finance where projected returns are too low or perceived risks are too high to attract private finance at scale
- Find opportunities and alternatives for including low-income and other marginalised urban residents in fiscal and financial decision-making
- Explore insurance options which could empower cities to better address disaster risk

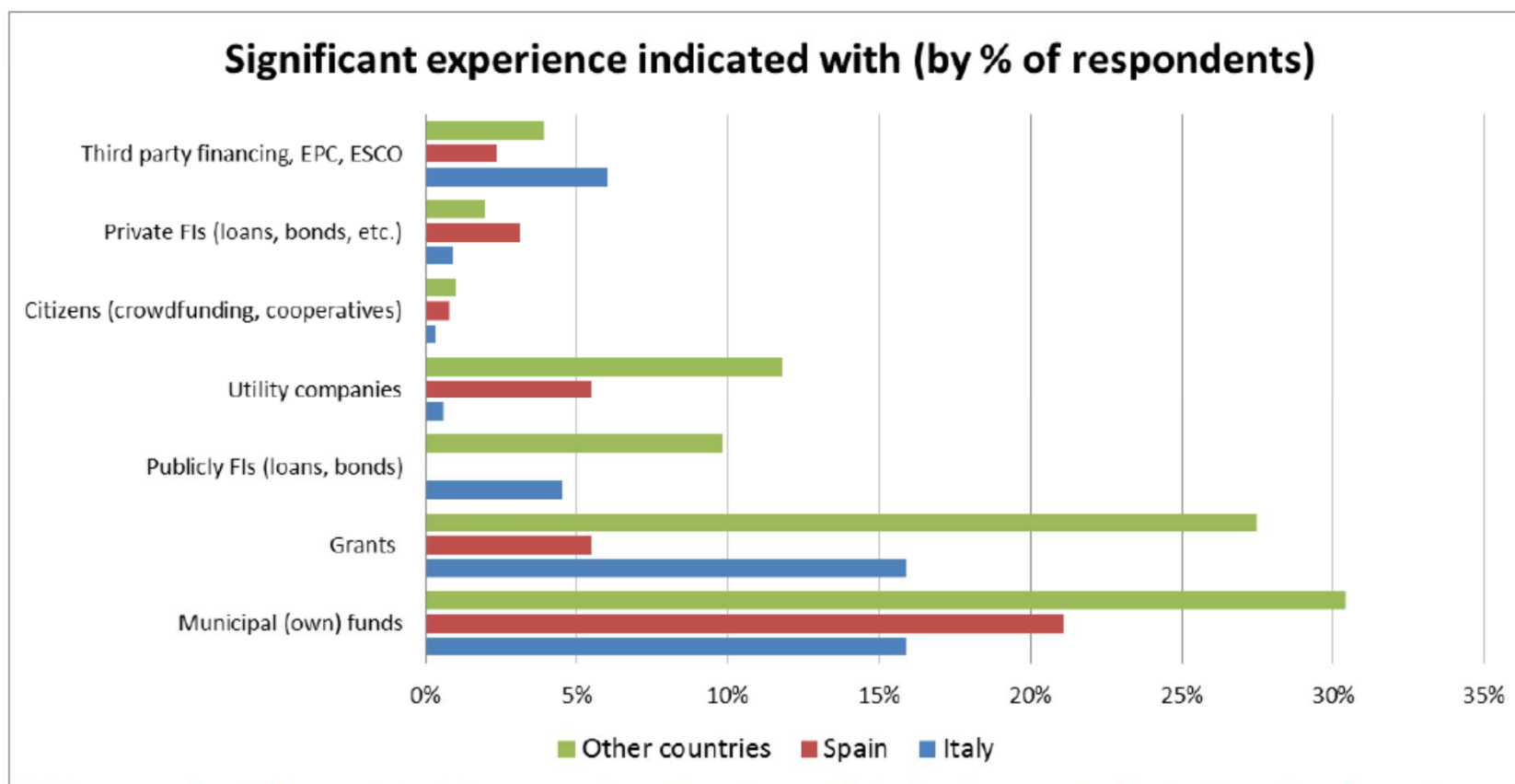
Figure 1. Pathways for climate adaptation and mitigation in cities

Barriers to financing



Largest barriers: match the political & investment cycle, bundle projects, or find capacity / partners to develop projects

Experience with funding sources



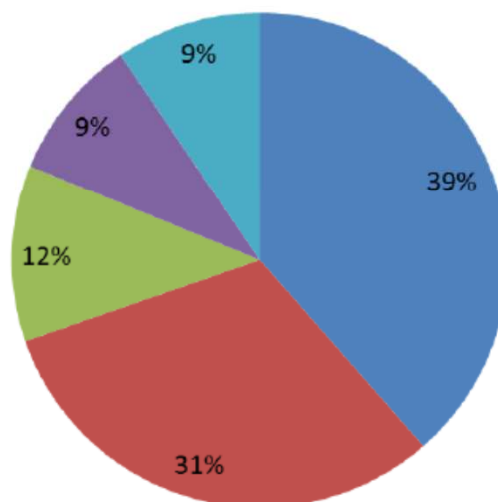
Using own funds for sustainable energy investments – in Italy this is very similar to the ratio of grant experience



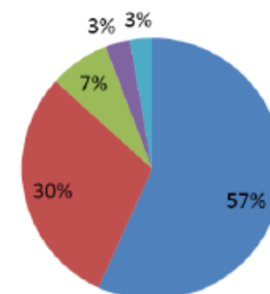
Investment plans

Breakdown of investment projects indicated by all by value range

■ < € 0.2 million ■ € 0.2-1 million ■ € 1-2 million ■ € 2-5 million ■ > € 5 million



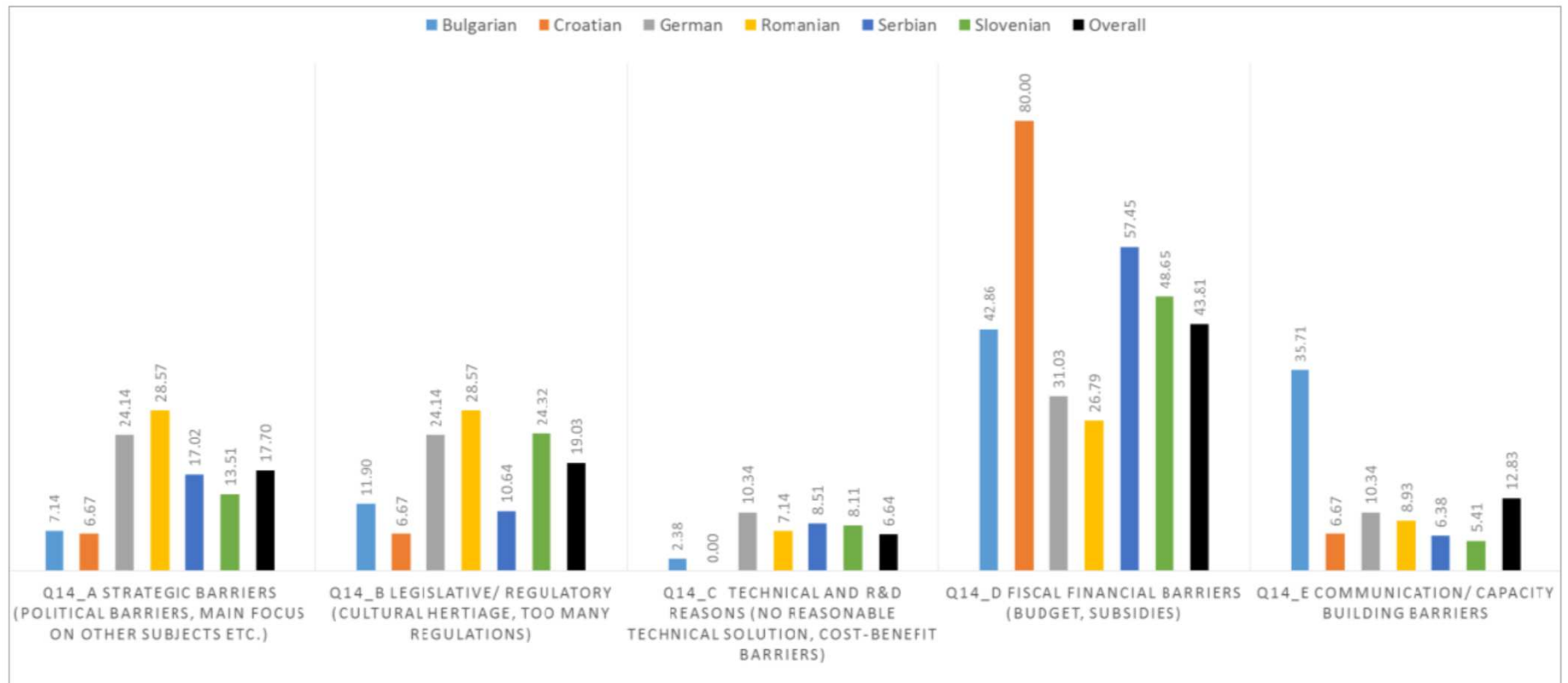
Breakdown in Spain



Overall 70% of investment plans indicated are below EUR 1 m
This ratio is 87% in Spain

EMBuild Project Findings

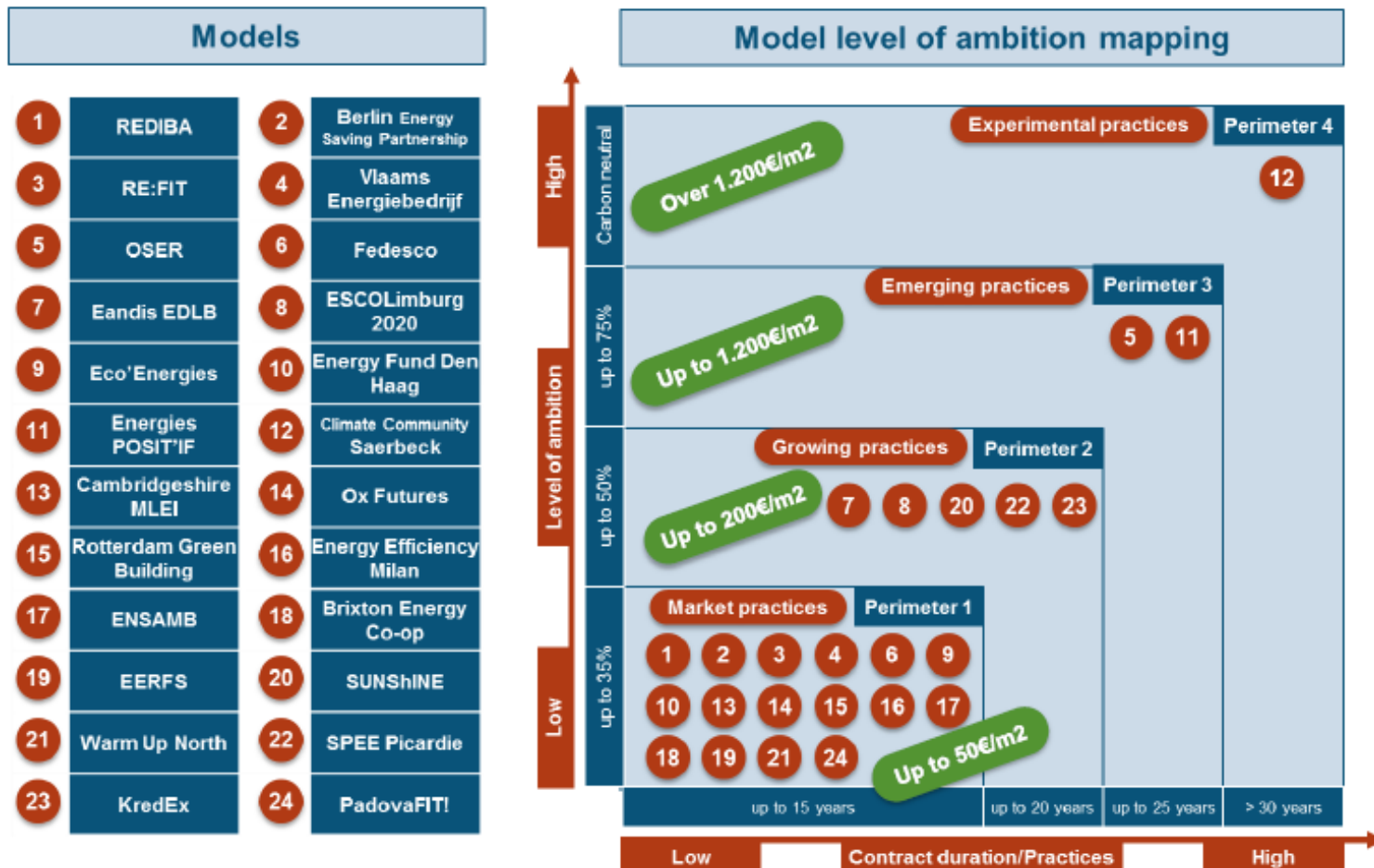
STRONGEST BARRIERS THAT HINDER THE IMPLEMENTATION OF EE AND DEEP RENOVATION STRATEGIES





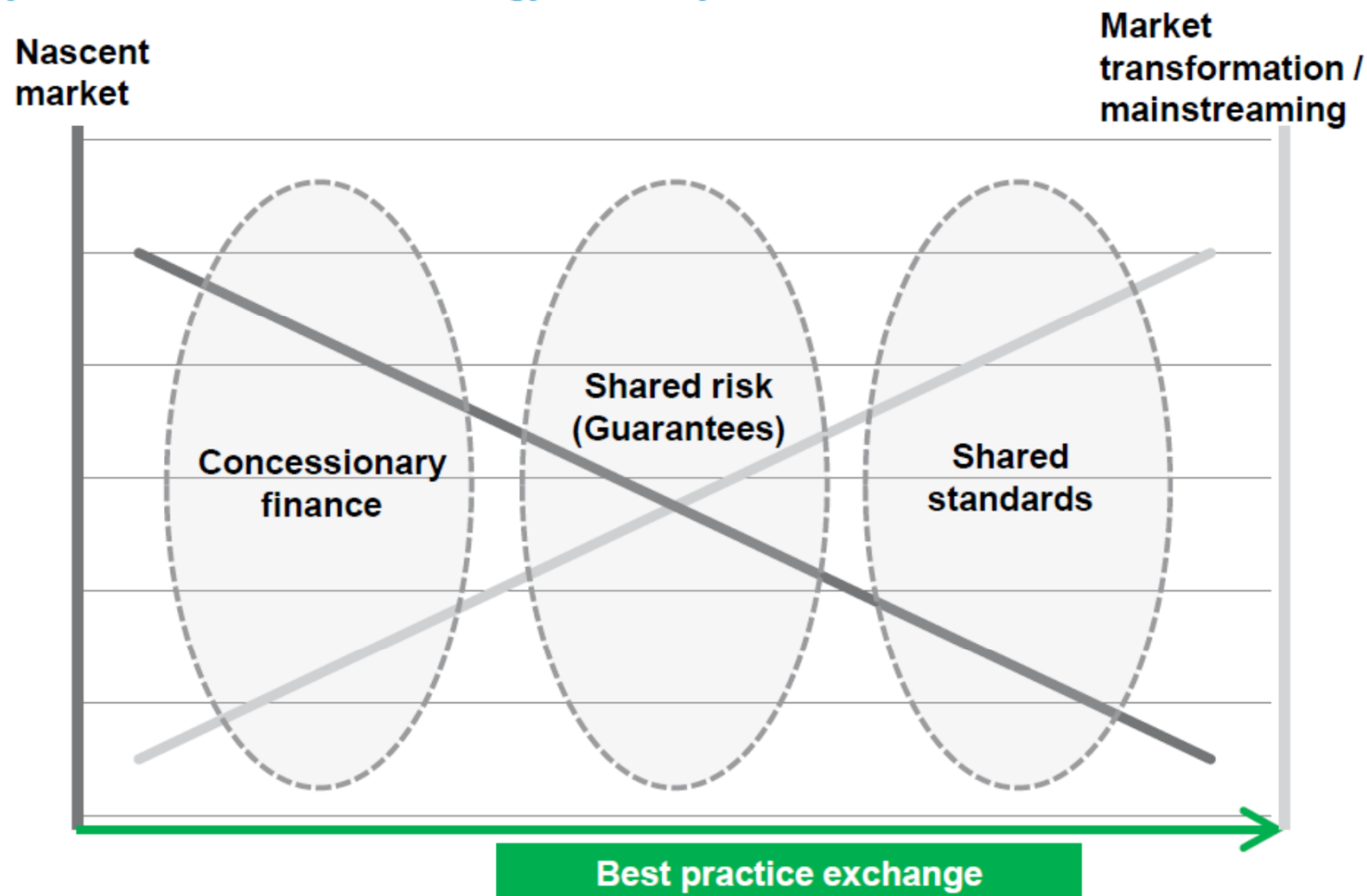
CITYINVEST Review of Finance Models

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To mainstream energy efficiency, the investment market needs to combine concessionary finance with risk sharing and standardization

Major drivers of FI action on energy efficiency



Source: UNEP FI based on Milken Institute

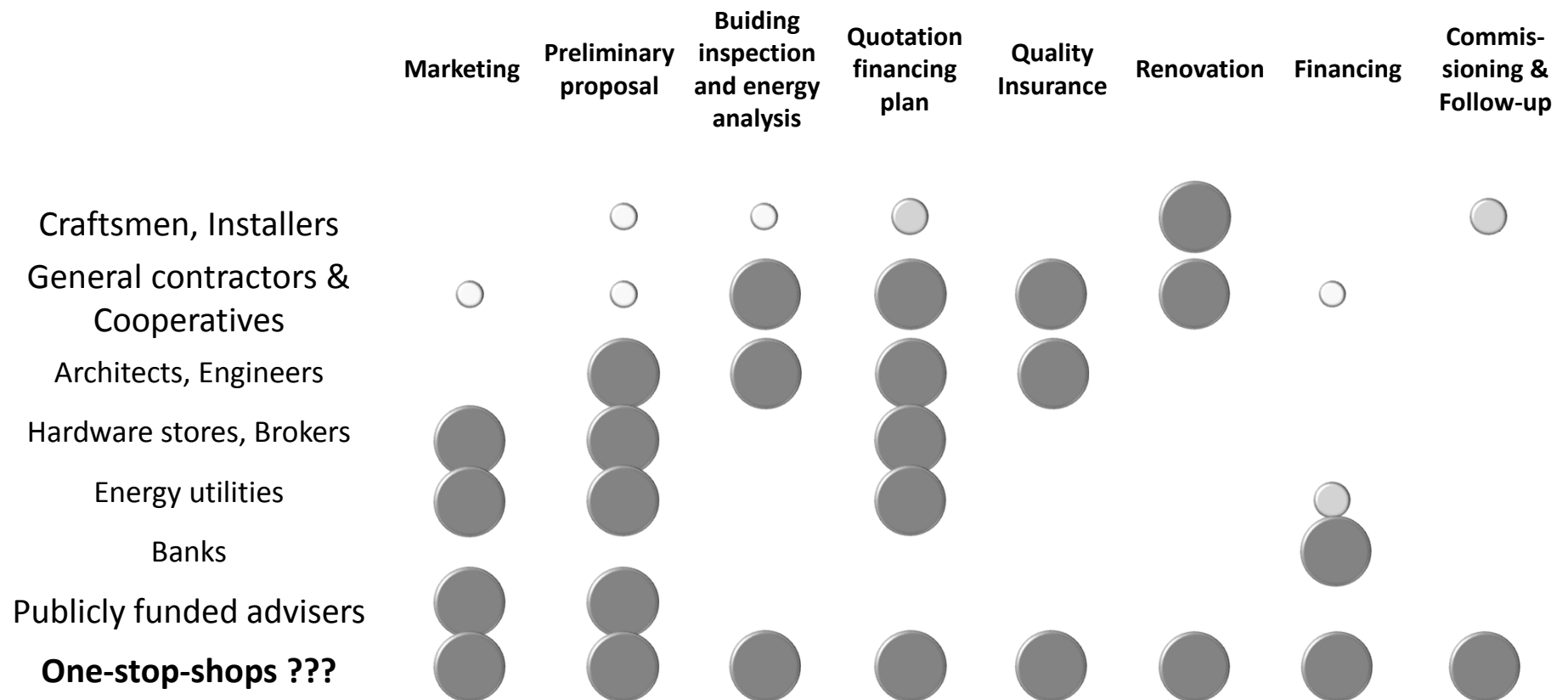


Financing Home Renovation in Europe

Consensus on findings regarding the private housing refurbishment market

→ A fragmented offer

 Core business  Limited  Emerging



5 key recommendations for a local level-driven energy efficiency financial landscape

1. Reinforce **awareness-raising & capacity-building** initiatives to accelerate take-up of existing funds
2. Further adapt support schemes to local realities with a **small-scale technical assistance facility**
3. Dedicate resources at the National level to the **set-up of regional one-stop shops** that provide integrated energy efficiency service packages
4. Commit to clear CO2 emissions reduction targets and prepare **long-term plans and programmes** to meet the targets
5. Creating a positive environment for innovative **citizen-based financial models** by improving collaboration between local authorities and renewable energy cooperatives

<http://citynvest.eu/content/5-key-recommendations-local-level-driven-energy-efficiency-financial-landscape>

Unprecedented collaboration between policy-makers, private finance institutions and development banks is required

		Integrated		Core
Market	\$	USD trillions	USD 221bn	ESCOs (USD 24 bn); "Self-financed"
Policy	2000+ policies	Energy subsidies; Inefficient markets; Supply-led planning	Energy Transition; National Renovation Strategies; Vehicle Fleet Standards; Transparent Energy Planning	"EE First"; Mandatory targets/ standards; NZEBs; EE Obligation schemes; National EE Action Plans
		Mainstreaming		
		Enabling		
Private Sector	Banks \$110tr	Finance undertaken without explicit consideration of energy "externalities" or cost effective energy improvements	Green tagging; Green buildings lending; green lending; climate lending; Equator principles	EE mortgages; Building renovation loan; EE credits/loans; EE tagging
	Investors \$70tr	Finance undertaken without explicit consideration of energy "externalities" or cost effective energy improvements	Green tagging and company disclosure; Collaborative shareholder activism; Green funds; Sustainable real estate funds	EE funds; Energy Productivity Indexes; Own real estate EE renovation; EE tagging
	Insurers \$31tr	Product and services without explicit consideration of energy "externalities"	Green buildings insurance; Climate mitigation insurance and investments; Addon coverage; Technical assistance, advisory services	Energy saving insurance; energy performance guarantee; EE advisory services
Public Sector	Public finance \$176 + bn	Finance undertaken without explicit consideration of energy "externalities" or cost effective energy improvements	Resource Efficiency; Safeguards; ESG & Climate Commitments \$33 bn	Direct EE Lending; EE Policy lending; EE targets; Technical assistance \$7 bn





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THANK YOU



Climate Action Principles of Climate Alliance

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