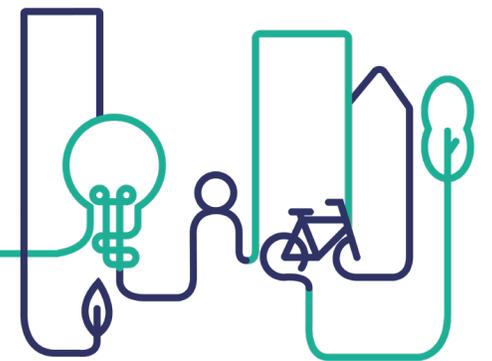


# URBAN AGENDA FOR THE EU

## Building Decarbonisation Partnership

Assignment for WG 2 - Financing Building Decarbonisation



Co-funded by  
the European Union



# Agenda

**1**

**Introductions**

**2**

**The assignment**

**3**

**Questions for the WG 2 Members**

**4**

**Discussion**

# **WG 2 - Financing Building Decarbonisation**

## **Goals of this Technical Assistance**

- To provide useful guidance for municipalities
- Based on experience make recommendations for the next funding period

# **WG 2 - Financing Building Decarbonisation**

## **Phase 1- Desk research, stakeholder engagement and initial analysis**

- Map EU-level funding sources available to municipalities for building decarbonisation, staff capacity-building and technical assistance
- Map and analyse financial instruments and mechanisms successfully used by municipalities
  - These can differ based on the city type, e.g. small city, medium-sized city, big city
  - Highlight advantages and disadvantages.

# WG 2 - Financing Building Decarbonisation

## Phase 1- Desk research, stakeholder engagement and initial analysis

- Best practices where municipalities **blended** public and private funding;
- Institutional, legal and financial frameworks enabling success.
  - at least 4 best cases per city type.
  - Suggestions on how public funding instruments and financial instruments can blend to fund building decarbonisation projects (based on the city type).

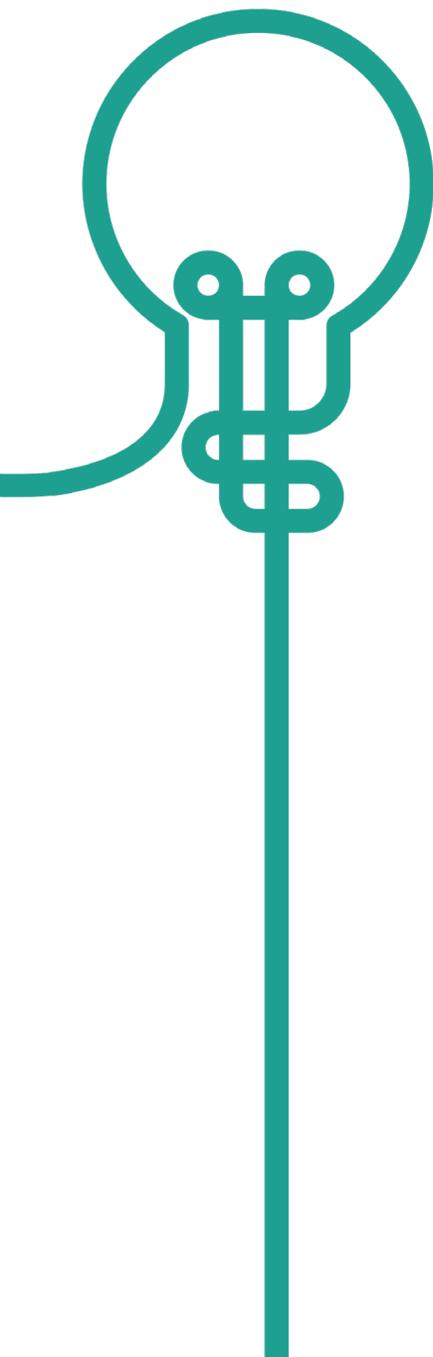
*During this phase we need your valuable input for identification of best practice and facilitate engagement with the owners of best practice.*

*Please refer to the list of questions at the end of the presentation.*

# WG 2 - Financing Building Decarbonisation

## Phase 2 – Delivering results, adapting and fine tuning

- Interactive **workshop** to share findings, identify data gaps and collect stakeholder feedback.
  - around 1.5- 2 hours
- Synthesise research findings into a comprehensive **report**, including **actionable recommendations** for municipalities and WG2, synthesis of input into coherent outputs.
  - analyse the pros/ cons of case-studies of blended finance instruments for municipalities to finance building decarbonisation projects at the city and/or district level.



## WG 2 - Financing Building Decarbonisation

### Main deliverables under the Assignment

1

An overview of **local and EU-level funding sources** available to municipalities for **building decarbonisation, staff capacity-building** and **technical assistance**

2

An overview of different **financial instruments** used by municipalities - these can differ based on the city type, e.g. small city, medium-sized city, big city

3

An overview of **blended finance best practices** identified during the research stage - at least 4 best cases per city type.

4

**Interactive workshop** to share findings, identify data gaps and collect stakeholder feedback.

5

**Final report** - best cases of blended finance instruments for municipalities to finance building decarbonisation projects + analysis

**Scope of projects/  
project intervention  
area**

**funding/ financing  
types and strategies/  
models**

## INITIAL THOUGHTS ON THE ASSIGNMENT & WHAT IS IMPORTANT

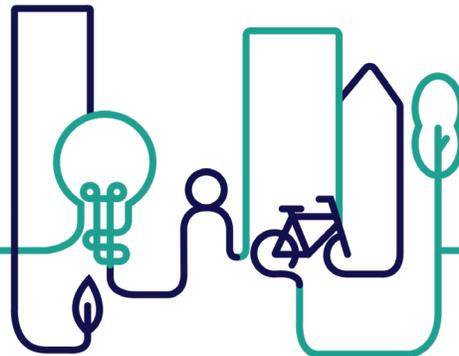
- We are at a point that funds from current funding period are already absorbed, not clear what is coming in the next period
- The direction will be blended instruments and scaling of effort at the EU level
- Lessons learnt can be drawn from the current experience
  - Good practices
  - Failure stories
- Coherence of local strategies, capacities, what can be efficiently done with the available technology providers and private companies,
- Digital era enhances business models, fine tunes technologies, room for innovation in technologies, revenue collection, incentive- schemes distributions



## SEARCHING FOR PROJECTS/ INVESTMENTS, where INNOVATIVE FINANCING delivers BUILDINGS DECARBONISATION

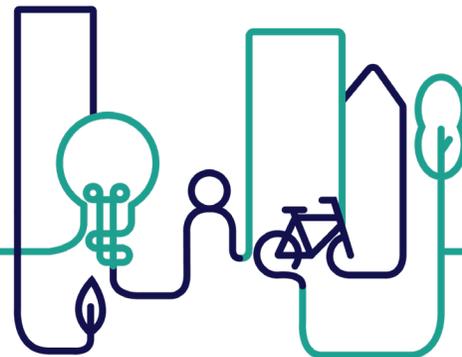
Blended finance – a mix of sources of funding, financing and revenue:

- **grants:** EU and national grant funding schemes, local budgets
- **financial instruments:** Loans, equity, soft loans, guarantees, bonds, etc.
  - Climate bonds, peer to peer, crowd funding, public private partnerships, PPA
- revolving fund, capital rebate
- Urban regeneration
- Local strategies (EE, renovations, housing)
- Building renovations (residential, public, mixed-use)
- Integrated district renovation/ regeneration
- District heating and cooling investments (renovation, expand, new)
- Renewable energy generation and integration (local consumption, storage, input to district heating, energy communities)



# SEARCHING FOR PROJECTS/ INVESTMENTS, where INNOVATIVE FINANCING delivers BUILDINGS DECARBONISATION

- **economic instruments:** Taxes, subsidies and market-based mechanisms
  - on-bill, carbon credits, land value capture, tax cuts, property-linked finance, green mortgages, ESCO
- policy instruments and governance: one-stop shop
- just & affordable finance
- Urban regeneration
- Local strategies implementation (EE, renovations, housing)
- Building renovation (residential, public, mixed-use)
- Integrated district renovation/ regeneration
- District heating and cooling investments (renovation, expand, new)
- Renewable energy generation and integration (local consumption, storage, input to district heating)



# Questions for the WG 2 Members: **IDENTIFYING BEST PRACTICE**

Your input is highly needed and valued!



## SEARCHING FOR CASE STUDIES

Time for reaching out to potential case studies:

until 18 December

Time to receive background information, answers in writing from case studies:

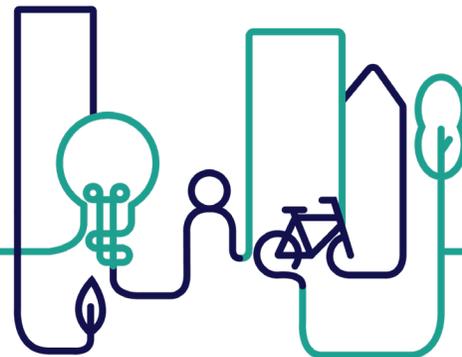
until 5<sup>th</sup> of January

Time to establish contact and try to set up an interview with the selected case study (target 5 to 8 interviews):

from now and to 5<sup>th</sup> of January

Time for interviews:

5<sup>th</sup> January to 12<sup>th</sup> January



## CASE STUDIES: DECARBONISATION meets INNOVATIVE FINANCING

Describe your building decarbonization project (to include elements of the topics listed above, preferably district/neighbourhood level)

- Financing/ funding
  - Please describe sources and quantity of financing and funding used?
    - local/national/EU public funding (identify funding programme)
    - private or IFI financing: loans, guarantees
    - Municipal bonds (backed by IFIs)
    - Private partners
    - Etc.
  - For which elements of the project was it difficult/not possible to access funding/financing? Why?
    - What was essential but not eligible
    - Transaction costs and project preparation, technical assistance

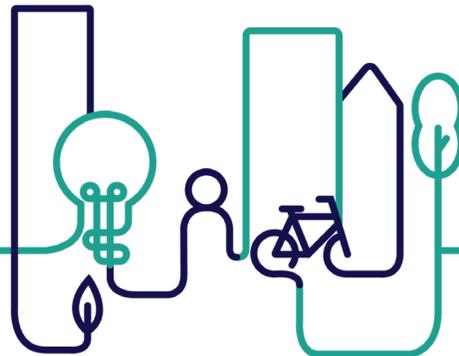


## CASE STUDIES: DECARBONISATION meets INNOVATIVE FINANCING

- What are the main revenues of the project during operation (if relevant)
- What local incentives were created to attract private investments?
  - Tax cuts, subsidies, preferential tariffs, land value capture, on the bill financing, etc.
  - One stop shop, dedicated department or PIU, marketing, bylaws, obligations on dwellers etc

With a focus on blending financing please answer the following key questions:

- **What were the key success factors?**
- **What were the main causes of failure?**



**Thank you**

