



Net Zero Investment Co-Innovation Lab

[Bristol, UK](#)

NZ Pilot Cities Inspiration Event

26 Sep 2023

15:00 to 16:30 PM CEST

Peter Dempsey, Project Manager, Bristol City Council (Lead partner)



NET ZERO CITIES

EU MISSION PLATFORM | CLIMATE NEUTRAL AND SMART CITIES



EU MISSIONS

CLIMATE-NEUTRAL & SMART CITIES



NETZEROCITIES PILOT CITY



Bristol

Net Zero Investment Co-innovation Lab



Funded by
the European Union

#EUmissions #HorizonEU #MissionCities

Project Objectives

Objectives

- To establish the Net Zero Investment Co-Innovation (NZIC) Lab
- To launch at least three new investment funds for evaluation
- To identify new investor streams and new investable projects
- To demonstrate and quantify benefits to Bristol and its citizens, especially vulnerable groups
- To share insights and learnings with partner cities in Europe and beyond

Strategic fit

- The project aligns with the following Bristol City Council policies and priorities
 - to achieve carbon neutrality and increased resilience by 2030
 - Bristol's One City Climate Strategy
 - Just Transition to carbon neutrality



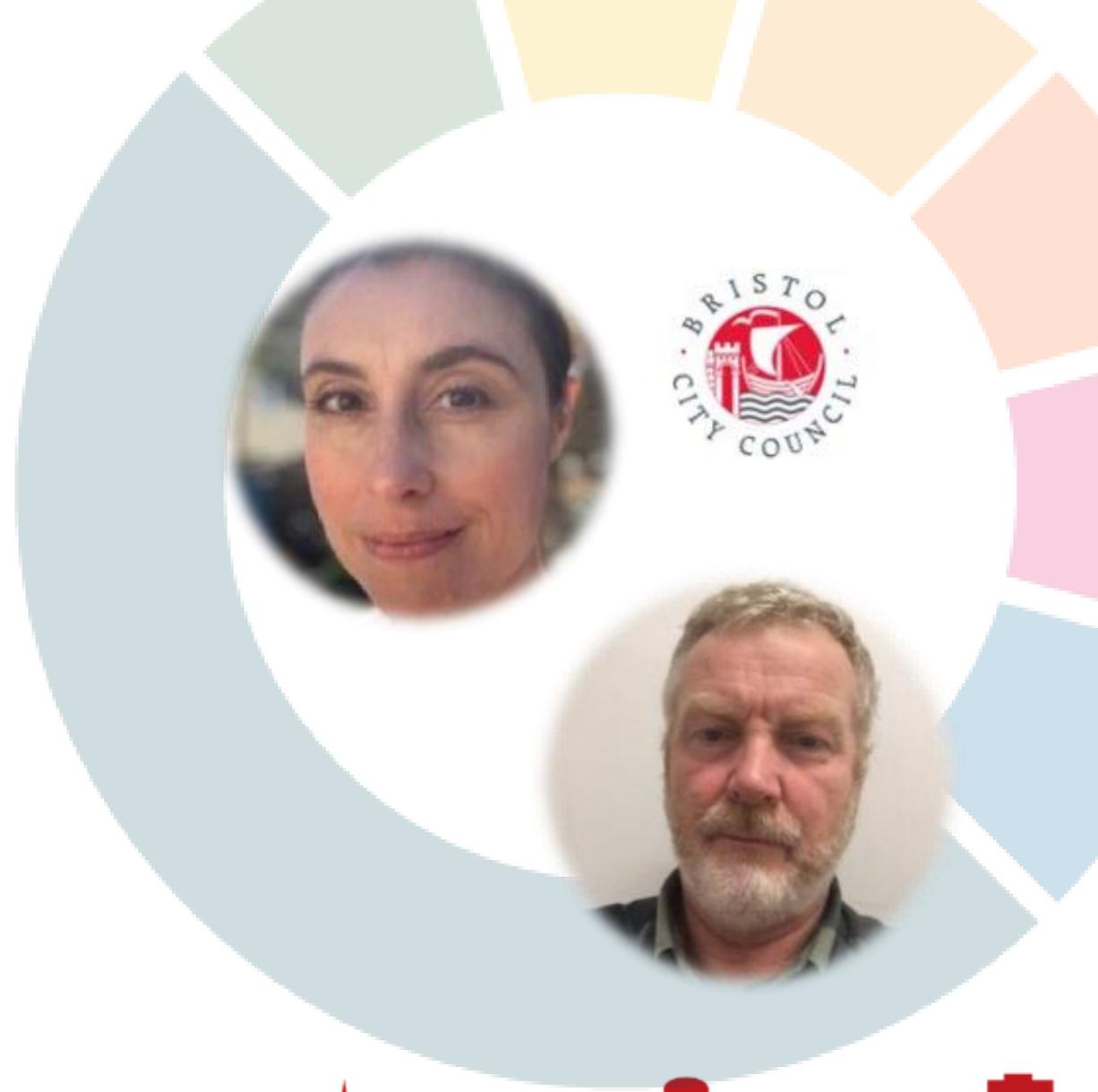
Lead Partner - Bristol City Council

Alex Ivory, Climate Change Team
Manager

Peter Dempsey, Project Manager

[Bristol, UK](#)

[Our action on climate and ecology](#)
 [\(bristol.gov.uk\)](http://bristol.gov.uk)

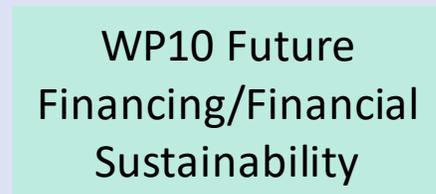
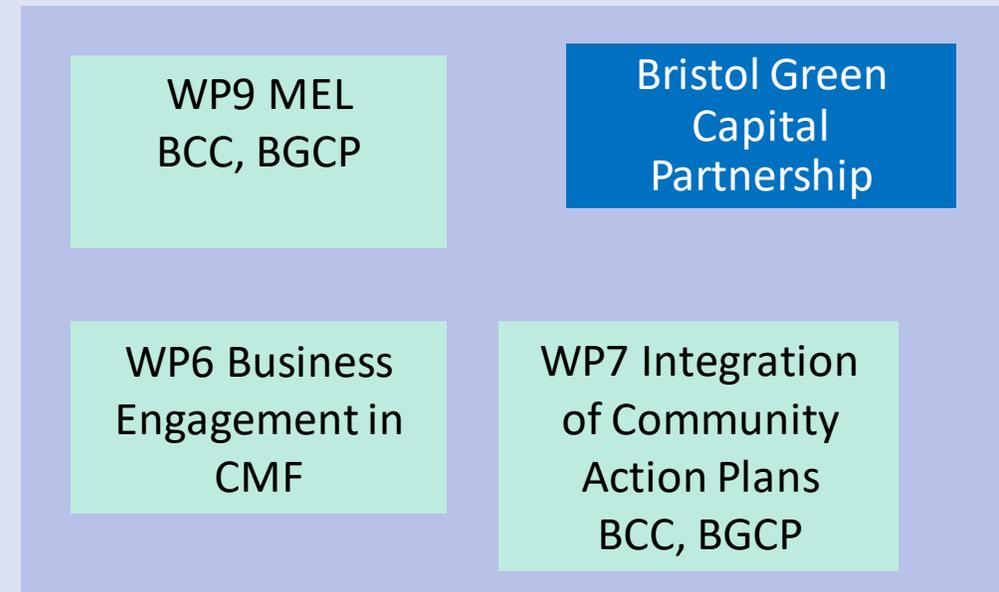
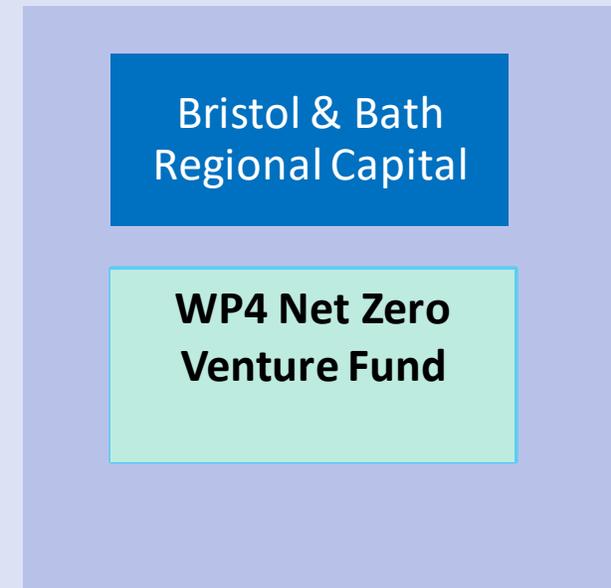
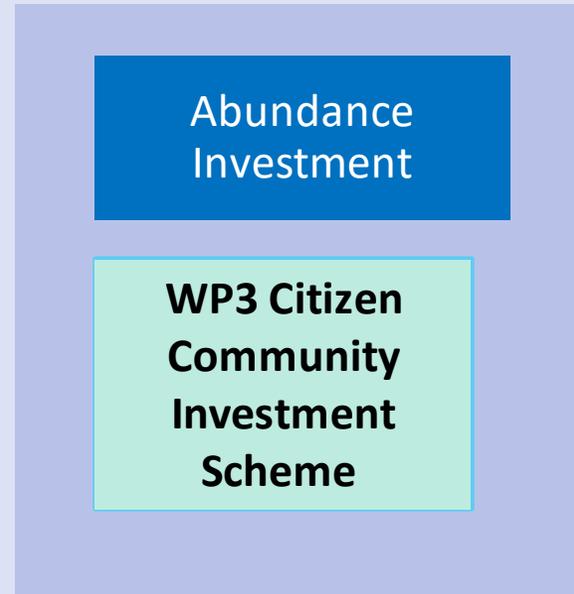
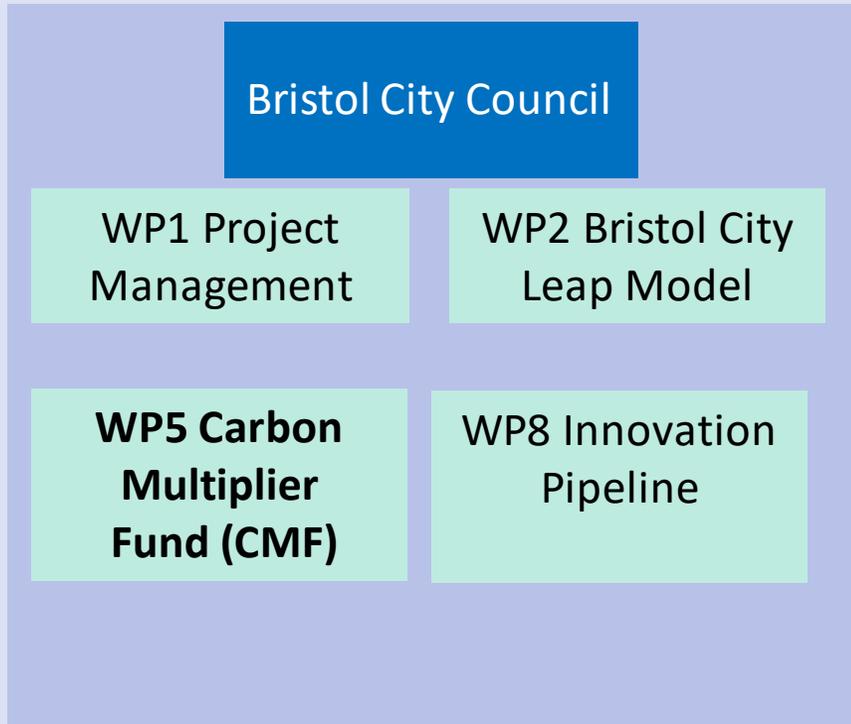


Other Project Partners

- Abundance Investment
- Bristol & Bath Regional Capital
- Bristol Green Capital Partnership



Net Zero Investment Co-Innovation Lab – Work Package (WP) Structure



WP3 – WP5 Proposed Investment Funds

- **WP3 - Citizen Community Carbon Investment Scheme – Abundance**
- **WP4 - Net Zero Venture Fund – ESG and corporate investments - BBRC**
- **WP5 - The Carbon Multiplier Fund – Developer and offset funds – BCC**
- WP6 - Business Engagement with Carbon Multiplier Fund
- WP7 - Integration of Community Action Plans
- WP8 – Innovation Pipeline
- **WP9 – Monitoring, Learning & Evaluation (MEL)**
- WP10 - Future Financing/Financial Sustainability

Emphasis on priority WPs in bold



Stakeholders

- Bristol City Leap
- Bristol citizens
- Public and private investors
- Bristol Advisory Committee on Climate Change
- Finance Consultancy Group (to be established)
- Bristol One City Environment Board
- Universities in Bristol and Bath



Boot Camp and Project Refinement

- Engaged with Climate KIC programme team and others – very well supported by the team
- Improved understanding of programme expectations and administration
- Reviewed and agreed criteria for Monitoring, Evaluation and Learning (MEL) in relation to the newly issued Theory of Change
- Changes to work structure and distribution between partners



Theory of Change

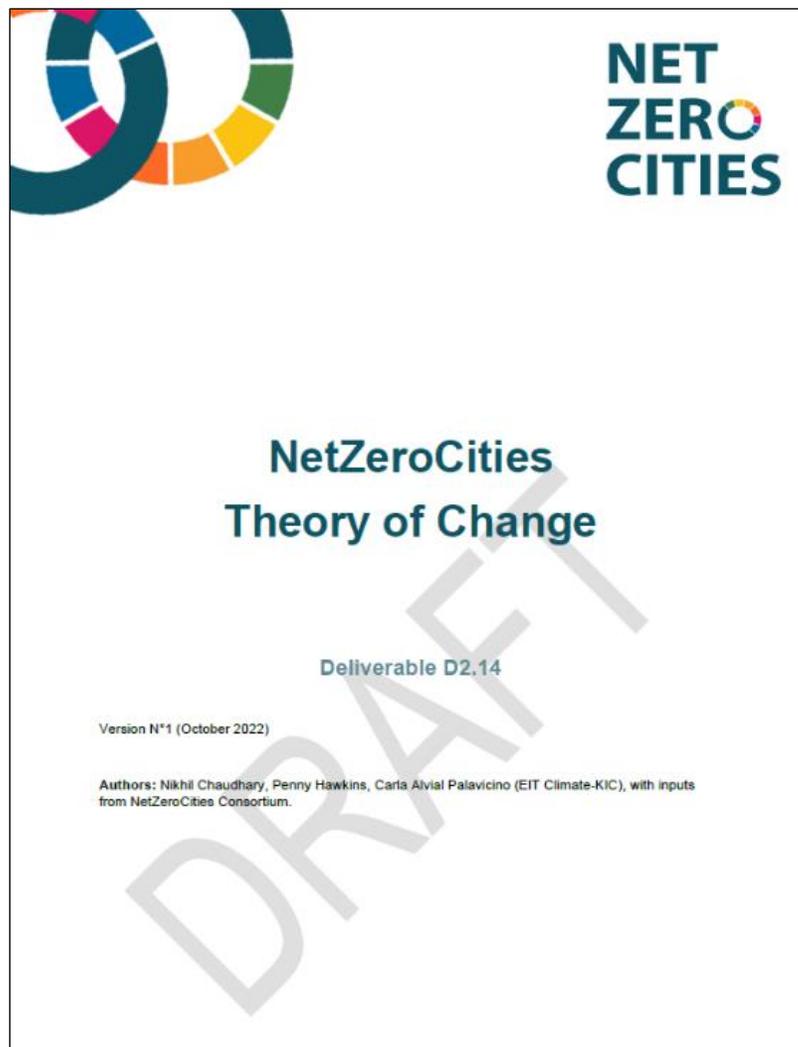
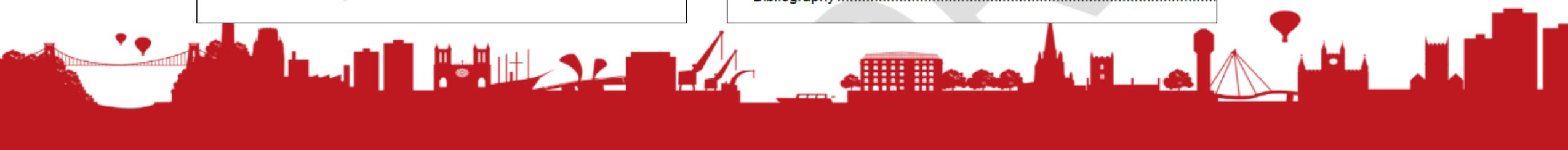


Table of contents

- Introduction
- 1. Theory of Change approach
- 1.1 What is a Theory of Change?
- 1.2 Why develop a Theory of Change?
- 2. TOC: Essential elements and process steps
- 3. NZC Theory of Change
- 3.1 Overall structure
- Impact pathway 1: Technological innovation & infrastructure
- Impact pathway 2: Finance and funding
- Impact pathway 3: Social innovation
- Impact pathway 4: Democracy and participation
- Impact pathway 5: Governance innovation
- Impact pathway 6: Learning, capacity and capability building
- 3.3 Direct impacts and co-benefits
- 3.4 Risks and assumptions
- 4. Using the TOC in practice for NZC
- 4.1 Input into MEL for systems transformation
- 4.2 Input into strategic learning and adaptive governance
- 4.3 Input for local co-creation and tools for cities
- 5. Examples of TOC for systemic innovation practice
- Conclusion
- Glossary of Terms
- Bibliography



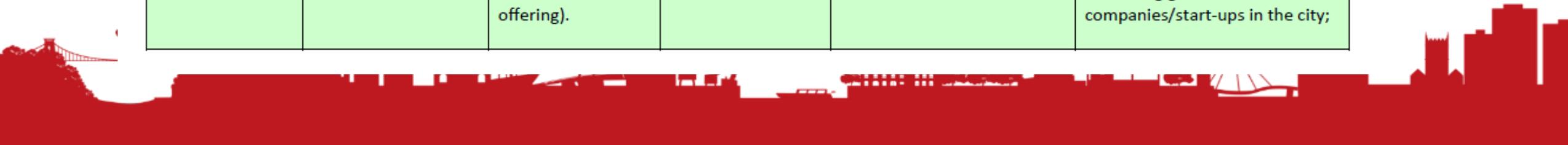
Bootcamp Refinements - MEL Acceptance Criteria

- Acceptance criteria agreed based on Theory of Change
 - x3 Funds launched
 - Improved investments in climate change and nature action
 - Improved citizen participation
 - Improvement in skills and awareness
 - GHG emissions reduction



Bootcamp Refinements - Finance Innovation

Portfolio of interventions*/ Entry Points	Early changes 1-2 years		Later outcomes 3-4 years		Impacts and co-benefits
EP1.1 Address systemic barriers to investment and address innovation avenues via incubation of alternative financial products.	EC1.1 Create Community Citizen Investment Scheme structure for supporting decarbonisation projects. (Launch fund)	EC1.9 Initial Community Citizen Investment Scheme issue achieves financial target.	LO 1.1 Testing Community Citizen Investment Scheme in context of system.	LO 1.8 Replicable, well governed model for Community Citizen Investment Scheme. (Money raised and invested in projects by Community Citizen Investment Scheme; Citizen engagement in Community Citizen Investment Scheme reached 20,000 citizens investing).	I 1.1 Reduced GHG emissions (standardised measure – see Indicator 5) assessed via reporting on Community Citizen Investment Scheme investment. (Funded projects in Community Citizen Investment Scheme with projected positive impacts on health).
	EC1.2 Create a Net Zero Venture Fund** to develop supply side and start-ups supporting the transition. (Launch fund)	EC1.10 Initial investor(s)/fund secured towards eventual target value. (Self-sufficient fully funded fund. Funds invested into projects. Success/fail of launch of second offering after full investment of first offering).	LO 1.2 Testing Net Zero Venture Fund in context of system.	LO 1.9 Replicable, well governed model for venture fund. (Investment in SMEs with corresponding finance invested into supply side of supporting the decarbonisation transition and increased supply of their products and services; Investment of first offering; Size of second offering)	I 1.2 Reduced GHG emissions (standardised measure – see Indicator 5) assessed via reporting on fund investment. (Funded projects with projected positive impacts on health; New jobs in green jobs sectors available to all; Local jobs created and supply chain enhanced; Investment in new and existing SMEs; Increasing green tech companies/start-ups in the city;



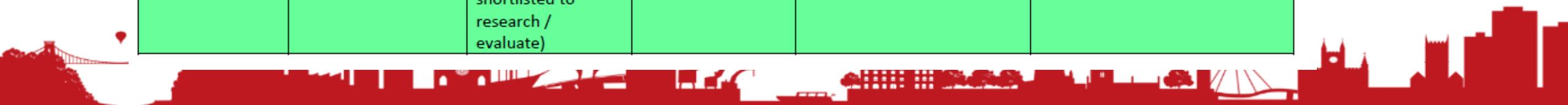
Bootcamp Refinements - Finance Innovation

					New jobs created in target areas of city reference organisations' Just Transition commitments; Increased availability of renewables technology supply eg heat pumps, solar PV and/or other indicative technologies)
	EC 1.3 Create Carbon Multiplier Fund. (Launch fund. Scale-up fund).	EC1.11 Businesses engaged and followed by investment in fund. (Local focus makes fund appealing. Funds invested into projects).	LO 1.3 Testing in context of system. Number of businesses choosing to use fund for their offsetting (insetting).	LO 1.10 Replicable, well governed model for multiplier fund. (Number of businesses in Bristol with a declared ambition to be NZ by 2030 (target 10%); Delivery of additional projects supporting the transition)	I 1.3 Local jobs created and supply chain enhanced. (New jobs created in target areas of city reference organisations' Just Transition commitments; Investment in new and existing SMEs; Nature and biodiversity benefits)
EP1.2 Build financial capacity of public officials and selected city partners in Bristol and elsewhere via twinning including how to work with the private sector and community sources / sharing experience to date.	EC1.4 Better understanding of the funding landscape and how public officials can operate most effectively within it.			LO 1.11 Robust analysis of learnings.	I 1.4 Investment in types of projects previously difficult to fund.
	EC1.5 Increased capacity of public officials such that they can operate more effectively within the funding landscape.	EC 1.12 Increased new contacts leads to increase in new ideas generated from external sources to Lab project partner organisations.	LO 1.4 Closer collaboration between the municipality, the private sector and communities.	LO 1.12 Further innovation and more collaborative models, through increased knowledge and empowerment. Public officials understand how to use a more portfolio-	I 1.5 Increased staff capacity to develop and deliver financial roadmap for transition (number of staff trained via Pilot on climate financing and investment – see Indicator 4; Mapping of staff relationships with other cities)



Bootcamp Refinements - Finance Innovation

				based approach to investment.	
EP1.3 Address need to see how the different financial interventions work together as a system and with up to 3 other selected initiatives to be explored.	EC1.6 Understand as a group the business cases and needs for interventions – compilation into roadmap or similar for system. (Roadmap co-creation improves financial impact across system. Roadmap feeds into Bristol City Climate Contract Investment Plan (CCCIP), a dynamic document).	EC1.13 Modifications to relevant policies, structures and/or governance if recommended.	LO1.5 Alignment of products and services - better structures and/or governance stimulate engagement and/or investment.	LO1.13 Finance invested into entangled projects with a positive outcome/breakthrough. (Investment collectively in projects; Impact monitoring feeds back into improvement of system)	I 1.6 (customised measures) City builds capacity to source and manage public and private funding for the roadmap and CCC IP. (Actual 2030 emissions projections improved by actions of Lab (as reported by reputable method eg CDP/ ClimateView) for city of Bristol and for Bristol City Council ie reductions are seen in comparison to previous projections; Finance invested into SMEs across all products created; Change in fuel poverty indices eg EPC ratings of low-income households).
	EC1.7 Understand potential value of additional innovative financial products or services in context of system.	EC1.14 Potential profitable financial innovations identified as longlist of around 20+ ideas. (Around 5 options shortlisted to research / evaluate)	LO1.6 Deliver either a live scheme(s) or a case study(ies) and evaluation. (Testing in context of system).	LO1.14 Delivery of additional, profitable financial innovation(s) (up to 3 new structures launched)	I 1.7 (customised measures) (Total finance raised across all products created; Cobenefits of project(s) across all products).



Bootcamp Refinements - Finance Innovation

	EC1.8 Explore how to make these products self-sustaining without requiring further public money.		LO1.7 Learn through implementation of new structures.	LO1.15 (customised measure) Income tap for products. (Products continue without the support of public money)	I 1.8 (customised measures) Value of finance that creates income tap for products (and incubated projects therein if able to measure). Reduced public financial input.
Criteria	Criteria 1: Funds x 3 launched			Criteria 2: Improved investments in climate change action Criteria 3: Improved citizen participation Criteria 4: Improvement in skills and awareness Criteria 5: GHG emissions reduction	
Metrics (qual data)	Indicator 1: Funds launched Y/N (customised measure)				
Metrics (quant data)				Indicator 2: € invested over the lifetime of the pilot project (standardised measure) Indicator 3: # of citizens engaged through the Pilot activities (standardised measure) Indicator 4: # of public officers trained through the Pilot activities (standardised measure)	
				Indicator 5: t CO2 equivalents / year (as assessed via reporting on products) (standardised measure)	



Achieved and Planned

Achieved

- Formed project consortium and project kick-off
- Strong Mayoral support and wider support from Bristol City Council
- First tranche of funding received
- Confirmed target launch date for first offer from Abundance Investment Scheme
- BBRC - Onboarding new staff, landscaping and scoping activities
- BGCP - Connecting with BACCC and OCEB and Community Climate Action Partners

Planned

- Conceptual workshop building on Theory of Change
- Publicity, promotion, communications events planned
- City Twinning introductions planned with Irish and Greek twins
- Climate-KIC programme coaching planned to start in autumn/winter 2023



Challenges & Risks

- Engaging a large, diverse and busy stakeholder group
- Differentiation from other ESG products and institutions
- Key Risks
 - Less than anticipated interest from investors
 - Rate of return for investors
 - Identifying suitable projects
 - Changes in market rates (tax & inflation) and energy & production costs
 - Policy changes central & local government (subsidies and incentives)
- Mitigation
 - Expert guidance (from advisory group to be established and from Green Finance Institute support to project manager)
 - Legal and financial eg [FCA](#) approvals
 - Publicity and transparency
 - Stakeholder and citizen engagement

