



Design Your City's Net Zero Strategy: Online Planning Lab

NetZeroCities online course for all cities

September 16th - December 11th 2025



NET ZERO CITIES



EU MISSION PLATFORM

CLIMATE NEUTRAL AND SMART CITIES



NetZeroCities has received funding from the H2020 Research and Innovation Programme under grant agreement n°101036519.



18th November 2025

Module 5 – Core Session 1

Core Session – Introduction to Finance

Increasing financial knowledge and learning about the project financing options





Housekeeping



Stay muted unless you are invited to speak.



Raise your hand before speaking.



Stay engaged: We invite you to keep your camera on.



Use the chat for questions and to introduce yourself.



Change your Zoom name to include your city.



Activate Closed Captions to keep up with the speakers.





Module 5 breakdown

Core session: [Introduction to finance: increase finance knowledge of the public administration and learn about options to finance projects](#) (2 hours)

[Today | 9:15 - 11:00 CET]

Spotlight session 1 - lead by South Pole [Preparing a pipeline of projects for external financing](#) (2 hours)

[Thursday | 20-11-25 | 13:15 - 15:00 CET]

Spotlight session 2: [Different investor groups and the key priorities and returns profiles for each and instruments](#) (2 hours)

[Tuesday | 25-11-25 | 9:15 - 11:00 CET]

Spotlight session 3: [Financing the ambition: Learning from Mission Cities](#) (2 hours)

[Thursday | 27-11-25 | 13:15 - 15:00 CET]





Lecturers



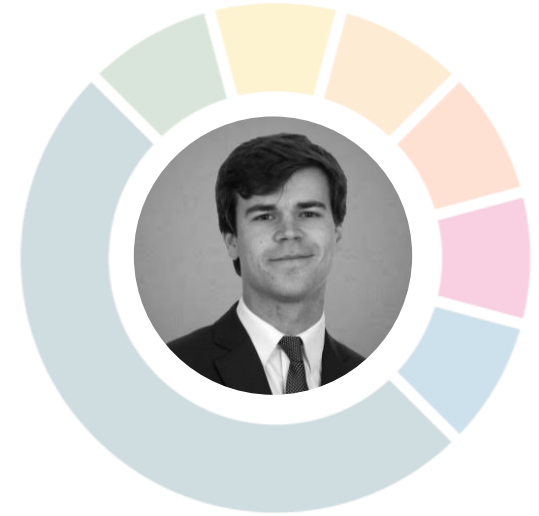
Delphine Queniart

Managing Director – BwB



Tommaso Buso

Associate – BwB



Àlvar Gener

Associate – BwB, CFS





Session Agenda

1. Introduction and Framing
2. Finance 101: The Funding Landscape
3. Creating Bankable Projects
4. Interactive Discussion on Barriers to Finance
5. Understanding Financing Mechanisms
6. Investor Perspective
7. Case Inspiration
8. Reflection and Resources



Introduction and Framing

From Urgency to Opportunity





Why Finance Matters?



Capital is Essential

The transition to net zero cannot happen without significant capital investment flowing into climate action projects.



Cities at the Frontline

Cities are at the forefront of investment needs across mobility systems, energy infrastructure, and building retrofits.



Beyond Public Budgets

Public budgets alone cannot deliver the transformation required — innovative financing mechanisms are crucial.





Learning objectives for this session

1

Recognise Funding Options

Identify and understand the full spectrum of funding sources available to cities, from traditional grants to innovative financial instruments.

2

Understand Bankability

Learn the key criteria and characteristics that make a climate project attractive to investors and financially viable.

3

Identify Suitable Mechanisms

Determine which financing mechanisms best align with your local context, capacity, and strategic priorities.





Keynote Remarks – Delphine Queniart



Delphine Queniart

Managing Director – BwB

Climate City Capital Hub Director

- Learnings from the Capital Hub Experience
- The Importance of Financial Due Diligence in Bankable Project Preparation
- The Key Role of early Investor Engagement for Investable Urban Project Pipelines



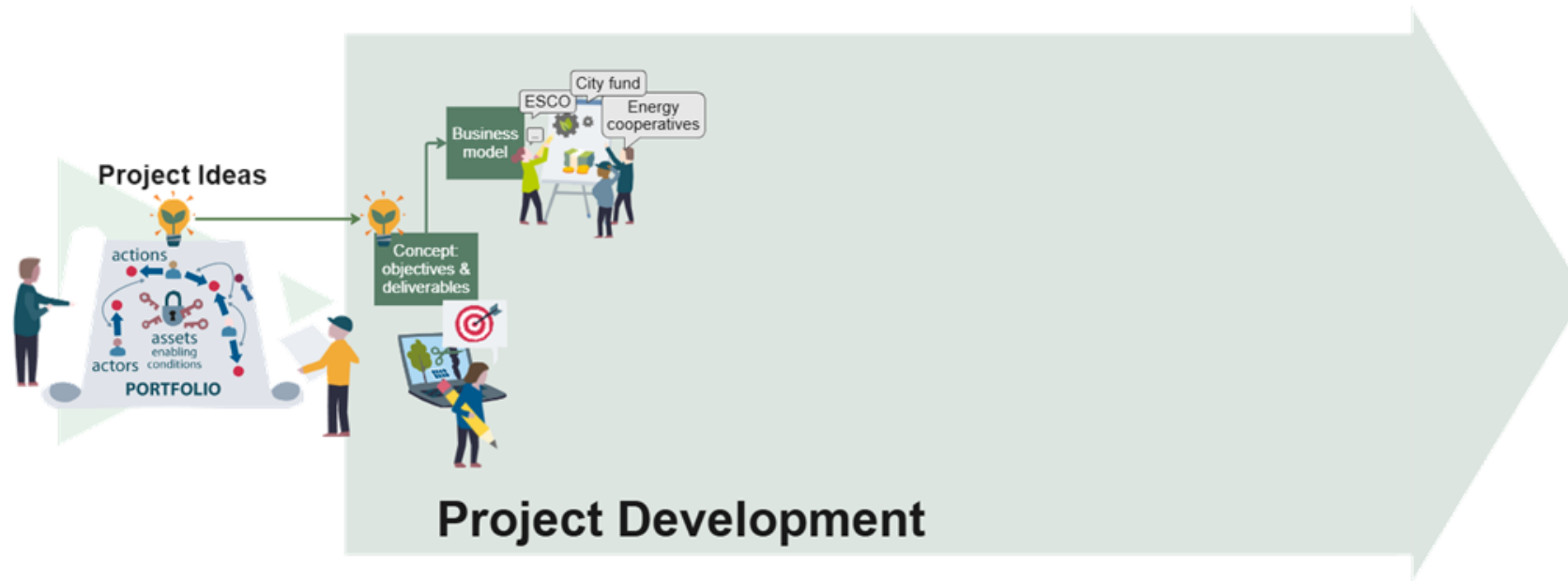


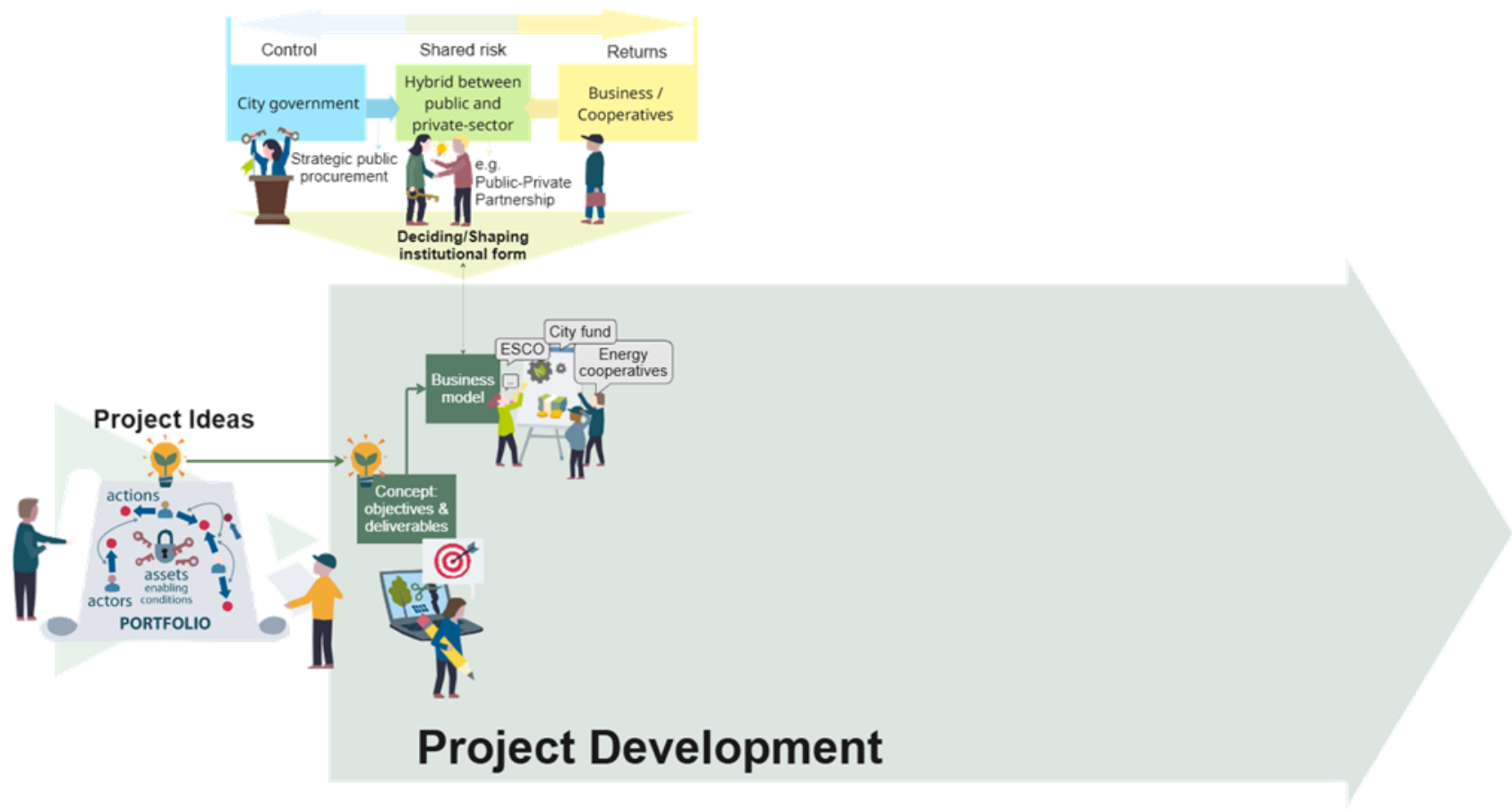
A Project's Journey to Bankability

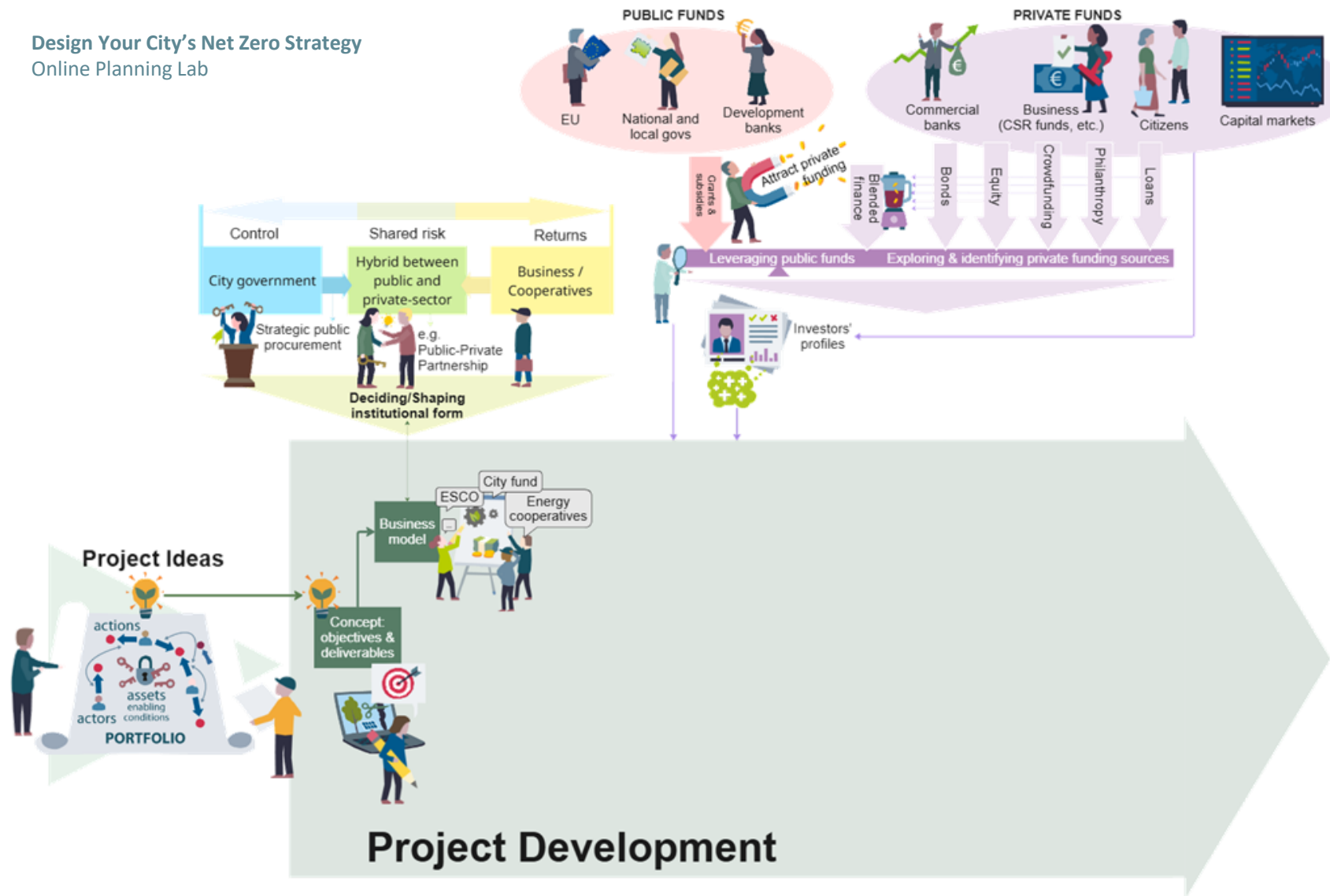


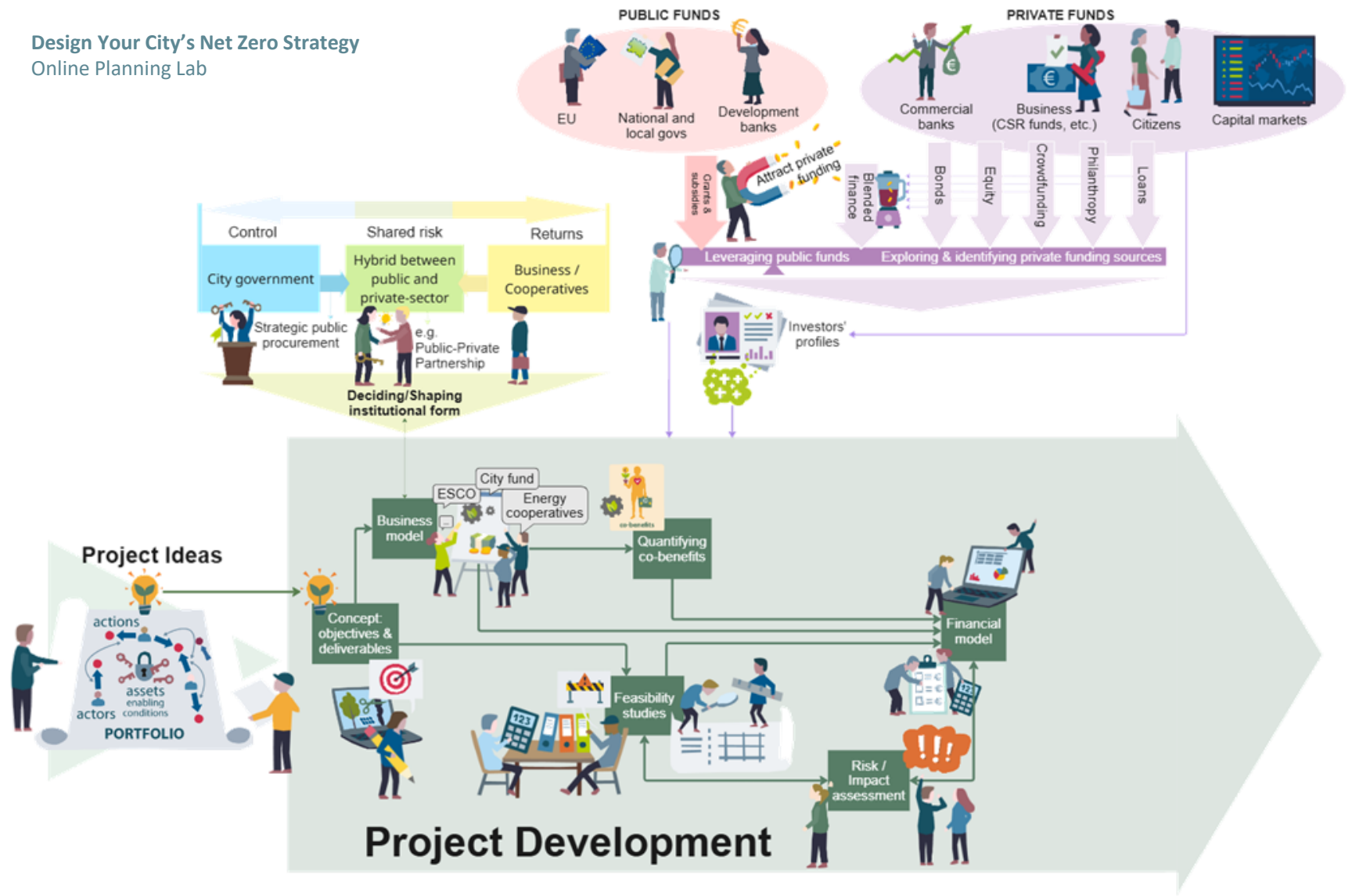


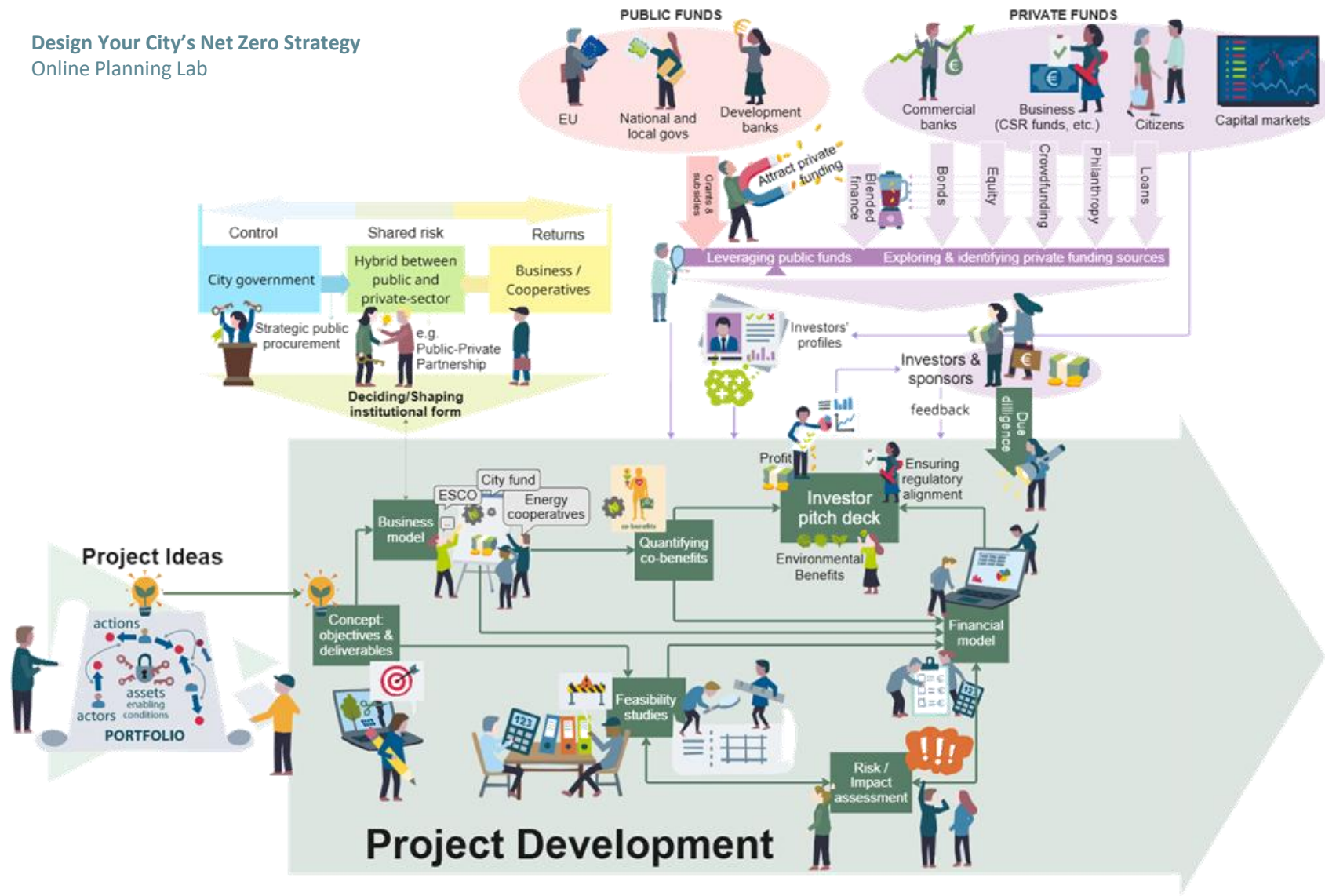
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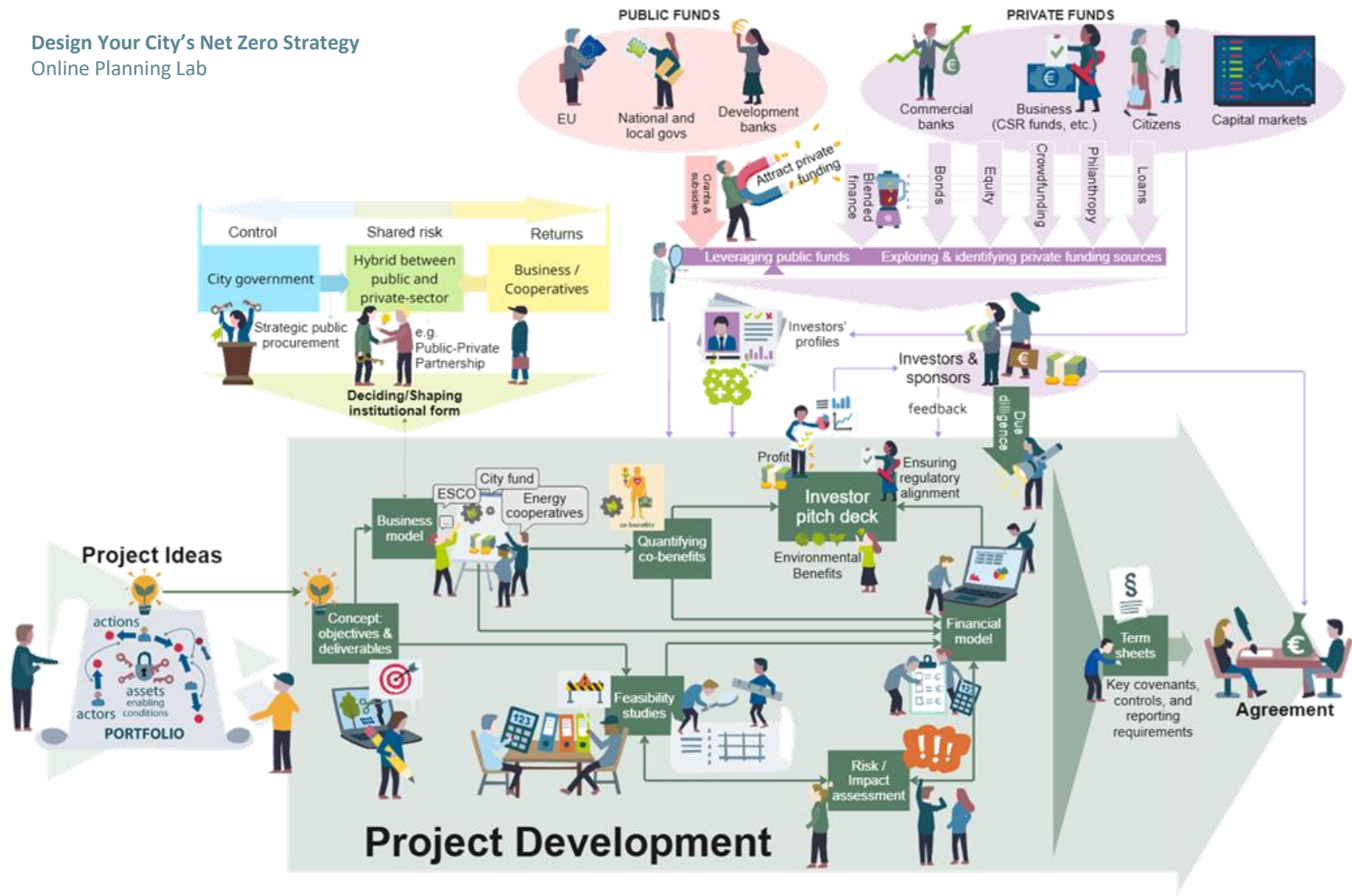


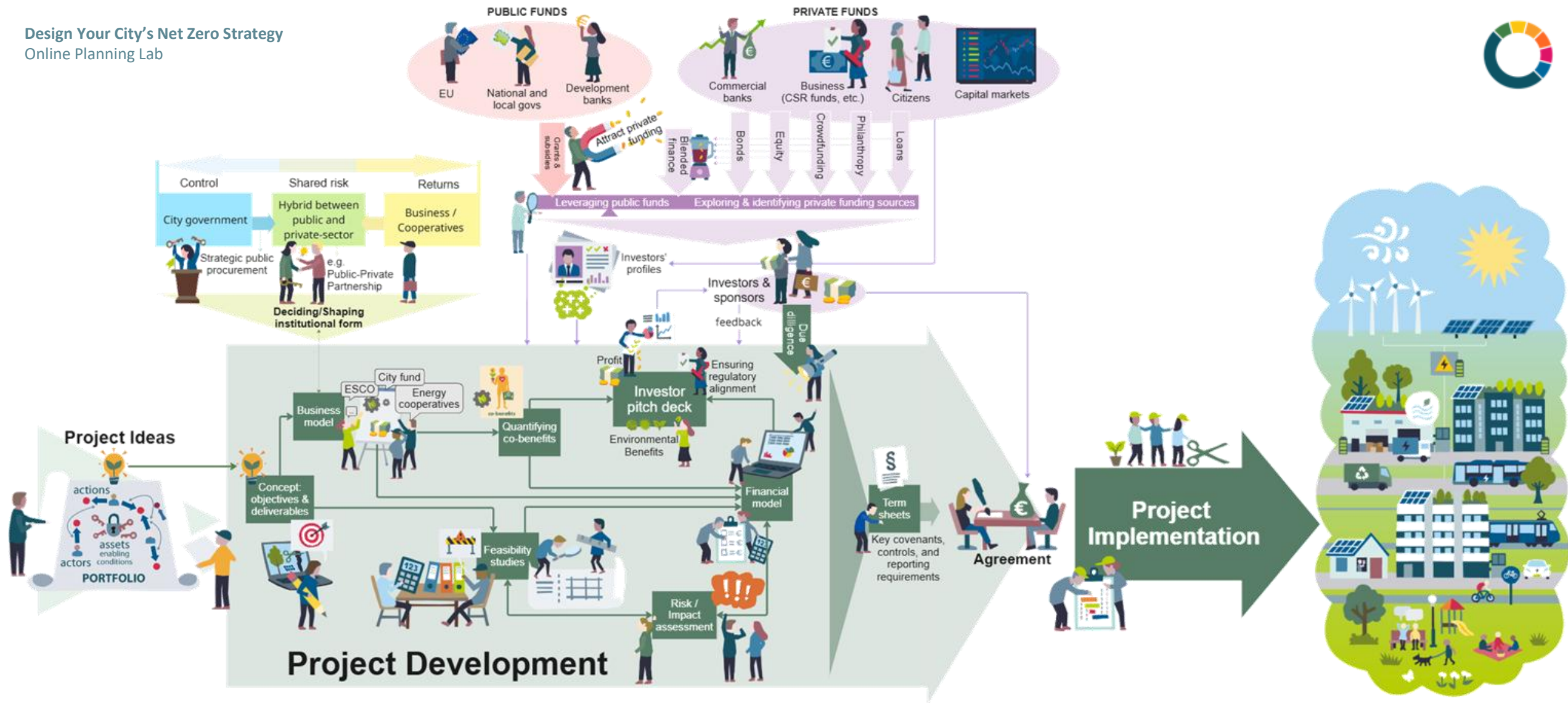














What's your city's biggest financing challenge right now?

Take a moment to reflect and share your perspective. Understanding our collective challenges helps us learn from each other's experiences.



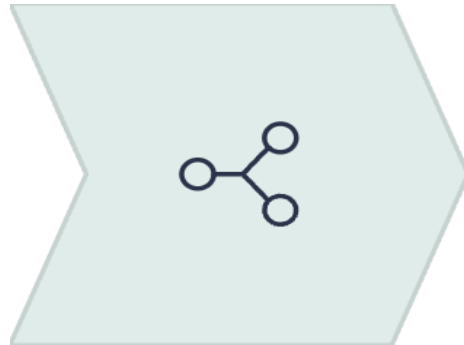
Interactive Activity: Please respond using the Wooclap open question feature. Your insights will help shape our discussion.





Mapping The Funding Sources

Now that we've established the importance of finance and our learning objectives, it's time to explore where finance actually comes from and how cities can access these diverse funding sources.



Understanding Sources



Connecting Opportunities



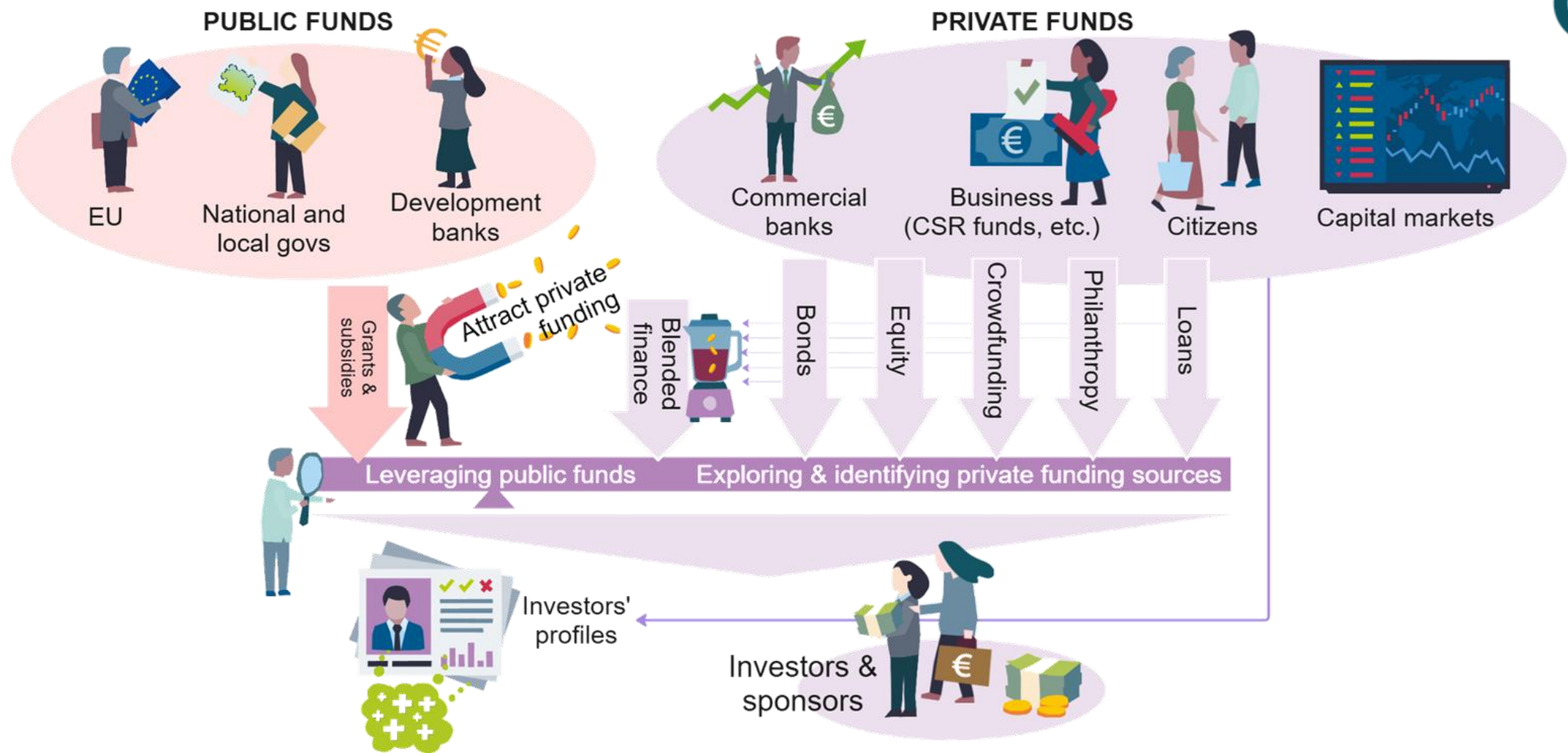
Taking Action



Finance 101: The Funding Landscape

From Confusion to Clarity







The Big Picture

Public Sources
Government grants, municipal budgets, and public sector loans providing foundational support with longer timelines and social impact focus.



Private Sources

Commercial banks, institutional investors, and private equity seeking financial returns with specific risk profiles and investment horizons.

Blended Finance

Innovative combinations of public and private capital that leverage different sources to de-risk projects and attract diverse investors.

Key Insight: Each funding source has different goals, timelines, and conditions. Success lies in understanding these differences and creating the right mix for your specific projects.



Public Sources

National & Regional Support

National recovery funds and regional development grants provide essential early-stage capital for climate initiatives.

European Union Programmes

Horizon Europe – Research and innovation funding

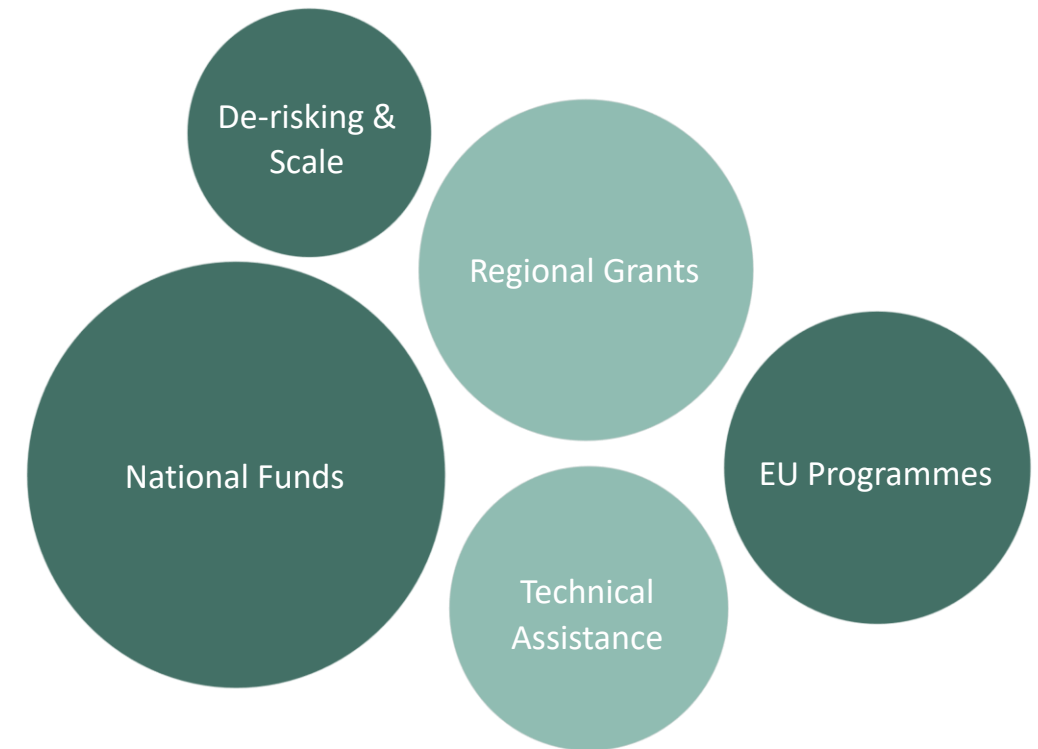
LIFE Programme – Environment and climate action

CEF – Connecting Europe Facility for infrastructure

ELENA – Technical assistance for energy investments

Strategic Role

Public funding de-risks early project stages, supports innovation, and enables pilot programmes that attract subsequent private investment.





Municipal Finance Tools

Local Green Banks

Dedicated financial institutions that mobilise private capital into local clean energy and climate projects through innovative lending products.

City Bonds

Municipal bonds enable cities to raise capital directly from investors for large-scale infrastructure projects, backed by future revenues or tax receipts.

Municipal Guarantees

City-backed guarantees reduce perceived risk for private investors, making projects more attractive and improving financing terms.

Revolving Funds

Self-sustaining funds that reinvest returns from completed projects into new initiatives, creating a continuous financing mechanism.





Private Sector Finance Tools



PPPs & Concessions

Public-private partnerships and concession models share project risks and responsibilities between municipalities and private operators.



ESCOs

Energy service companies deliver efficiency improvements through performance-based contracts, guaranteeing energy savings.



Corporate & Institutional Capital

Pension funds, insurance companies, and corporate investors increasingly seek sustainable infrastructure investments with stable returns.







Blended Finance

Blended finance strategically combines public and private capital to share risk, leverage resources, and scale projects that deliver both public value and financial viability.

How It Works

- Public funds absorb first-loss risk or provide guarantees
- Concessional capital improves project economics
- Technical assistance prepares bankable projects
- Private sector brings commercial discipline and scale

Leading Examples

EU Catalyst – Mobilising private investment in sustainable infrastructure

Green City Facility – Supporting urban climate action across Europe



Creating Bankable Projects

From Abstract Finance to Actionable Design





How confident are you in your city's ability to make a bankable project pipeline? (Scale 1-5)

Take a moment to reflect and share your perspective. Understanding our collective challenges helps us learn from each other's experiences.



Interactive Activity: Please respond using the Wooclap open question feature. Your insights will help shape our discussion.





How does Capital flow to Cities?



Public Grants

EU and national programmes fund feasibility studies and de-risk early-stage projects



Blended Mechanisms

Public guarantees and subsidies attract private co-investment at scale



Private Capital

Banks and investors finance proven, bankable infrastructure projects



Climate Impact

Revenue-generating projects achieve measurable emissions reductions





What Makes a Project Bankable?

01

Clear Problem-Solution Logic

Define the challenge and demonstrate how your project addresses it with measurable outcomes.

02

Financial Viability

Show credible cash flows, revenue streams, or cost savings that ensure returns aligned with investor expectations.

03

Risk Allocation

Distribute risks appropriately amongst stakeholders based on their capacity to manage them effectively.

04

Strong Governance

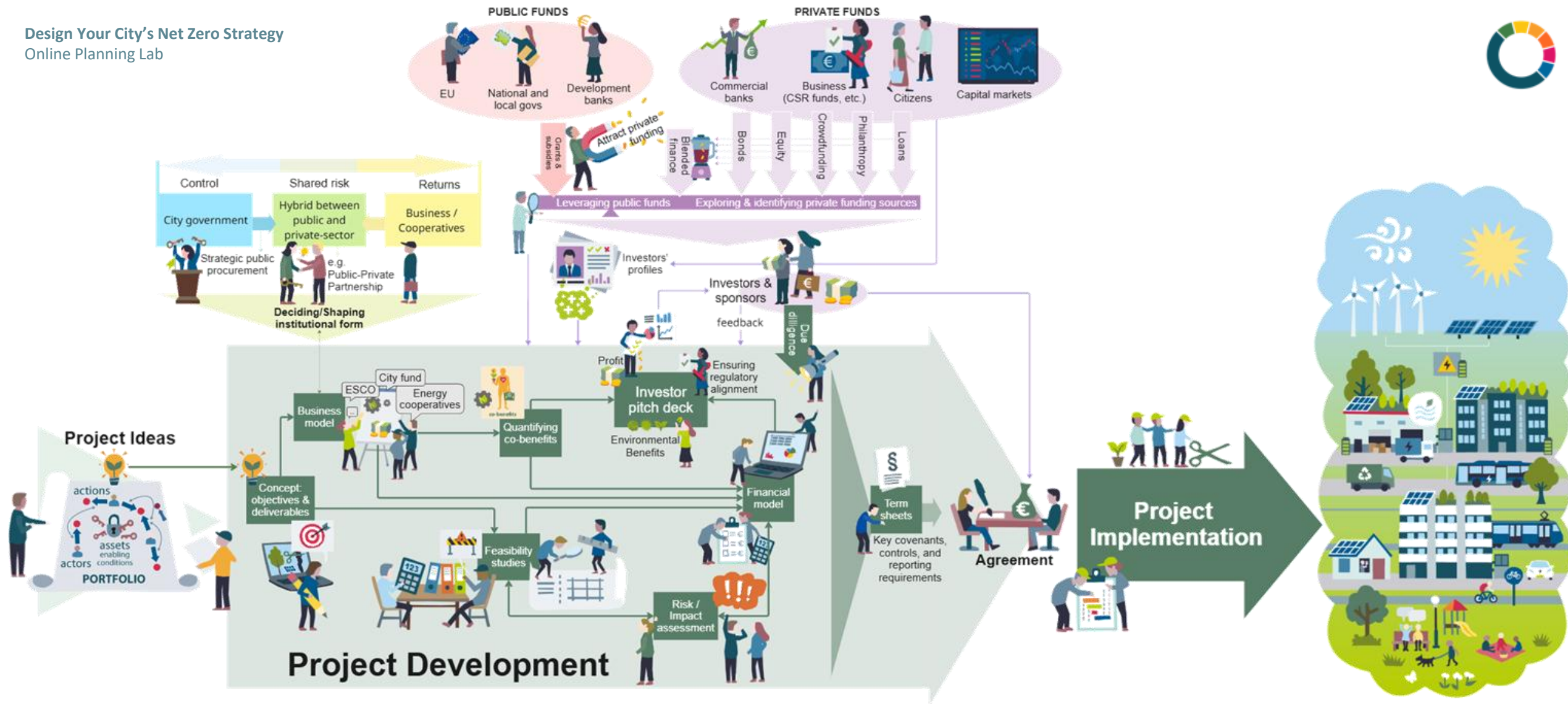
Robust coordination across departments, reliable data systems, and transparent accountability structures.

05

Political Backing

Secure local co-funding and demonstrate sustained political commitment to build investor confidence.







How to Structure a Bankable Project?

01

Concept Development

Define the climate challenge and proposed solution with stakeholder input

02

Feasibility Assessment

Conduct technical, financial, and legal due diligence to validate viability

03

Financial Structuring

Design revenue models, identify funding sources, and allocate risks appropriately

04

Investor Engagement

Present compelling business case with clear KPIs and return projections





Elements Required for Project Bankability

A bankable project tells a credible story of outcomes, returns, and accountability. It demonstrates clear financial viability whilst delivering measurable climate impact. Key elements required are:

Robust Governance Structure

Verified Technical Feasibility

Transparent Financial Projections

Risk Mitigation Strategies

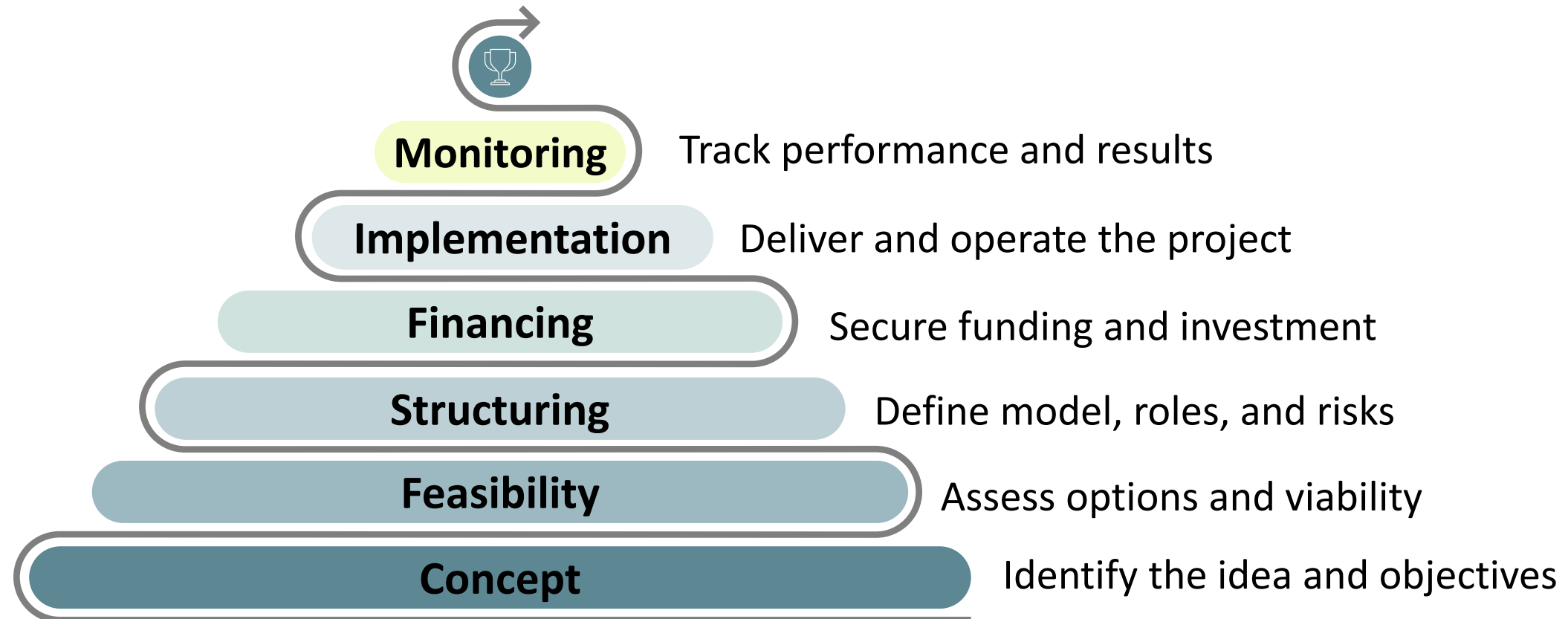
Measurable Climate Outcomes

Cities accessing multiple funding sources create resilient financing strategies that accelerate climate action whilst building local capacity and partnerships.





Curating an Ideal Project Pipeline



Breakout Session

*Identify your city's biggest barriers to
accessing finance*

*Think in terms of capacity, regulation, data, and
partnerships*





Overcoming Common Barriers

Limited Technical Capacity

Many cities lack in-house expertise for complex financial structuring and investor negotiations. **Solution:** leverage EU technical assistance programmes and build regional knowledge networks.

Small Project Size

Projects struggle due to smaller, less bankable project sizes. **Solution:** Structure large-scale projects and explore municipal bonds, revolving funds, and civic crowdfunding.

Meeting Investor Expectations

Difficulty quantifying financial and social returns deters investors. **Solution:** develop robust impact measurement frameworks and benchmark against similar projects.

Municipal Debt Ceilings

Lengthy approval processes increase costs and risk. **Solution:** streamline governance, establish climate investment units, and off-balance sheet solutions.



Understanding Financing Mechanisms

From Awareness to Mastery





Potential Instruments to Mobilise Private Capital



Green Bonds

Debt instruments specifically tied to environmental outcomes and sustainability projects



Public-Private Partnerships

Collaborative arrangements sharing risks and rewards between municipalities and private sector



City Funds

Municipal revolving funds that reinvest returns into ongoing climate initiatives



Other Innovative Instruments

Emerging finance tools including crowdfunding, impact loans, and blended finance





Green Bonds: Capital for Climate Action



Green bonds enable cities to raise debt capital specifically earmarked for climate and environmental projects. These instruments require rigorous project eligibility criteria and transparent reporting on environmental outcomes.

Key characteristics:

- Dedicated use of proceeds for verified green projects
- Third-party certification and impact reporting
- Access to sustainability-focused investor market
- Enhanced municipal reputation

Examples of Sustainable Bond Issuance

Gothenburg

Pioneering sustainable transport infrastructure

Milan

Financing energy efficiency retrofits

Paris

Supporting renewable energy transition





Public Private Partnership



Public Sector

Provides regulatory framework, land access, and policy certainty



Private Partner

Delivers capital, technical expertise, and operational efficiency



Shared Outcomes

Joint delivery of transport networks, energy systems, and climate infrastructure

- ❑ **Critical success factor:** Well-structured contracts with clear risk allocation, performance metrics, and governance arrangements are essential for effective PPP delivery.





City Funds



A mechanism for crowding-in private capital at scale by combining a portfolio with an adapted fund model of investment and governance

01 Funds crowd-in institutional investors

Around 2/3s of private investment into infrastructure as an asset class flows through fund (LP-GP) structures

02 Systematic investment through fund manager

Cities can adapt this structure, with the city feeding an early portfolio to a fund manager while retaining key governance powers

03 Reinvestment Cycle

Returns can fund new climate initiatives, creating perpetual impact

Energy Efficiency Programmes
with Clear Payback Periods

Distributed Renewable
Energy Installation

Community-scale Climate
Adaptation Measures

Recurring Operational
Improvements





Innovative Finance Mechanisms



Community Crowdfunding

Platforms enabling local residents to invest directly in the local renewable energy projects, fostering ownership and engagement.



Impact-Linked Loans

Financial instruments where interest rates adjust based on achieving measurable climate outcomes and performance targets.



Insurance-Backed Guarantees

Risk mitigation tools that make climate projects more attractive to traditional lenders through third-party coverage.



EU Blended Finance

Facilities combining grants, loans, and equity to de-risk projects and attract private capital at scale.





Matching Mechanisms to Projects

De-risking Needs / Scale	Small Scale Projects	Large Scale Projects
Low Needs	Municipal budgets, Commercial bank loans, ESCO contracts	Green bonds, Commercial & development bank loans, Institutional investment
Medium Needs	City climate funds, Revolving funds/on-lending scheme	Public-private partnerships, Development bank loans with guarantees
High Needs	EU & national grants, Innovation funds, Philanthropic grants	Concessional/first-loss blended finance, Impact investors, EU blended instruments

- Choose the right financing tool based on your project's risk profile and investment scale. Different mechanisms serve different project types and stages.
- Cities typically combine multiple mechanisms across their project portfolio, using public funds to de-risk private investment whilst building local capacity and demonstrating proof of concept.



Investor Perspective

From Self-focus to Investor Logic





Who Invests in Urban Climate Action?



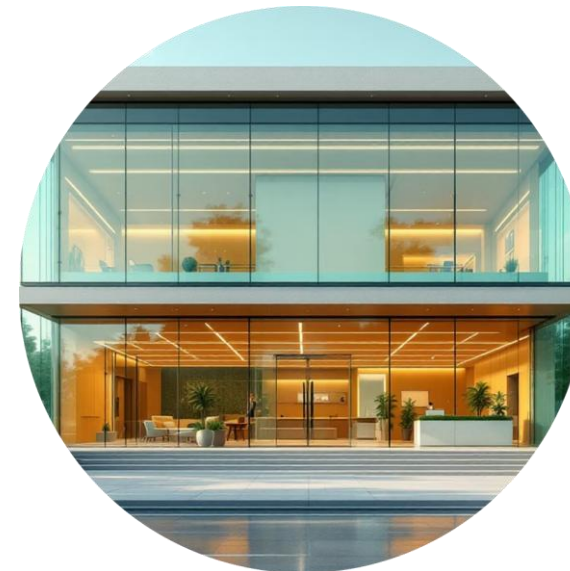
Public Sector

Anchor financiers and de-riskers. They provide early-stage capital, guarantees, and co-funding for climate-neutral urban projects. Eg: development banks, EU funds, local public banks



Private Sector

Scale and replicate proven urban climate models by seeking risk-adjusted returns. Eg: commercial banks, institutional investors, ESCOs and project developers, corporate impact investors, etc.



Philanthropy

Take catalytic, risk-tolerant positions to enable systems change and innovation that markets or governments might not finance yet. Eg: global foundations, thematic funds, etc.





What do investors look for?

Risk Assessment

Is the project stable and creditworthy?

- Political and regulatory certainty
- Technical feasibility and track record
- Credit rating
- Clear governance and accountability

Return Expectations

What financial or social returns will be generated?

- Market-rate financial returns for commercial investors
- Social returns and community benefits
- Strategic value
- Blended value creation models

Climate Impact + Social Benefits

Can environmental outcomes be measured and verified?

- Quantifiable emissions reductions
- Adaptation and resilience metrics
- Alignment with science-based targets and co-benefits
- Transparent monitoring and reporting

☐ By addressing these three pillars comprehensively, municipalities can structure compelling investment propositions that attract diverse capital sources to urban climate action.





Match the investor type to their main motivation.

- Commercial bank
- Philanthropic fund
- Development bank

Policy alignment and leverage

Risk-adjusted return

Social/environmental impact



Interactive Activity: Please respond using the Wooclap open question feature. Your insights will help shape our discussion.



Case Inspiration

From Theory to Proof





Mission Cities in Action: Projects

City Leap Partnership



City: Bristol

Model: 20-year concession PPP for District Heating expansion (and Net Zero projects)

Result: ~20% emissions reduction, £424 million leveraged new investment (private)

Fluvius DH & area retrofit



City: Antwerp

Model: DH by Fluvius enabled by area-based retrofit, funded through ad-hoc financing facility (banks, guarantee, and property tax exemption)

Result: ~€100 million investment, unlock retrofit

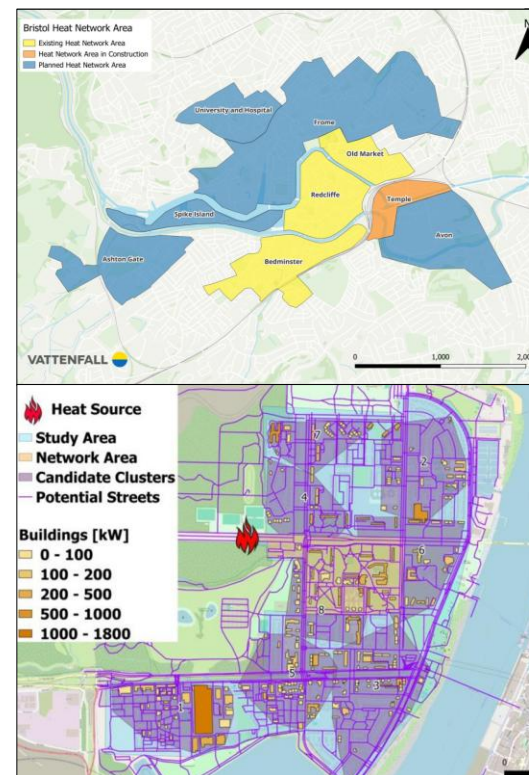
Wind turbines co-development



City: Glasgow

Model: JV with renewables developer to build wind turbines in suburban areas

Result: bulk of feasibility studies funded by developer, city saves the resources for investment





Mission Cities in Action: Portfolios

Marseille green bond issuance



City: Marseille

Model: drafting of a complete sustainable bond framework for a first issuance of ~€10-15 million

Result: reduced rates conditional of achievement of sustainability targets

Leuven Climate City fund



City: Leuven

Model: City fund started with primarily city-led projects, with 86 locally driven “breakthrough projects” showing strong early pipeline building, aiming at a €50 million first close

Result: systematic tool for investment, cross-subsidise adaptation projects

Bristol's Green Growth West Impact Fund



City: Bristol

Model: fund cornerstoned by Regional authority (WECA) with experienced fund manager

Result: £100 million to be raised for investments both city-led and commercial (primarily debt)





What can we learn from these experiences?

Common success factors	Key lessons learnt
• Strong political leadership	• Start small, scale proven models
• Clear financial projections	• Build trust through transparency
• Community engagement	• Allow time for negotiation
• Flexible risk allocation	• Plan for capacity building



Reflections and Resources

From Learning to Action





Key Takeaways

1

No One-Size-Fits-All

Cities need a tailored mix of financing instruments that reflect their governance structures, project pipelines, and risk appetites. The importance of convening the right parties, which is where the hub specialises.

2

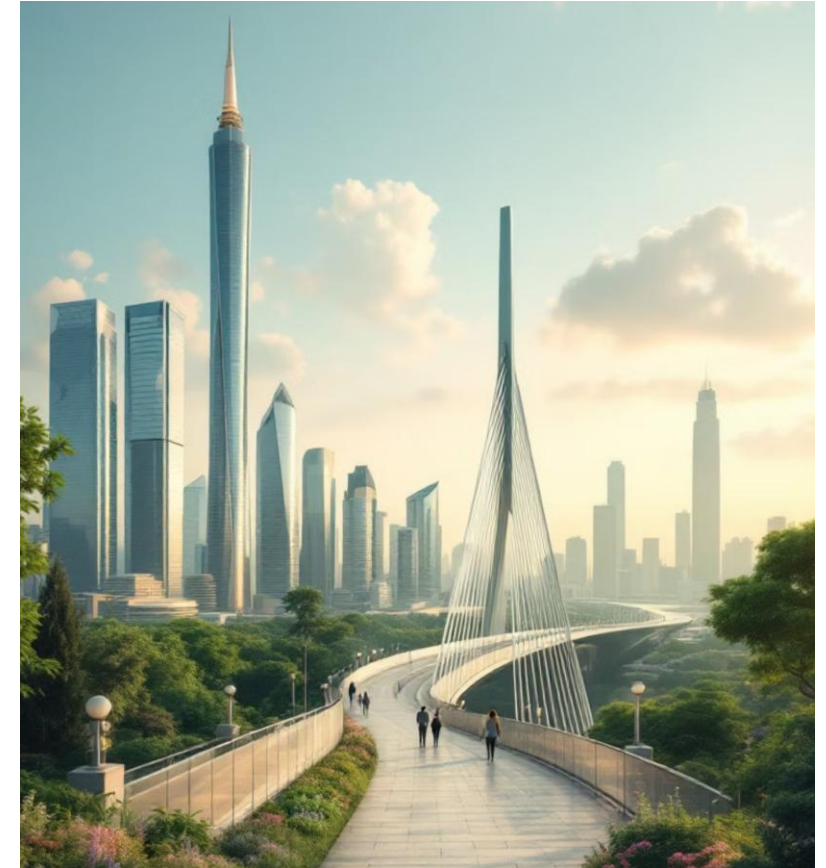
Bankability Attracts Partners

Well-structured, financially viable projects with clear revenue streams and risk mitigation attract both public support and private investment.

3

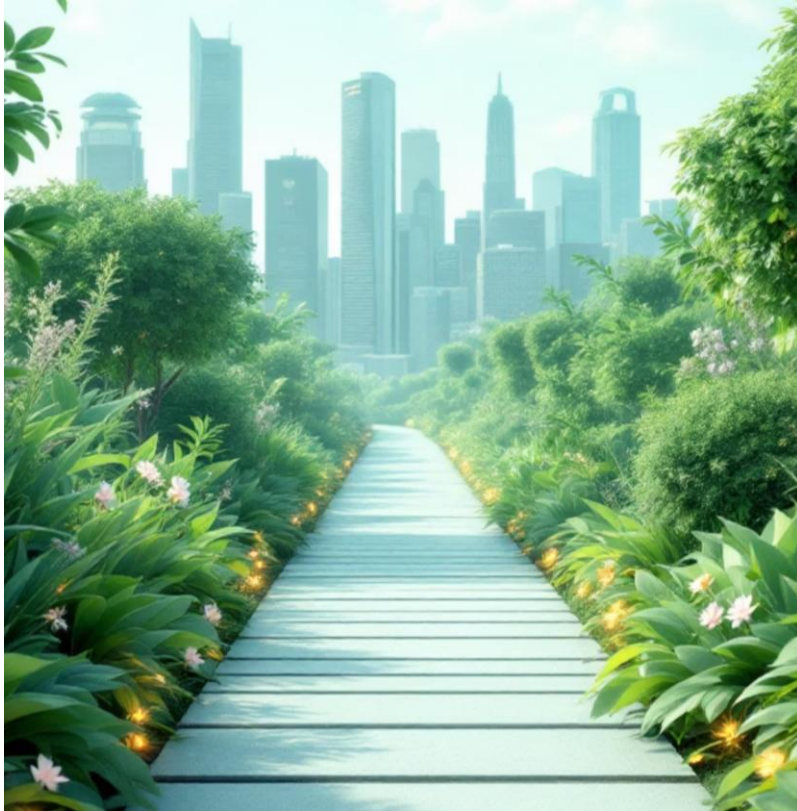
Collaboration Is the Bridge

Strong partnerships between municipal governments, financial institutions, and private sector actors transform ambitious climate visions into funded reality.





Your Next Steps



Mix Your Instruments

There is no one-size-fits-all solution. Combine grants, bonds, partnerships, and innovative tools to match your city's needs and risk profile.

De-risking Projects

Invest time in robust preparation — clear outcomes, reliable data, strong governance, and stakeholder alignment attract partners and capital.

Collaborate and Learn

Join Mission Cities networks, attend Spotlight sessions, and share experiences. Collaboration is the bridge between ambition and investment.





What one financing mechanism will you explore further after this session?



Interactive Activity: Please respond using the Wooclap open question feature. Your insights will help shape our discussion.



Get in touch with NetZeroCities!

NetZeroCities Help Desk: infocities@netzerocities.eu



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