

U4SSC deliverables

Guidelines on tools and mechanisms to finance smart sustainable cities projects

Compendium of practices on innovative financing for smart sustainable cities projects

Presented by:

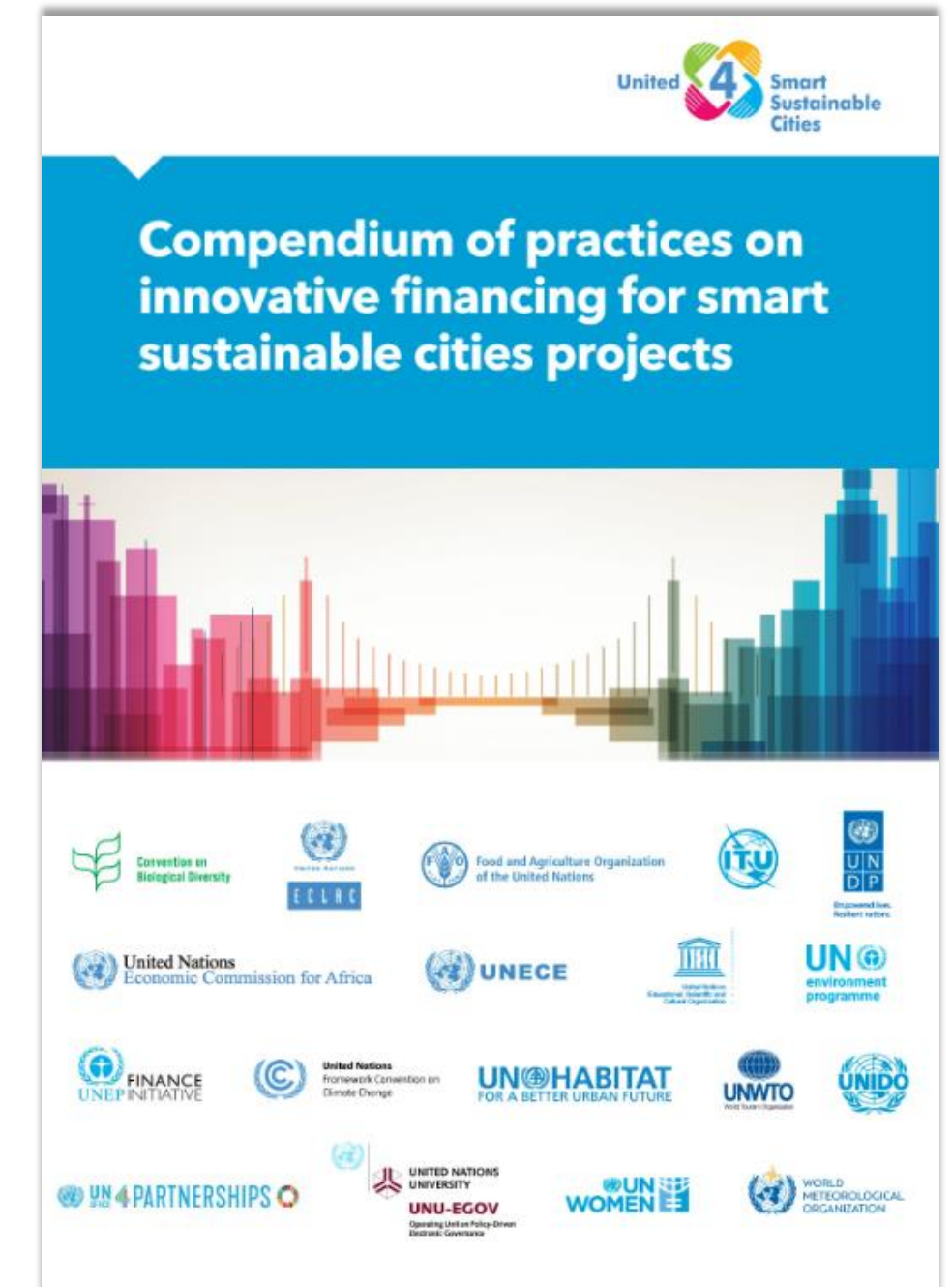
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20 June 2023



Compendium of Practices on Innovative Financing for Smart Sustainable Cities Projects

- Developed within the U4SSC thematic group on “Innovative Financing Instruments for Smart Sustainable Cities” during 2020-2021; published in 2022
- The Compendium complements the Guidelines for Innovative Financing



U4SSC Guidelines for Innovative Financing (published in 2021)

- Provides practical recommendations for cities' governments on how to develop investment-grade projects in support of sustainable smart urban development and attract investors
- Also provides information on types of potential investors and how to make a sustainable city development plan attractive to them.



Approach used for the Compendium

- **The UNECE PPPP model** that can be used to attract investors from the private sector who are looking for “impact investing” opportunities. The “people-first” approach to PPPs (PPPP) helps to overcome weaknesses in the way the traditional PPP model is often implemented, particularly the lack of an explicit focus on generating public value, when private-sector partners prioritize profit. PPPPs are a type of partnerships designed to support implementation of the SDGs.

Different sources of funding and financing



Funding sources

Property taxes

Business taxes

Municipal income tax

Tolls and user charges

“Pay-for-performance”

Asset sales and lease

Government grants

Financing sources

Commercial banks

Development banks

Municipal or project bonds

Green bonds

Tax increment financing

Leasing and vendor finance

Credit guarantees

Compendium of Practices on Innovative Financing for Smart Sustainable Cities Projects

15 cases that demonstrate financing mechanisms to implement sustainable and smart city projects.

The cases were selected from initially received 40 submissions from 23 countries received between 2020-2021

The cover of the report features a colorful bar chart at the top with a city skyline silhouette. The United Nations logo and 'United 4 Smart Sustainable Cities' are visible in the top right corner.

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Examples: Energy

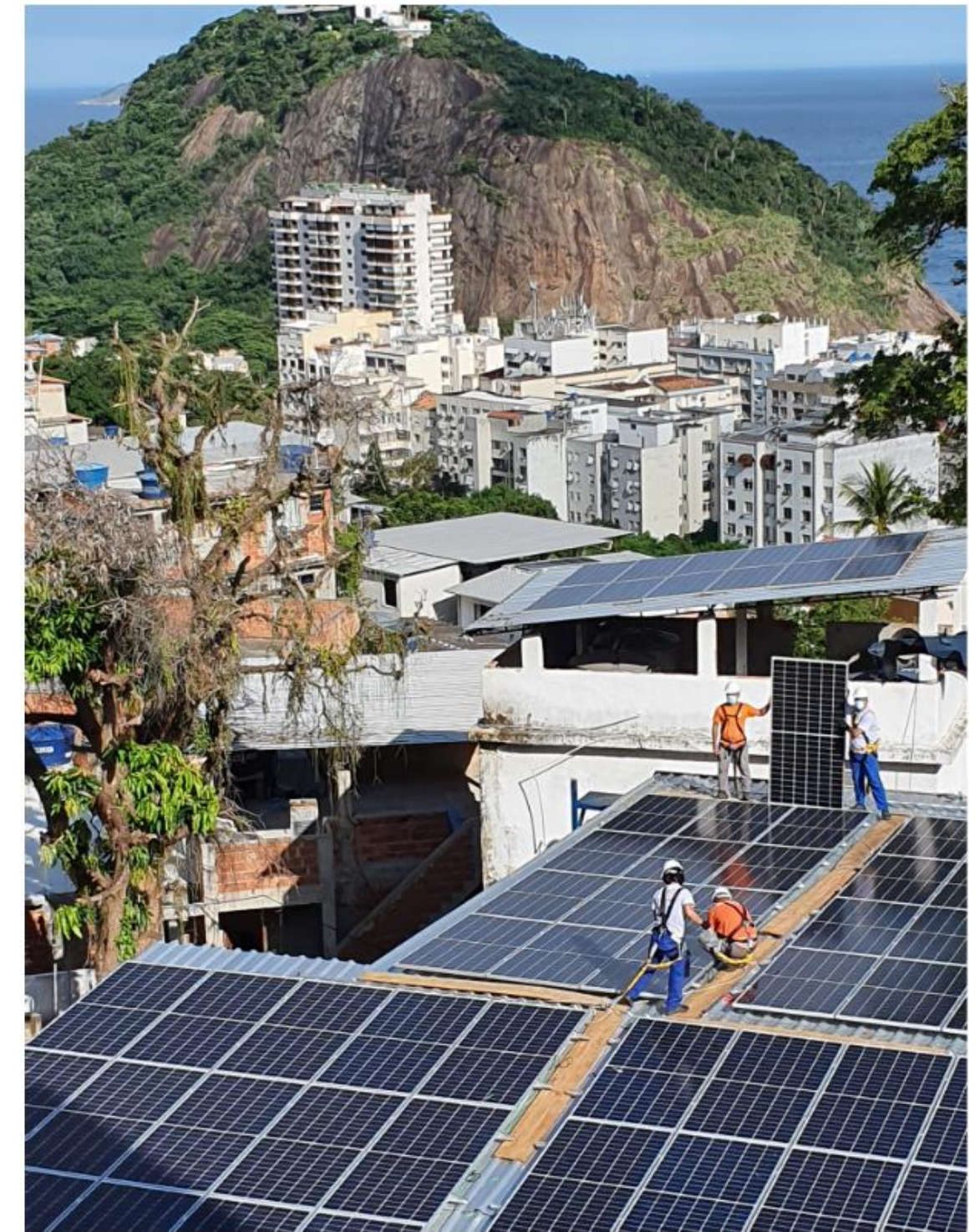
First Solar Energy Cooperative in the Rio Favela Informal Settlements, Rio de Janeiro, Brazil

Financial Aspect

Public partner: City of Rio de Janeiro (technical cooperation to create studies and policies for replicating the model)

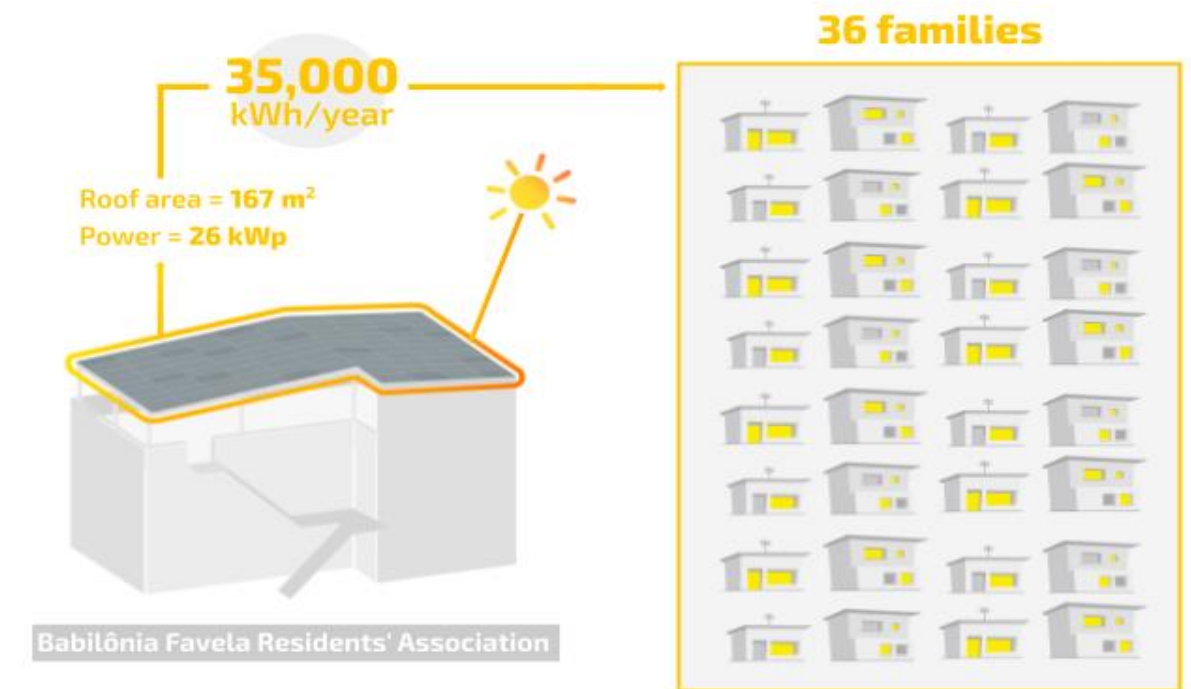
Private partners: Grants and donations of materials from LONGI Solar, Local Power, Goodwe, Solarize & Canal Solar, International Cooperatives Alliance, Open Society Foundations

Status : On-going - maintenance



Example: Energy

- reduce energy costs for the population using renewable source
- community-based and sustainable energy model, aligned with the traditions of collective action and self-management of these favelas
- also includes solar installations, professional training to residents as electricians and solar installers, and workshops for children on sustainability



Example: Housing

Rehabilitation of Plaza Redonda
Valencia, Spain

Financial Aspect

Public partner: EUR 10 million from the city

Private partners: EUR 4.5 million **private homeowners to the rehabilitate** the interior of the plaza

Status : Implemented



Example: Housing

- improve living conditions of homeowners and increase economic activities in the commercial spaces
- improve essential services such as access to water, sanitation and electricity
- conservation and preservation of a historical building
- renovation of the inner city was a positive factor for business and tourism



Example: Transportation

TOSA Electric Bus Fleet
Geneva, Switzerland

Financial Aspect

USD 38 million

(USD 33 million – cost of the project + USD 5 million –
cost of the prototype)

Public partner: TPG, Canton of Geneva, SIG,
Government of Switzerland

Private partners: ABB

Status : Implemented



Example: Transportation

- reduces three types of pollution: air pollution (no particle emissions), noise pollution (50 per cent quieter than a diesel bus) and visual pollution (no overhead lines)
- longer service life (20 years instead of the normal 15 years for a diesel bus)
- more comfortable experience for passengers and drivers
- generate new employment opportunities



Conclusion

- This compendium enables us to understand the different financial mechanisms- from PPPs to blended finance to implement projects
- Highlights the importance of effective and transparent legal and institutional frameworks to attract reliable investment partners
- Private sector and the business community are important partners in achieving SDGs, particularly in building smart sustainable cities



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Thank you!



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