

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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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. PPPPs are a type of public-private partnership (PPP) designed to implement the SDGs. The “people-first” approach to PPPs 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.

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 10.2020-01.2021

Economic Commission for Europe

Committee on Urban Development, Housing and Land Management

Eighty-second session

Geneva, 6-8 October 2021

Item 7(a) of the provisional agenda

Review of the implementation of the programmes of work 2020 and 2021

Implementation of the United for Smart Sustainable Cities Initiative

Compendium of Practices on Innovative Financing

Note by the Secretariat

Summary

The United Nations Economic Commission for Europe (UNECE) is one of the 16 United Nations agencies who are members of the United for Smart Sustainable Cities (U4SSC), an initiative coordinated by the International Telecommunication Union (ITU), UNECE, and the United Nations Human Settlement Programme (UN-Habitat), to achieve Sustainable Development Goal (SDG) 11. UNECE activities within the U4SSC initiative are implemented as part of the Committee on Urban Development, Housing and Land Management programme of work.

In 2020-2021, the Committee secretariat was leading the U4SSC thematic group on Innovative Financing which compiled the “Compendium of Practices on Innovative Financing”. This document contains the Compendium.

The Committee is invited to take note of the Compendium.¹

Example: Health

Elazığ Fethi Sekin City Hospital
Elazığ, Turkey

Financial Aspect

Project Cost - USD 400 million

Financed through **green and social bonds** for an infrastructure project raised by private consortium

Status : On-going - maintenance



Example: Health

- hospital improves the quality and inclusiveness of healthcare services to the region with a total population of approximately 3.4 million people
- Use of smart technology to provide services
- uses trigeneration units to reduce GHG emissions and the project has a zero-waste certificate from the Ministry of Environment



Examples: Energy

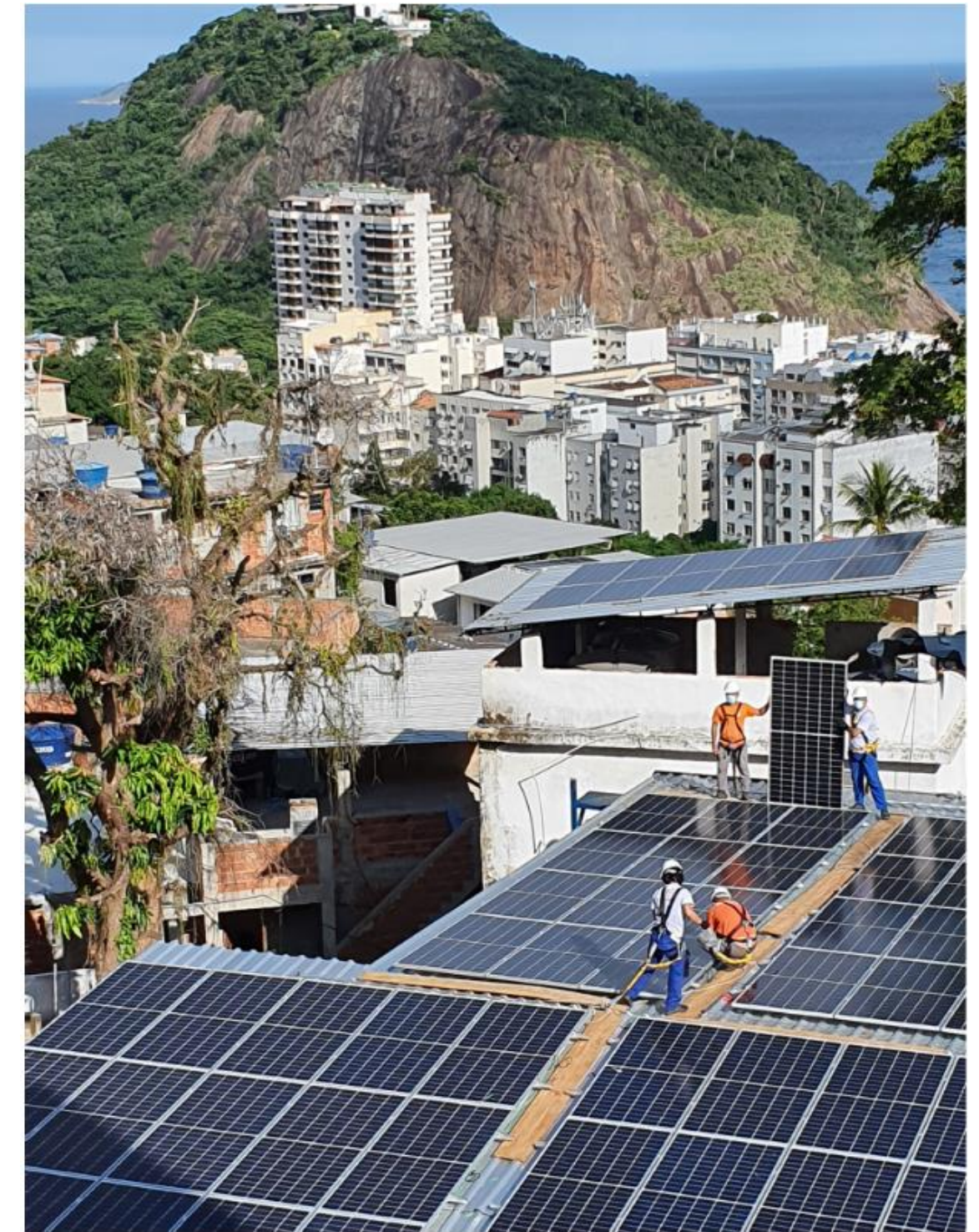
First Solar Energy Cooperative in the Rio Favela Informal Settlements, Rio de Janeiro, Brazil

Financial Aspect

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

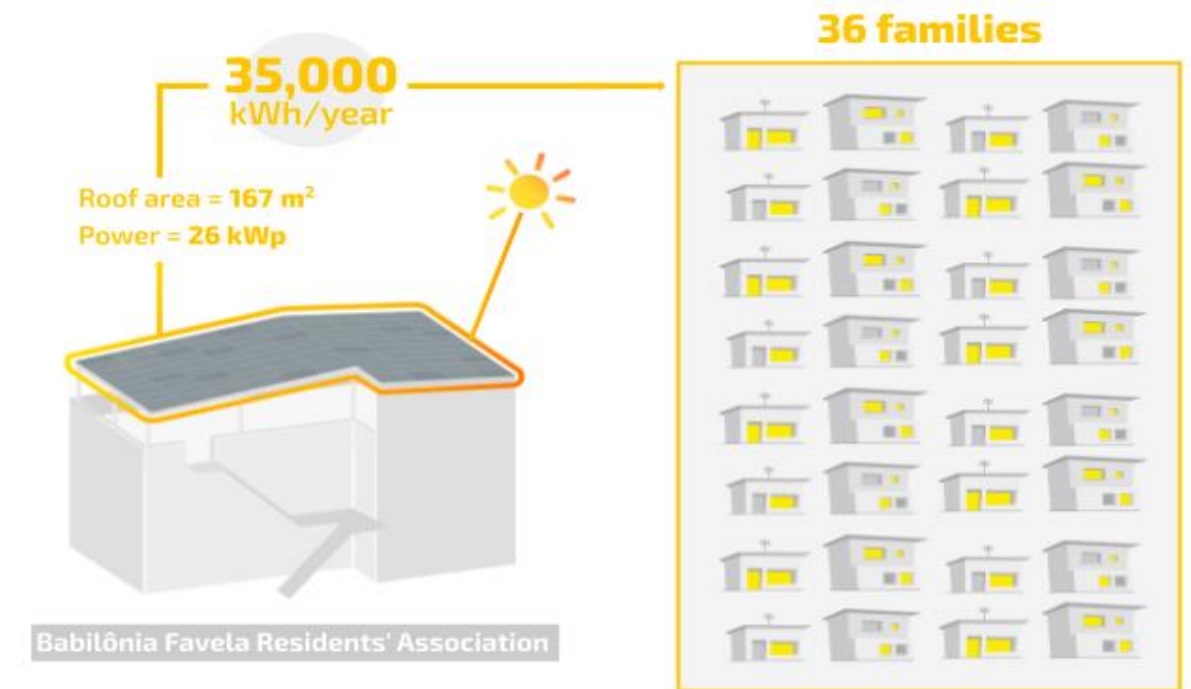
Private partners: Grants and donations of materials from LONGI Solar, Local Power, Goodwe, Solarize & Canal Solar, International Cooperatives Alliance, Open Society Foundations

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



For more information, please contact:

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#mayorsaction

<https://www.itu.int/go/u4ssc>

Thank you!



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