



CITYACCEL TRAINING PROGRAM · LAB 2 SCREENING

What Makes a Climate Project Investable?

Insights into what makes municipal climate projects attractive, credible, and financeable

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A SECAP is a Policy Commitment

- Financiers Invest in Bankable Cash Flows

How Cities Read a SECAP Measure

Focus: Climate ambition, emissions reduction targets, social welfare, public service delivery.

Language: "Our city suffers from heatwaves, air pollution, and flooding; we need solar panels, new buses, and permeable roads"

Common Pitfall: Treats capital cost as a funding gap to be filled by external "free grants".

Document Maturity: Concept note describing political will and technical aspiration.

How an Fund, IFI or Commercial Bank Evaluates It

Focus: Credit risk, revenue streams, operational longevity, procurement legality.

Language: "Who pays for maintenance in year seven, and what is the debt service coverage ratio?"

Investment Reality: Grants are scarce; 90% of urban infrastructure is financed through debt, equity, or performance contracts.

Document Maturity: Investment fiche with verified cash flow, off-taker agreements, and risk allocation

Key Takeaway: Bankability is not about having a good green idea – it is about tailoring that idea to the risk appetite and repayment criteria of the financier.



Bridging Early Development Risk to Capital Scale

Concessional Grants / PPF / TA

Absorbs Early Development & Policy Risk



IFI & Commercial Senior Debt

Finances Scale & Capital Infrastructure

THE 4 PILLARS OF BANKABILITY

1. CLIMATE RATIONALE

- **Additionality** over Business-As-Usual (BAU) baseline
- **Verified mitigation** & adaptation metrics

2. FINANCIAL ARCHITECTURE

- **Clear reflows:** savings, tariffs, or user fees
- **Full lifecycle:** OPEX&O&M fully funded upfront

3. DELIVERY VEHICLE

- **Ring-fenced entity:** municipal utility or City Owned Enterprise
- **Audited balance sheets** & institutional capacity

4. RISK ALLOCATION

- **Contractual structure:** clear allocation (EPC, ESCO, PPP)
- **Comprehensive mitigations:** currency, construction & off-taker



Unlocking Capital Through High -Readiness Anchor Projects

Strategic Umbrella: GCAP / SECAP

Identifies city-wide challenges & long-term transition goals



Concrete Trigger Project

€5M EBRD Loan to Gradska Toplana for infrastructure overhaul

KEY ELEMENTS OF SUCCESS

1. The Borrower

STRUCTURE

Ring-fenced municipal utility (Gradska Toplana d.o.o.)

IMPACT

Isolates project risk with direct operational accountability

2. Cash Flow

REVENUE MODEL

Halving heat distribution losses generates operational savings

FINANCIAL LOGIC

Savings directly fund debt service obligations

3. Climate Metric

VERIFIED IMPACT

Direct reduction of **3,105 tCO₂e/yr**

ALIGNMENT

Meets strict climate rationale required by the IFI lenders

4. Blended Finance

CAPITAL STACK

Donor grants funded project prep; IFI loan funded CAPEX

DE-RISKING

Concessional resources unlocked senior commercial debt

LESSON Do not attempt to finance 30 SECAP measures simultaneously. Pick one high-readiness Anchor Project to establish your market track record.



What Project Developers Must Do From Day One

1. IDENTIFY AN ANCHOR DEAL

- Pick 1–2 mature SECAP actions with high impact
- Focus on execution readiness over general ambition

2. MAP THE REPAYMENT MECHANISM

- Differentiate revenue/savings from purely public goods
- Design lifecycle O&M directly into the financial model

3. RING-FENCE OR AGGREGATE

- Use utilities or PPPs to overcome municipal debt caps
- Pool assets with neighboring authorities where scale is required

4. ENGAGE FINANCIERS EARLY

- Co-design projects using Project Preparation Facilities (PPFs)
- Target strict IFI eligibility criteria from inception

KEY INSIGHT Moving from SECAP planning to investment readiness is not an administrative exercise—it is building a credible, risk-allocated partnership with capital.