



# Matchmaker service project

To increase climate finance streams to cities, CDP in partnership with ICLEI, South Pole Group and Gold Standard Foundation as part of Climate-KIC's Low Carbon City Lab (LoCaL), seeks to develop a service to connect institutional investors and public finance institutions with urban climate mitigation projects.

To facilitate the urban transition to a low-carbon economy, a finance gap of US\$93 trillion will need to be closed over the next 15 years. This is a big gap to fill. The public sector alone is unable to close this gap, which means a large contribution has to come from private sector investors who are increasingly interested in climate projects. Therefore, the Matchmaker service project aims to close this finance gap through creating one central go-to-place for data on urban projects to scale up city climate finance streams.



## Cities: the place to invest

**Cities account for 75% of all global greenhouse gas emissions and therefore play a crucial role in reaching the two-degree Celsius goal agreed upon in Paris.**

Investments in smart, compact and low-carbon infra structures do not only provide an effective opportunity for investors to fulfil their climate commitments, they also offer stable returns over the lifetime of the project and a way for private sector investors to diversify their portfolio and meet client demand.

## Understanding the barriers: Why do cities struggle to access finance?

**Despite the decisive role cities play to achieve climate goals, public finance is limited and there is a lack of private investments into city climate efforts.**

Findings from a White Paper by Climate KIC and CDP highlight that the lack of private sector investments is not due to a lack of capital or interest from investors but rather to a shortage of bankable projects. The paper identifies four main barriers explaining this shortage:

1. Cities often lack knowledge how to develop, report and market projects
2. Climate change mitigation is often low on city's agenda
3. There is difficulty in aligning all the different parties involved
4. Cities (mainly in the global south) suffer from lack of creditworthiness



## “There is sufficient capital available to finance a low-carbon transition” consisting of dynamic companies, the best academic institutions and the public sector.



### Overcoming the barriers: The Matchmaker service project

**A matchmaking service between cities and investors is seen as a solution to overcome those barriers and close the finance gap. The Climate-KIC Matchmaker service project aims to scale up city climate finance through:**

- Creating a market for data on urban mitigation projects in an early stage
- Improving communication to help cities prioritize climate projects and help investors navigate the opportunities that cities offer for climate mitigation
- Aggregating smaller projects to reach significant scale and promote collaboration between the public and private sector to minimize risks and;
- Overcoming credit worthiness with blended finance by supporting development institutions to leverage private sector involvement
- Help other initiatives, such as project preparation facilities, get exposure to investor interest

#### **In 2016 the Matchmaker service will:**

Design a sustainable business model to reach significant scale and impact in the coming years and create networking opportunities between cities, service providers, project developers and investors to scale up city climate finance streams. This will be done via consultations with stakeholders and the organization of four events, giving cities the opportunity to pitch projects directly to interested investors and demonstrate to investors the many opportunities that cities offer to mitigate climate change while not compromising returns on investment.



### Case-study 1:

#### **Example of urban mitigation project seeking finance Investment Plan for Taipei City Building Solar PV Installations**

- **Sector(s):** Renewable Energy
- **Summary:** Taiwan’s new energy policy aims to install 20GW of solar PV by 2025. In addition, Taipei City also launches new promotional measures to encourage citizen participation in installation of solar PV through cost-effective investment plans.
- **Size:** Taipei City public buildings – total installed capacity of 6 MW (USD 10 million); private residential buildings and demonstrative public housing – additional 500 kWp annually
- **Cost:** USD 10,000,000 with potential to scale up to >50,000,000 USD.
- **Phase of project:** Close bidding for public buildings rental this September; continues to promote applications in private residential buildings and public housing
- **Partners:** Solar PV ESCO
- **Project timeline:** 20 years



### Get involved

#### **Cities:**

Projects will be selected based on cities’ answer to CDP’s climate disclosure platform and applications to the Transformative Action Platform of ICLEI. If cities disclose information on projects seeking finance, they will be contacted about participating in the Matchmaker service project.

#### **Contact**

To find out more and participate in the project please send an email to [florianne.deboer@cdp.net](mailto:florianne.deboer@cdp.net) outlining your interest in the project.

#### **More information**

Matchmaker can be found on the Climate KIC Low Carbon City Lab.