

# What we heard from investors

# Creditworthiness

The number one requirement for every bank

## Recommended resource:

### C40 Good Practice Guide on Creditworthiness:

- Increase Own-Source Revenue (OSR) and manage expenditure
- Introduce best practices for financial management processes
- Develop a 'climate smart' long term capital investment plan
- Build a pipeline of public infrastructure projects
- Undertake a 'shadow' credit rating assessment

# Political Leadership

Ensuring strong support from leadership will increase investors' confidence



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- LEAD BY EXAMPLE
- ENCOURAGE DEMONSTRATION PROJECTS
- PROMOTE PRIVATE AND PUBLIC SECTOR LEADERS' DECISIONS
- FINANCIAL AND NON-FINANCIAL/FISCAL INCENTIVES

# Standardization

Developing standardized projects will reduce investors' transaction costs

"Standards are like DNA. They are the basic building blocks for all technology and economic systems" *D.E. Purcell 2004*

Energy Efficiency Financial Institutions  
Group's report on energy efficiency  
financing (2015):

**STANDARDIZATION IS THE MAIN DRIVER  
FOR SUPPLY AND DEMAND OF BUILDING  
ENERGY EFFICIENCY PROJECTS**

# Standardization

Developing standardized projects will reduce investors' transaction costs



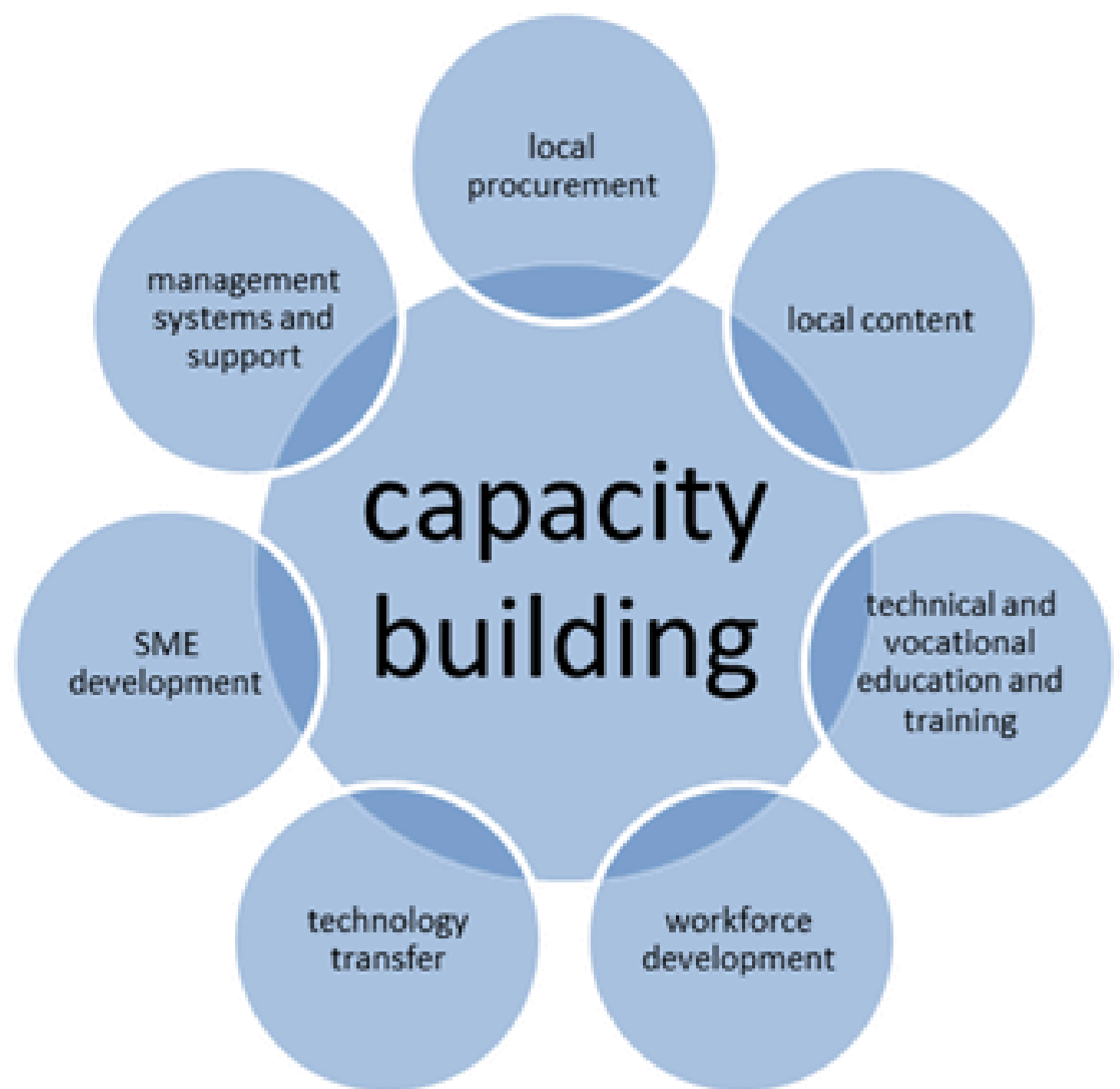
An international framework for reducing owner and investor risk, lowering due diligence costs, increasing certainty of savings achievement and enabling aggregation.



Ensures transparency, consistency and trustworthiness through **best practice and independent verification.**

# Invest in Capacity Building

The right skills and right professionals will allow for better, quicker project pipeline development



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- TECHNICAL CAPACITY
  - MARKETING & COMMUNICATIONS CAPACITY
  - FINANCIAL CAPACITY
- Etc.



# Lack of building data is a strong barrier to

strengthening the business case for energy efficiency investments

→ Cities must find ways to track and collect data of their own buildings in a systematic way



# Key Parameters investors look for

- **Financial parameters:**

- Cost of finance
- Return on investment

*This is where the credit worthiness check is crucial , and proposals are often rejected for lack of credit strength of the municipality or the ESCO.*

- Pay-back period
- Amortization period

*E.g.: Deutsche Bank, through EEEF, looks at an amortization period of 25 years maximum.*

- **Technical Parameters:**

- Carbon and energy savings
- Proven technology

- **Broader benefit impact of the project**

*E.g.: jobs, well-being, positive impact on the urban neighbourhood, including how it will involve the community, regenerate the environment and have broader sustainability impacts.*