

New report argues that a shift to a 'product & marketing approach' to sustainable infrastructure financing is needed.

Today, Z/Yen Group Limited publishes a new Long Finance report titled "[Financing the Transition: Sustainable Infrastructure in Cities](#)" in collaboration with WWF.

Cities are faced with the huge challenge of providing infrastructure that meets the needs of a rising urban population, with limited public resources. Decisions and investments in urban infrastructure must be urgently leveraged to achieve sustainable economic growth within the carrying capacity of the planet's systems and resources.

The report reviews financing instruments commonly used to finance infrastructure and assesses their potential to finance the transition towards sustainable infrastructure, with a focus on energy efficiency and renewable energy.

Findings include:

- **Some financial instruments have higher potential to support investment in sustainable infrastructure.** Such instruments include tax incentives; land value capture mechanisms; loans; green bonds; asset-backed securities; listed infrastructure equity; infrastructure or thematic private equity funds. Whether this potential can be achieved depends on instrument design and scope; the integration of sustainability into investment and lending criteria; and conducive and stable public policies.
- **The lack of investable projects seems to be the main issue preventing sustainable infrastructure investment at scale rather than the lack of finance.** The risk-reward profile of infrastructure projects largely determines the 'investability' potential and thus their attractiveness to private finance investors such as banks, institutional investors and specialist funds. Anticipated savings and other sustainable impacts need to be quantified and monetised. Project aggregation at sector level or across cities can help to achieve the required scale for investment. Project prioritisation and preparation are critical to raising finance for sustainable infrastructure.
- **Cities should develop coherent investment propositions to attract finance for sustainable infrastructure, based on a 'product & marketing approach' to infrastructure financing.** Cities efforts should primarily focus on:
 - (1) project preparation and sound financing structure to develop a

About WWF's work on sustainable cities



This report was commissioned by WWF to further advance WWF's ongoing work in cities and scaling-up financial flows towards a sustainable future. WWF works with governments, city networks and businesses to reduce the global footprint of cities and to promote One Planet lifestyles.

WWF's flagship project, [The Earth Hour City Challenge](#) supports and recognises cities leading the global transition toward a climate friendly, one planet future. This year over 160 cities from seventeen countries are taking part. Find out more about [WWF's cities and finance work](#).

About Long Finance research

This report is the outcome of a research project carried out between November 2014 and March 2015 ([more information](#)).

Long Finance research seeks to advance innovative thinking on a wide range of subjects taking a long-term view. Financing sustainable infrastructure in cities is one such area of interest. Find out more about [Long Finance research agenda](#).

Information for Editors

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pipeline of investable projects;

(2) public sector tools, incentives and instruments which can help to leverage finance while meeting sustainability objectives and targets;

(3) sound governance and best practice dissemination to boost investor and stakeholder confidence.

- **Collaboration among key stakeholders including city departments, financial institutions and government entities at all levels is key to unlocking investment in sustainable infrastructure.** Improving collaboration between the departments in charge of sustainability, environmental services and energy planning, finance and procurement could help identify areas where synergies are possible and alignment of policies will deliver better results. Others stakeholders - including the private and financial sector; development banks; relevant civil society networks and initiatives and central governments - have a role to play in supporting cities' efforts to finance and deliver sustainable urban infrastructure.

Professor Michael Mainelli, Z/Yen's executive chairman and a co-author, said: ***Cities can make financing sustainable growth financially attractive to investors and ensure that the growing half of the world's population have lasting, worthwhile infrastructure.***

Magnus Emfel, Senior Advisor Green Finance at WWF said: ***Cities are inevitably set to grow in the coming decades, and with them our impact on the planet, too. This research helps us understand the tools available today to finance sustainable urban infrastructure, including the gaps and opportunities for innovation.***

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- About this report - www.longfinance.net/lf-research.html?id=915
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This press release is produced by the Long Finance team at Z/Yen Group.
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