Gold Standard 3.0 in Cities

Results-based finance: a new certification scheme for cities
The “urban” climate finance challenge
Why results-based finance for cities
Beyond carbon – the case of transportation in Balikpapan
Results-based finance project in 2016
How you can get involved
The „urban“ finance challenge in developing and emerging economies

CO₂

Cities, 70%

International Climate Finance

Cities, 10-30%

Creditworthiness

Yes, 20%

Sources: World Bank, CCFLA, ODI
Why results-based finance (beyond carbon) for cities?

- Barriers for low-carbon investment in cities
  - low impact of carbon credits
  - Lack of visibility of results
  - lack of bankability

- Results-based finance addresses these barriers
  - Payments for carbon and development benefits
  - Verified results
  - Improved financial viability
Beyond carbon: the case of transportation in Balikpapan, Indonesia
Monorail and tram routes for Balikpapan

Coverage area

Tram route

Monorail route

Source: Feasibility report for monorail and train construction projects, city of Balikpapan, October 2015.
Co-benefits: Beyond the conventional sources of revenues

- Time saving
- Job creation
- Less private car
- Less fuel

Ticket sales

Internal Rate of Return (IRR): 3.55%
*including carbon
Financial indicators: With and without co-benefits

Benchmark for Indonesia: 11%

CO₂ credits: only minimal impact!
Project set-up for 2016
Results-based finance for cities, 2016 plan

Development of RBF based Certification Standard

Identification of projects that become bankable when certified

Piloting of certification standard

Exploring Collaboration with UNDP & The World Bank

Cities involved:
- Balikpapan
- Rajkot
- Cali
- Nairobi
NEXT STEPS
How can you get involved?

Cities / multilateral agencies
• Submit low carbon projects in cities for pilot certification (we will evaluate feasibility)

Donors/Investors: indicate your interest in
• Financing certified development co-benefits
• Providing investment capital for bankable projects

Credit buyers: indicate your interest in
• Buying carbon credits
• Paying for other certified results
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Backup slide
Financial indicators: With and without co-benefits

NPV
- Baseline: $-34$ million
- Alternative: $6$ million

IRR
- Baseline: $3.55\%$
- Alternative: $12.10\%$