

## **Appendix A1: Net Zero Investment Co-Innovation Lab - Project Summary**

### **Key information:**

Project Funders: Horizon Europe 2020 Fund – Pilot Cities Programme

Responsible Service: Economy of Place, Sustainable City and Climate Change Service

Start/Finish Date: July 2023 - June 2025

Budget: €1.5m (approx. £1.3m when budgeted) total value

Sub-contractors (project partners): Bristol City Council (Lead), Bristol & Bath Regional Capital, Bristol Green Capital Partnership and Abundance Investment.

### **Project objectives:**

- Co-create with project partners a Net Zero Investment Co-Innovation Lab with the mission to understand barriers to investment in net zero carbon projects e.g. entangled problems and traditional expectations for return on investment.
- To identify, pilot, deliver and evaluate 3-6 financial levers which will address investment constraints.
- Integrate learnings and insights from Bristol City Leap programme.
- Creation of a Citizen Community Climate Investment Scheme enabling citizens, business and communities to invest in their projects to reduce emissions and to generate a return.
- Creation of a Net Zero Venture Fund to enable outcome driven finance, environmental, social and governance (ESG) funds and philanthropists to invest in transitional projects that unlock entangled problems and generate a return.
- Build a proposal for a Carbon Multiplier Fund to invest funding from the new development allowable solutions scheme, and to enable Bristol businesses to offset their emissions in a credible way.
- Create the conditions for a multiplier effect either as a part revolving fund or in combination with the other elements of this project to generate viable projects.
- Create a Bristol Climate Finance Advisory Group to guide the project and help develop other ideas that the Investment Lab can explore.
- Share the learning from this project with other UK and European cities.

## **Project summary:**

Bristol's goal to be climate neutral by 2030 offers an estimated £10.6 billion of investment opportunities for private finance. Existing entangled problems and traditional risk-return valuations hinder investment. Therefore, this project would develop an innovative systemic approach to create and combine alternative financial levers to untangle those problems.

The rapid transition of the city towards climate neutrality may be disruptive for citizens, communities and businesses and risks unfairly impacting our most marginalised and vulnerable citizens, while benefitting others. Therefore, we propose to co-create and co-innovate the design and deployment of these financial levers with our citizens, building on the 6 existing Community Climate Action Plans and the One City Climate Strategy. The project will enable our citizens to lead and own these solutions, investments and disruption to ensure a Just Transition.

The creation of a Citizen Community Climate Investment Scheme enabling citizens, business and communities to invest in their projects to reduce emissions and to generate a return. The creation of a Net Zero Venture Fund to enable outcome driven finance, environmental, social and governance funds and philanthropists to invest in transitional projects that unlock entangled problems and generate a return.

The proposal for a Carbon Multiplier Fund to invest funding from the new development allowable solutions scheme, and to enable Bristol businesses to offset their emissions in a credible way. Creating a multiplier effect either as a part revolving fund or in combination with the other elements of this project to make unviable projects viable. We will create a Bristol Climate Finance Advisory Group.

The project is a partnership between Bristol City Council, Bristol & Bath Regional Capital, Bristol Green Capital Partnership and Abundance Investment.

- Abundance is a limited company regulated by the Financial Conduct Authority who bring expertise in the creation of Community Municipal Investment Schemes and have delivered previous schemes with local authorities.
- Bristol and Bath Regional Capital is a Community Interest Company (CIC) and the appointed representative of the social Investment Market CIC which is regulated by the Financial Conduct Authority. They bring proven expertise in impact investment and asset management.
- The Bristol Green Capital Partnership is a CIC and partnership organisation of over 1000 member organisations who have committed to working towards a zero carbon, socially just Bristol where all our communities and nature thrive.

The project will include other key Bristol organisations working in this space including the Community Leadership Panel on Climate and the Just Transition representing 6 Bristol communities that have Climate Action Plans. Selected organisations will advise on pilot activities with the Bristol Advisory Committee on Climate Change and the proposed Bristol Climate Finance Advisory Group and provide academic scrutiny and peer review.

The following Bristol City Council Services are expected to participate in the pilot activities:

- a. Sustainable City and Climate Change will be the lead service accountable for the project, undertaking overall project management and delivery.
- b. Economic Development will advise on the development of the Net Zero Venture Fund and Carbon Multiplier Fund.
- c. Land Use Planning is responsible for operation of the Allowable Solutions aspect of the Carbon Multiplier Fund and will be involved in the design of the scheme.
- d. City Leap Energy Partnership Client Team will share learning from Bristol City Leap and ensure integration and complementarity with the Lab.
- e. Transport Team will liaise with the Lab on potential projects and funding opportunities to integrate with the Lab.
- f. Corporate Finance is responsible for council funding including the Citizen Community Climate Investment Scheme and providing advice to all projects.
- g. Internal Audit will provide assurance of governance processes and ensure appropriate auditing arrangements are in place for each of the funds.

#### **Project plan:**

- WP1 Establishment of a Net Zero Investment Co-Innovation Lab
- WP2 Transfer of City Leap Energy Partnership as a model
- WP3 Establishment of a Citizen Community Climate Investment Scheme
- WP4 Establishment of a NetZero Venture Fund
- WP5 Establishment of a Carbon Multiplier Fund
- WP6 Business engagement in Carbon Multiplier Fund
- WP7 Integration of Community Climate Action plans
- WP8 Establishment of an innovation pipeline for new work packages
- WP9 Monitoring, Evaluation and Dissemination of Learnings
- WP10 Future financing / financial sustainability

#### **Key outcomes/benefits:**

The Net Zero Investment Co-Innovation Lab will build upon Bristol's experiences in creating the City Leap Energy Partnership, to research, pilot, deliver and evaluate 3-6 financial levers, including:

- A Citizen Community Climate Investment Scheme enabling citizens, business and communities to invest in their projects to reduce emissions and to generate a return.
- A Net Zero Venture Fund to enable outcome driven finance, ESG funds and philanthropists to invest in transitional projects that unlock entangled problems and generate a return.
- A Carbon Multiplier Fund to invest funding from the new development allowable solutions scheme, and to enable Bristol businesses to offset their emissions in a credible way.

It is expected that these will lead to a reduction in the city's carbon emissions and an increase in jobs in low carbon projects invested in by the funds created.