

Social/Green Bonds



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A green and social municipal bond is a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. The money raised must be used for clearly defined green or social projects, and the city typically reports back to investors on the impact (e.g., CO₂ reduced, households supported).

- Green bonds finance projects with environmental benefits, such as energy-efficient buildings, clean public transport, or renewable energy
- Social bonds fund projects with positive social outcomes, such as affordable housing, healthcare facilities, or education programs.

Bonds can be made attractive via tax-exemptions

For European cities, these bonds can be a way to:

- Attract investors interested in sustainability,
- Finance projects at competitive rates, and
- Demonstrate a clear commitment to climate and social goals.

KEY WORDS

- Green transition
- Digital transition
- Sustainable mobility
- Energy
- Housing
- Social inclusion
- etc.

WHO CAN APPLY

Urban authorities

TYPE OF FUNDING

Financing instruments / Loan

PROJECT SIZE

Multi-million, depending on the type of project and financial readiness and capacity of a municipality

CO-FUNDING

N/A

Citizen Financing - Crowdfunding



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Crowdfunding is a form of fundraising for specific projects or ideas, that allows any citizen or organisation to give a small contribution to their preferred project.

As such they also become co-decision makers and co-funders of initiatives, leading to enhanced local ownership.

How?

Local authorities can partner with crowdfunding platforms where they publish the projects and where citizens and organisations can make contributions

4 main crowdfunding models:

- Equity crowdfunding
- Rewards-based crowdfunding
- Donation-based crowdfunding
- Debt-securities crowdfunding
- Hybrid model(s)

KEY WORDS

- Greening cities
- Digital transition
- Culture & heritage
- Community energy
- Housing
- Social inclusion
- etc.

WHO CAN APPLY

Urban authorities, citizens and groups of citizens, civic/community organisations, etc.

TYPE OF FUNDING

Alternative financing

PROJECT SIZE

No limit but usually smaller scale e.g. a few €k

CO-FUNDING

N/A

Different models can be applied

EIB - European Investment Bank

Municipality Loans



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Every year, the EIB dedicates 20-30% of its lending to build resilient cities for future generations, construct social and affordable housing and provide sustainable urban services.

Framework loans: used to finance several (10+, 100+) of projects all within an investment programme. Typically over a period of 3-5 years
The EIB covers up to **50% of the programme's costs**, which usually start from **€100 million**. If the programme also benefits from EU Funds, EIB and EU finance cannot exceed 70% of the total project investment costs

Investment loans: used for single large investment project that needs long-term funding (e.g. metro line)
€1 million-50 million

Conditions:

Project in line with EIB lending objectives
Economically, financially, technically and environmentally sound.

Financing conditions depend on the investment type and the security offered by third parties (banks or banking syndicates, other financial institutions or the parent company).

KEY WORDS

- Urban regeneration
- Innovation & productive cities
- Green & climate-smart cities
- Social inclusion
- Large scale
- Mid- & longer-term

WHO CAN APPLY

Public and private sector promoters

TYPE OF FUNDING

Financing instrument

PROJECT SIZE

From €1million to €100+ million

Philantropy



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Philanthropic fundings and financing involves large private organisations (foundations) providing grants, capital, and expertise to support various urban development projects, such as community and economic development, public health, and climate action initiatives.

These grants can enable riskier projects, attract other funders, and help address gaps where public funding is insufficient or unavailable.

Philanthropic funding can also involve community foundations that build on local assets to promote the welfare of the community.

Beyond grants, philanthropic organisations can also

- Act as "risk capital" to spark innovation and attract additional investment from government agencies, private investors, and other funders, creating a multiplier effect
- Support / enable capacity-building

KEY WORDS

- Green transition
- Digital transition
- Sustainable mobility
- Energy
- Housing
- Social inclusion
- etc.

WHO CAN APPLY

Urban authorities, Urban authorities, citizens and groups of citizens, civic/community organisations, etc.

TYPE OF FUNDING

Grant, In-kind, Capital

PROJECT SIZE

Variable

CO-FUNDING

N/A