



Innovative Circularity Financing Tools

by Burcu Tuncer, Head of Circular Development, ICLEI

ABOUT ICLEI



ICLEI – Local Governments for Sustainability is a global network of more than 1,750 local and regional governments committed to sustainable urban development. Active in 100+ countries, we influence sustainability policy and drive local action for low emission, nature-based, equitable, resilient and circular development. Our Members and team of experts work together through peer exchange, partnerships and capacity building to create systemic change for urban sustainability.

1750+ local and
regional governments

100+ countries

300+ experts in 22
offices worldwide

THE FIVE ICLEI PATHWAYS



**LOW EMISSION
DEVELOPMENT**



**NATURE-BASED
DEVELOPMENT**



**EQUITABLE
AND PEOPLE-
CENTERED
DEVELOPMENT**



**RESILIENT
DEVELOPMENT**



**CIRCULAR
DEVELOPMENT**

The **FIVE ICLEI PATHWAYS** towards low emission, nature-based, equitable, resilient and circular development are designed to create **SYSTEMIC CHANGE**. The pathways are a framework for designing **INTEGRATED SOLUTIONS** that balance the patterns of human life and the built and natural environments.

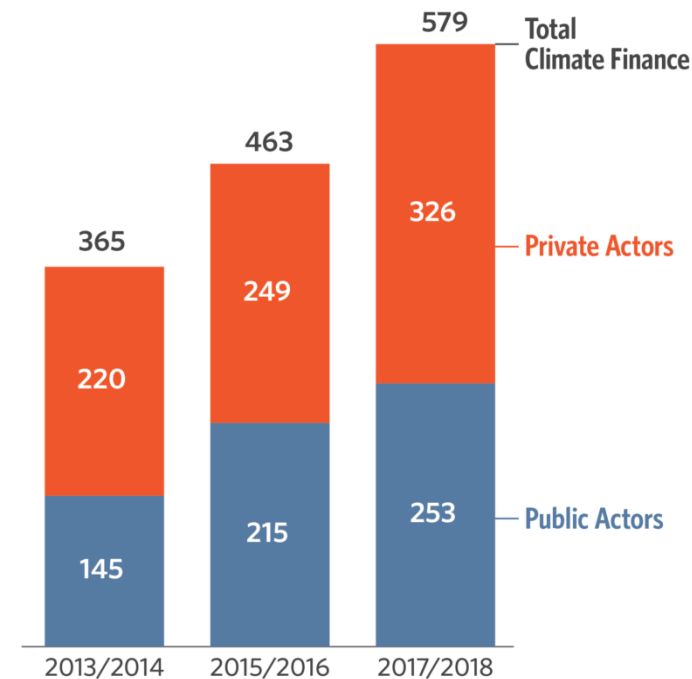
Source of Innovation for Circularity Financing Tools

Untapped Access to Finance Opportunities

1. Coordinate & move beyond single issue

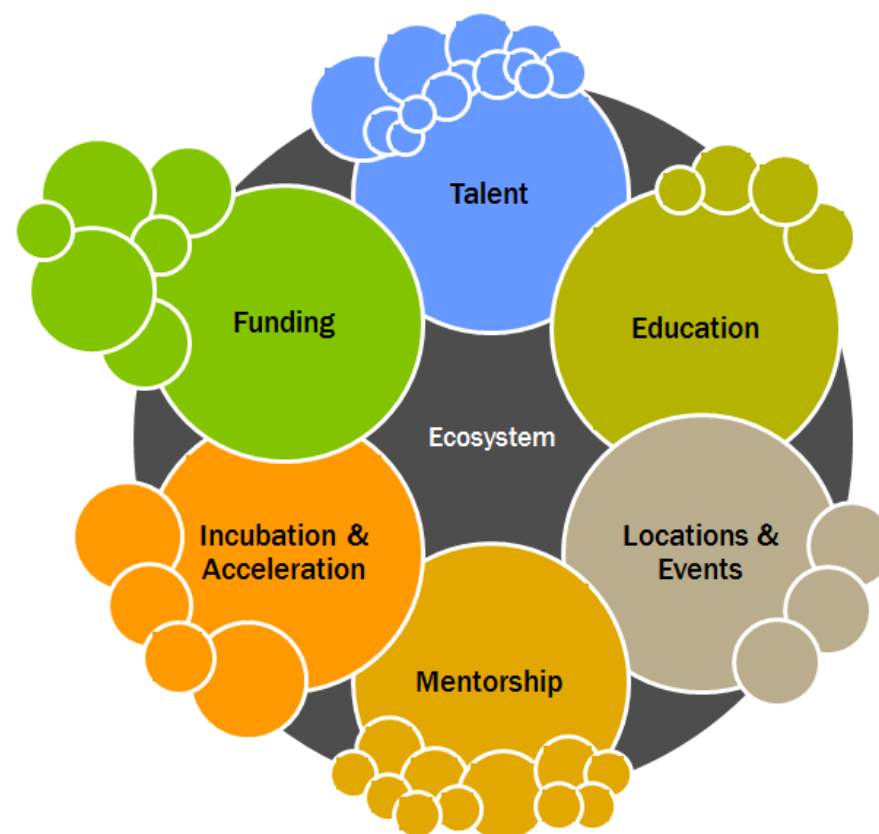
- Average annual **public climate finance** totaled USD 253 billion in 2017/2018, representing **44% of total commitment**.
- **Private finance**, which reached USD 326 billion on average annually in 2017/2018, continues to account for the majority of climate finance, **at around 56%**.
- **Renewable energy** remains the **primary destination** sector for global climate finance.
- **Recommendation:** Public and private actors must coordinate to rapidly scale up finance in sectors beyond renewable energy generation.

Global climate finance flows by public and private actors, 2013-2018
(two-year average, USD billion)

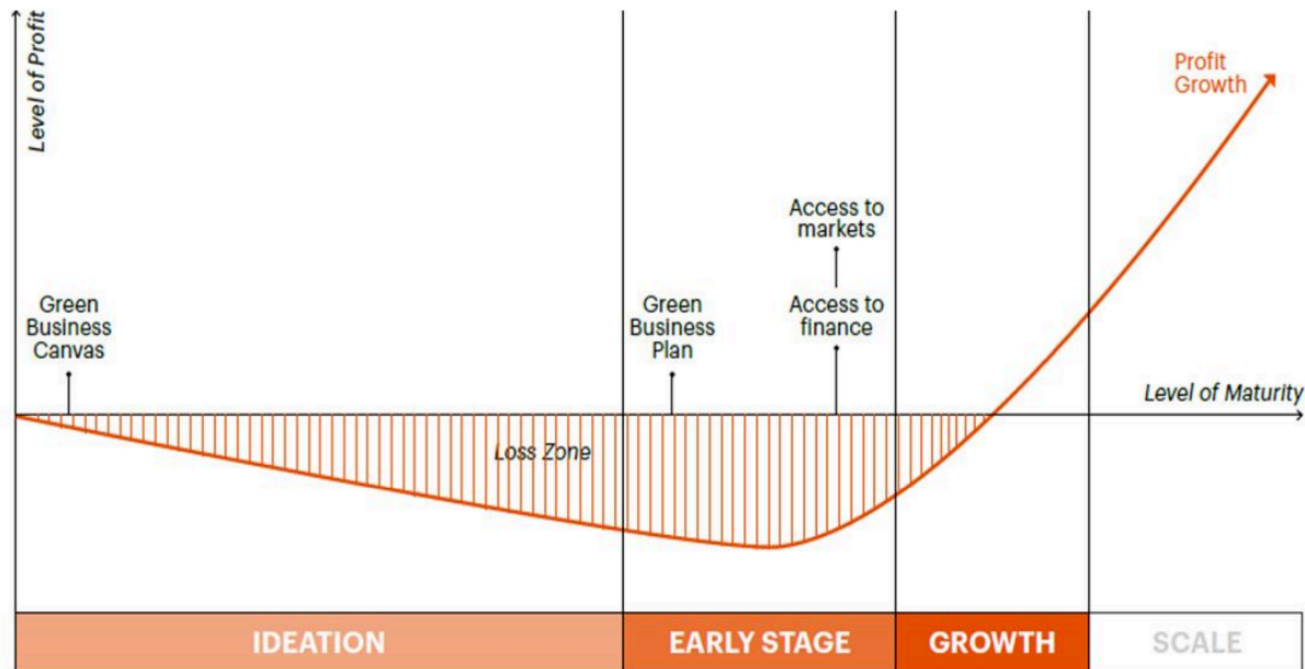


2. Support ecosystems for innovations

- Circular economy challenges call for social and eco-innovations.
- For example, in Petaling Jaya, there are community initiatives tackling food waste, eco-design alternatives to plastics waste and packaging, product life extension to prevent e-Waste generation, digital platforms for material exchange.
- **Recommendation:** For scaling-up these innovations, local governments should nurture the eco-system of social and eco-entrepreneurs.



3. Mind the informalities & valley of death



Recommendation: Financing and technical assistance for both formal and informal businesses at ideation and early stages can be provided in partnership with business support and venture philanthropy organizations till they reach higher levels of maturity.

Circularity Financing Tools for Local Governments

Framework & Examples

Innovative Circularity Financing Tools for Local Governments

	Intervention Instrument	Alternative schemes	Grant schemes & TA	Equity schemes	Credit schemes & Guarantees	Economic instruments
Public services	Circular urban infrastructure	Crowdfunding to develop green spaces: MyParkScotland	Co-funding for the Public Private Partnership: Livelihoods Fund for Family Farmers in Mexico	Call for Equity Shares: ICLEI Innovation Rio de Janeiro, São Paulo, Porto Alegre		Eco-tax schemes: Dutch tax incentive for material passport for buildings
	Circular municipal services or city services	Urban Reuse Agency: Municipality of Prato closed water cycle				SPP product service agreements: Bremen car sharing service
Businesses	Resource efficient industrial development		Grants for projects to promote circular economy: Catalan Waste Agency Circular Vouchers: Turkish Material Market Place		Credit lines: EBRD Sustainable Energy Financing Facilities (SEFFs)	
	Eco-innovative business idea and start-up	Open Innovation Challenge: Amsterdam Circular Challenge, Switchers Pitch	Start-up Support: LWARB Accelerator Programme, Glasgow Circular Economy Business Support Service	Investment Fund: Greater London Investment Fund, Glasgow Circular Economy Investment Fund	Circular Credits by BVRio in Brazil	
Households	Circular living community initiatives	FabLab Partnerships: Fab City Global Initiative	Grants for sustainable living projects: SmartCity Cologne GO funding program			
	Circular household practices		Repair Fund: 'Fixotek' repair and share centres			

Circular Credits based on Reverse Logistics

Credit System by BVRio in Brazil

- A system to pay '*Catadores*' for the environmental services derived from the reverse logistics and recycling.
- **Reverse Logistics Credits** are certificates which confirm that reverse logistics services were provided to ensure that a certain amount of waste was responsibly disposed of.
- These credits are **issued and sold by cooperatives of '*Catadores*'** and purchased by producers and/or importers who need to comply with the solid waste legislation.
- A **Circular Credit** represents the service of recovery (collection, sorting) and appropriate destination of **1 metric tonne of recyclable material** that is inappropriately discarded, causing pollution of our natural environment.
- The objective of the credits is to facilitate the contracting of services that remove waste materials from the environment.



ICLEI Innovation



- **Selection of startups** from all over Brazil to create create solutions that support innovation and sustainability in local public management.
- After the **acceleration, investment and capitalization of the selected startups**, the project will try the solutions in the proposed municipalities, testing the application of the technology developed in the cities and the scalability for other municipalities.
- The platform will have an emphasis on **sustainable urban development and entrepreneurship**.

CONHEÇA OS CINCO CAMINHOS DO ICLEI

DESENVOLVIMENTO:



BAIXO CARBONO



BASEADO NA
NATUREZA



EQUITATIVO
E CENTRADO
NAS PESSOAS



RESILIENTE



CIRCULAR

AGENDAS DE DESENVOLVIMENTO SUSTENTÁVEL



Thank you! Terima kasih!

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