

The Matchmaker Service

Cities in India need to invest heavily in climate mitigation and adaption projects. According to International Finance Corporation (IFC), India's climate-smart urban infrastructure investment potential is USD 1.7 trillion by 2020. However, there is a huge financing gap for sustainable city infrastructure in India as cities in India are struggling to raise capital to meet funding needs of infrastructure projects, including climate infrastructure projects. Moreover, cities do not have capacity to identify and structure commercially viable green infrastructure projects, and investors are often unaware of these opportunities.

The Matchmaker Service aims to help green infrastructure projects across cities get access to capital by connecting urban entities with various investor classes, while providing project preparation support to make them commercially viable.

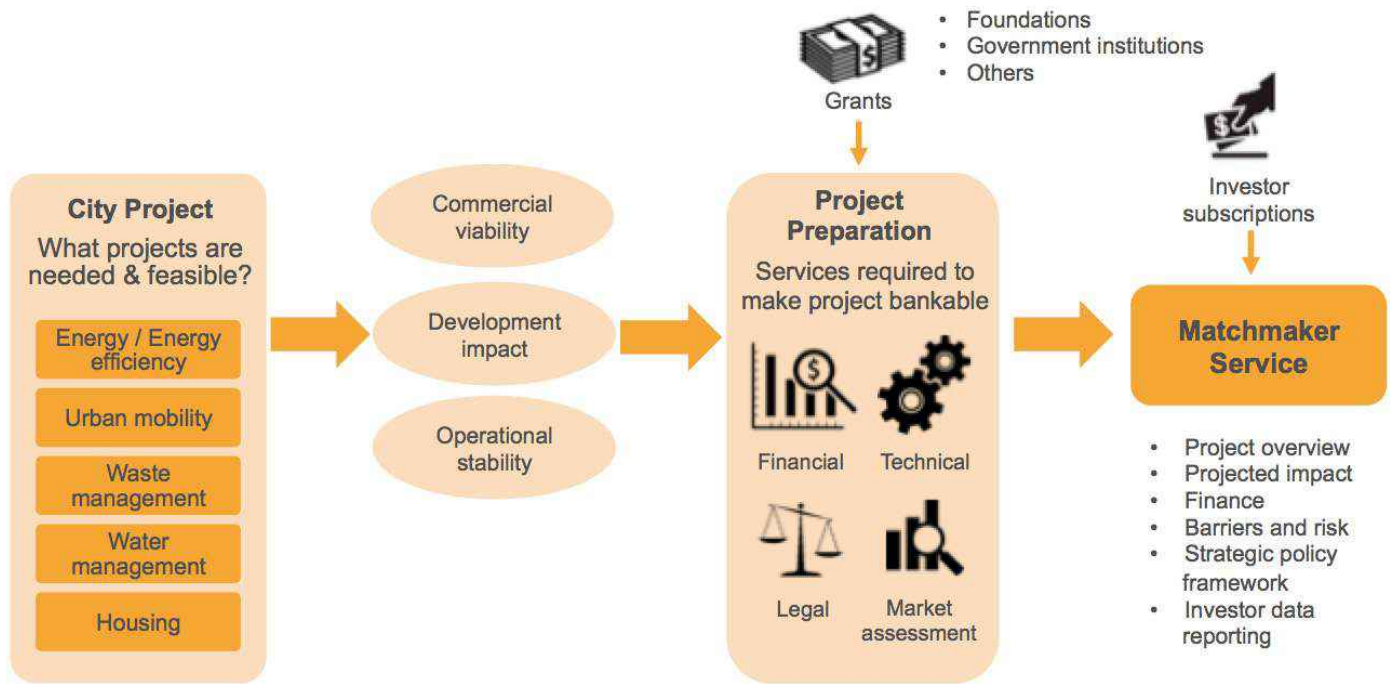
The Matchmaker Service aims to connect and match qualified investors across multiple asset classes with a pipeline of climate related investment opportunities in cities across the world including India. The instrument will have two levels of service: a) the Matchmaker Service platform and b) a project preparation facility. Developed by CDP, the platform will provide investors with reliable, impartial, and timely city-projects, while at the same time providing cities access to the capital market. The platform will host multiple projects on its database in order to create a pool for the subscribed investors and project management

companies (PMCs) to choose from and make an informed decision regarding their investments. The platform provides details on responsible climate and urban infrastructure projects to financial institutions, PMCs, and other parties who may use the information for financing transactions. The Matchmaker Service platform would be self-sustainable as it would be a subscription based model operating in a fast growing market with enormous opportunity for investment.

Instrument Design

The platform is a database that will have some have general information like economic opportunities of climate change in the city and the city's strategy to maximize the opportunities. The platform will also have some specific information and data points about the project, including status of the project (investment requirement, financial leverage, credit worthiness of the project, etc.), expected impact (environmental and social), financial analysis, barriers and risk, and the policy framework pertinent to the project.

The project preparation facility will help cities develop climate-related bankable projects, facilitate aggregation of these projects to reach a larger scale, and connect cities with investors to attract large scale commercial capital for climate infrastructure projects. It is designed to shortlist projects based on commercial viability, climate impact and operational stability, and provide project preparatory services such as legal, technical and market viability assistance. The scope of work of the facility can be divided into four broader



categories: preliminary needs assessment study, feasibility analysis, strategy, and connecting with investors. The facility will also act an honest broker to bring multiple cities (projects) and various classes of investors together, so that investors can identify the right investment proposition according to their risk and return objectives.

As a pilot project for the platform, deployment of city electric bus fleets as an investment opportunity with significant potential in India. The government of India has a target of 100% clean transit by 2030, which will need large scale capital. The

top nine cities in India need around USD 8 billion to replace existing buses with electric buses. As the implementation entity for the pilot project, the state of Jammu and Kashmir has been selected to electrify its fleet of 800 buses in Srinagar. The project preparation facility of the Matchmaker Service will provide services such as feasibility analysis, legal assistance, technical assistance etc. to make the electric bus project bankable. After this, the project will be uploaded onto CDP's Matchmaker Service platform for subscribed investors to access.

The India Innovation Lab for Green Finance is a public-private initiative in India that brings together experts from government, financial institutions, renewable energy, and infrastructure development to identify, develop, and accelerate innovative investment vehicles for green growth in India.

Analytical and secretariat work of the India Lab has been funded by Shakti Sustainable Energy Foundation, the David and Lucile Packard Foundation, the Oak Foundation, and the UK Government. Climate Policy Initiative's team in Delhi serves as Lab Secretariat and analytical provider.