

Supporting cities and subnational governments on climate: Public and private financial institutions demonstrate concrete support for climate action and set priority areas of work

JOINT STATEMENT OF THE SUPPORTING INSTITUTIONS OF THE CLIMATE ACTION IN FINANCIAL INSTITUTIONS INITIATIVE

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In partnership with the Initiative's associated networks:



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42 PUBLIC AND PRIVATE FINANCIAL INSTITUTIONS AND TWO ASSOCIATIONS OF DEVELOPMENT FINANCE INSTITUTIONS WORKING TOGETHER TO ADDRESS THE URGENCY OF CLIMATE CHANGE

Aligning the financial sector with the objectives set by the Paris Agreement and the Sustainable Development Goals will require the systematic integration of climate considerations across financial institutions' strategies, programs and operations. The Climate Action in Financial Institutions Initiative, launched in the margins of COP21 in December 2015, constitutes an unprecedented coalition of public and private financial institutions around the globe focusing on climate mainstreaming.

The initiative builds on the pivotal role financial institutions play in scaling up and directing financing toward the investments and assets required to transition to low-carbon and resilient economies globally and achieving the 'net zero' carbon emissions in the second half of the century as called by the Paris Agreement.

The Initiative aims to provide an opportunity for financial institutions, whether public or private, asset managers or lenders, to:

- Foster the implementation of the 5 voluntary Principles for Mainstreaming Climate Actionⁱ and learn from each other;
- Ensure that lessons learned around good practice are disseminated; and
- Support the development of new approaches for mainstreaming climate change.

Today, 42 public and private financial institutions with more than an estimated USD 13 trillion in total assets from around the globe, as well as two associations of development finance institutions in the Asia-Pacific region and Latin America, support the Climate Action in Financial Institutions Initiative and the guidance provided by the '5 Mainstreaming Principles'.

An initiative committed to facilitating access to finance for cities and subnational actors to address climate change

The Initiative recognizes the unique role of cities and subnational governments – and the importance of tailoring programs and financing instruments to their specific needs. On one hand, cities already house the majority of the global population - and urbanization continues. Cities are where a large share of energy use and the highest proportion of GHG emissions occurs - and they are also particularly vulnerable to climate change hazard. On the other hand, cities and subnational governments benefit from their proximity to people and action and play a crucial role in social and behavioral change. In turn, commitment to climate action increasingly takes place at the local level, with a corresponding need for vertical alignment and integration with NDCs. Furthermore, as indicated by various calls to action endorsed by local leaders, networks, partners and financial institutions, the resources needed by subnational governments to face challenges and take advantage of corresponding opportunities remain significant - including the development of technology and fostering innovation to fight climate change.

The Initiative's Workstream on 'City-Level Climate Smart Approaches and Financial Instruments' brings together participating financial institutions to exchange their experience on the importance of working with non-state actors, and how, through mainstreaming climate change across operations, financial institutions can not only move their climate agendas forward, but also support other non-state actors in their efforts to raise ambition and take action on climate.

ⁱ For a full description, please see Appendix 1 or the Initiative's website www.mainstreamingclimate.org/5-principles/



TODAY AT THE GLOBAL CLIMATE ACTION SUMMIT, WE, THE SUPPORTING INSTITUTIONS OF THE CLIMATE ACTION IN FINANCIAL INSTITUTIONS INITIATIVE, CONFIRM OUR COMMITMENT TO REINFORCE OUR COLLABORATION – BOTH WITH EACH OTHER AND WITH OTHER INTERESTED ENTITIES TO:

1) Accelerate the mainstreaming of climate considerations within our strategies, activities and operating modalities – and share our experience with others

Our Initiative focuses on helping financial institutions in a systemic manner to face the concrete challenges of integrating climate considerations into their strategies, activities, and operations. We, as Supporting Institutions of this Initiative, commit to act with urgency to continue to accelerate progress and address common challenges to fill gaps, while promoting transparency and accountability on our progress.

Part of our work is our open-access online [Climate Mainstreaming Practices Database](#). Today, it houses over 60 case studies on how Supporting Institutions are transforming climate commitments into action – a number of which address specifically the issue of integrating climate across city- and subnational-level interventions.¹ Moving forward, we aim to work together to identify other innovative solutions to addressing the challenges faced by subnational actors.

Furthermore, we will continue to support cities to overcome capacity constraints – particularly in terms of financial structuring and investment policy in light of their capacity to attract financial resources. We also aim to connect the dots between the different coalitions and initiatives active in this area and draw lessons from existing practice to overcome barriers and improve climate smart approaches and tailored financial instruments.

To help connect the dots, the Climate Action in Financial Institutions Initiative is pleased to announce today the launch of its online resource [Connecting the Dots between Climate Finance Initiatives](#). Part of the Initiative's *Climate Mainstreaming Resources Center*, it provides an overview and key conclusions of 30 of the most prominent 'Organizations', 'Convened Processes' and 'Calls to Action' related to the 5 Mainstreaming Principles.

We believe that the Climate Action in Financial Institutions Initiative represents a concrete example of how the financial sector is moving from commitments to results. We invite all interested financial institutions to join this initiative and support our 5 Mainstreaming Principles and all networks and initiatives to work with us. Further integration of climate considerations within the financial community at large will be crucial to the successful implementation of the Paris Agreement.



2) Advance four priority areas for the mobilization of finance and technical support, with a special focus on supporting subnational climate action

The Initiative is pleased to demonstrate the growing progress to date of Supporting Institutions to support and mobilize finance for subnational climate action. We provide funding to local governments, directly or through in-country intermediaries, develop capacity and provide technical support through programs, facilities and platforms to help move climate projects from concepts to reality. Furthermore, we increasingly work with local governments to maximize how climate-focused financial instruments, such as green, social or transition bonds, can support their climate action.

We announce the following priority areas for individual and joint work to support subnational climate action over the coming months and years, as well as the signature initiatives of our participating Supporting Institutions:ⁱⁱ

Priority Area 1: vertical integration of Nationally Determined Contributions (NDCs) at the city and subnational level

New projects and recently launched activities include:

- The **Interamerican Development Bank Group (IDBG)** is joining forces with the **Agence Française de Développement (AFD)** in NDCs implementation at the local level. In Mexico, IDBG and AFD will host an exchange with key stakeholders from government institutions, civil society, and academia in October 2018 to develop a roadmap toward vertical integration of NDCs focusing on mobilization of public and private investments at the subnational level. In Argentina, efforts are underway in a joint operation with AFD to include climate change considerations in line with the country's NDC in proposals for infrastructure investments at the Province level.²

Other examples of projects and activities already supporting the links between national and subnational climate action include:

- The **African Development Bank (AfDB)** in collaboration with the **UN Capital Development Fund (UNCDF)** supports the Local Climate Adaptive Living Facility in Lesotho and Benin. The facility is a 13-country initiative to embed climate adaptation within national systems of fiscal transfers to local governments.
- The **Japan International Cooperation Agency (JICA)** has been collaborating with Ho Chi Minh City since 2015 as part of an on-going project to support the planning and implementation of Nationally Appropriate Mitigation Actions (NAMAs) in Vietnam. In 2018, JICA has been conducting a pilot activity to support the city in developing a *National system on climate change mitigation actions in responding to the Paris Agreement*.³
- **YES BANK** has signed a Memorandum of Understanding with the Indian Institute of Technology (IIT) Delhi to institutionalize a Chair at IIT Delhi for Climate Modeling. The Chair will be instrumental in the development and improvisation of climate modeling methodology and contribute towards formulation of an India centric climate model at the Department of Science & Technology Center of Excellence in Climate Modeling.

ⁱⁱ N.B. The descriptions of all activities, projects and initiatives have been submitted by individual Supporting Institutions. Additional information on the commitments and activities presented here is included at the end of the statement.



Priority Area 2: municipal technical assistance and financing

New projects and recently launched activities include:

- **AFD** mobilizes a number of innovative tools and has recently launched a *Contingency Loan for disaster risk Management* applicable at the urban level.⁴
- The **Development Bank of Latin America (CAF)** is working with **AFD** on the development of a *Massive Open Online Course (MOOC) on Sustainable Cities and Climate Change in the Latin American Region*. This MOOC is to help local governments and urban planners to better understand climate change challenges (on mitigation and adaptation) and integrate those challenges into the urban planning and infrastructure design. The MOOC will be available from the last quarter of 2019.
- The **European Investment Bank (EIB)** is launching the *Global Climate City Challenge* with the Global Covenant of Mayors under the umbrella of the Global Urbis initiative. The Challenge aims to bring in additional public resources and mobilize significant private investment and will provide a tailor-made combination of advisory and financing adapted to the needs of urban climate action investment projects. In a first phase, it will support a minimum of six urban climate action projects by accelerating project preparation and fast-track financing, but the intention is to scale it up substantially.⁵
- **EIB** is also engaged in *FELICITY*, a technical assistance program for low-carbon infrastructure projects in cities jointly led with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The German Federal Ministry of the Environment (BMU) envisages expanding *FELICITY*, which will contribute to Global Urbis and the respective partnership between the Global Covenant of Mayors for Climate and Energy and EIB in Latin America and Indonesia.⁶

Other examples of projects and activities providing subnational technical assistance and financing for climate action include:

- **AFD's CICALIA Facility** launched in partnership with the European Union (EU) and the Swiss State Secretariat for Economic Affairs (SECO) aims to assist 20 to 25 Sub-Saharan African cities in the preparation of bankable climate compatible mitigation and adaptation urban projects and climate strategies.⁷
- **AFD's CLICLASIA Facility** launched in partnership with the EU and the Cities Development Initiative for Asia (CDIA) strives to support 10 to 12 Asian cities for low carbon climate resilient project preparation.
- The **Brazilian Development Bank (BNDES)** has supported subnational climate related investments in urban areas across Brazil, including *Jaguari-Atibainha Water System Interconnection* in Sao Paulo, *water security* in Rio Grande do Norte, the *Pirapora Solar Energy Complex*, and *urban mobility projects* in Sao Paulo, Bahia and Rio de Janeiro. The bank is also actively involved in the Amazon Fund with two new recent public calls for projects.
- **CAF** participates in a number of initiatives supporting municipal governments in Latin American, including: the *Cities Footprint Initiative*⁸ and the *Cities with a Future* program.⁹
- **CAF**, as accredited agency, is implementing recourses from the Project Preparation Facility program of the Green Climate Fund (GCF) on a *Sustainable Transport for Intermediaries Cities Program* in Colombia (STIC Program in Pasto, Pereira, Monteria, Valledupar).¹⁰
- The Moroccan **Caisse de Dépôt et de Gestion (CDG Group - Morocco)** has launched a project to create by 2040 the "*Eco-city of Zenata*" of 300,000 habitants, with cofinancing from **AFD** and **EIB**. Zenata Master Plan was developed with the following guiding principles: Environmental concept and water management; Sustainable mobility; and Socio-economic externalities.
- The **European Bank for Reconstruction and Development (EBRD)** launched the *Green Cities Framework (GrCF)* to deliver a comprehensive and systematic approach to address key climate and environmental challenges facing cities across all EBRD countries of operations. To date, the Bank is working with 15 cities, providing finance for 11 investments worth nearly EUR 0.5 billion and completing 3 Green City Action Plans.



- The **EBRD's** GrCF contributes to the *Green Cities Climate Finance Accelerator*, developed in collaboration with the Global Covenant of Mayors. Under this partnership, EBRD will provide 'first mover' financing to leverage additional third party contributions for the development and implementation of city action plans and projects worth a total of USD 1.5 billion.
- **EBRD** has developed a network of over 130 financial institutions in 24 countries to implement green projects including municipalities. So far, this network has provided finance of over EUR 4 billion.
- **EIB**, in partnership with the European Commission, has developed the dedicated urban investment advisory platform *URBIS*. In its initial phase, it consists of three modules: (1) Increased awareness raising of existing instruments, programs, services; (2) Tailor-made technical and financial advice to cities; and (3) Exploring innovative financing approaches for city investments.¹¹
- **IDBG** recently published a *Sustainable Infrastructure Framework* as a tool to help promote scaled-up investment in sustainable infrastructure and dialogue with national and subnational partner institutions in the region of Latin America and the Caribbean.¹²
- In Brazil, **IDBG** is analyzing the potential of green bonds at the municipal level together with the Climate Bond Initiative (CBI) by mapping existing finance for local infrastructure and eligible investments to provide an overview of the regulatory challenges to unlock finance. CBI will structure a *green project pipeline for financing sustainable infrastructure at the local level*.
- The **Islamic Development Bank (IsDB)** and GIZ are expanding their partnership on *Sustainable Urban Transport Planning* to cover resilience of Urban Transport Systems. The partnership aims to provide capacity building, knowledge products, technical advisory and ultimately financing for Sustainable Transport Projects in IsDB member countries.
- The **World Bank Group** has developed the *City Creditworthiness Initiative* to provide local authorities with comprehensive, hands-on, and long-term support and help to, among others, achieve higher creditworthiness by strengthening financial performance and develop an enabling legal and regulatory, institutional, and policy framework for responsible subnational borrowing through reforms at the national level.¹³
- The **World Bank Group** leads the *Global Platform for Sustainable Cities* (GPSC), which is a forum for knowledge sharing and promoting an integrated approach to urban development among its 28-member cities. GPSC is supported by the Global Environment Facility's Sustainable Cities program, which has dedicated USD 150 million to the platform and projects in each member city, guided by eight implementing agencies. **AfDB**, the **Asian Development Bank (ADB)**, the **Development Bank of Southern Africa (DBSA)**, **EBRD**, **IDBG** and the **International Finance Corporation (IFC)** are partners of the platform.¹⁴
- In a first-of-its-kind Public Private Partnership in India, **YES BANK** has committed USD 24 million to fund the first *sewage treatment plant of capacity 50 million liters per day* to be constructed on the banks of Ganges in Varanasi, Uttar Pradesh. The project is a Hybrid Annuity PPP Model that would ensure that no untreated sewage wastewater goes into the river Ganges.



Priority Area 3: strengthening city- and subnational- capacity for resilience

New projects and recently launched activities include:

- **ADB** is developing a *Platform for Climate Resilient and Low Carbon Urban Development* to support the implementation of the urban development-related priorities of ADB's Climate Change Operational Framework 2017-2030 (CCOF2030). The Platform is also fully aligned with the priorities on Livable Cities articulated in ADB's new Strategy 2030.¹⁵

Other examples of efforts to strengthening city- and subnational- capacity for resilience include:

- **AfDB** and **UNCDF** are working to pilot the Adaptation Benefit Mechanism within the LoCAL program in selected countries in Africa.
- **ADB** has recently approved a regional technical assistance project to strengthen capacity of its selected developing member countries (Bangladesh, Indonesia and Philippines) to develop integrated and multi-scalar investments for strengthening climate and disaster resilience of the urban poor.¹⁶
- **ADB** is adopting the use of alternative technologies in the design of its projects to address climate impacts in cities.¹⁷
- **CAF** published vulnerability indexes to climate change in three cities of the Latin American and Caribbean Region: Guayaquil (Ecuador), Arequipa (Peru), and Sao Paulo (Brazil). A series of additional vulnerability studies are to be rolled out between 2018 and 2019, as part of the "*Sustainable Cities and Climate Change Program*".¹⁸
- The **Council of Europe Development Bank (CEB)** established in 2018 a partnership with *100 Resilient Cities* (100RC) to help cities across Europe prepare for and respond to the effects of climate change and socio-economic challenges. The partnership supports eligible cities in the 100RC network to further develop their capacity to design and implement projects, as well as to leverage resources to build resilience.¹⁹
- **IDBG** is currently preparing the replenishment of *PROADAPT*. In its second phase, the program will have a major focus on resilient urban infrastructure and innovative climate finance solutions to further address climate risks and enhance business opportunities for increased climate resilience.²⁰
- In 2015, **IFC** launched its *Cities Initiative*, which brings together different investment and advisory solutions under one programmatic umbrella that supports several climate-smart activities ranging from public transportation to waste services to storm water resilience.²¹
- **IsDB** has engaged in supporting the modernization and improvement of urban infrastructure in its member countries' secondary cities and increasing their climate resilience. In 2017, it approved financing in support of the Senegalese Government's *Promovilles* initiative, which takes an integrated urban development approach enabling access to basic infrastructure.²²
- The **World Bank Group** created the *City Resilience Program* (CRP). CRP's focus on catalyzing a transparent pipeline of well-prepared and bankable investments to enhance urban resilience helps cities both plan for future risks and find the means to finance the investments required to mitigate the existing risks. At the 2017 One Planet Summit, it announced a collaboration with the Global Covenant of Mayors.²³
- **YES BANK** has launched the multi-sector in-house accelerator program *YES SCALE (Smart City, Clean Tech, Agritech, Lifesciences Tech, Edu Tech)*. The program aims to create financial innovations by sourcing, scaling, and sustaining emerging technology solutions in sunrise sectors. The accelerator focuses on clean sectors including energy management, waste management and water management and sustainable solutions targeted towards smart cities.²⁴



Priority Area 4: subnational climate-focused financial instruments and products

New projects and recently launched activities include:

- The **IFC** and the **World Bank** are founding partners of the *Global Green Bonds Partnership (GGBP)* that is being launched to support efforts of sub-national entities such as cities, states, and regions; corporations and private companies; and financial institutions to accelerate the issuance of green bonds in alignment with the Green Bond Principles. The Partnership will scale green bond issuance by sub-national entities and corporates through targeted technical assistance, capacity building, de-risking, investing, and underwriting support, as well as supporting development of innovative funds and other financial vehicles to mobilize investor capital.
- In June 2018, **Société Générale** teamed up with a number of think tanks to create new financing tools including the *NETEXPLO Smart Cities Accelerator* to develop in particular new solutions of financing for sustainable cities with climate being at the heart of this tool.

Examples of efforts to provide subnational climate-focused financial instruments and products include:

- Since December 2017, **BNP Paribas** collaborates with the United Nations Environment Programme (UNEP) to create sustainable development funding instruments for emerging countries.²⁵
- The **Caisse des Dépôts France** dedicated EUR 10Bn green loans and equity to sustainable cities and regions in French metropolitan and overseas territories between 2014 and 2017, notably through financial products for social-housing energy retrofit, energy-efficient public buildings, clean mobility and public transport solutions, and for the decontamination and redevelopment of brownfield land to avoid urban sprawl.²⁶
- Focusing on local communities, **Caisse des Dépôts France's** EUR 10 million *EnRciT Initiative* aims to accelerate the energy transition by co-investing alongside citizens and local authorities in the development phase of 150 local renewable energy projects over the next ten years. Financing and mutualizing risks at this early stage will support and secure the successful development of small-scale community projects.
- **IDBG's** *Emerging and Sustainable Cities Initiative (ESCI)* provides direct support to national and subnational governments in the development of city action plans in Latin America and the Caribbean allowing for the identification, organization, and prioritization of interventions for sustainable urban growth.



About the Climate Action in Financial Institutions Initiative

The Climate Action in Financial Institutions Initiative was launched on the sidelines of COP21. It is the only network bringing together both public and private financial institutions to share concrete expertise, insights and practice in mainstreaming climate change across their operations. Built around shared commitments to implement the Five Voluntary Principles for Mainstreaming Climate Action, the Initiative aims to support and guide financial institutions moving forward in the process of adapting to and promoting a low-carbon climate resilient development.

In the two years since the launch of the initiative, the 42 leading public and private financial institutions from all around the world supporting the initiative have started implementing the 5 voluntary Principles for Mainstreaming Climate Action within financial institutions, have built on existing and collaborated on innovative approaches to further mainstream climate considerations and support the objectives laid out in the Paris Agreement. This includes areas such as climate risk management, climate finance metrics, financing climate action with local authorities, or the dissemination of a climate strategy within a financial institution.

As of September 2018, the Supporting Institutions of the Initiative include:

African Development Bank (AfDB), Agence Française de Développement (AFD), Asian Development Bank (ADB), Banco de Desarrollo de América Latina (CAF), Banco de Desenvolvimento de Minas Gerais (BDMG), Banco Nacional de Comercio Exterior (National Exterior Commerce Bank) or "Bancomext", Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Banque Ouest Africaine de Développement (BOAD), Belgian Investment Company for Developing Countries (BioInvest), BMCE Bank of Africa, BNP Paribas, Caisse des Dépôts et Consignations –France, Caisse des Dépôt et Consignations (CDC - Tunisia), Caisse de Dépôt et de Gestion (CDG -Morocco, Caribbean Development Bank (CDB), Cassa depositi e prestiti (CDP), Central American Bank for Economic Integration (CABEL), Council of Europe Development Bank (CEB), Crédit Agricole, Development Bank of Southern Africa (DBSA), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), HSBC Holdings plc, Industrial Development Bank of India (IDBI), Industrial Development Corporation (IDC), Inter-American Development Bank Group (IDBG), International Finance Corporation (IFC), International Fund for Agricultural Development (IFAD), Islamic Development Bank Group (IsDB), Japan International Cooperation Agency (JICA), KfW, Malaysia Credit Guarantee Corporation (CGC), Multilateral Investment Guarantee Agency (MIGA), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), New Development Bank (NDB), Nordic Development Fund (NDF), Promotion et Participation pour la Coopération Économique (PROPARCO), Santander, Société Générale, Türkiye Sınai Kalkınma Bankası A.S. (TSKB), World Bank (WB), Yes Bank.

The Initiative also has two partner networks, the *Association of Development Financing Institutions in Asia and the Pacific* (ADFIAP) and the *Latin American Association of Development Financing Institutions* (ALIDE).

The 5 Voluntary Principles for Mainstreaming Climate Action

1: COMMIT to climate strategies

Be strategic when addressing climate change. Institutional commitments to address climate change are demonstrated by senior management leadership, explicit strategic priorities, policy commitments and targets, which allow for the integration of climate change considerations within a financial institution's lending and advisory activities over time.

2: MANAGE climate risks

Be active in understanding and managing climate risks. Assess your portfolio, pipeline and new investments. Work with clients to determine appropriate measures for building resilience to climate impacts and improving the long-term sustainability of investments.

3: PROMOTE climate smart objectives

Promote approaches to generate instruments, tools and knowledge on how best to overcome risks and barriers to investment in low-carbon and resilient investments. This may include mobilizing and catalyzing additional financing and developing specialized financing vehicles/ products, such as green bonds, risk sharing mechanisms or blended finance. Engage clients and other stakeholders (e.g., rating agencies, accounting firms) on climate change risks and resilience, and share lessons of experience to help further mainstream climate considerations into activities and investments.

4: IMPROVE climate performance

Set up operational tools to improve the climate performance of activities. Financial institutions track and monitor indicators tied to climate change priorities, including GHG reporting, lending and advisory volumes supporting green investment, climate related asset allocations, and the institution's own climate footprint.

5: ACCOUNT for your climate action

Be transparent and report, wherever possible, on the climate performance of your institution, including increases in financing of clean energy, energy efficiency, climate resilience or other climate-related activities and investments. Be transparent and report, wherever possible, the climate footprint of the institutions' own investment portfolio, and how the institution is addressing climate risk.



Additional information on Supporting Institution's local climate action programs and initiatives

¹ The following cases studies are shared with supporting institutions and the broader financial community on the Climate Mainstreaming Practices Database¹ available on the website of the Initiative:

- **AfDB** mentions climate resilience in infrastructure and urban systems as one of its priorities in the case study: [African Development Bank \(AfDB\): 5 Year Climate Change Action Plan \(CCAP\) Puts Climate Change at the Forefront of Development](#)
- The case study [AFD and the Government of Senegal \(GoS\) develop cutting-edge tools for smarter flood investment and improved urban planning](#) describes how this project aims (i) to improve knowledge on floods, (ii) to optimize investment in risk mitigation measures, (iii) to upgrade monitoring and response for better risk prevention and (iv) to strengthen flood risk governance.
- **ADB** mentions its engagement in the CDIA in the case study: [Asia Development Bank \(ADB\) Makes Climate Change Core to Operations through Series of Strategy and Policy Changes](#)
- **CAF** describes the “Cities with a Future” program in the case study: [The Development Bank of Latin-America \(CAF\) « Cities with a Future » initiative](#).
- **DBSA** mentions its support to the Climate Change Response Strategies Capacity Building Support for Local Governments in the case study [DBSA—The Development Bank of Southern Africa Implements Effective Partnerships through Designing and Developing Effective Partnership Models to Implement Strategic Plans and Programmes](#)
- The case study on [EBRD's Green Cities Framework](#) describes the institution's approach to address key climate and environmental challenges facing cities across all **EBRD** countries of operations.
- **JICA** describes its technical cooperation to the Bangkok Metropolitan Administration (BMA) in the case study: [JICA's Support for the establishment and implementation of the 'Bangkok Master Plan on Climate Change 2013-2023'](#)

² **IDBG and AFD** also endorsed the Call for Vertical Integration of NDC Investment Plans released by the Global Covenant of Mayors at the 2017 One Planet Summit, spearheaded by the Mayors of Buenos Aires, Medellin, Mexico City, and endorsed by networks representing hundreds of cities and local authorities.

³ Activities of a **JICA** project in HCMC on *National system on climate change mitigation actions in responding to the Paris Agreement* include:

- Activity 1. Conduct studies for necessary revision and enhancement of the current policy framework at national level;
- Activity 2. Elaborate city-level monitoring and evaluation to support quantification of policy impacts;
- Activity 3. Support action plan development and MRV for the targeted subsector in HCMC as pilot.

⁴ Innovative tools mobilized by the **AFD** include: i) Direct lending with or without state guarantee for project financing; ii) Budget support to fund local government's climate investment programs. These tools are leveraged by AFD when the regulatory environment allows it, in favor of creditworthy municipalities with an interest in developing, or demonstrated commitment to, an existing climate strategy, particularly for budget support. Over the recent years, AFD has worked for example with the City of Johannesburg (South Africa), the State of Minas Gerais (Brazil) or the Department of Antioquia (Colombia). If these conditions are not met, AFD partners can mobilize funding for low-carbon, climate-resilient infrastructure projects through on-lent sovereign loans or sovereign loan programs contributing to urban climate agenda, implemented through local governments or national agencies. This tool is mainly mobilized with the objective of financing secondary cities or promoting policy dialogue at a national level.

In terms of mitigation, AFD promotes low-carbon, sustainable mobility solutions by financing public transport projects through sovereign loans in a wide range of metropolis, from Lagos (Nigeria) to Bangalore (India) or Addis-Abeba (Ethiopia). In terms of adaptation, an investment focus has been made on urban drainage projects (Madagascar), with a broader objective of adapting urban basic services and informal settlements upgrading projects to impacts of climate change (planning & design) thanks to vulnerability studies and infrastructure assessment.

⁵ Global Urbis is an ambitious global initiative, announced during the One Planet Summit in Paris in December 2017, that strives to provide cities around the globe with technical assistance and financing for investment in low-carbon and climate-resilient infrastructure.

⁶ As part of the Financing Energy for Low-carbon Investment – Cities Advisory Facility (FELICITY), the **EIB** cooperates with GIZ to support urban projects expected to reduce greenhouse gas (GHG) emissions. The first projects for technical assistance have been selected in Latin America, including: solid waste treatment in Naucaipan; energy efficiency and renewable energy in public buildings in Mexico City and Porto Alegre; integrating public transport and bus fleet renewal in Florianópolis; energy efficient public lighting in Curitiba.

More information is available at: <http://www.eib.org/en/products/advising/felicity/index.htm>

⁷ **AFD's** CICLIA Facility, launched in partnership with the European Union and the Swiss State Secretariat for Economic Affairs (SECO), has the ambition to assist 20 to 25 Sub-Saharan African cities in the preparation of bankable climate compatible urban projects. This includes the financing of Feasibility and vulnerability studies, engineering and design conception studies, and impact assessments. The facility can also provide support to urban areas in the preparation of their climate strategies and during the implementation phases of the financed projects in the form of technical assistance and capacity building. <https://www.afd.fr/en/project-preparation-funds>

⁸ **CAF's** *Cities Footprint* initiative aims at building capacity in Municipal Governments for measurement and monitoring of footprints, among others. CAF finances with CDKN and AFD carbon and water footprints in different Latin American cities to:



- Building capacity in Municipal Governments for measurement and monitoring of footprints, among others.
- Measuring the carbon and water footprints of the Municipal Governments as institutions,
- Measuring the carbon and water footprints of cities as territories,
- Promoting responses to reduce these footprints and establish reduction goals,
- Implementing pilot projects to reduce footprints, with demonstrative character,
- Involving key sectors and the population in general in the footprints' measurement and reduction.

Recently, this Initiative has been recognized by Cities Alliance as one of the five best sustainability initiatives in the world. These cities include:

- La Paz (Bolivia), Lima (Peru), Quito (Ecuador) - 1st phase;
- Santa Cruz de la Sierra (Bolivia), Guayaquil (Ecuador), Fortaleza (Brazil) - 2nd phase;
- Cali (Colombia), Tarija (Bolivia), Loja (Ecuador), Santa Cruz de Galápagos (Ecuador), Recife (Brazil), Cuenca (Ecuador) - 3rd phase;
- El Alto (Bolivia), Cochabamba (Bolivia) - 4th phase.

[More information: http://www.huelladeciudades.com](http://www.huelladeciudades.com)

⁹ Through the *Cities with a Future* program, CAF aims at promoting an integrated vision of urban development and a multi-sectorial approach to better answer the challenges local governments are facing.

¹⁰ CAF's Sustainable Transport for Intermediary Cities Program's overall objective is to reduce GHG emissions as a result of the adoption of more efficient, less carbon intensive modes of public and private transport in 4 intermediate cities in Colombia (Pasto, Pereira, Montería, Valledupar). This is to be achieved with a combination of strategic interventions to trigger:

- modal shift from low capacity vehicles (i.e., motorcycles and private cars) to fewer better operated larger vehicles (i.e., integrated bus transport systems);
- modal shift from motorized vehicles (i.e., SUV, cars, motorcycles, buses) to non-motorized means of transportation (e.g., bicycles, walking)
- lower travelled distance per activity as a result of better urban planning and transport demand management

The Project Preparation Facility funds (PPF) are to complete the structuring of the STIC Programme and prepare a funding proposal to be submitted to the GCF. In particular, to prioritize location, and perform specific project interventions in the cities, undertake feasibility studies, develop technical designs, carry out due diligence on environmental and social safeguards compliance, prepare a gender action plan and develop GHG emission reduction assessment and monitoring protocol.

¹¹ As part of *URBIS*, a dedicated urban investment advisory platform developed by the EIB in partnership with the European Commission, the EIB provided technical assistance to Bologna and Newcastle to identify viable adaptation options and enhance the resilience to climate change of these cities. The EIB also supports the Municipality of Tirana to rehabilitate sections of the Lana River, by developing a proper Environmental Impact Assessment, including climate risks. The EIB is currently supporting the city of Athens to implement its 2030 Resilience Strategy in partnership with 100 Resilient Cities (100 RC). URBIS and the Natural Capital Finance Facility (NCFF) are providing technical assistance to enhance energy efficiency in schools and other public buildings and to renew and green public spaces, addressing urban heat island effects and the impact of flash flooding.

More information is available at:

<http://eah.eib.org/about/initiative-urbis.htm>

<http://www.eib.org/en/products/blending/ncff/index.htm>

¹² The IDBG's recent *Sustainable Infrastructure Framework* is available at: <https://publications.iadb.org/bitstream/handle/11319/8798/What-is-Sustainable-Infrastructure-A-Framework-to-Guide-Sustainability-Across-the-Project-Cycle.pdf?sequence=1&isAllowed=y>

A current example for IDBG's efforts to scale up investment in sustainable infrastructure are its B-bonds, which diversify sources of funding and expand the investor base to entities seeking a high environmental impact. IDB Invest just issued its third B-bond to promote renewable energy in Uruguay: a senior B-bond and a subordinated bond refinancing two solar photovoltaic plants with USD 114.4 million.

¹³ More information on the **World Bank Group's City Creditworthiness Initiative** is available at:

<http://www.worldbank.org/en/topic/urbandevelopment/brief/city-creditworthiness-initiative>

The program aims to: 1) Improve the "demand" side of financing by developing sound, climate-smart projects that foster green growth; 2) Improve the "supply" side of financing by engaging with private sector investors.

It is comprised of two primary components:

- City Creditworthiness Academies: hands-on learning programs that teach city leaders the fundamentals of creditworthiness and municipal finance, including issues determined by the enabling environment and options for financing;
- City Creditworthiness Implementation Programs: In-depth, multi-year, on-the-job, customized technical assistance programs to help them prepare for, structure, and close market-based financing transactions for climate-smart infrastructure projects, using local currency markets whenever possible.

¹⁴ The *Global Platform for Sustainable Cities* (GPSC) occurs in collaboration with outside partners - including the World Resources Institute (WRI), C40 Cities Climate Leadership Group, ICLEI Local Governments for Sustainability, among others. GPSC provides a more holistic approach by supporting activities, such as using geospatial data tools to support integrated urban planning, establishing urban sustainability indicators, implementing sustainable growth action plans, and improving municipal finances and city creditworthiness. New member cities will be added during the program's second phase in 2019. <https://www.thegpsc.org/>



¹⁵ The **Asian Development Bank** recently approved a new long-term strategy, *Strategy 2030* that sets out the institution’s broad vision and strategic response to the evolving needs of Asia and the Pacific. Aside from tackling climate change, building climate and disaster resilience and enhancing environmental sustainability as one of seven operational priorities; making cities livable is another operational priority.

ADB’s Platform will implement an integrated approach combining multisector planning and coordinated programming that is intended to simultaneously address urban climate change mitigation and adaptation imperatives. It will facilitate city-level investments in integrated actions that optimize both climate-resilient and low emissions outcomes. These actions will address key overall drivers of urban development, including urban transportation, local air pollution, GHG mitigation, and increased resilience.

¹⁶ **ABD’s** regional technical assistance project to strengthen capacity of its selected developing member countries will bring together multi-sectoral solutions focusing on land use, community infrastructure, livelihoods, social protection, financial inclusion, gender, and governance for strengthening resilience.

¹⁷ One project of the **ADB** in the People’s Republic of China which adopts the concept of “sponge cities” where groundwater is recharged through a variety of green infrastructure such as preserved floodplains, storm-water wetlands, retention ponds, sunken parks, seepage wells, and green roofs. The project also promotes integrated rural -urban development by supporting towns and bringing services closer to people. It combines flood risk management and environmentally sustainable river rehabilitation, improved wastewater management, and developing institutional capacity to ensure project sustainability. The project supports the implementation of the PRC National New-Type Urbanization Plan (2014-2020) to create initiatives that will promote integrated and green urban-rural development.

¹⁸ Through the studies produced as part of the *Sustainable Cities and Climate Change Program*, **CAF** helps the cities to evaluate the risk of exposure to climate change and extreme events, with the current sensitivity to that exposure and the capacity of the territories to adapt to, or take advantage of, the potential impacts of climate change.

¹⁹ More information is available at: <https://www.100resilientcities.org/>

²⁰ PROADAPT is a regional facility that was set up in 2013 by **IDBG** and the **Nordic Development Fund (NDF)** to support private sector solutions to address climate risks and for translating these into business opportunities for resiliency. The first phase of the IDBG’s PROADAPT program has supported micro, small, and medium enterprises (MSMEs) in developing climate resilience business solutions. <https://www.proadapt.org/>

²¹ By providing targeted pre-transaction advisory support, e.g. feasibility studies or environmental and social risk assessments, and leveraging competencies from across the organization, **IFC** develops individual high-impact projects together with municipalities and assists them in attracting commercial financing.

²² The **IsDB’s** PROVILLE project covers infrastructure such as secondary and tertiary urban roads, storm-water drainage channels, street lighting, etc. in lagging regions of Senegal. Approximately 2.2 million people in the target municipalities of Greater Dakar Area will benefit from the improved urban infrastructure and municipal service. In addition, over 100,000 people will be protected from the risk of recurrent flooding.

²³ The **World Bank’s City Resilience Program (CRP)** support aims at enhancing the capital structure of the city to fund the interventions. By addressing both sides of the challenge, CRP aims to support cities in prioritizing resilience in their capital investment planning. Over the past year, the City Resilience Plan has grown rapidly from a promising concept into a large program with global reach, having engagements with 45 cities globally. <https://www.worldbank.org/en/topic/disasterriskmanagement/brief/city-resilience-program>

²⁴ For more information, please see: <http://www.yesfintech.com/yesscale/>

²⁵ The 1st initiative, “Tropical Landscape Finance Facility” (TLFF) aims to unlock private finance for sustainable land use, including in agriculture and ecosystem restoration, and for investments in renewable energy. The TLFF coordinates cross-functionally between the government, private sector and communities and aims to reach 10 billion dollars by 2025. In February 2018 a USD 95 million Sustainability Bond was issued to finance a vast sustainable rubber plantation in Indonesia preserving the ecosystem and the rural habitat and providing works for 16,000 families.

The 2nd initiative, announced in June 2018, forms part of the Sustainable India Finance Facility (SIFF) with the Indian state of Andhra Pradesh. It develops Zero Budget Natural Farming (ZBNF) which combines different crops and breeding to increase the productivity of farms and limit the need to buy seeds, fertilizers or chemical products from outside. The programme will include the gradual transition of 6 million farmers to ZBNF.

²⁶ Additionally, each year, **CDC France’s** equity investment contributes to a EUR 1 billion of fund-raising for renewable energy projects, including innovative technologies.

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