

City Information Pack

C40 Cities Finance Facility
2021



C40 CITIES
FINANCE
FACILITY

TABLE OF CONTENTS

<i>ABOUT THE C40 CITIES FINANCE FACILITY.....</i>	<i>3</i>
About us	3
Our objectives.....	3
Our guiding principles	4
Types of projects that CFF will support.....	5
Level of project maturity for CFF support	6
Cities' ownership requirements	6
<i>WHAT DOES THE CFF OFFER TO CITIES?</i>	<i>7</i>
Technical assistance provided by the CFF	7
Support for capacity development	7
What support will not be provided?.....	8
<i>TIMELINES AND APPLICATION PROCESS FOR 2021.....</i>	<i>9</i>
Next call for applications from cities	9
Overview of application process	9
Process for selection of cities	9
What happens if a city is unsuccessful with its application?	10
Can a city apply with more than one project?	10
<i>CRITERIA FOR PROJECT SELECTION</i>	<i>10</i>
<i>EXAMPLES OF CURRENT CFF PROJECTS.....</i>	<i>11</i>
E-mobility in Jakarta	11
Dakar - Improving resilience to climate induced flooding	12
Quito - Developing clean and rapid transit	13

ABOUT THE C40 CITIES FINANCE FACILITY

About us

The CFF is a collaboration of C40 Cities Climate Leadership Group and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The CFF supports cities in developing and emerging economies to develop finance-ready projects to reduce emissions limiting global temperature rise to 1.5°C above pre-industrial levels and strengthen resilience against the impacts of a warming climate. The CFF is a 2020 United Nations Global Climate Action Awards winner in the category of Financing for Climate Friendly Investment.

Our objectives

The ultimate objective of the CFF is to reduce GHG emissions and increase climate resilience in cities by mobilising finance for city-level climate change action through inclusive and equitable projects. The CFF aims to achieve the following high-level project outcomes:

- **Sustainable financing** of urban climate action projects;
- **Capacity development** of city administrations to mobilise and access a broad range of financing instruments for climate change; and
- **Knowledge dissemination** beyond CFF partner cities via peer-to-peer learning and CFF stakeholders, while also supporting the work of other development agencies and helping to inform global policy-makers.

The CFF advances the implementation of the Paris Agreement, the New Urban Agenda, and the Addis Ababa Action Agenda. It also contributes to the 2030 Agenda for Sustainable Development (Sustainable Development Goals), in particular Goal 11, by promoting sustainable, resilient and inclusive urban development. As well as delivering climate benefits, the CFF also aims to promote equity, inclusion and additional benefits from supported projects, helping cities to finance inclusive climate actions, such as:

- Increased access to employment, especially for lower-income residents
- Poverty reduction and economic growth
- Improved air quality and public health
- Gender equality
- Equitable access to services, such as quality public transport

Our guiding principles

- **Demand-driven** – Cities apply for CFF support with projects that advance their sustainability priorities. After approval by the CFF funding partners, the CFF provides its support based on needs and demands identified jointly between the city and the CFF.
- **City-focused** – The CFF works in the best interests of supported cities and their projects, rather than a specific capital provider, financing mechanism or construction company. Cities and their residents are the targeted beneficiaries of the CFF and its interventions.
- **Strategic climate change action** – CFF support is targeted towards strategic and transformational projects featured in city development plans, city budgets and if available, city climate action and climate resilience plans.
- **Financial and technical sustainability** – Projects supported must be based on a feasible plan for operation and maintenance as well as for cost-recovery, ensuring the long term sustainability of the project.
- **Ownership and capacity development** – City administrations and their officials are the key actors in the project preparation process. They provide the project management teams and are the recipients of technical assistance and capacity development for project structuring and use of financing mechanisms.
- **Catalytic nature** – The CFF supports cities in sharing their learning and experiences, and catalyses action.
- **Transparency** – The CFF promotes transparency in all areas of project and city selection and project preparation and carries out regular monitoring and reporting.
- **Outcome-oriented** – A key objective is that projects achieve financial close.



Types of projects that CFF will support

The CFF will support concrete, low carbon infrastructure projects, both on mitigation and adaptation. These projects should also have the potential to create positive additional benefits. Below are some examples (**non-exhaustive**) of types of projects the CFF can support:

Energy:

- Energy efficiency in municipal buildings or municipal run buildings
- Energy efficiency in water and waste-water infrastructure
- Low energy / LED street lights
- Renewable energy such as roof top solar PV
- Waste to Energy

Transport:

- Bus Rapid Transit (BRT)
- Light rail
- Electric mobility, electric buses in particular
- Non-motorised transit
- Cycling lanes
- Bikesharing systems

Adaptation:

- Flood prevention
- Water management

Buildings

- Energy efficiency in buildings

The above list is illustrative and not comprehensive. This list is provided to give only an indication of the types of projects that the CFF could support.



Level of project maturity for CFF support

The CFF aims to support projects that have reached the project-structuring phase (see Figure 1) and are seeking support directed at business case development, financial structuring and financing option assessments and in a limited scope technical structuring and design support. In some cases, support for pre-feasibility studies can be considered.

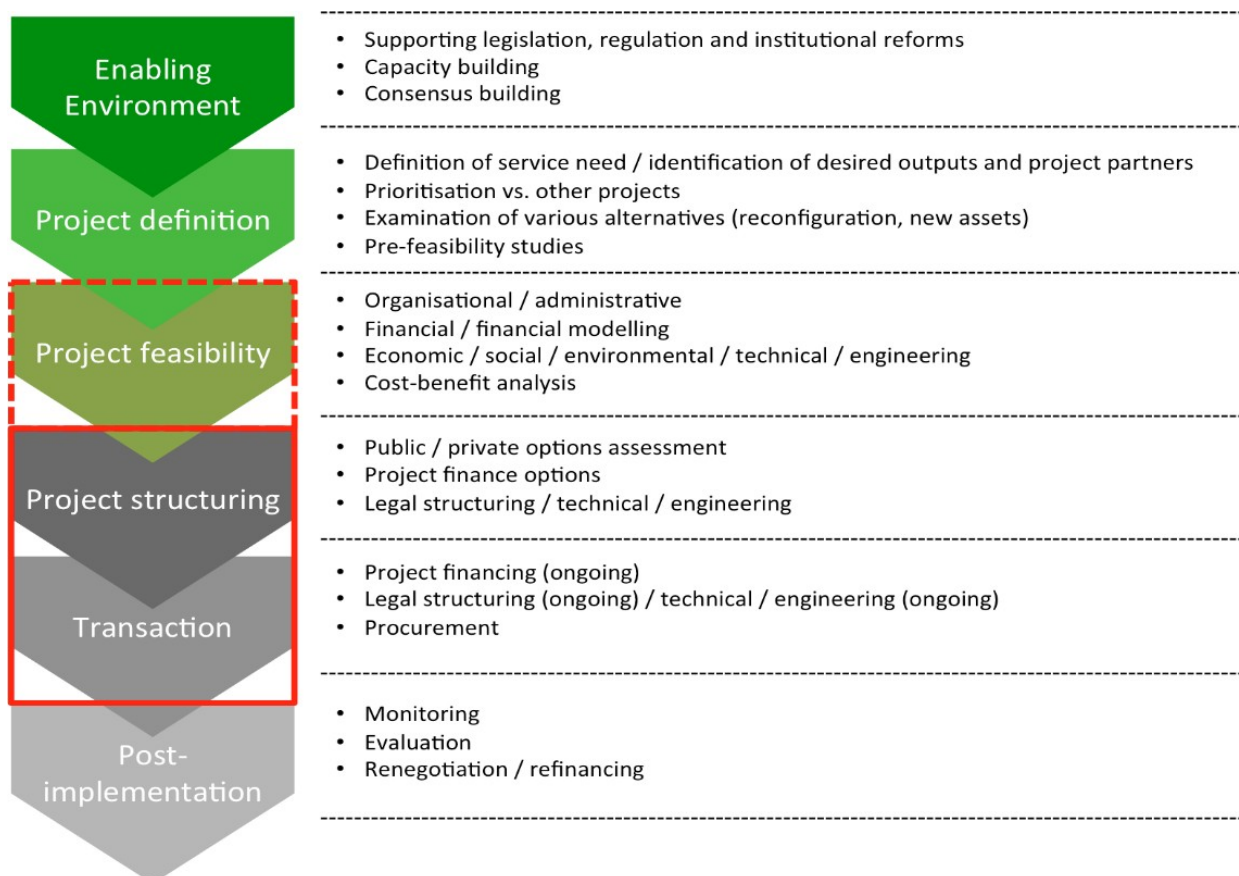


Figure 1: Typical project development process and areas of support by the CFF (highlighted in red box)

Cities' ownership requirements

Cities need to provide evidence that the projects submitted to the CFF for support are featured in the relevant city development plans and that these projects have the necessary political backing for bringing them to financing and realisation. To be eligible for support, city administrations need to have own resources allocated to the project preparation and a project management team assigned. The projects should ideally align with and help deliver the city's climate change action plans, if these plans exist. **For C40 Cities, strong preference will be given for projects that are featured in the city's Climate Action Plans.**

WHAT DOES THE CFF OFFER TO CITIES?

Technical assistance provided by the CFF

Technical assistance provided by the CFF aims at filling the gaps in project development, which the city is not able to fill by itself. This support is provided to cities through a combination of the following:

- A dedicated CFF resource person, based in the relevant municipal department
- Qualified national and external short and long-term experts
- Access to global expertise and best practice through GIZ's in-house expertise and vast experiences as well as the knowledge from C40's thematic networks.
- Peer-to-peer connections from other cities in the C40 network and beyond

The national CFF expert, the so-called Senior Project Advisor (SPA), is a central element of the CFF's support. This locally hired expert works directly for the CFF throughout the duration of the support provided to the city. The expert's role is to coordinate the provision of technical assistance, help the city build a strong project team across the different city departments and ensure the support provided meets the CFF's principles of operation and goals.

Some examples of the technical assistance provided by the CFF to its partner cities include amongst others the conduction of studies on technical and financial structuring, organisational setup, financing options, cost-benefit analysis.

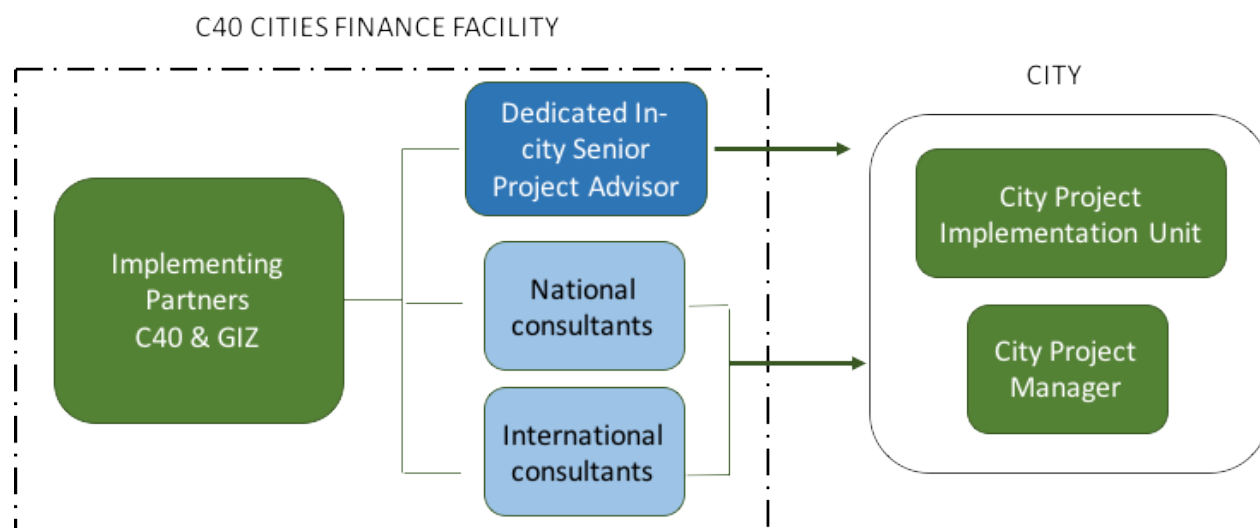


Figure 2: Structure of CFF support to cities

Support for capacity development

As part of the technical assistance delivered to cities, the CFF provides support for capacity development in the city administration. The CFF recognises that the cities it supports need to continuously develop and finance new low-carbon and climate resilient infrastructure and must therefore build their capacity and expertise in structuring similar projects in the future. The capacity development activities combine dedicated training and advice by consultants and advisors with direct learning from the C40 Cities Finance Facility

delivery of the projects (see Figure 3)



Figure 3: CFF's general approach towards capacity development

What support will not be provided?

The CFF does not offer financial assistance and does not provide capital investments in any project.

Will the CFF guarantee that the project will be successfully financed?

As the CFF can only provide technical assistance and not financial capital, it cannot guarantee that a city will successfully finance the proposed project. The CFF is, however, willing to commit to developing a project to a point where it can be readily financed by a development bank or other institutional or private investor

TIMELINES AND APPLICATION PROCESS FOR 2021

Next call for applications from cities

The CFF will select projects from April 2021. The detailed timeline will be announced on the CFF website or newsletter. In a first moment, the application portal is open for C40 cities only. At a later stage, non C40 cities will be invited to apply.

The initial deadline for submitting applications is June 6, 2021. Applications will be reviewed as soon as they are received. **Potential changes will be reported on the CFF website. Please see accompany our website for the most current information on the call for applications.**

Overview of application process

- **Applications will need to be made online on the CFF website** <https://www.c40cff.org/apply>
- The CFF team is available to support cities through this application process throughout the duration of the application window to answer queries and to ensure that cities have sufficient information about the CFF. Please contact the CFF team at contact@c40cff.org and the C40 Regional Directors to arrange a time should you wish to avail of this support.

Process for selection of cities

The city selection process is a competitive one. After the close of call for applications, the CFF evaluates the proposals to shortlist projects for advanced due-diligence. Advanced due-diligence includes city visits by the CFF team, intensive discussions with city officials, and a second stage application form for the CFF to get a better understanding of the proposed project. A technical gap analysis is also conducted at this stage.

Overall, the application process includes an assessment of a projects' potential to contribute towards the city's mitigation and adaptation goals and strategic priority to the city, as well as considering the impact of the project on the city's wider social and economic development. This takes into consideration improvements to livelihoods and employment, opportunities for women and potential economic benefits, particularly for the poorest residents of the city.

What happens if a city is unsuccessful with its application?

Cities that are not successful with their applications will remain eligible to apply for future support from the CFF. All cities applying will receive feedback on changes that could be made to their projects to bring them closer to financing.

Can a city apply with more than one project?

Yes, cities are welcome and encouraged to apply with more than one project. The CFF will review all projects submitted and work with the cities to consider supporting one or more of the submitted projects.

CRITERIA FOR PROJECT SELECTION

Projects applications will be analysed according to eligibility and selection criteria, outlined below:

Initial eligibility criteria:

- **Project maturity** – The project must have achieved a minimal level of maturity for CFF support. For more information, refer to the section “Level of project maturity for CFF support” above.
- **Tangible infrastructure project** – The project needs to be a concrete infrastructure project. Plans, policies or campaigns are not eligible.
- **Completeness of application** – The application submitted to the CFF must be complete with all relevant information available to the city.
- **For C40 Cities that CFF already works with - Differentiation from previous CFF project.** For cities that the CFF has already worked with, the new proposed project needs to be of a different type of support provided by the CFF before.

Application analysis criteria

After being deemed eligible, projects will be analysed based in the following criteria:

- Scalability and replicability potential
- Climate benefit
- Financing
- City Context
- Implementation challenges
- Equity and benefits

EXAMPLES OF CURRENT CFF PROJECTS

E-mobility in Jakarta

The C40 Cities Finance Facility is supporting Jakarta to implement an operational trial fleet of 100 e-buses in the network of TransJakarta, which will contribute to Jakarta's target of promoting public transport mode share to 60% as well as to 100% electrify TransJakarta's fleet in 2030.

The project will include preparation of a project proposal including financial modeling to ensure the project will reach financial feasibility and financial resources. For Jakarta, the trial project and its preparation are seen as an opportunity to learn about the technology, operation and business model of e-Bus fleets.



CFF is providing the following support:

- Stakeholder and project management, to tie all policy, scope, tariff, contractual aspects together towards a bankable and implementation ready e-bus trial project.
- Advise technology/system options and technical set-up of e-bus operations as well as associated knowledge management on technical and economic parameters of e-bus operations.
- Develop a business case which can advise the financial feasibility of 100 e-bus trials by taking into account all relevant cost parameters, e-bus km tariff, contract parameters (risks, compensation and duration) and subsidy requirements.
- Identification of applicable/feasible financing options.
- Development of the Social Cost Benefit Analysis (SCBA) to establish a case for additional subsidy for TransJakarta operations if required.
- Procurement strategy for 100 e-bus trials.

Dakar - Improving resilience to climate induced flooding

The C40 Cities Finance Facility will support the city in the hydraulic and landscaping redevelopment of the Zone de Captage stormwater retention basin in the Grand Yoff district. This project will protect the city from flooding caused by heavy short-term rainfall and tackle the issue of illegal wastewater and household waste dumping into the basin and uncontrolled vegetation in the basin.

The CFF's assistance will allow the city to build the business case for the project and identify the most appropriate financing sources for the project.

The city is leading the project's planning and implementation, while the CFF is currently providing the following support:

- Dedicated technical advisor based within the city administration
- Technical, environmental, and economic feasibility study on the rehabilitation of the stormwater retention basin
- Financial options study
- Assessment of community-based models to provide for the maintenance of the re-developed retention basin
- Support in carrying out consultation processes and awareness raising campaigns to ensure the long-term engagement with the project from all stakeholders
- Studies on the economic and social impact of disconnecting illegal wastewater connections
- Knowledge transfer on planning similar projects and capacity development of the project team in Dakar



Quito - Developing clean and rapid transit

The city of Quito pioneered electric mobility in Ecuador when it implemented the Central Trolleybus BRT corridor in 1995. Currently, there three BRT corridors operating along the city. Two of these, Ecovía and Central Trolleybus corridors, are directly operated by the Municipal Passenger Transportation Company. As a member of C40, Quito is committed to replacing all diesel buses in the city starting in 2020. Furthermore, The trolleybus and part of the Ecovía fleets must be withdrawn from service because of their age. The project aims at substituting diesel buses in the Ecovía and Trolleybus corridor which also includes its extension from the El Labrador terminal to Carapungo in the northern end of the city.

This project will promote the substitution of approximately 200 articulated diesel buses, 90 trolleybuses and 300 12-meter buses for electric buses and new trolleybuses, by resorting public-private operations models.

The purpose of the project is to contribute to Quito's commitment to the Paris Agreement and to build climate change resilience by reducing GHG emissions in the Integrated Public Transportation System. The implementation of this project will aid the city to provide clean and fast transportation to over 150,000 new users and approximately 600,000 current users of both corridors. The project will also include measures to assure transportation to vulnerable groups in an inclusive and safe transport system.

The C40 Cities Finance Facility is supporting the city to develop two zero-carbon projects that will be built in the city within the next few years:

1. Electrification of the Ecovía BRT (Bus Rapid Transit) corridor, including the installation of strategic charging stations throughout the route and procurement of 120 e-buses.
2. A 10.3km extension of the Central Trolebús corridor, including the construction of two bus terminals and the acquisition of 129 e-buses.



The city of Quito aims at eliminating all fossil-fuel vehicles from the historic center by 2020 and from public transportation by 2030. The Municipality, through its Secretariat of Mobility, is leading the implementation of this project. CFF-C40 will provide technical assistance through the following measures:

- Design of management models for both subprojects, considering possible public-private partnerships or delegation to private sector.
- Creation of two bankable projects for seeking funding to execute the project.
- Definition of best e-bus technology for the city.
- Preparation of management model and business case for implementing the subprojects.
- Preparation of tenders for both projects.
- Development of capacity development bank.

Quezon City - Using solar power to promote clean energy

The C40 Cities Finance Facility will help solarise schools to provide clean and reliable power supply for Quezon City. The project will build resilience to managing climate change related extreme weather events while increasing clean, renewable energy generation in the city.

The city, supported by the C40 Cities Finance Facility (CFF), will develop the business case for solar rooftops on 50 public schools in the city. The city will then be able to roll-out solar rooftops to all public schools, public buildings, and social housing projects.

The project will help the city lower energy costs of the schools by reducing the consumption of expensive electricity from the grid. The money saved can be allocated for the purchase of educational materials, improvement of facilities, or skills upgrading for the teachers. Clean solar energy will also help improve air quality and reduce air pollution in the city. The project will provide a replicable model not just for solarisation of rooftops in Quezon City but also the Manila Metropolitan Region, giving a nationwide boost to solar power development in the country. The city already conducted pilot solar PV rooftop projects on the Commonwealth High School and Balara Elementary School.

The Quezon City Solar Technical Working Group (TWG) is leading the project's planning and implementation, while the CFF is currently providing the following support:

- Dedicated technical advisor based within the city administration;
- Financing the technical feasibility studies needed to make the project bankable;
- Train city staff to plan and design solar PV rooftop systems for public buildings;
- Legal and institutional study to develop tender documents, financing strategies and contract models for public private partnership (PPP) investments;

The TWG used a selection criteria matrix in choosing the 50 schools that will be installed with solar PV systems. The schools were spread equally in the 6 political districts (8 per district) of QC, with the remaining slots were allotted to 2 special schools for differently abled kids.

