

## Appendix 1 – Information pack for cities

### About the C40 Cities Finance Facility

The C40 Cities Finance Facility (CFF) is a joint project of the C40 Cities Climate Leadership Group (C40) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. It was launched during COP21 in Paris, to support C40 cities in developing and emerging countries in preparing and delivering sustainable, low carbon and climate action projects.

### Our donors

The CFF is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), the UK Department for Business, Energy & Industrial Strategy (BEIS), and the United States Agency for International Development (USAID). It also receives in-kind support from the Inter-American Development Bank (IADB).

### Implementation

**GIZ** is the main implementing agency for technical assistance and capacity development, while **C40** is responsible for building relationships with supported cities and partners and sharing knowledge gained amongst a wide group of cities.

### 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. 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 achieve the following socio-economic benefits from supported projects:

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

## 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

With its current funding arrangements, the CFF will focus on supporting climate change mitigation projects in the areas of energy and transport, such as for example:

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

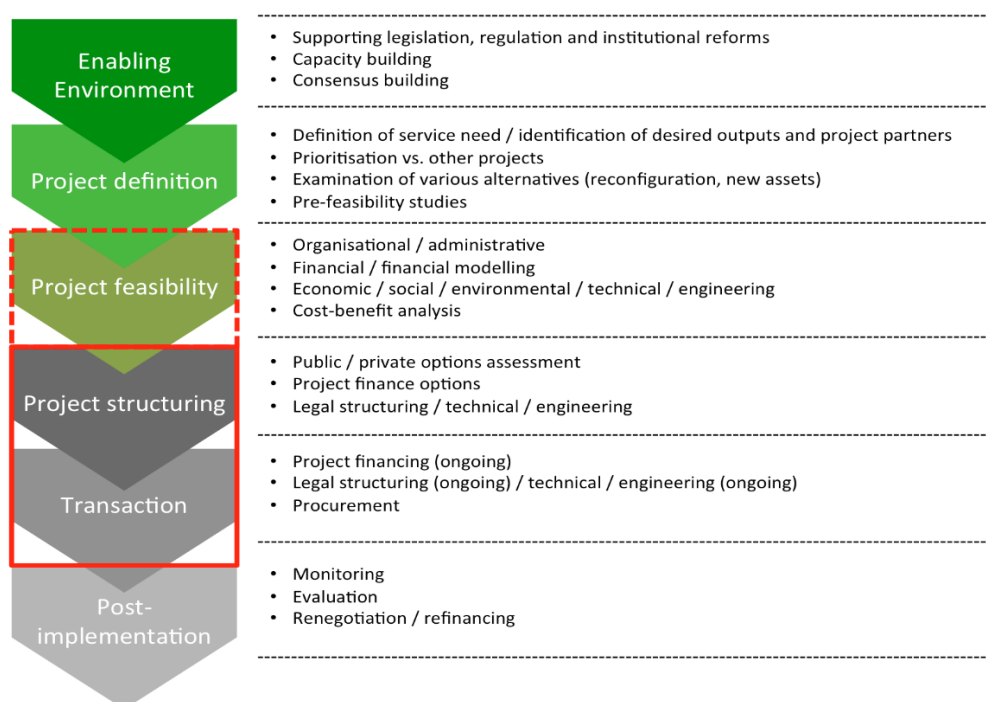
Transport:

- Bus Rapid Transit (BRT)
- Light rail
- Electric mobility, electric buses in particular

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. Climate change adaptation projects may be considered.

## 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. However, support is restricted to projects that already have at least a pre-feasibility study or a pilot project conducted.



**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.

## Technical assistance provided by the CFF

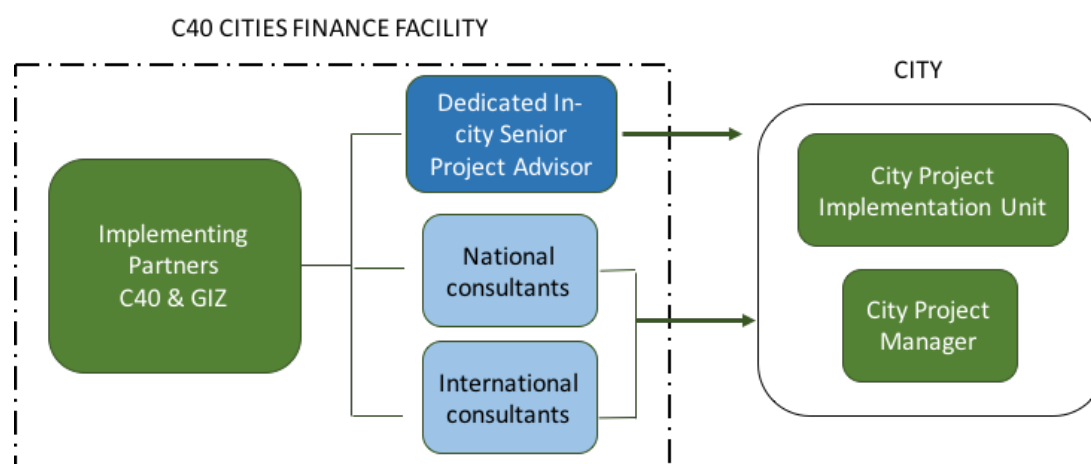
Technical assistance provided by the CFF aims at filling the gaps in project development, which the city is not able to fill by itself. This support is provided to cities through a combination of the following:

- 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 advise by consultants and advisors with direct learning from the 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.

## 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 application form is designed for cities to give information about 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.