The C40 Cities Finance Facility
2018-2020

Information pack for cities

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ABOUT THE C40 CITIES FINANCE FACILITY

About us
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.

![Diagram: Typical project development process and areas of support by the CFF (highlighted in red box)](image)

**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.
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.

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).

**Human resource development**
- Strengthening technical and management skills within the city administrations
- Technical advice, peer-to-peer learning & on-the-job-training for project staff on aspects of project preparation and finance
- Training for city experts on specific subjects such as monitoring & evaluation and greenhouse gas reduction assessments

**Organisational development**
- Supporting the city in developing optimal institutional structures
- Technical advice on establishing project implementation units and identifying required human and financial resources at city level
- Supporting inter-agency coordination and cooperation between relevant departments of the city administration

**Cooperation and network development**
- Strengthening city-to-city exchange through C40 networks
- Building city-to-finance networks including local finance institutions
- Best practices in stakeholder engagement and participation mechanisms

*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 2018-2020

Next call for applications from cities

The call for applications from cities has been opened in January 2018 and is expected to close on Friday, April 13.

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, to ensure that cities have sufficient information about the CFF, and to hand hold the cities through the application process. Please contact the CFF team at contact@c40cff.org and the C40 RDs/City Advisors 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.

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.

Tentative timelines

- Call for applications: Feb – Mar 2018
- Acknowledgement of applications: April 2018
- Review of stage 1 applications to shortlist projects for advanced due diligence: April 2018
- Engagement with cities on advanced due-diligence: May 2018
- City visits and discussions with city officials: May – July 2018
- Stage 2 applications by cities: July - August 2018
- Final due-diligence on the basis of stage 2 applications by cities: September-October 2018
- Announcement of partnerships with cities and commencement of support: October – November 2018
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.

EXAMPLES OF CURRENT CFF PROJECTS

The Quinto Centenario bicycle project in Bogotá

Bogotá is building a first-of-its-kind 25-kilometer bicycle highway traversing the city from south to north. The project, known as the Quinto Centenario, will commemorate Bogota’s 500th anniversary. It will connect citizens from low, middle and high-income neighbourhoods with jobs, schools and recreational opportunities, and will support approximately 34,000 bicycle trips in the morning peak hours. The project will include bicycle parking facilities, and measures to enhance the security of vulnerable users (such as adequate street lighting) and promote economic development (e.g. improvement of public spaces along the route).

The benefits of the project include:

- A significant reduction in GHG emissions and air pollution by shifting citizens from private cars to bikes.
- An increase in the resilience of transport infrastructure that will be less vulnerable to flooding.
- A boost to local businesses and shops that will benefit from more pedestrianised and cycling friendly streets.
- An increase in women cycling as a result of safety and security improvements.
- Improvements in health through improved air quality and active travel.

The Department of Mobility (Secretaría Distrital de Movilidad, SDM) is leading the project’s planning and implementation, while the CFF is currently providing the following support:

- Dedicated technical project advisor based within the city;
- Exploring potential financing and funding structures for construction and operation of the cycle highway;
• Choosing the exact route and designing the infrastructure to maximise development and equity benefits, especially in the southern part of the highway;
• Planning measures to ensure the cycle highway follows climate resilient principles;
• Supporting the development of a communications plan to engage all key stakeholders, especially business owners and women.

A new bus corridor on Eje 8 Sur in Mexico City

The C40 CFF is supporting Mexico City by developing the necessary feasibility studies for a new bus corridor project on one of its major thoroughfares, Eje 8 Sur, which will include a fleet of electric buses and bicycle lanes alongside it. The new bus corridor will be 22km long, involve 100+ electric buses, and serve an estimated 160,000 daily trips, providing connections with five Metro lines and one Metrobus Bus Rapid Transit line. The buses will improve connections between low- and middle-income neighbourhoods and promote economic development across the area.

The project will significantly reduce GHG emissions and air quality, shorten commuting times for users and pave the way for the introduction of electric buses across Mexico City.

The benefits of the project include:

• A significant decrease in GHG emissions through the replacement of old and polluting diesel buses and mini-buses with electric buses.
• The redevelopment of the corridor aiming to reduce number of private vehicles on the route by shifting use to public transport and cycling.
• Faster public transport times and improved quality of public transport for commuters.
• The redevelopment of the corridor using a ‘complete streets’ approach, integrating green infrastructure measures to improve air quality, reduce the urban heat island affect and provide sustainable urban drainage systems.
• An improvement to the area’s liveability, by enhancing air quality, reducing traffic noise and boosting local businesses.

The project aligns with Mexico City’s ‘Integrated Mobility Programme’ (Programa Integral de Movilidad) for 2013-18, which establishes the right to mobility for all residents, focusing on pedestrians, cyclists and public transport users and pioneering inclusive governance and resilience approaches. The Department of Mobility (Secretaría de Movilidad, SEMOVI) is leading the project’s planning and implementation, while the CFF is currently providing the following technical support:

• Dedicated technical advisor based within the city administration;
• Conducting the mobility studies needed to make the project bankable;
• Exploring potential financing and funding structures for construction and operation of the bus corridor;
• Scoping available zero-emission bus technologies;
• Developing partnerships with multilateral banks to provide additional technical support.