



# C40 Cities Finance Facility

## Linking Climate Mitigation and Adaptation Projects to Finance

More than half of the world's population lives in cities, a number that is expected to grow particularly in developing and emerging economies over the next decades. Cities also account for over 70% of global CO<sub>2</sub> emissions and are highly vulnerable to climate impacts. Considering their role in addressing climate change, cities are increasing their urban climate action plans in number and scale. However, there are significant barriers in accessing the finance needed to implement urban climate projects. There is an overall unmet demand in supporting to prepare urban infrastructure projects addressing climate change to a level that satisfy requirements from financial institutions. The C40 Cities Finance Facility (CFF) bridges this gap by supporting cities in identifying the most suitable financing solution for their climate projects and advising throughout the preparation process. This support includes strengthening the capacity of cities, overall technical, financial, and legal support, and enabling cities to scale-up and replicate successfully prepared projects.

### Our Approach

The CFF is jointly implemented by C40 Cities and GIZ. As a BMZ commissioned project, it is co-financed by the Agence Française de Développement (AFD) and the British Foreign, Commonwealth & Development Office (FCDO). As one of the world's few independent project preparation facilities with a focus on cities in developing and emerging economies, the CFF aims to enable cities to mobilise financial resources for transformative and sustainable climate action projects. One of its key instruments to achieve this is by providing needs-based capacity development. The CFF approach acknowledges that strengthening cities' project development and financing capacities requires involving all levels of capacity development and considering internal and external challenges. Through its support to city

administrations in project preparation, the CFF envisions enhancing and increasing technical and organisational capacities and skills, cooperation and communication, as well as managerial and financial capacities to mobilise climate financing instruments. Strengthening cities' capacities intends to establish standard procedures and support the acquisition of skills to prepare similar projects in the future.

The CFF supports urban infrastructure projects in the sectors of renewable energy and energy efficiency, motorized and non-motorized transport, as well as climate adaptation. Partner cities are selected through a competitive application process by the donor steering committee and are largely comprised of C40 member cities. (C40 member cities are part of the C40 Cities network and earn their membership through climate action based on performance-based requirements). Successful projects are also replicated and upscaled in other cities to encourage regional cooperation and share lessons learned. Alongside its integrated approach of technical, legal, and financial advice for project preparation and capacity building within city administrations, the CFF fosters information exchange and expertise.

To date, the CFF has leveraged an investment volume of USD 650 million and supported 20 projects in 18 cities across Latin America, Africa, and Asia. These projects are projected to reduce over 2.5 million tons of CO<sub>2</sub> equivalent GHG emissions over 30 years. Since the CFF recently entered its third phase, new partner cities are currently being evaluated and selected.

Project Name	C40 Cities Finance Facility (CFF)
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
Co-Financed by	Agence Française de Développement (AFD); British Foreign, Commonwealth & Development Office (FCDO)
Implementing Partners	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the C40 Cities Climate Leadership Group (C40)
Investment Volume Leveraged	USD 650 million
Project Sectors	Transport, Energy and Adaptation
Duration	2016 – 2024

## Ensuring Equity and Inclusion

Climate change disproportionately affects women and poses the greatest threat to marginalised groups, such as the elderly and socially disadvantaged minorities. The CFF has shifted from a gender to an equity and inclusion (E&I) approach to address the interconnected nature of complex inequalities. The COVID-19 pandemic has further aggravated inequalities and has added an increased sense of urgency to implement projects inclusively. As part of the CFF's **Green & Just Recovery Programme**, additional COVID-19 funds are being used to put in place the needed knowledge and capacity development materials to equip staff and effectively deliver the appropriate training to support cities where needed. The CFF is mainstreaming E&I in the technical and operational planning process by for example including an E&I focal person in each project and conducting project-specific studies with recommendations for implementation.

## Examples from the Field

Over the past two phases, the CFF has supported projects in 10 countries in Africa, Asia, and Latin America. Insights from the field include a project in Curitiba, Brazil, where the CFF supported the city in installing solar panels on a deactivated landfill and bus terminals in the city. The CFF

assessed the legal, financial, and technical feasibility of these sites and provided training on solar energy technologies. Capacity building activities for municipal staff were also incorporated alongside the gender study, which was well received by the city and subsequently used as the basis for the city's legal framework on gender equality.

In response to high levels of air pollution in Jakarta, Indonesia, the CFF supported TransJakarta, a city-owned operator, to deploy a fleet of 100 e-buses to gradually replace the city's diesel buses. TransJakarta also promotes the recruitment of female drivers on the basis of a 30%-quota. The e-bus roadmap predicts that 60% of the city's bus fleet will transition to e-buses by 2025, respectively growing to a share of 80% by 2030.

In Bogotá, Colombia the CFF supported the city in introducing a 25-km bicycle highway that is currently being implemented. Furthermore, Colombia's cycling cluster (Bogotá, Bucaramanga, Cali, and Montería) is exploring the best way to deploy bike sharing systems for their cities. The project contributes to the city's efforts of overall improved cycling infrastructure and ensures better air quality and less traffic congestion. The project also includes a gender perspective to increase the number of women in cycling. In addition to outreach products, such as videos on gender and cycling, there has been extensive cooperation with the city's gender department and awareness-raising workshops and activities to influence the dialogue on women in cycling at the national level.



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