



# **CITIES CLIMATE FINANCE LEADERSHIP ALLIANCE**

**Launch of the  
2021 State of  
Cities Climate  
Finance Report**

**30 June 2021**

The background of the slide is a high-angle aerial photograph of a modern urban landscape. It features several buildings with extensive green roofs, which are covered in various types of vegetation. A curved, elevated walkway or bridge is visible in the upper left. The surrounding area includes other buildings, trees, and what appears to be a road or parking lot. The overall color palette is dominated by shades of green and grey.

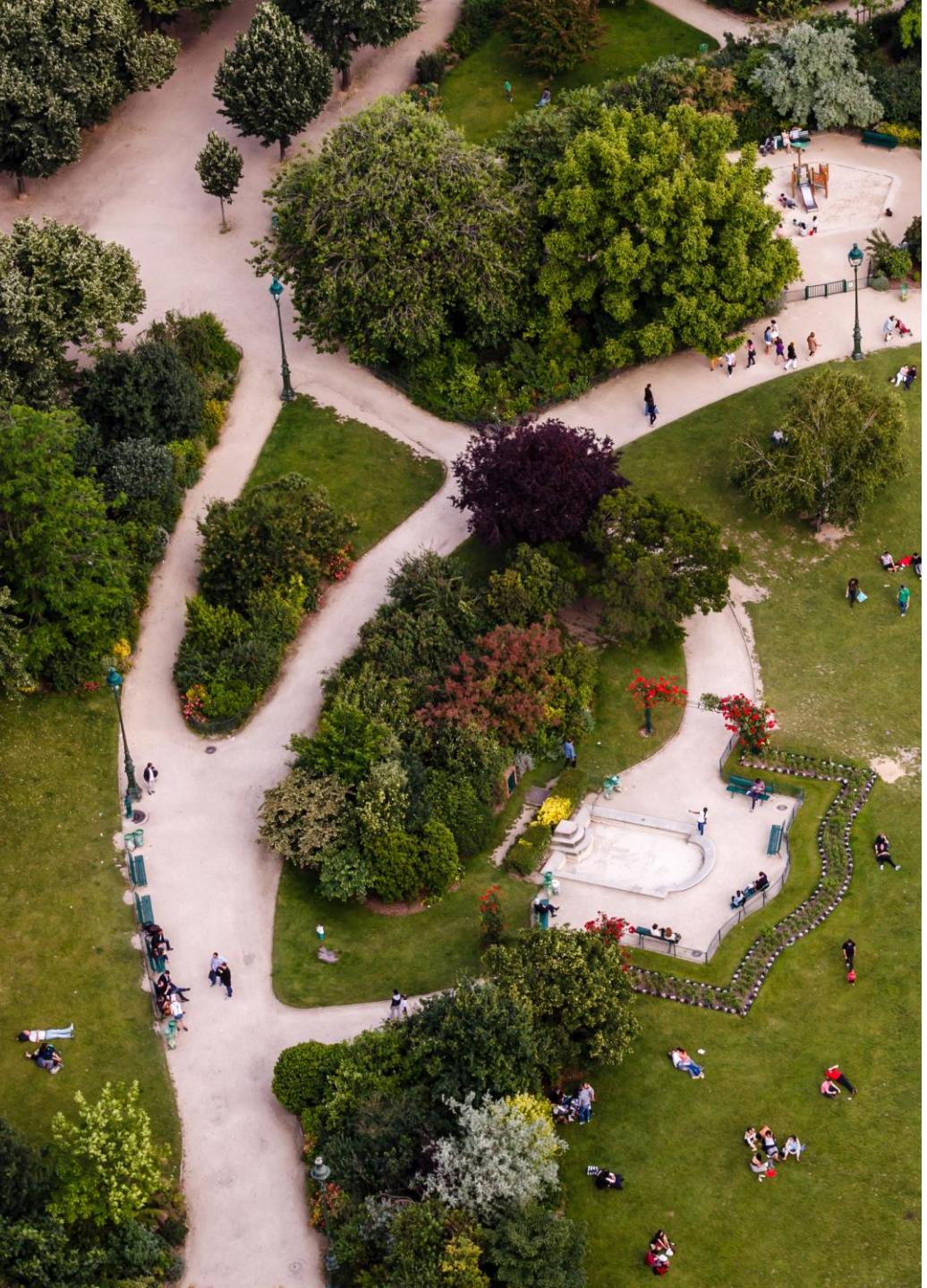
# Welcoming Remarks

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**Dr. Barbara Buchner**, Global Managing Director, CPI (Alliance Secretariat)

**Sameh Wahba**, Global Director of Urban, Disaster Risk Management, Resilience and Land Global Practice, World Bank

**Dr. Jürgen Zattler**, General Director for International Development Policy, Agenda 2030 and Climate, Federal Ministry for Economic Cooperation and Development (BMZ), Germany



# The State of Cities Climate Finance Report 2021

## **PART 1: The Landscape of Urban Climate Finance**

- Dr. Angela Falconer, Director, Climate Policy Initiative

## **PART 2: The Enabling Conditions for Urban Climate Finance**

- Sandrine Boukerche, Climate Change Specialist, World Bank
- David Mason, Urban Development Specialist, World Bank

# The Landscape of Urban Climate Finance (Part 1)

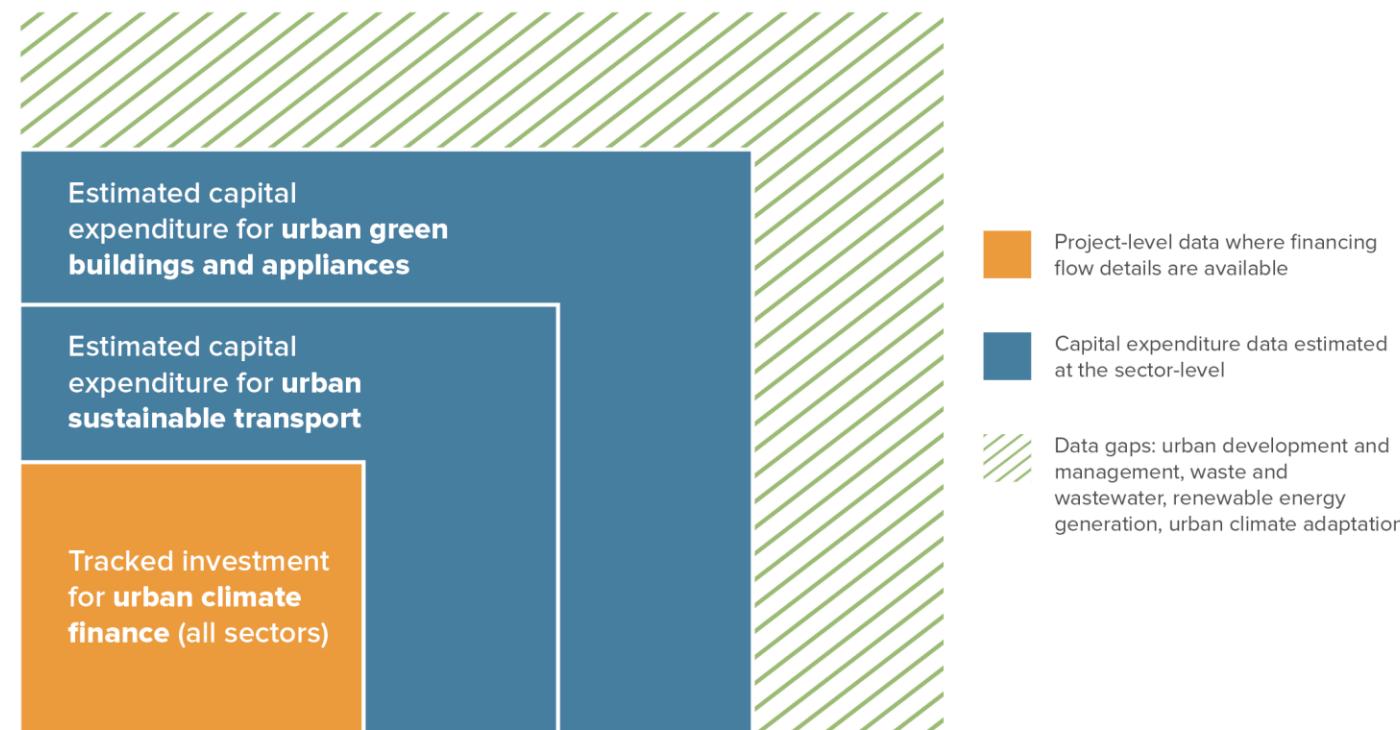
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Authored by the Cities Climate Finance Leadership Alliance Secretariat (Climate Policy Initiative) in partnership with the Atlantic Council's Adrienne Arsht-Rockefeller Foundation Resilience Center, Part 1 presents for the first time a comprehensive estimate of global urban climate finance.

The Landscape was developed by tracking all sources of climate finance flows to urban areas and estimating urban climate investments in the buildings and transport sectors. Part 1 also presents some of the Alliance's activities to address barriers to investment.

# The Landscape of Urban Climate Finance combines tracked and estimated data to produce a first comprehensive estimate

**Urban climate finance** refers to resources directed to activities limiting city-induced GHG emissions or aiming to address climate-related risks faced by cities, contributing to resilience and low carbon development.



# LANDSCAPE OF URBAN CLIMATE FINANCE 2017/18

384 BN USD ANNUAL AVERAGE



## SOURCES AND INTERMEDIARIES

Which type of organizations are sources or intermediaries of capital for urban climate finance?

Government  
(National Transfers & Local Budget)  
\$60

Bilateral DFI \$2

Climate Funds <\$1

Multilateral DFI \$20

Unknown (public) \$2

Institutional Investors <\$1

Commercial FI  
\$30

Corporation \$10

Households/ Individuals \$44

Funds <\$1

Unknown (private) \$52

Unknown \$163

## INSTRUMENTS

What mix of financial instruments are used?

Grant \$32

Low-cost Project Debt  
\$20

Project-level Market Rate Debt \$63

Project-level Equity \$8

Balance Sheet Financing (equity) \$86

Balance Sheet Financing (debt) \$11

Unknown \$163

## REGIONS

Where is finance flowing?

North America  
\$47

Western Europe  
\$85

Middle East & North Africa  
\$11

Other Oceania  
\$3

Sub-Saharan Africa  
\$3

Central Asia & Eastern Europe  
\$9

Latin America & the Caribbean  
\$11

South Asia \$4

Transregional  
\$24

East Asia & Pacific  
\$187

## CLIMATE USES

What types of activities are financed?

Adaptation \$7

Dual Use \$2

Mitigation  
\$375

## SECTORS

What is the finance used for?

Disaster Risk Management <\$1

Water & Wastewater \$6

Urban Development & Management \$3

Other \$2

Renewable Energy Generation \$4

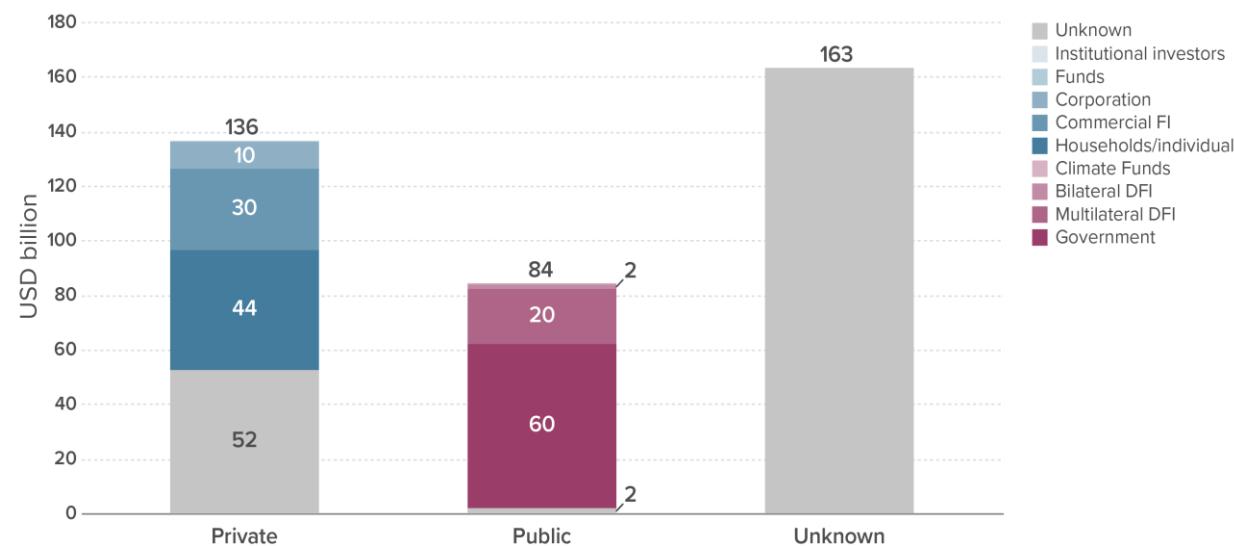
Building Infrastructure & Energy Efficiency \$167

Sustainable Transport \$202

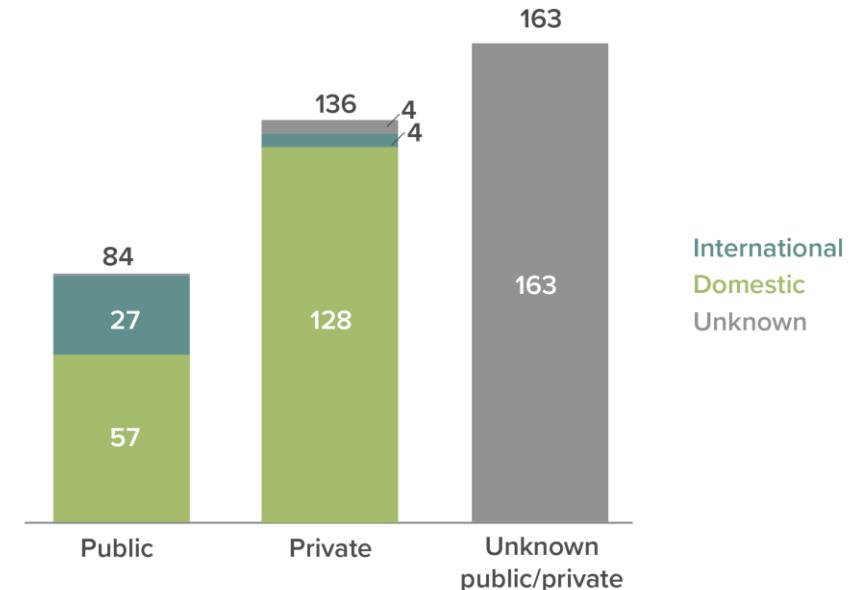
Note: USD 384 bn total is derived from both project-level data tracked in a top-down capital expenditure approach to estimate investment in buildings and transport only. Capital expenditure figures are estimates of investments related to infrastructure installed in 2017 and 2018 while project level data provides more accurate and detailed information on actual investment commitments at the time of financial close.



# Household and national government expenditures are the main sources of urban climate finance

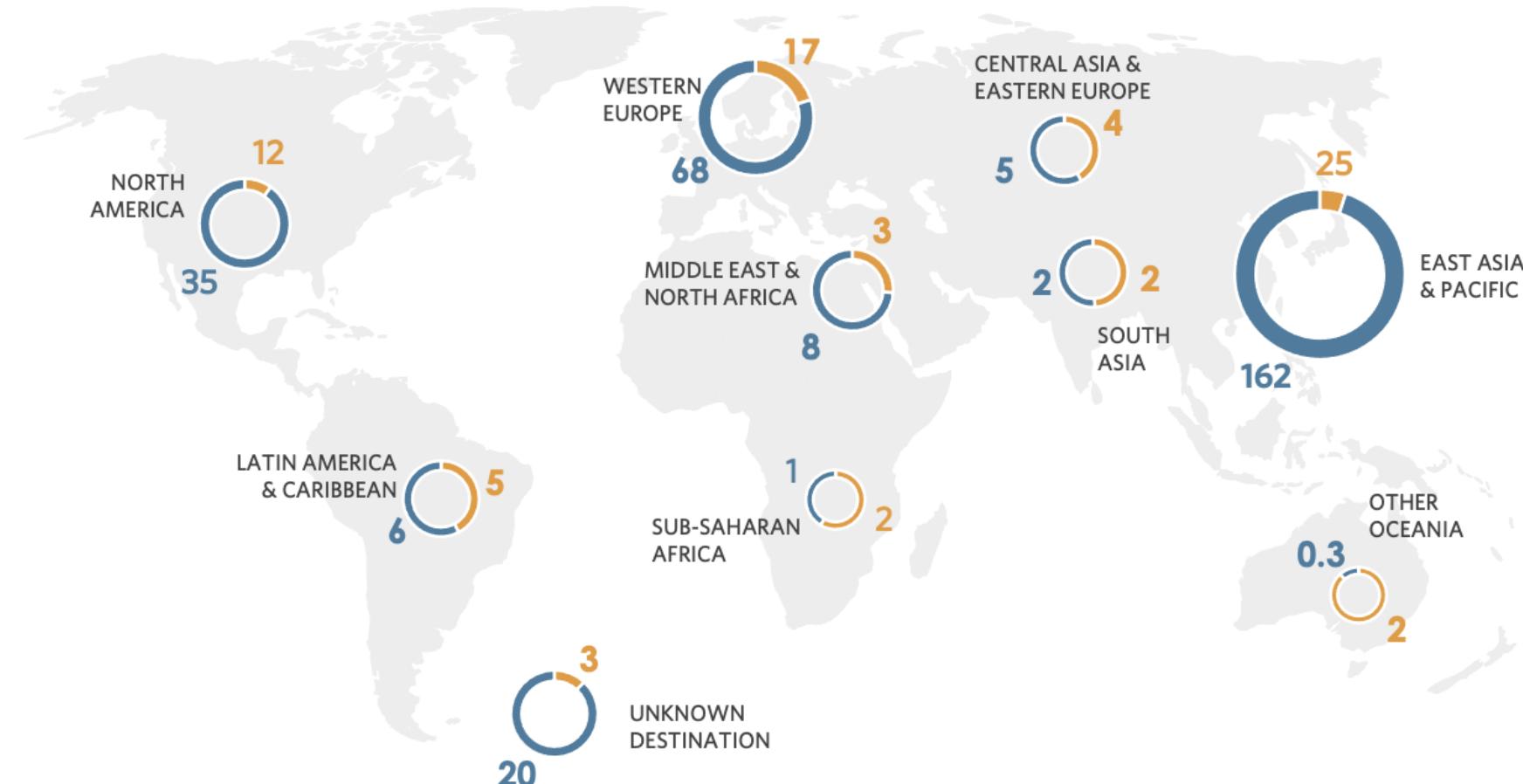


Urban climate flows by providers, annual average 2017-2018 (USD billion)



Urban climate finance flows by financing institution type, annual average 2017-2018 (USD billion)

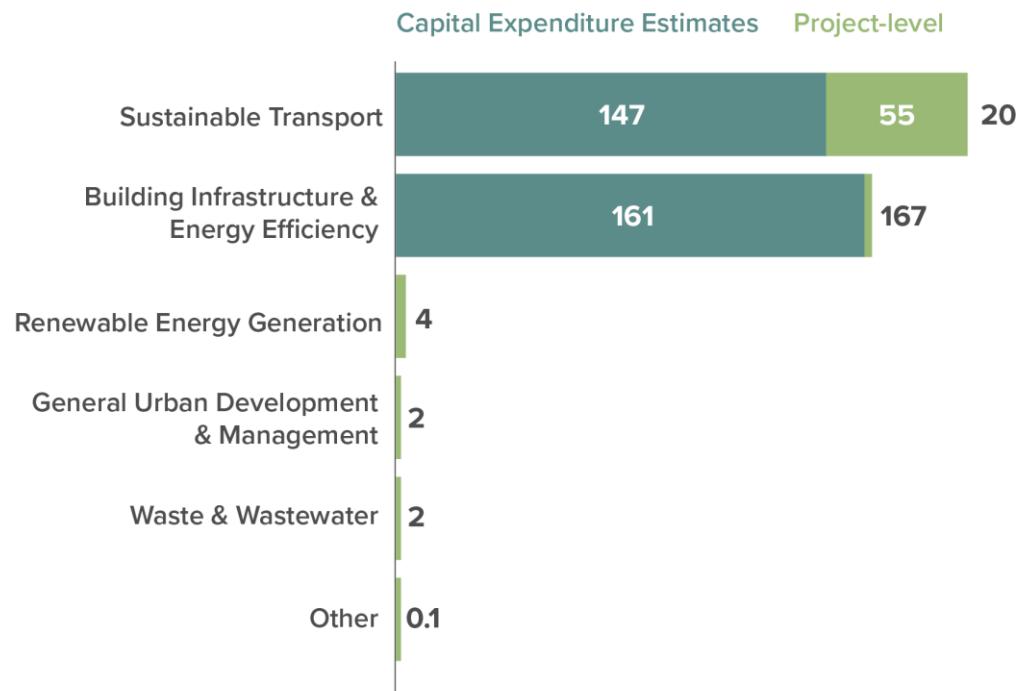
# South Asia and Sub-Saharan Africa are seeing vastly insufficient levels of investment



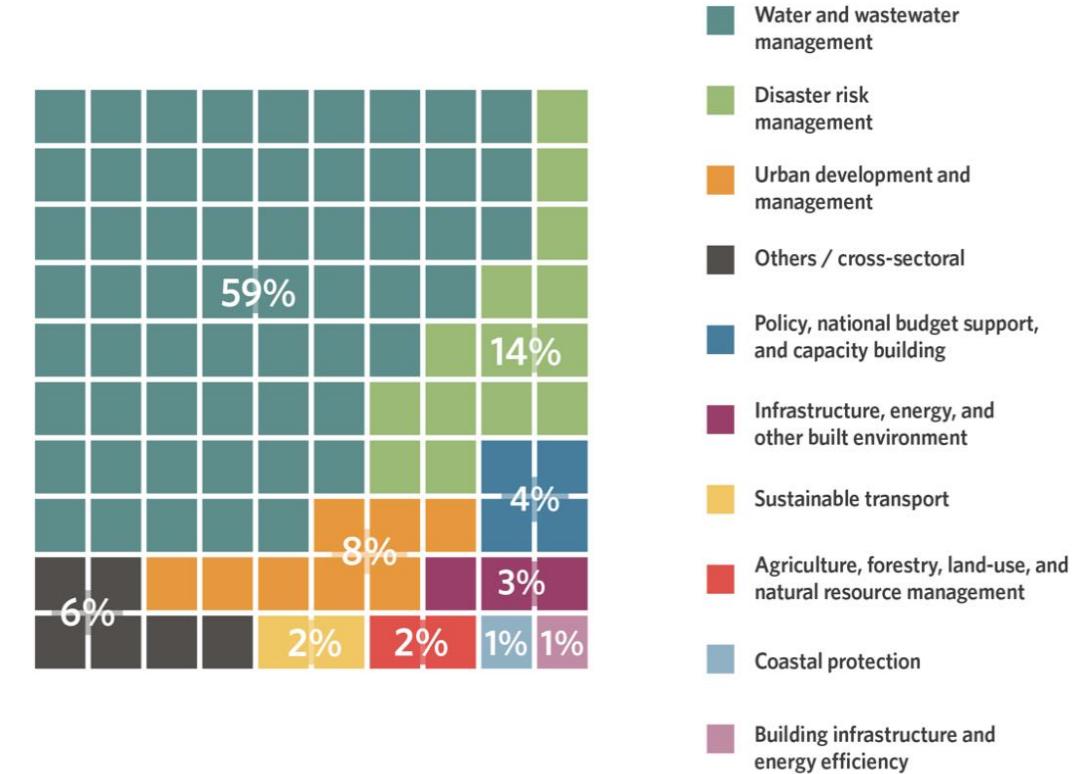
Project-level Data

Estimated Capital Expenditure

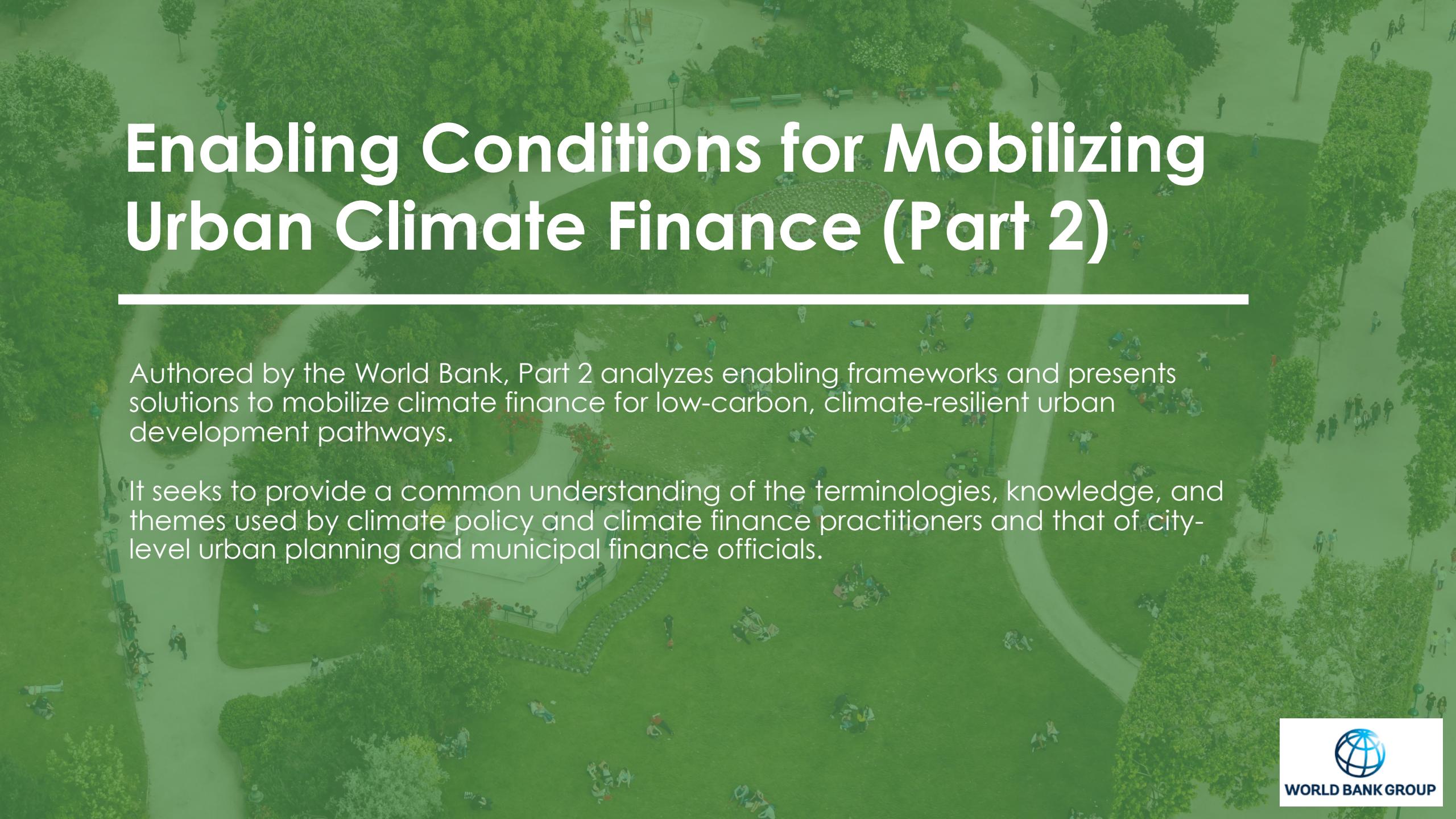
# Just 9% of tracked finance went to adaptation and resilience



Urban mitigation and dual use finance, 2017-2018 (USD billion)



Urban adaptation finance, 2017-2018 (USD billion)



# Enabling Conditions for Mobilizing Urban Climate Finance (Part 2)

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Authored by the World Bank, Part 2 analyzes enabling frameworks and presents solutions to mobilize climate finance for low-carbon, climate-resilient urban development pathways.

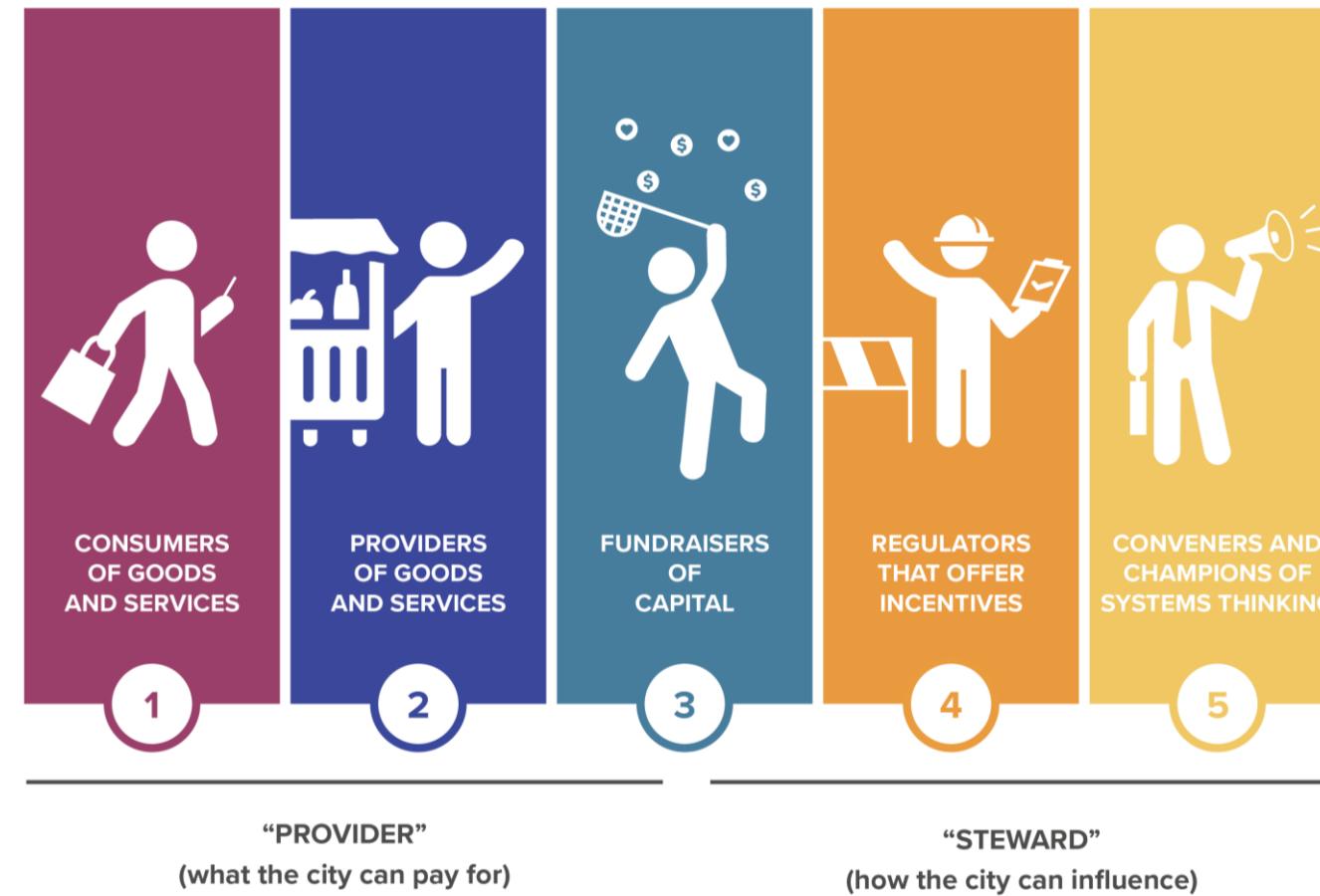
It seeks to provide a common understanding of the terminologies, knowledge, and themes used by climate policy and climate finance practitioners and that of city-level urban planning and municipal finance officials.



WORLD BANK GROUP

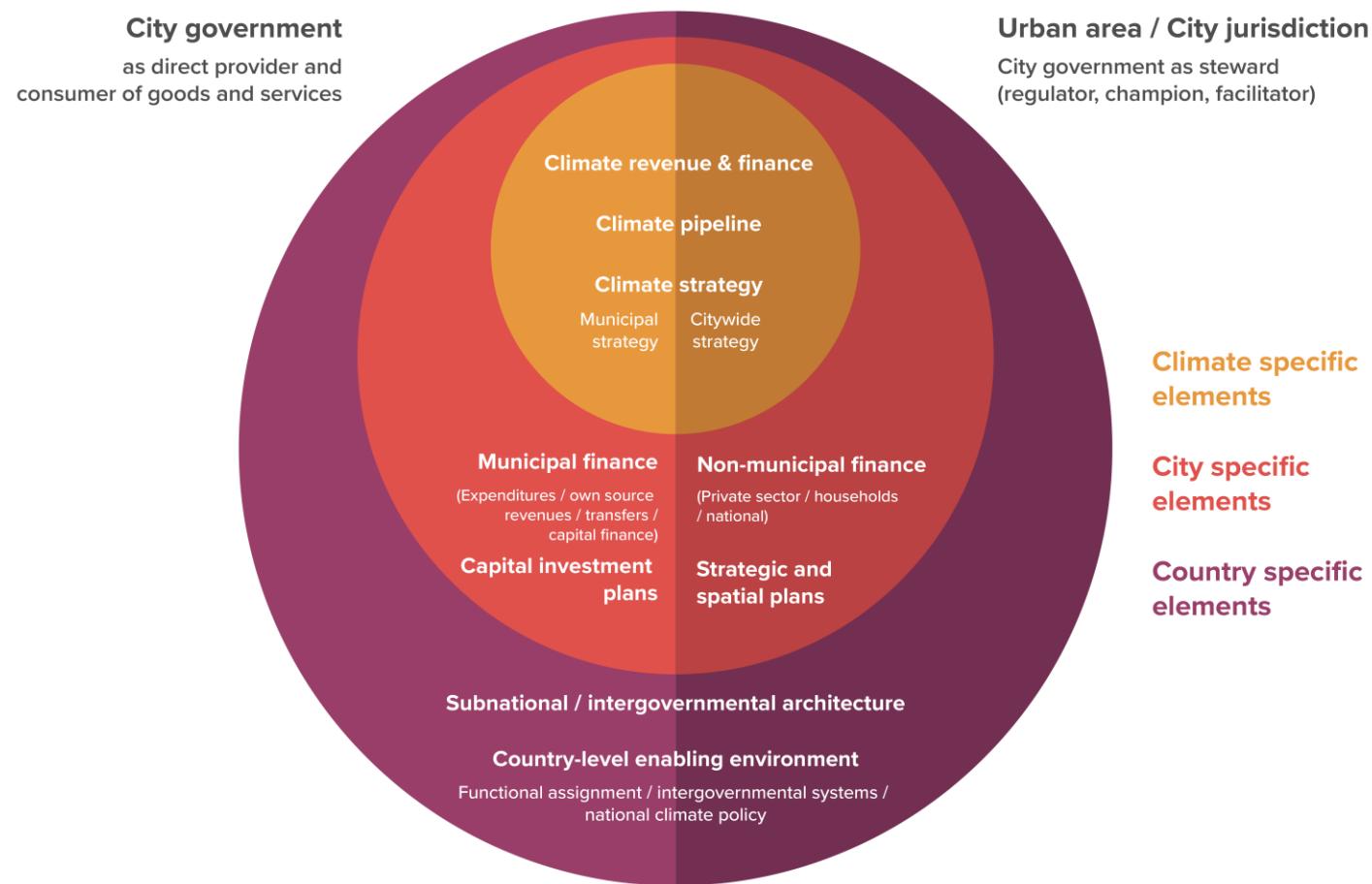
## Cities as Enablers

Cities can mobilize investment to **reduce GHG emissions, enhance climate resilience** and **improve the quality of urban life** by leveraging their roles as;



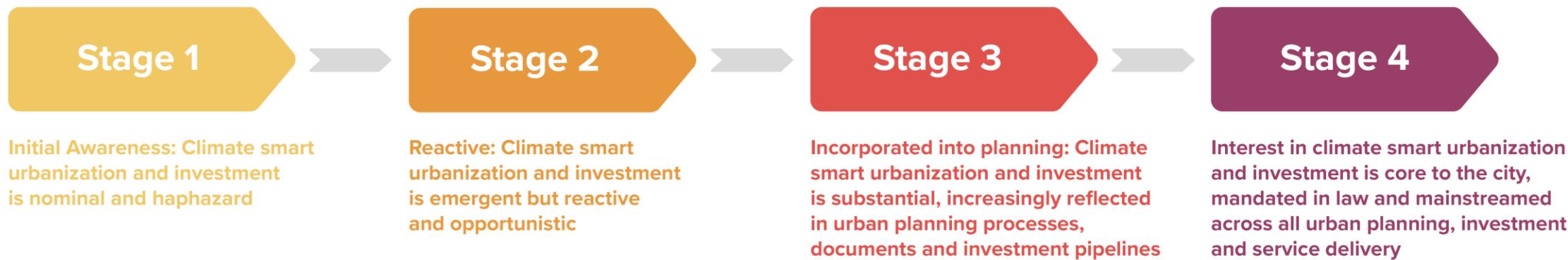
## Enabling Conditions

play a crucial role in determining whether and where climate investment can be mobilized in urban areas, irrespective of the sources of financing.



## Enabling Pathways

Will depend on the vertical and horizontal alignment and coordination of local and national government policies, intergovernmental systems and mandates. It would be possible for cities to leap-frog these phases.



# Recommendations

## MUNICIPAL

**Leverage cities' different roles as providers and stewards to mobilize investment**

- Service provision
- Consumption
- Planning (strategic, spatial, CIP, budgetary)
- Regulation and standards
- Convening
- Fundraising

## NATIONAL

**Support national and city-level climate policy alignment both top down and bottom up**

- NDCs alignment
- Intergovernmental and fiscal transfer systems
- Conditional green fiscal transfers
- Standards, regulations, and data
- Green stimulus recovery funds

## INTERNATIONAL

**Prioritize technical, advisory and lending support to improve cities' ability to mobilize climate investment**

- Strengthening fundamentals
- Integrated planning
- Intergovernmental convening
- Project preparation
- Access to finance

## CROSS-CUTTING

**Improve reporting and monitoring of urban climate finance spending and investment**

- Foster greater exchange and collaboration between city stakeholders

## CONCLUSION

*“To achieve the goals of the Paris Agreement and the Sustainable Development Goals, cities need to take action but, most importantly, so do their partners.”*

### INCREASE THE GREEN SHARE



By aligning existing urban finance systems and intergovernmental architectures at the local and national level

### INCREASE THE GREEN PIE



By mobilizing new urban climate finance at the city level

### INCREASE THE GREEN IMPACT



By strengthening urban and capital investment planning systems with green regulations and design standards



The background of the slide is a photograph of a park from an aerial perspective. The park is filled with green grass, several large trees, and paved paths where people are walking. In the center, there is a large, circular flower bed. The overall scene is bright and green.

# Panel Discussion

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- **Kathy Baughman McLeod**, Senior Vice President and Director, Adrienne Arsht-Rockefeller Foundation Resilience Center of the Atlantic Council
- **Lin O'Grady**, Deputy Head, Sustainable Infrastructure Group, European Bank for Reconstruction and Development (EBRD)
- **Mauricio Rodas**, Visiting Fellow for Penn Institute For Urban Research (PennIUR) and former Mayor of Quito, Ecuador

Moderated by **Bella Tonkonogy**, Associate Director, Climate Policy Initiative



# Thank You!

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**Website:** [www.citiesclimatefinance.org](http://www.citiesclimatefinance.org)

**Email:** [secretariat@citiesclimatefinance.org](mailto:secretariat@citiesclimatefinance.org)