City Climate Finance Gap Fund

IN PARTNERSHIP WITH

GLOBAL COVENANT of MAYORS for CLIMATE & ENERGY

EU4ETTR: MLGP4Climate
International Cooperation, Project Development and Finance Working Group 2 Meeting

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Global Covenant of Mayors for Climate and Energy (GCoM) - Gap Fund Partnership

Cities as Key Players in Climate Action

55%

2%

24 trillion

70% Co2- 90 % energy savings

Empowering Cities: Unlocking Climate Finance Potential

Vast Investment Opportunities

- $90 trillion in climate investments needed by 2030
- Creates $4.5 trillion market for project preparation
- Translates to $300 billion annually in preparation costs

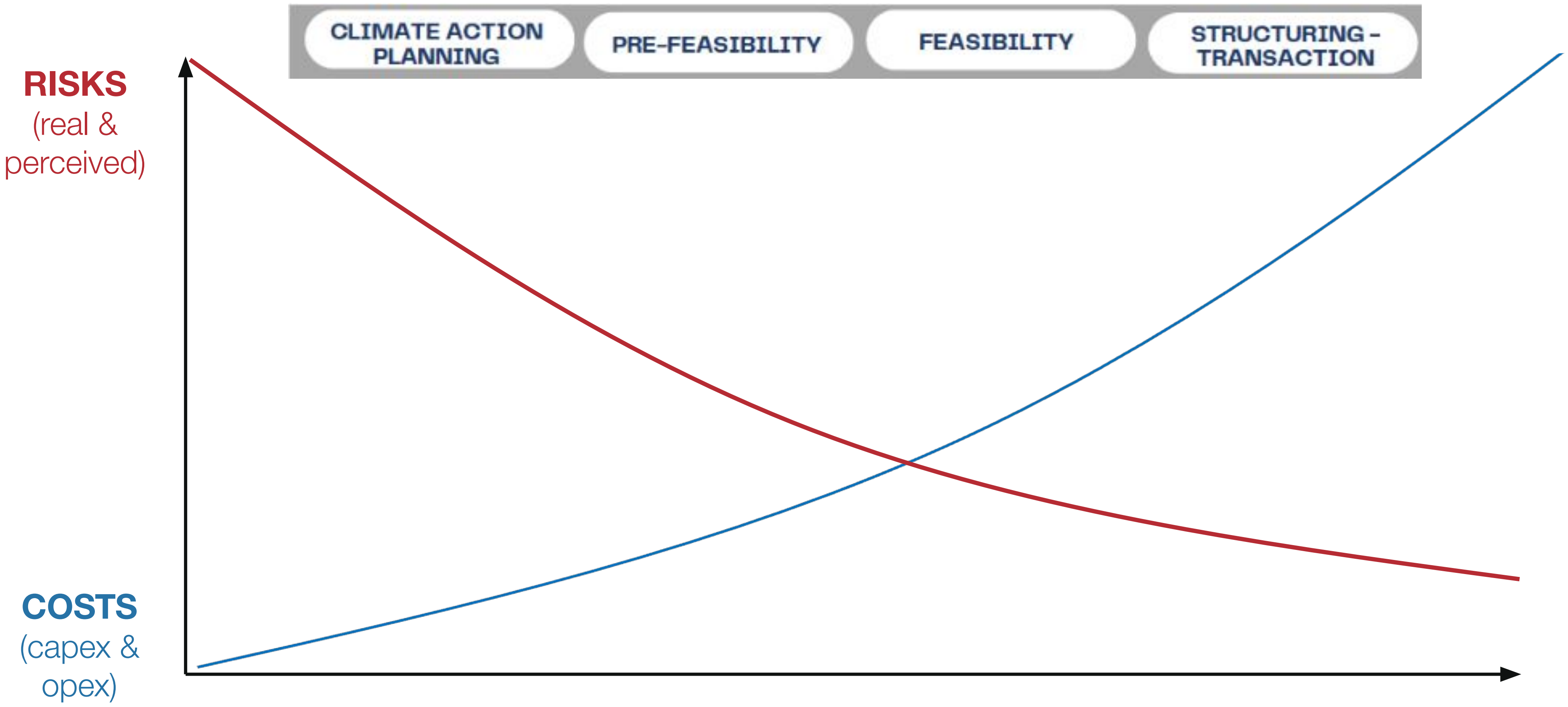
(Source: Cities Climate Finance Leadership Alliance, 2021)

Early-Stage Support: Key to Success

- Project preparation typically 3-5% of total costs
- Rises to 10% in emerging markets, indicating growth potential
- Early-stage support crucial for project viability

(Source: World Bank, Urban Development Series, 2018)

Project preparation



Inspired by GIB, Unleashing Private Capital Investments for Sustainable Infrastructure Greenfield Projects,2015

Empowering Cities: Unlocking Climate Finance Potential

Bridging the Preparation Gap

- Opportunity to develop early-stage support mechanisms
- Can significantly increase project bankability and success rates

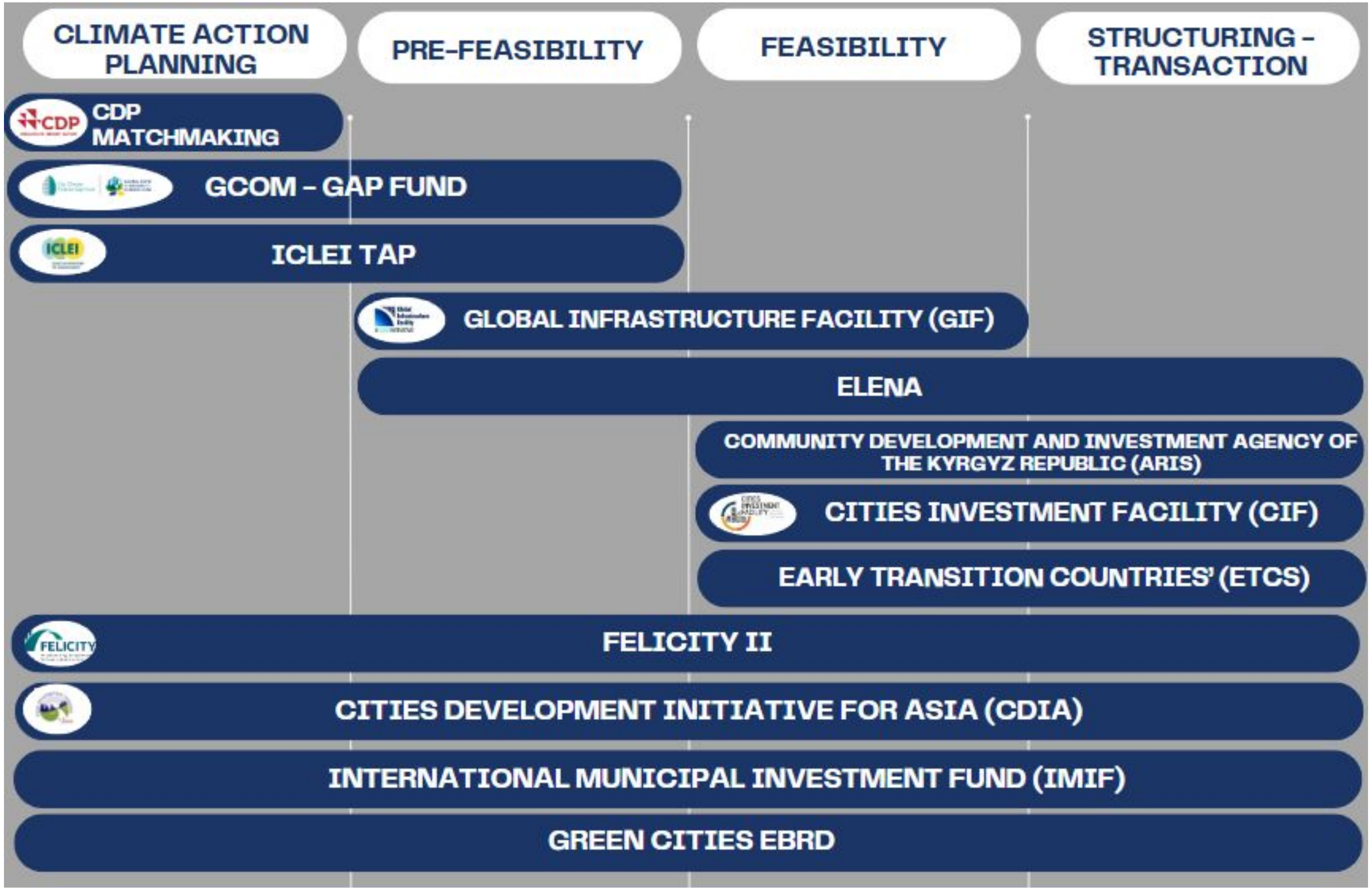
(Source: C40 Cities Finance Facility, 2020)

Building Capacity for Climate-Ready Projects

- Cities poised to become hubs of climate innovation
- Investment in preparation leads to better-designed, sustainable projects
- Potential to create local jobs and expertise in green technology

(Source: Global Commission on the Economy and Climate, 2019)

Project preparation facilities



The City Climate Finance Gap Fund

City Climate
Finance Gap Fund

THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

European
Investment Bank

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Federal Ministry
for Economic Cooperation
and Development

Federal Ministry
for Economic Affairs
and Climate Action

THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Environment, Climate
and Sustainable Development

C40 CITIES

GLOBAL COVENANT
of MAYORS for
CLIMATE & ENERGY

ICLEI
Local Governments
for Sustainability

CITIES CLIMATE
FINANCE
LEADERSHIP
ALLIANCE

The GCoM-Gap Fund Partnership

- **Raising awareness about the Gap Fund opportunity for cities**
- **Direct assistance to help cities develop quality project proposals**
- **Workshops, tools and knowledge sharing on emissions, resilience analysis**

GCoM and the Gap Fund serve as a bridge between local governments and climate finance opportunities

www.globalcovenantofmayors.org/gap-fund

City Climate Finance Gap Fund

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Where does the Gap Fund fit within the city journey?

SECAPs - Adaptation plans

Ideas

Bankable projects

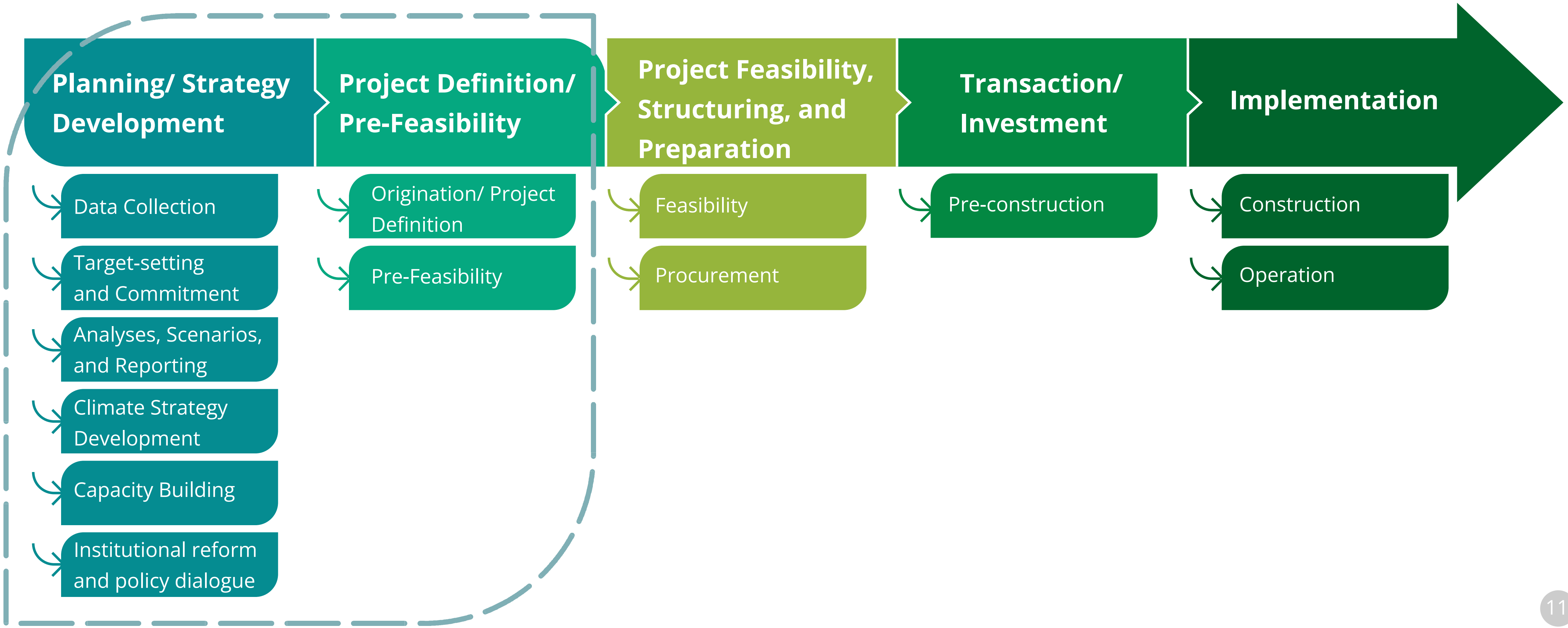
Source: www.globalcovenantofmayors.org/journey

Gap Fund Support Services

The initiative provides pivotal support for cities to advance to later stages of project preparation.

- Policy and Regulatory Framework review
- Climate strategy development
- Assessment of the climate potential of actions, plans, strategies, and investment programs - Prioritization of investments
- Project concept design and definition
- Pre-feasibility studies: technical and financial assessment
- Supporting the appropriate financial structuring for your project-idea
- Connecting cities to additional technical/ financial support sources

A Focus on Early-stage Project Preparation Support



Eligibility Criteria

OECD Eligibility

Projects must be from countries eligible for OECD development assistance.

Ownership

Proposals must demonstrate local government ownership and commitment. Local governments, municipal agencies, development banks for municipal investment can apply. Proposals can be submitted by entities representing groups of municipalities.

Climate Focus

Impact on lowering emissions or adaptation to climate change.

Urban Focus

Projects should be situated in urban areas. No constraints on city size, but should have sizable climate impact potential.

Eligible Sectors

- Sustainable urban mobility
- Energy efficiency and renewables, retrofits, street lighting, district heating and cooling
- Solid waste management and circular economy

- Water and wastewater management
- Greening of urban areas, NBS, blue/green infrastructure, ecosystem restoration
- Infrastructure for adaptation and reducing climate risks and vulnerabilities
- Multisector, area-based investment programs: transforming urban areas with a multisector approach

Overall, we are looking for transformational, cross-sectorial, high-impact projects.

Supporting the completion of the urban stormwater management plan in Mbombela, South Africa

Mbombela, South Africa

The city wants to enhance climate resilience by implementing a comprehensive stormwater management system, flood protection measures, and Nature-based Solutions (NbS), ultimately safeguarding water quality and availability while promoting sustainable urban development.

Gap Fund support

- Pre-feasibility study for stormwater management
- Scaling up and integrating citywide riverine management and stormwater initiatives

Supported by WB SSA Region

Identification of climate-smart city investments and e-bus infrastructure for Quezon City, Philippines

Quezon, Philippines

- The initiative in Quezon City, Philippines aims to evaluate carbon mitigation investment opportunities as part of the Enhanced Local Climate Change Action Plan (LCCAP) 2021-2050.
- As the largest city in Metro Manila, Quezon City aims to identify, prioritize, and develop feasible climate-smart infrastructure investments to achieve carbon neutrality and climate resilience by 2050.

Gap Fund support

- Assessing investment opportunities to implement the city’s e-buses network
- Evaluating sustainable mobility options
- Enhancing knowledge sharing and dissemination efforts related to climate initiatives

Supported by EIB
SEA-SA Region

Harvesting solar energy in multiple cities in Argentina.

Multiple cities in Argentina.

- The Argentinean network of municipalities tackling climate change (RAMCC) brings together more than 251 municipalities
- RAMCC has started the setting up of a trust fund for the purpose of jointly procuring on renewable energy.

Gap Fund support

- First phase of the trust fund to procure solar PV systems, to potential scaling up and cover larger numbers of municipalities.
- Legal frameworks, electricity market conditions and business cases analysis
- Technical pre-feasibility analysis in at least 10 cities participating in the public procurement process.
- Social and environmental risks assessment

Supported by EIB
LAC Region

Identifying a viable concept for municipal waste management

Chefchaouen, Morocco

- Chefchaouen, located in the Tangier-Tetouan region in northern Morocco, is a popular tourism spot. The city's population of about 43 000 nearly doubles during peak tourist season. Waste management represents a major challenge for the city, and municipal authorities are committed to reducing the amount of waste sent to landfill.

Gap Fund support

- Develop a viable concept for organic waste treatment, based on the specific local technical, economic and social conditions

Supported by EIB
MENA Region

Green infrastructure–green roofs, façades and the opening of impermeable surfaces

Podgorica, Montenegro

- Green roofs, potentially combined with green façades, and opening up sealed surfaces like parking garages, are among the climate action measures recognised in Podgorica's climate change adaptation strategy

Gap Fund support

- Pre-feasibility analysis of the measures on a selected sample of public buildings and public areas, looking at their impact on heat island effects and flooding risks.
- Guidelines toward implementation of this concept (island effect)
- Identification of capital investments in selected Green Roofs Infrastructure 136985 euros; annual maintenance cost 2 024 euros
- Identification of capital investment for opening selected sealed surfaces 8,569 euros

Supported by EIB
EECA Region

Application Process

Simple application process. Submissions are accepted on a rolling basis.

The Expression of Interest (EOI) is submitted online at www.citygapfund.org/apply-for-support

Share your idea with the GCoM-Gap Fund team, we'll help you make it stronger. Describe the project idea focusing on the climate impact it would bring.

EOIs are evaluated based on climate benefits, replicability, alignment with goals, aggregation potential, handover potential, Alignment with National policies.

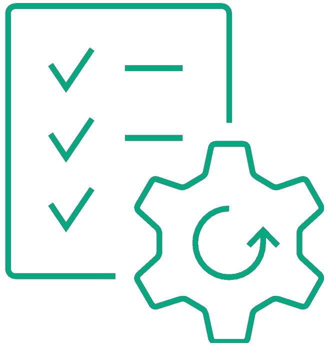
Clearly state the technical assistance that the project needs.
Explain what social, economic, and environmental impacts it will bring.
Also, consider if your project is replicable and aligned with local and national policies.
Would other cities be interested in joining your request? Who could bring investment or financing to implement this project?

Expression of Interest (EoI)

→ **SECTION A:** BASIC DATA

→ **SECTION B:** KEY PROJECT DETAILS

→ **EXISTING PARTNERSHIPS/ENGAGEMENTS**



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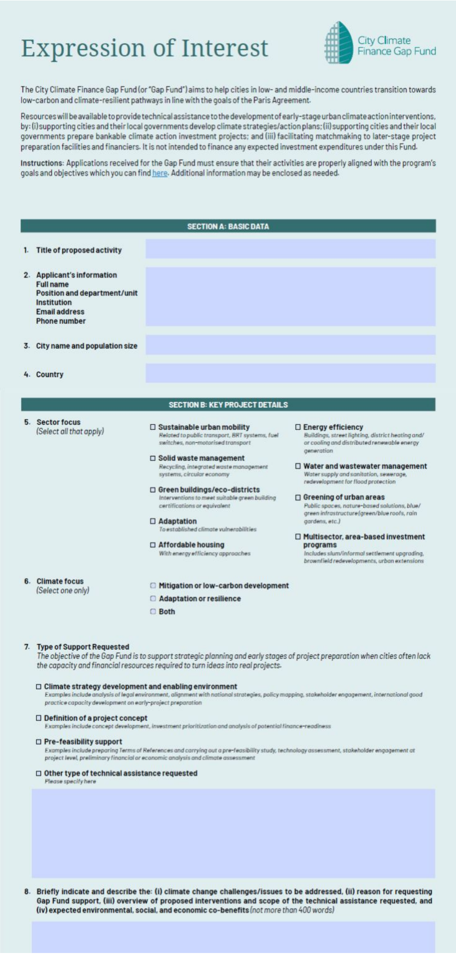


Expression of Interest

City Climate Finance Gap Fund

The City Climate Finance Gap Fund (or "Gap Fund") aims to help cities in low- and middle-income countries transition towards low-carbon and climate-resilient pathways in line with the goals of the Paris Agreement.

Resources will be available to provide technical assistance to the development of early-stage urban climate action interventions, by: (i) supporting cities and their local governments develop climate strategies/action plans; (ii) supporting cities and their local governments prepare bankable climate action investment projects; and (iii) facilitating matchmaking to later-stage project preparation facilities and financiers. It is not intended to finance any expected investment expenditures under this Fund.

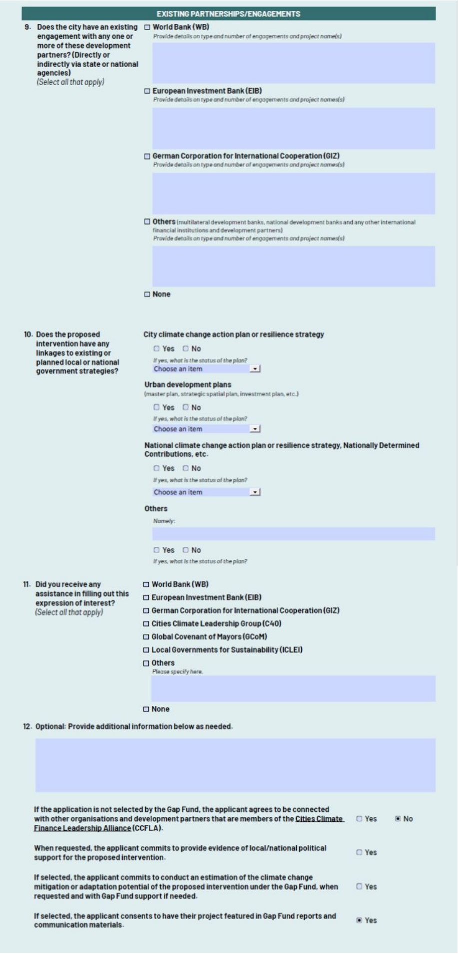
Instructions: Applications received for the Gap Fund must ensure that their activities are properly aligned with the program's goals and objectives which you can find here. Additional information may be enclosed as needed.

SECTION A: BASIC DATA

1. **Title of proposed activity**
2. **Applicant's information**
   Full name
   Position and department/unit
   Institution
   Email address
   Phone number
3. **City name and population size**
4. **Country**

SECTION B: KEY PROJECT DETAILS

5. **Sector focus**
   (Select all that apply)
   - ☐ **Sustainable urban mobility**
     Related to public transport, BRT systems, fuel switches, non-motorised transport
   - ☐ **Solid waste management**
     Recycling, integrated waste management systems, circular economy
   - ☐ **Green buildings/eco-districts**
     Interventions to meet suitable green building certifications or equivalent
   - ☐ **Adaptation**
     To established climate vulnerabilities
   - ☐ **Affordable housing**
     With energy efficiency approaches
   - ☐ **Energy efficiency**
     Buildings, street lighting, district heating and/or cooling and distributed renewable energy generation
   - ☐ **Water and wastewater management**
     Water supply and sanitation, sewerage, redevelopment for flood protection
   - ☐ **Greening of urban areas**
     Public spaces, nature-based solutions, blue/green infrastructure (green/blue roofs, rain gardens, etc.)
   - ☐ **Multisector, area-based investment programs**
     Includes slum/informal settlement upgrading, brownfield redevelopments, urban extensions
6. **Climate focus**
   (Select one only)
   - ☐ **Mitigation or low-carbon development**
   - ☐ **Adaptation or resilience**
   - ☐ **Both**
7. **Type of Support Requested**
   The objective of the Gap Fund is to support strategic planning and early stages of project preparation when cities often lack the capacity and financial resources required to turn ideas into real projects.
   - ☐ **Climate strategy development and enabling environment**
     Examples include analysis of legal environment, alignment with national strategies, policy mapping, stakeholder engagement, international good practice capacity development on early-project preparation
   - ☐ **Definition of a project concept**
     Examples include concept development, investment prioritization and analysis of potential finance-readiness
   - ☐ **Pre-feasibility support**
     Examples include preparing Terms of References and carrying out a pre-feasibility study, technology assessment, stakeholder engagement at project level, preliminary financial or economic analysis and climate assessment
   - ☐ **Other type of technical assistance requested**
     Please specify here
8. **Briefly indicate and describe the: (i) climate change challenges/issues to be addressed, (ii) reason for requesting Gap Fund support, (iii) overview of proposed interventions and scope of the technical assistance requested, and (iv) expected environmental, social, and economic co-benefits** *(not more than 400 words)*



EXISTING PARTNERSHIPS/ENGAGEMENTS

9. **Does the city have an existing engagement with any one or more of these development partners? (Directly or indirectly via state or national agencies)**
   (Select all that apply)
   - ☐ **World Bank (WB)**
     Provide details on type and number of engagements and project name(s)
   - ☐ **European Investment Bank (EIB)**
     Provide details on type and number of engagements and project names(s)
   - ☐ **German Corporation for International Cooperation (GIZ)**
     Provide details on type and number of engagements and project names(s)
   - ☐ **Others** (multilateral development banks, national development banks and any other international financial institutions and development partners)
     Provide details on type and number of engagements and project names(s)
   - ☐ **None**
10. **Does the proposed intervention have any linkages to existing or planned local or national government strategies?**
    City climate change action plan or resilience strategy
    ☐ Yes ☐ No
    If yes, what is the status of the plan?
    Choose an item
    Urban development plans
    (master plan, strategic spatial plan, investment plan, etc.)
    ☐ Yes ☐ No
    If yes, what is the status of the plan?
    Choose an item
    National climate change action plan or resilience strategy, Nationally Determined Contributions, etc.
    ☐ Yes ☐ No
    If yes, what is the status of the plan?
    Choose an item
    Others
    Namely:
    ☐ Yes ☐ No
    If yes, what is the status of the plan?
11. **Did you receive any assistance in filling out this expression of interest?**
    (Select all that apply)
    - ☐ **World Bank (WB)**
    - ☐ **European Investment Bank (EIB)**
    - ☐ **German Corporation for International Cooperation (GIZ)**
    - ☐ **Cities Climate Leadership Group (C40)**
    - ☐ **Global Covenant of Mayors (GCoM)**
    - ☐ **Local Governments for Sustainability (ICLEI)**
    - ☐ **Others**
      Please specify here.
    - ☐ **None**
12. **Optional: Provide additional information below as needed.**

If the application is not selected by the Gap Fund, the applicant agrees to be connected with other organisations and development partners that are members of the Cities Climate Finance Leadership Alliance (CCFLA).	☐ Yes	☒ No
When requested, the applicant commits to provide evidence of local/national political support for the proposed intervention.	☐ Yes	
If selected, the applicant commits to conduct an estimation of the climate change mitigation or adaptation potential of the proposed intervention under the Gap Fund, when requested and with Gap Fund support if needed.	☐ Yes	
If selected, the applicant consents to have their project featured in Gap Fund reports and communication materials.	☒ Yes	

Guidance on pitch preparation

→ **SECTION B:** Project description

8. Briefly indicate and describe the: (i) climate change challenges/issues to be addressed, (ii) reason for requesting Gap Fund support, (iii) overview of proposed interventions and scope of the technical assistance requested, and (iv) expected environmental, social, and economic co-benefits *(not more than 400 words)*

Describe:
What are the main climate change challenges?

What does your city want to do?" Or "W**hat is the project about?** " to overcome the challenges described (clearly define scope and objectives)

What kind of support do you need from the Gap Fund ? (Think about expected outputs of TA)

What are the expected benefits?

Guidance on pitch preparation

What are the main climate change challenges?

- Mitigation: GHG inventory and contribution
- Adaptation: historical, current, and/or future climate risks

What does your city want to do?" Or "W**hat is the project about?** "
to overcome the challenges

- Describe the scope, timeline, goals
- Project align with local-national climate change mitigation priorities
- Stage of the project

Guidance on pitch preparation

What kind of support do you need from the Gap Fund ?

- Think about expected outputs of TA
- Be clear on what do you need-request

What are the expected benefits?

- Social, economic and environmental benefits

Possible engagement (partners, national government)

- Partners willing to contribute with the idea
- Ongoing progress of other initiatives linked with the idea/project
- Engagement with the national government
- Identify potential financial opportunities

Step1: Planning and strategy development

Objective: Formulate the long term plans or strategic documents

Content (in general)

1.1 Plans/Strategies Evaluation

- Define a vision
- Identify the main challenges
- Prioritize projects and initiatives to be developed
- Set targets and analyse different scenarios

1.2 Participation and Involvement of Stakeholders

1.3 Installed Capacities

Step 2: Project concept definition

Objective: Define the initial idea, purpose, beneficiaries, scope, solution alternatives, and connection with the strategic plans and policies.

Content (in general)

2.1 Project concept

- Project Description: Planned activities, methodology and strategic approach.
- Identification of alternative solutions
- Direct Beneficiaries and Stakeholders: Identification of the groups that will benefit and the key actors involved.
- Tentative timeline: General time estimate of the project implementation stages.

2.2 Preliminary Cost-Benefit Analysis and Identification of Possible Sources

Step 3: Pre-feasibility phase

<u>Objective</u>: Assess the technical and economic viability of a project. To have a reliminary outline of the project - or reasons why the initial idea is not feasible-or proposal of an alternative solution.

<u>Content</u> (in general):

3.1 Technical studies

- Identification of suitable technical solutions.
- Preliminary assessment of technical and legal feasibility.
- Identification of legal and permit requirements necessary for the project

3.2 Financial and Sustainability Analysis

- Calculation of the economic viability of the project
- Financial sustainability strategies.

3.3 Environmental and Social Impact and Risk Analysis

Step 4: Feasibility phase

Objective: Identification of the most viable economic and operating model for the project. Concrete description and calculation of financial transactions during operations (business plan) and concrete description and calculation of the financing and ownership model of the infrastructure.

Content (in general):

3.1 Compliance assessment
- Environmental assessment
-

3.2 Operational and Physical design
- Infrastructure ownership structure
-

3.3 Financial and market analysis plus Business Plan
- Financing model design: financial flows (tariffs, contractual agreements, repayment flows, etc.)
- Study of the financial capacity of the main stakeholders: municipality, operator (e.g. available budget, solvency for loans)
- Analysis of available sources of financing

3.4 Risk assessment

Step 5: Structuring phase

Objective: Get all legally required licenses and permits for construction and operation, negotiate contractual terms, and sign the contract.

<u>Content</u> (in general):

- Land use rights
  Building permit
- Import permit
- Water Use Permit
- Operating license
- Etc

Step 6: Implementation

- The final stage is project implementation during which the infrastructure project is built and implemented.

GCoM Gap Fund Survey

Join GCoM-Gap Fund Climate Finance and Project Preparation Survey

- We invite you to participate in our survey to share insights and help us better understand access to climate finance and project preparation.

- The survey should take approximately 15-20 minutes to complete.

ENGLISH SURVEY