



# CITIES CLIMATE FINANCE LEADERSHIP ALLIANCE

## Fund Mobilization for Urban Climate Action

**Tiza Mafira**  
Associate Director,  
Climate Policy Initiative  
November 2021

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**Cities are critical to climate action and are ready to act, but need to unlock finance to do so.**

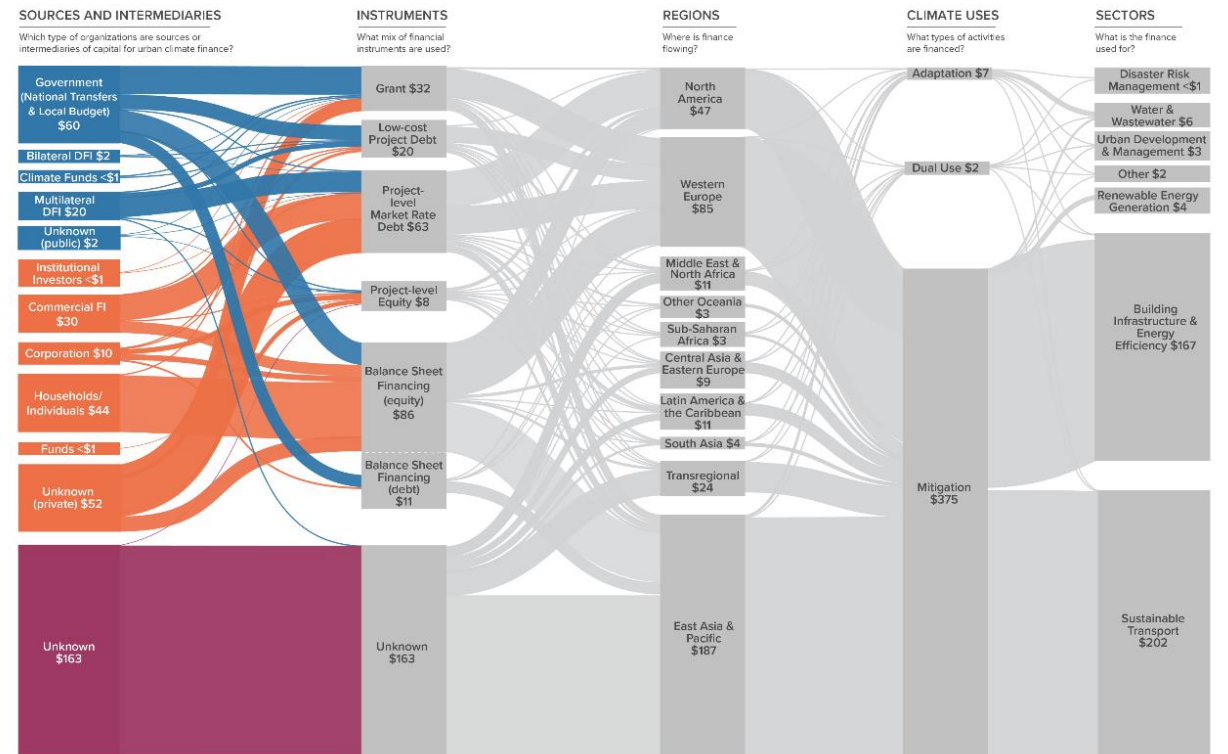
- **Urban areas need to transition.** Approximately 75% of global CO<sub>2</sub> emissions originate from urban areas.
- **Cities are at risk.** By 2050, around 1 billion urban dwellers are projected to face significant sea level rise.
- **Urbanization will continue to increase.** 90% of global population growth is estimated to be in cities in the Global South.
- **Cities are ready to act,** over 6000 cities have already developed climate actions plans, representing 20% of urban residents globally.
- **Many of the solutions to the climate crisis in cities already exists.** Urban GhG emissions in cities can be reduced by almost 90% by 2050 with today's technologies and widely available measures. This climate-smart transition can support nearly 90 million jobs by 2030.

USD 384 billion is flowing to city-level climate action, but this is far short of needs

The 2021 State of Cities Climate Finance Report makes clear the need for urban climate action and finance. An estimated total of USD 384 billion was invested in urban climate finance globally. Current findings show that this is far below the approximate USD 5 trillion needed annually.

### LANDSCAPE OF URBAN CLIMATE FINANCE 2017/18

384 BN USD ANNUAL AVERAGE



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.





# Alliance Members (as of April 2021)



## SUPPLY

Public & Private Finance Institutions



## ENABLERS

UN System, Research, Academic, NGOs, Foundations, Philanthropies



## GATEKEEPERS

National governments (donor and aid-receiving countries)



## DEMAND

City/subnational governments  
Global city networks



## FUNDERS

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

Federal Ministry for Economic Cooperation and Development

## SECRETARIAT



# Recent and Upcoming Reports/Publications

**February 2021**  
[An Analysis of Urban Climate Adaptation Finance](#)



**An Analysis of Urban Climate Adaptation Finance**  
A Policy Brief from the Cities Climate Finance Leadership Alliance  
February 2021  
CITIES CLIMATE FINANCE LEADERSHIP ALLIANCE | Atlantic Council  
Atlantic Council  
Atlantic Council  
Atlantic Council

**March 2021**  
[Leveraging NDBs to Enhance Financing for Climate-Smart Infrastructure](#)



**March 2021**  
[Landscape of Project Preparation: Gap Analysis](#)



**June 2021**  
[State of Cities Climate Finance Report](#)



**July 2021**  
[Mexico Project Prep. Forum Event Report](#)



**August 2021**  
[Integrating Benefits in Sustainable Infrastructure](#)



**September 2021**  
[Financing Africa's Urban Opportunity](#)



**October 2021**  
[Building Climate Resilience in Cities Through Insurance](#)



**Building Climate Resilience in Cities Through Insurance**  
September 2021  
Atlantic Council  
Atlantic Council  
Atlantic Council  
Atlantic Council

**November 2021**  
[A Snapshot of Urban Green Finance in Two Indian Cities](#)



**A Snapshot of Urban Green Finance in Two Indian Cities**  
Case Studies of Hyderabad and Kolkata  
November 2021  
Atlantic Council  
Atlantic Council  
Atlantic Council  
Atlantic Council

## UPCOMING

- **Aggregation of Cities Climate Investments**
- **Assessment of CCFLA's Value Chain for Project Preparation in Indonesia**

[Assessing Jakarta's Climate Investments](#)



**Assessing Jakarta's Climate Investments**  
November 2021  
Atlantic Council  
Atlantic Council  
Atlantic Council  
Atlantic Council





# The State of Cities Climate Finance Report 2021

## PART 1: The Landscape of Urban Climate Finance

- Part 1 presents a comprehensive estimate of global urban climate finance.

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

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

## The State of Cities Climate Finance

Executive Summary

June 2021

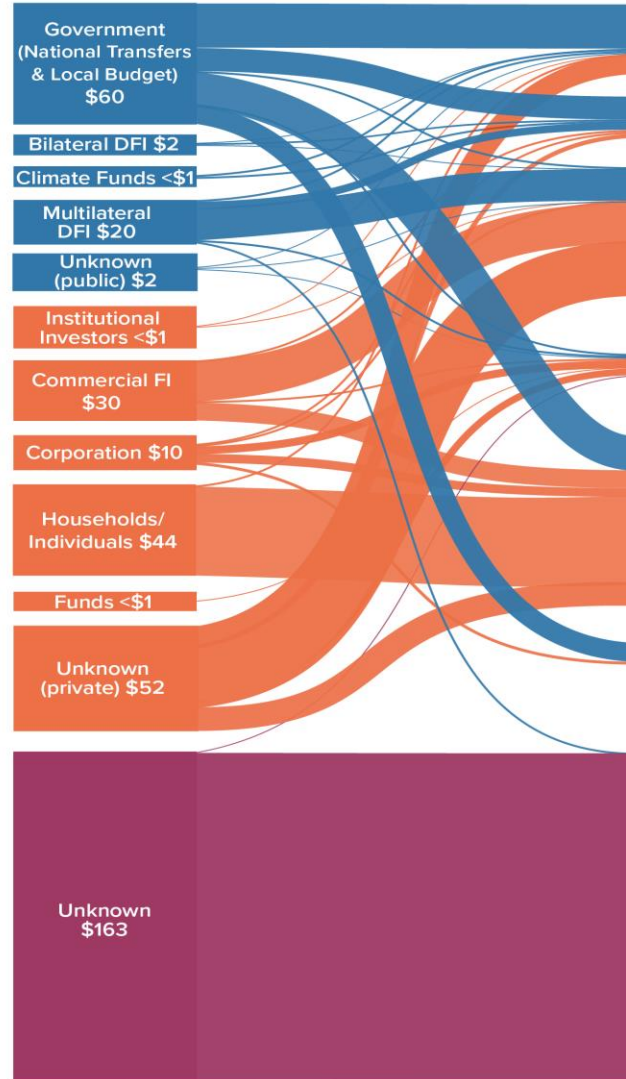


# LANDSCAPE OF URBAN CLIMATE FINANCE 2017/18

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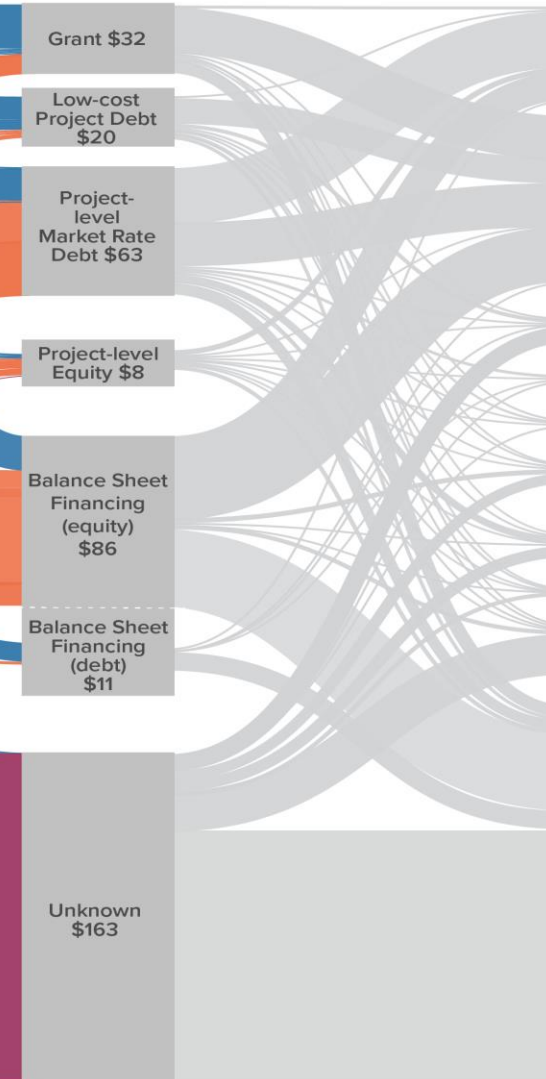
## SOURCES AND INTERMEDIARIES

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



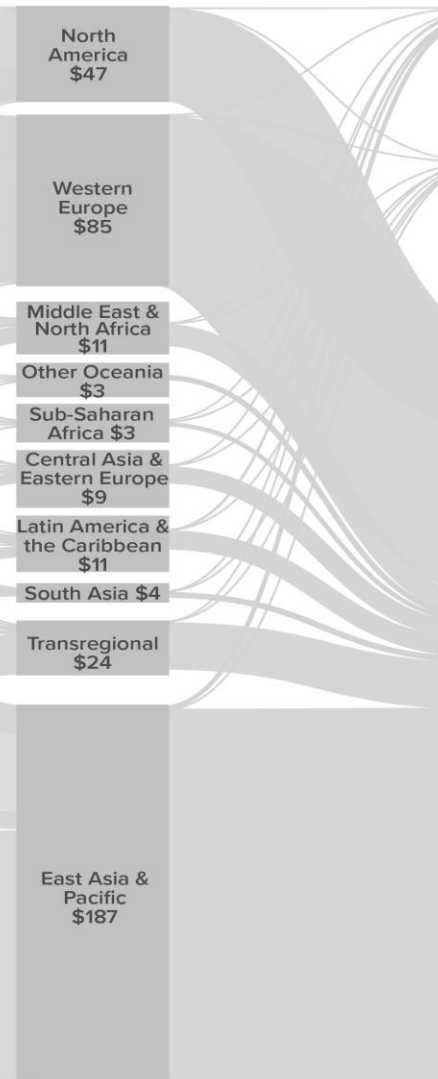
## INSTRUMENTS

What mix of financial instruments are used?



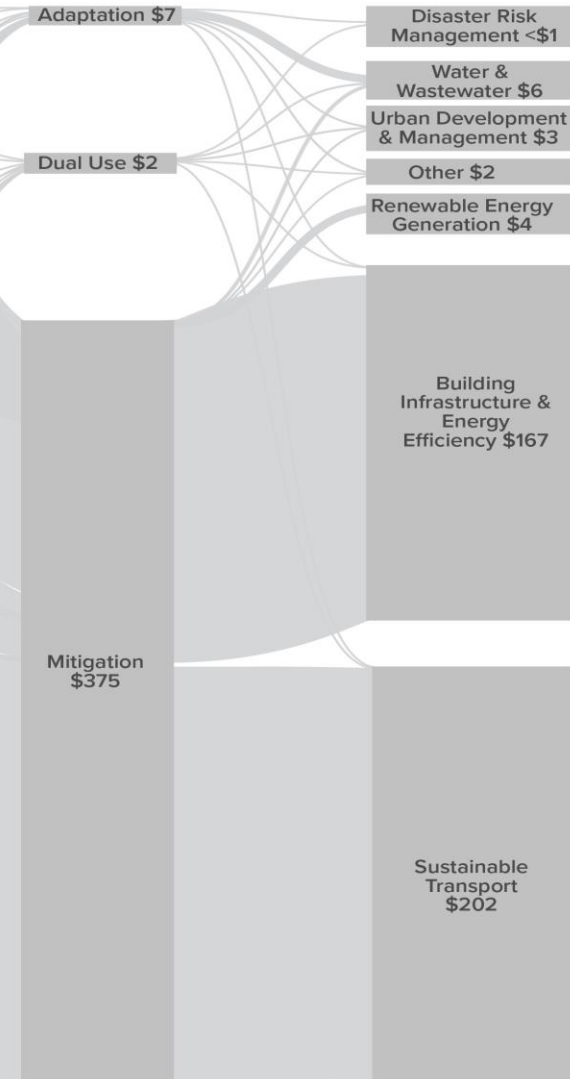
## REGIONS

Where is finance flowing?



## CLIMATE USES

What types of activities are financed?



## SECTORS

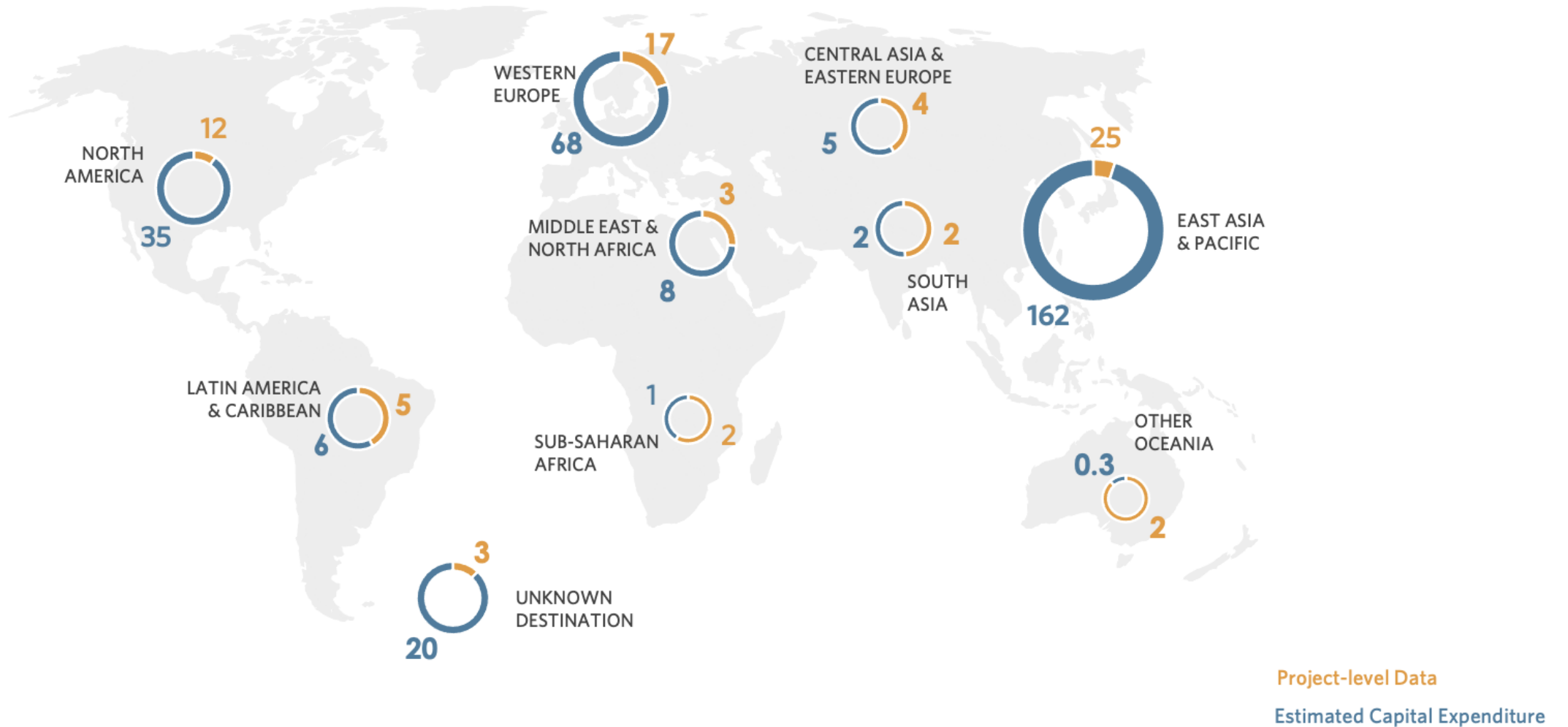
What is the finance used for?



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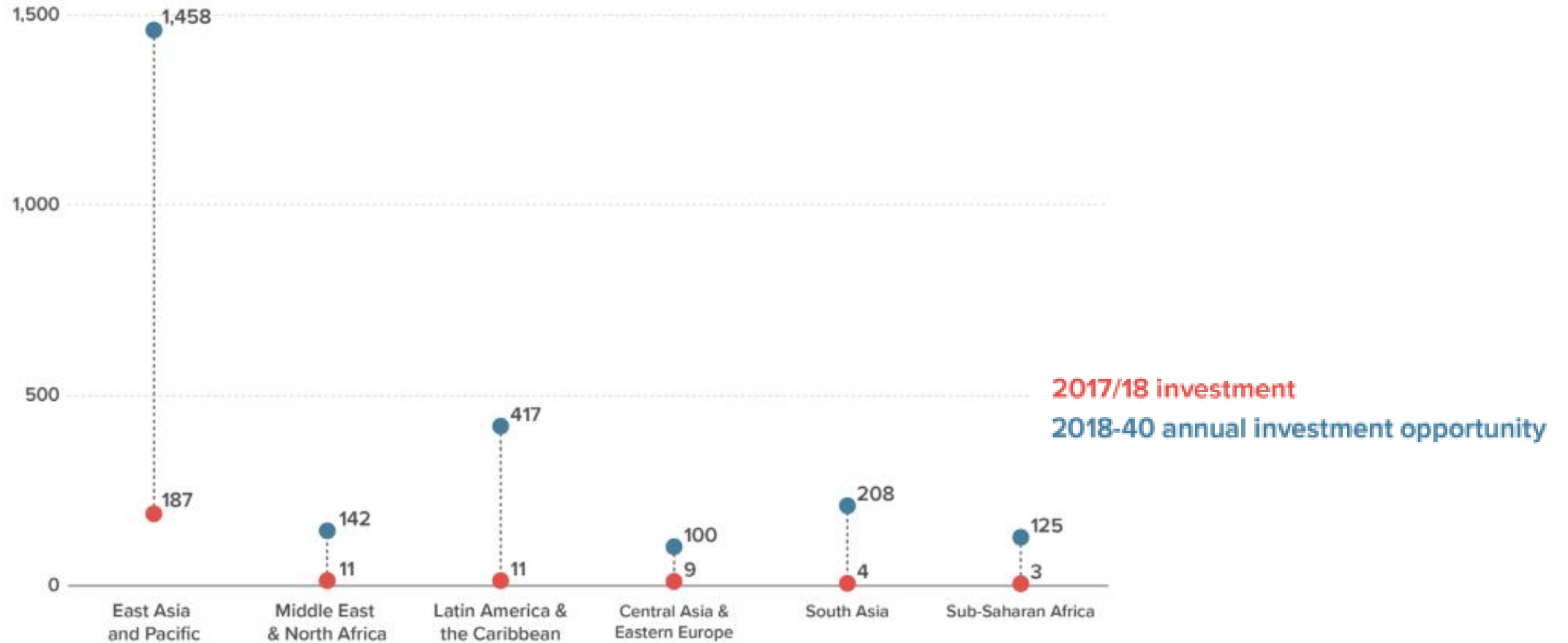
# South Asia and Sub-Saharan Africa are seeing vastly insufficient levels of investment





# Significant investment opportunities in Asia Pacific

Urban climate finance estimated in 2017-2018 compared to the annual private sector investment opportunity, by emerging market region (USD billion)



Source: Alliance and IFC data (IFC, 2018).

## 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

# Alliance knowledge products and key resources

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# The Project Preparation Resource Directory helps subnational governments and stakeholders identify project preparation facilities (PPFs)

Developed in partnership with the Penn Institute for Urban Research, The **Project Preparation Resource Directory** is an open, online resource that is the first and only directory of PPFs targeted to help cities access sustainable finance.



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**Green City Finance Directory**

Does your city need funding for climate-friendly projects?

The Green City Finance Directory helps subnational governments and stakeholders identify **project preparation facilities** that can support them in developing green and resilient infrastructure, including implementing more efficient heating and cooling systems, building renewable energy, setting up sustainable transit, or climate-proofing resilient infrastructure.

Sort By  
Title Descending

Country  
Afghanistan (7)  
Albania (6)  
Algeria (7)  
American Samoa (3)

Project Type +  
Support Type +  
Project Stage +  
Programmatic Focus +

The Green City Finance Directory is in beta form, and we are continuing to update it

**Transformative Actions Program**  
The Transformative Actions Program (TAP) led by ICLEI is a project pipeline and a project preparation facility representing approx 100 projects and 3bn euro investment potential. Projects in the pipeline can benefit from TAP services offered by ICLEI and partners

**Technical Assistance Facility of International Municipal Investment Fund**  
The IMIF Technical Assistance Facility, managed by UNCDF, will provide urban investment opportunities with early-stage capital to assist with project development and preparation and policy and regulatory

**Mobilize Your City (MYC)**  
MobiliseYourCity assists its Beneficiary Partners to raise the ambition level and to effectively shape urbanization and transport development in a sustainable and climate-friendly manner. Mitigation measures are prepared through integrated planning and consultation... [Learn More](#)

**Making Cities Resilient Campaign and MCR2030**  
The Making Cities Resilient Campaign, launched in 2010, addresses issues of local governance and urban risk, aiming to support local governments to reduce risk and build urban resilience through the implementation of the Hyogo Framework for Actions (HFA) and now the...

**Global Infrastructure Facility (GIF)**  
The Global Infrastructure Facility (GIF) was established in 2014 as a G20 initiative to address a critical challenge to private investment in infrastructure in emerging markets and developing economies - lack of bankable infrastructure pipelines. Through its upstream... [Learn](#)

**Financing Energy for Low-Carbon Investment - Cities Advisory Facility (FELICITY)**  
FELICITY is a joint initiative between the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the European Investment Bank (EIB) that focuses on measures in the energy,





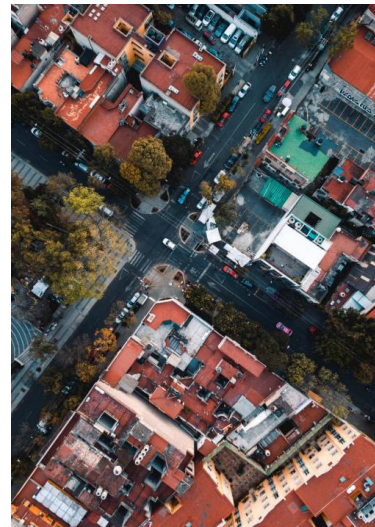
# Enabling Frameworks Action Group: Highlighting the role of National Development Banks

## Leveraging NDBs to Enhance Financing for Climate-Smart Urban Infrastructure

- The Enabling Frameworks Action Group developed a think piece and knowledge product to evaluate the demand (cities) and supply (NDBs) side barriers of climate-smart urban infrastructure financing to identify actionable opportunities to scale up NDB financing for climate-smart urban infrastructure. [Learn More](#)

## Reaching and Convening the Relevant Actors Through Targeted Messaging

- The knowledge product is accompanied by four policy briefs targeted towards key stakeholders including officials from NDBs, National Government Ministries, Cities, and International Financial Institutions. [Learn More](#)



CITIES CLIMATE  
FINANCE  
LEADERSHIP  
ALLIANCE



## Leveraging National Development Banks to Enhance Financing for Climate-Smart Urban Infrastructure

Knowledge Product

March 2021





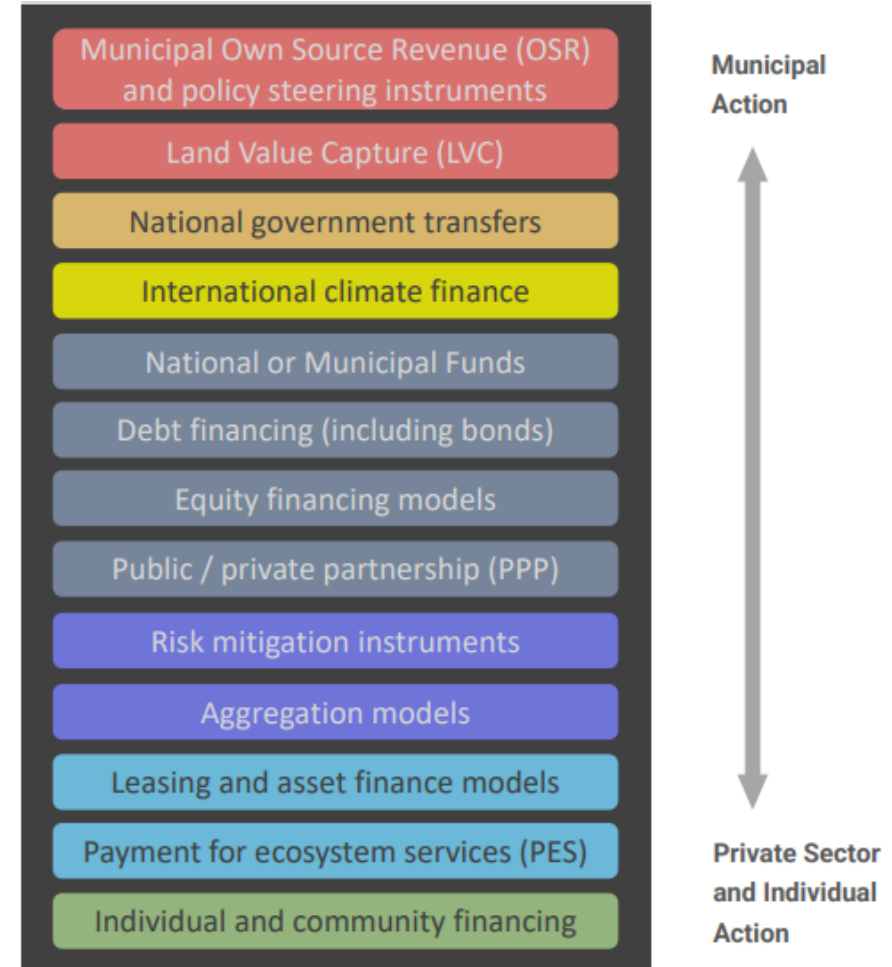
# Financial Toolbox Action Group: Advancing the identification and deployment of financing options

## Aggregation Interventions to Increase Urban Climate Finance

- New work from the Financial Toolbox Action Group aims to provide an overall scene-setting framework to illuminate actionable aggregation interventions.

## Mapping Case Studies of Innovative Financial Instruments & Mechanisms

- In 2021, the group is developing a directory case studies of innovative financial instruments and funding mechanisms successfully utilized for urban infrastructure projects. This work will include a taxonomy of innovative financing instruments/mechanisms.
- A total of 12 mechanisms and 72 instruments





# Measuring Progress: Leadership of Urban Climate Investment

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## The Leadership for Urban Climate Investment (LUCI)

- Elevates and tracks commitments made by Alliance members' initiatives.
- Raises ambition through four quantifiable, trackable targets, helping select Alliance members implement bold and effective targets.
- Enables these ambitious targets by catalyzing action along the entire value chain of subnational climate finance from project conception through financing.
- Is hosted by the Alliance and was initiated by a multi-stakeholder coalition led by the German Federal Government at the UN SG Climate Summit in 2019.



**cities** have strengthened capacities in project preparation by 2025



**climate smart urban projects** are bankable by 2025

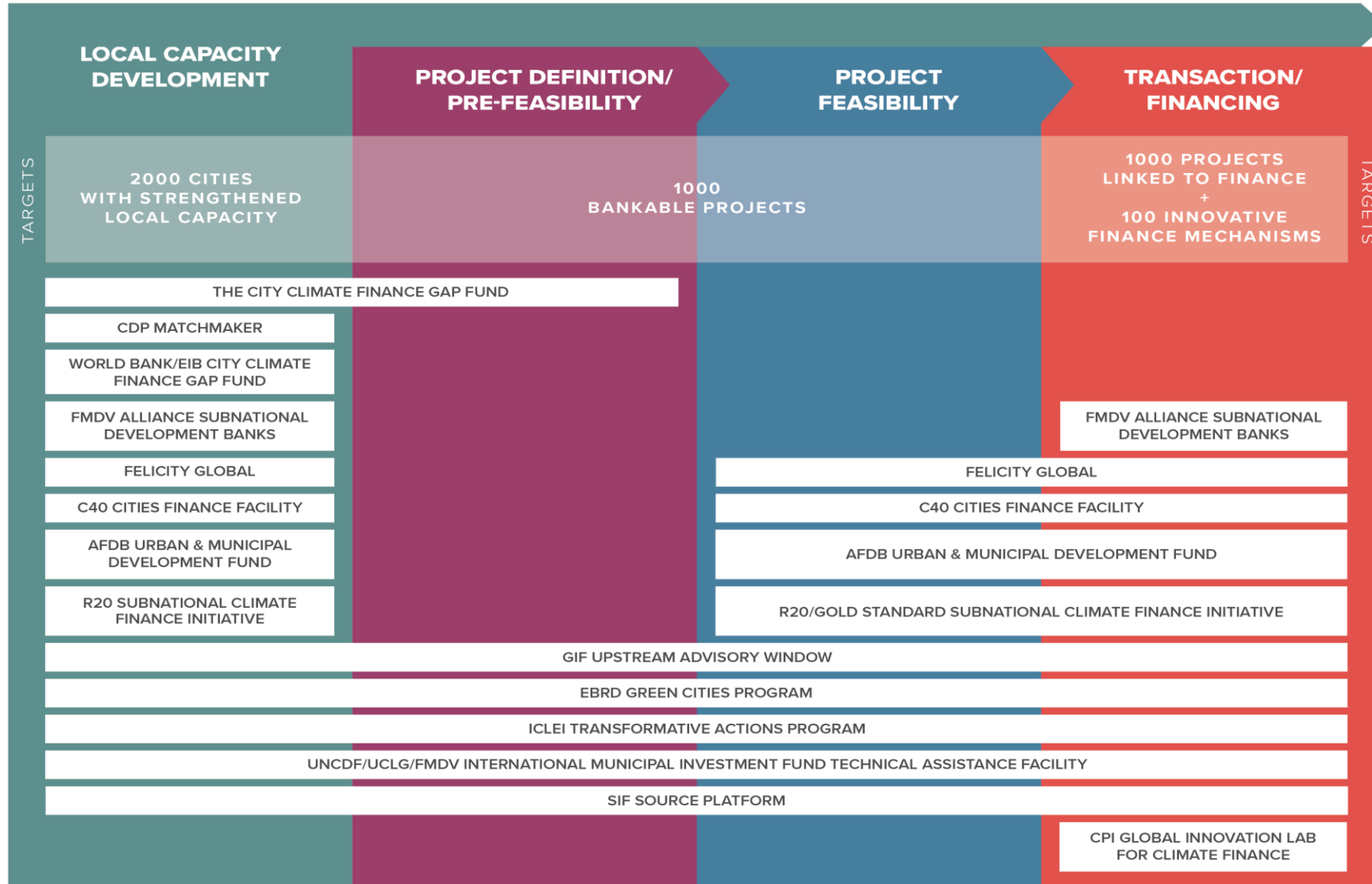


**climate smart urban projects** are linked to finance by 2025



**climate smart urban projects** successfully utilized new financing mechanisms by 2025

# LUCI initiatives support cities along the entire value chain of subnational climate finance from project conception through financing





# Since 2019, LUCI initiatives have made significant strides in supporting cities for impact

**500+** Cities with enhanced project preparation capacity

Climate smart and resilient **bankable projects** **91**

**48** Projects linked to finance for implementation

**Innovative financing mechanisms** to support climate smart infrastructure in cities. **18**



## 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

# Thank You!

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

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