

# City Climate Finance Gap Fund



# Why the Gap Fund?

**1.**

# What is the gap?

It is estimated that project preparation represents about 3-5% of the total project investment costs, going up to 10% in emerging frontier markets.

For the anticipated USD 90 trillion in climate investment needs until 2030, **up to USD 4.5 trillion will be required for project preparation** – USD 300 billion per year.

Many cities do not have detailed climate strategies, and even if they do, the strategies often include a long list of potential climate project ideas without prioritization based on analysis and impact potential.

# What is the gap?

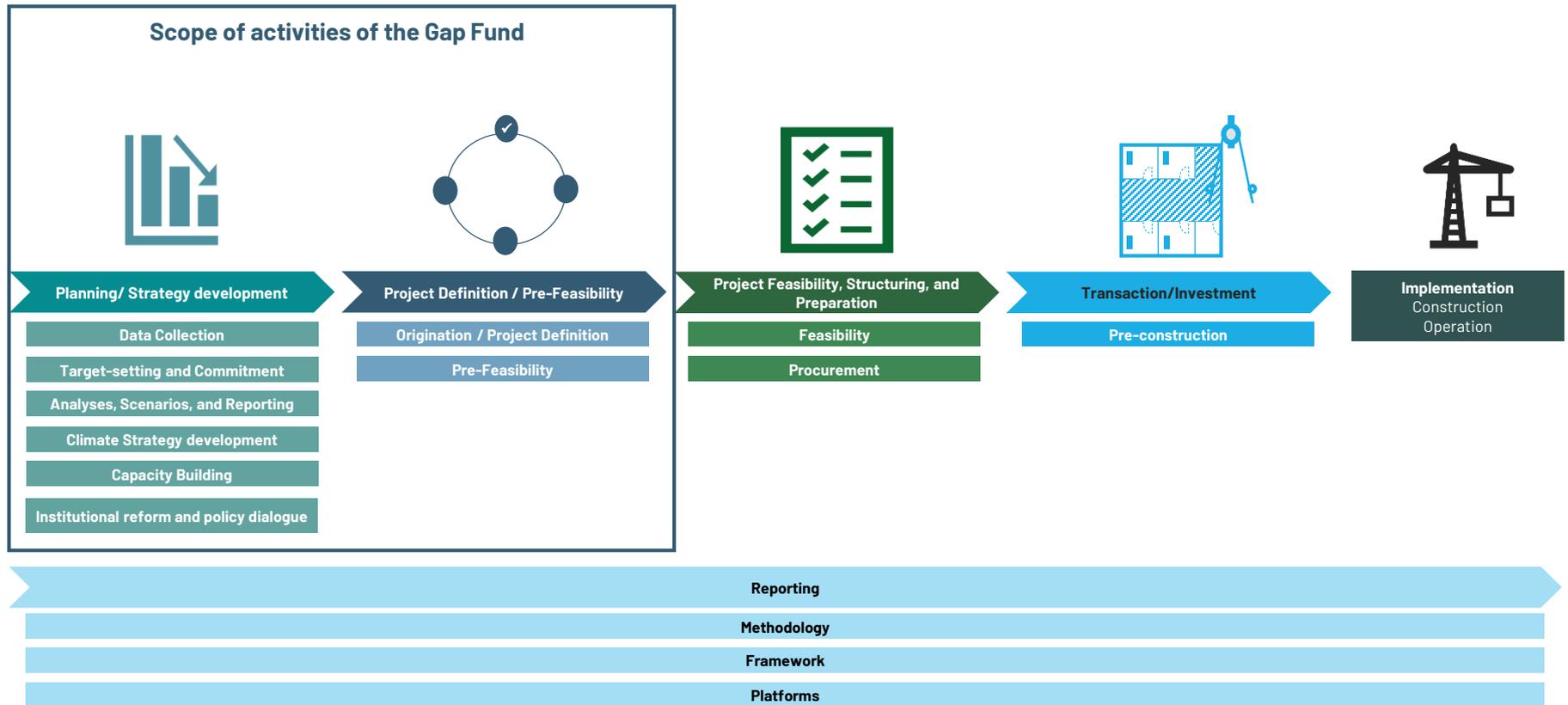
Most PPFs are focused on mid to late stages of the project preparation, which present lower risk and are closer to project implementation. However, many find out that, often, the level of the preliminary studies is too low to take the project on to financing.

The project selection process of several PPFs (e.g. FELICITY, CFF) revealed that **between 60%- 80% of applications were of projects in early stage of preparation, indicating a clear resource gap in this project phase.**

This Gap was discussed and confirmed among partners in the LUCI (Leadership for Urban Climate Investment) initiative, in particular by countries, city networks and IFIs.

It was also included in the mapping of urban climate initiatives carried out by the City Climate Finance Leadership Alliance (CCFLA)

# The City Climate Project Planning and Development Cycle



# The Gap Fund in a nutshell

# 2.

# The Gap Fund in a nutshell

## Why?

Cities are central to meeting ambitious climate targets such as the Paris Agreement but cities in low and middle income countries often struggle with developing climate-friendly and resilient infrastructure

## What?

Support cities with early-stage technical assistance in developing climate change mitigation and adaptation projects

## Who?

Donors, multilateral banks and implementing agencies, together with city networks

## How?

Cities and local authorities can check eligibility and apply via the Gap Fund web site ([www.citygapfund.org](http://www.citygapfund.org)) with an expression of interest.

# What the Gap Fund offers

- Supporting **city climate strategy development** and analytics to assess the climate potential of plans, strategies, and investment programs
- Providing **capacity building** for low-carbon and climate-resilient urban development
- Supporting the **prioritization of investments** as part of a climate strategy or investment program
- Defining **project concepts** and preparing pre-feasibility studies
- Supporting a strengthened **approach to project financing**
- **Matchmaking with additional support** sources for later stages of project preparation
- Offering potential support to **fill in other project preparation gaps**

# Eligibility criteria

- **Countries:** low and middle income countries
- **Climate action potential:** Mitigation and/or adaptation to climate change
- **Urban dimension:** The project must be situated in or functionally linked to an urban area
- **Stage:** Early stages of climate investment planning and project preparation:
  - Climate strategy development/enabling environment
  - Project definition/concept
  - Pre-feasibility

## Sectors

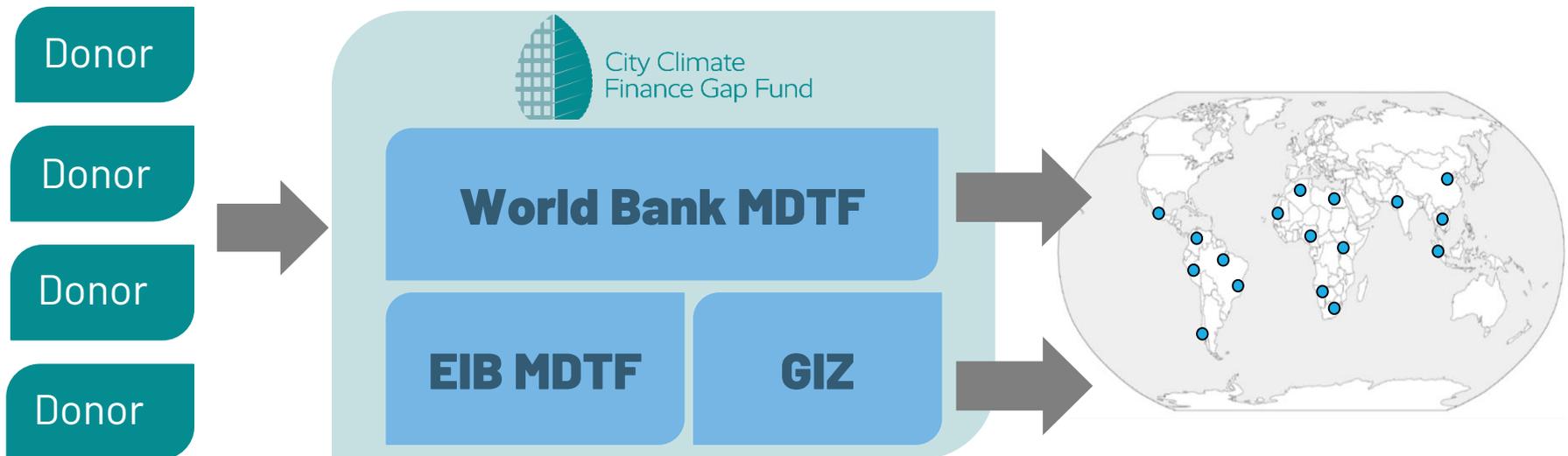
- Urban mobility
- Energy efficiency and small renewables
- Solid waste management
- Water and wastewater management
- Greening of urban areas, nature-based solutions
- Green buildings
- Adaptation to climate vulnerabilities
- Affordable housing with an energy-efficient approach
- Multi-sector, area-based investment programs

# Proposed types of TA support to be provided by the EIB-GIZ Gap Fund

- ▶ Reviewing/refining broad strategies (e.g. waste management, climate resilience/adaptation, etc.) to prioritise potential projects;
- ▶ Defining a coherent project concept and estimated cost, TA needs, timing;
- ▶ Prefeasibility study;
- ▶ Preliminary indication of “economic and financial sustainability”;
- ▶ Identification and analysis of possible alternatives;
- ▶ Identification and engagement of relevant stakeholders;
- ▶ Support in securing the backing of the national government (e.g. preparing applications to obtain a state guarantee);
- ▶ Identify potential innovative financing approaches for a project;
- ▶ Prepare ToR for feasibility studies;
- ▶ Complete and strengthen existing (partial) studies carried out by promoters

# The Gap Fund – one initiative, different implementing partners

- **Implementing Partners:** World Bank, European Investment Bank and GIZ
- **Cooperation partners:** GCoM, C40, ICLEI, CCFLA



For more information:

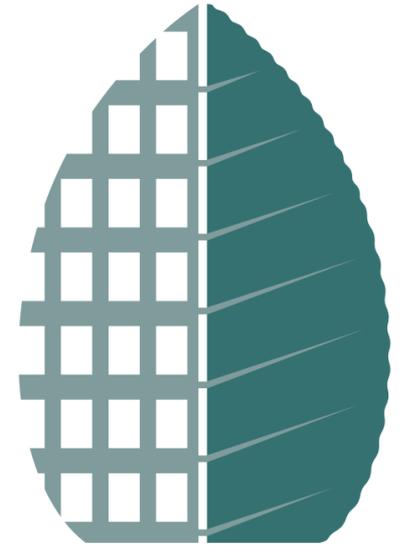
[www.citygapfund.org](https://www.citygapfund.org)

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**Turn resilient  
low-carbon  
ideas into  
strategies and  
finance-ready  
projects**



**Thank you!**



City Climate  
Finance Gap Fund