

PRESS RELEASE: CITIES CLIMATE FINANCE LEADERSHIP ALLIANCE
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Global partners join forces to accelerate investments in climate-smart urban infrastructure

An estimated \$1 trillion is needed every year to finance the infrastructure gap in low- and middle-income countries

More than twenty development agencies, financial institutions, private sector investors and NGOs joined forces to launch the **Cities Climate Finance Leadership Alliance** today at the UN Secretary-General's Climate Change Summit, to accelerate investments in climate-smart urban infrastructure through collaborative action.

In support of a sustainable urban future, partners will leverage the Alliance to expand the scale and scope of their efforts and remove obstacles to ensure additional capital flows to cities – particularly from the private sector. The Alliance aims to close the investment gap in urban areas over the next 15 years.

“The City Climate Finance Leadership Alliance will mobilize institutional investors and the private sector to channel resources and efforts towards low-carbon, climate-resistant infrastructure,” said **Dr. Joan Clos, Executive Director of UN-Habitat**. “This will allow increased capital to flow to cities, unblocking the transformational change needed to meet the challenge of climate change and contributing to the new urban agenda of cleaner, more resilient and environmentally sustainable cities.”

“Today, over 1 billion people live in slums, with poor access to basic services such as electricity, clean water, sanitation, and health care, putting them at a disadvantage with little opportunity to move out of poverty,” said **Ede Ijjasz-Vasquez, Senior Director, World Bank Group Global Practice for Social, Urban, Rural and Resilience**. “More needs to be done to help cities win the battle on sustainable development. The Alliance will enable us to share knowledge, connect, engage, and take action to make sure cities can finance liveable, climate-smart urban growth.”

In a rapidly urbanizing world, where cities account for over 70% of energy-related CO₂ emissions, it is estimated that over \$1 trillion a year – much of it in urban areas -- is required to finance infrastructure needs in developing countries over what is being built – even more for low-carbon infrastructure.

Currently, investments are hindered by a lack of critical information, institutional and regulatory constraints, inadequate levels of municipal creditworthiness, and the scarcity of projects with business plans to attract potential investors.

To help address these issues, the Alliance will spearhead efforts to share knowledge and replicate successful investments through activities including:

- Exchange experiences and best practices between partners to enable closer coordination on specific issues and encourage the upscaling of successful approaches

- Engage with other leading actors in finance, including the private sector as well as national and international public financial institutions to scale-up financial products including structured finance, municipal or sector-based green bonds, and other innovative instruments
- Conduct research to better identify the bottlenecks that cities and financial institutions are facing in mobilizing investments in low carbon climate resilient infrastructure

Given the enormity of the challenge, financing options through municipal governments' revenues, debt, or national government transfers are not enough to fill the gap. Creating an environment that encourages private sector investment will be critical. The Alliance will explore opportunities through policy and regulatory reforms to create incentives to plan, design, and invest in secure, cost-effective and profitable projects in low-carbon and climate-resilient infrastructure.

Investments in low-carbon and climate-resilient infrastructure can save money for local authorities in the long term, and generate significant returns for investors, while creating wealth and increased employment opportunities for youth worldwide.

The Alliance will continue to expand participation by city networks and leaders, international financial institutions, development finance institutions, national financial institutions, non-governmental organizations, private sector institutions, and other investors.

Partners as of September 2014:

African Development Bank, Bank of America Merrill Lynch, C40 – Cities for Climate Action, Citibank, Cities Development Initiative for Asia (CDIA), Climate Bonds Initiative, Development Bank of Latin America (CAF), European Investment Bank, French Agency for Development (AFD), Global Infrastructure Basel (GIB), Gold Standard Foundation, ICLEI – Local Governments for Sustainability, Japan Investment Cooperation Agency (JICA), Meridiam, Standard & Poor's Ratings Services, UN-Habitat, The United States, West African Development Bank (BOAD), World Resources Institute, World Bank Group, WWF.

Partner statements

AFD as an international financing institution views the City Finance Leadership Alliance as a particularly efficient initiative to enable the sharing of experiences within the largest spectrum of actors relevant to City Climate finance, including national and regional financing institutions, and to actively address the barriers to the scaling-up of financing for low-carbon and resilient urban infrastructures.

Anne Paugam, Director General, AFD

The City Climate Finance Initiative drives home the message that the decisions we take today for the world, also for the cities we live in today and build tomorrow, are crucial - especially in the light of climate change and limited available resources. Making the right choices now, investing in clean and sustainable technologies, supporting green growth and sustainable urban development are at the heart of this. All levels of government, businesses, and civil society need to cooperate and jointly drive forward a low carbon resilient agenda, linking to stakeholders to optimize the approach and achieve effective results.

David Cadman, President, ICLEI

We strongly support the Alliance as a critical forum to bridge the gap between local policy makers and long term investors to fund the investments required by the climate change challenges by building collective capacity to identify and develop well prepared strategic infrastructure projects.

Thierry Deau, CEO of Meridiam.

Through WWF's Earth Hour City Challenge, cities from around the globe have officially reported over 2 000 climate actions. These actions could be dramatically scaled up to have broad-reaching positive effects in the development of sustainable cities. Cities that participated in the Earth Hour City Challenge are championing new approaches to a renewable energy-based future. We will now work closely with the partners of the Cities Leadership Climate Alliance to enable a radical increase in investments into low-carbon and climate-resilient urban infrastructure globally.

Marco Lambertini, Director General, WWF International