Why is CIF Needed?

4.2 billion people live in cities, and that number is growing by 1.5 million each week.

90% of this urban growth will occur in developing countries in Asia, Africa, the Middle East and Latin America. This rapid urbanization is fueling an annual urban infrastructure financing gap in excess of US$3.2 trillion.

- At present, too few bankable sustainable infrastructure projects are being developed in low- and middle-income cities.
- Blockages in the pipeline are due to fiscal and capacity constraints, time constraints, transparency issues, lack of upstream support, delayed investor engagement, and legal / regulatory issues.
- We are in a moment of a massive shift in investment portfolios with fund managers increasingly demanding more SDG-aligned infrastructure investment opportunities.
What is CIF?

The Cities Investment Facility is a multi-stakeholder initiative centred around unlocking greater capital flows to urban impact projects, by supporting their processes of identification, design, (pre)feasibility, and financing.

- CIF aims to direct significant capital towards financing projects that are inclusive, SDG compliant, masterplan-integrated, and align with UN-Habitat’s existing geographical footprint.
- This facility complements existing investment facilities by looking at enhancing early stage design and origination particularly in secondary and emerging cities in frontier and emerging markets.
- It is unique in its focus on the broad range of the SDGs, urban masterplan-integrated projects, its global scope with a project pipeline spanning across three main regions and ten sub-sectors, and the alignment of CIF’s projects with UN-Habitat’s global geographical footprint and local relationships.
- By convening and preparing a pipeline of SDG-compliant bankable infrastructure projects, this new facility makes a significant contribution to achieving the UN’s Agenda 2030 as cities and urban infrastructure enable economic activity and growth.
What is CIF?

CIF operates through three instruments, which together comprise the facility and enable its function:

The **Cities Investment Portal (CI Portal)** allows city officials to reach out to a global audience of investors, bringing together a community of stakeholders at the ideation stage. The Portal will display information about available projects, host a grant platform, and a knowledge hub.

The **Cities Investment Advisory Platform (CIAP)** is an incubated initiative advising pre-feasibility and upstream project preparation and design, bankability, and SDG-impact.

The **Cities Investment Vehicles (CI Vehicles)** are brokers within which diverse and blended sources of capital can be pooled to finance de-risked, bankable, and sustainable urbanization projects.
This modality ensures that the most bankable projects are supported, whilst those not prepared enough receive feedback or technical support.
Covid Priority Sectors:
- Affordable Housing
- Water & Sanitation
- Waste Management
- Informal Settlements Upgrading

*As of October 2020*
Projects must fulfil the following criteria to be eligible for CIF support:

- Evidence of (national/regional/local) government support
- Within existing urban development plans
- Align with UN-Habitat & partners’ footprint to ensure effective engagement & governance
- Demand studies that exhibit need case
- US $20 million+ (per project or aggregated project package)
• Global pipeline of projects seeking investment.
• Access to project information including description, rationale, cost estimates, co-financing commitments, anticipated IRR, and more.
• Knowledge Hub for project promoters, serving as a feedback loop through which best practices, guidance, experience, investment requirements, geographical and sectoral information gathered through CIF can be disseminated.
• Data analytics on projects to strengthen investor analysis and the knowledge hub.
• Philanthropy channel through which project owners can access philanthropic funding (i.e. grants, donations).

• Facilitation of early-stage conversations and matchmaking between project promoters and financiers through the Portal.

View our online Portal http://cip.flywheelsites.com
• Assessments of projects’ **SDG impact & ESG safe-guarding.**
• **Bankability advisory and project preparation support**, allowing for incorporation of different stakeholder requirements into upstream project design.
• **Local government portfolio review** and investment planning to ensure that projects are integrated and effective.
• **Identification of project financing structures and de-risking**, using Blended Finance instruments including concessionary capital, & guarantees etc.

• **Tailored engagement with early-stage investors** on a project-by-project basis.

**The CIAP addresses key bottlenecks to urban infrastructure project financing, including lack of technical capacity; competing priorities for public finances; shallow pools of intermediaries working upstream; and limited engagement with investors.**

**Website**
www.citiesinvestment.org

Successfully showcased at the 2020 World Urban Forum
• **Acts as a broker** between projects and investors, attracting diverse pools of capital.
• **Dedicated concessionary funds** to allow for de-risking of investments.
• **Aggregation of projects** into investor-friendly products / vehicles, including aggregation to achieve size and sector requirements.
• **Project-specific financial advisory** and risk mitigation.

The CI Vehicles are a number of funds or brokers, each with a geographical / sectoral mandate, who work with the CIF pipeline of projects as assets. The LP capital is raised by the partner fund.
CIF Projects Summary
(as of September 2020)

CI Portal
- Information available on website
- 37 Projects from local governments around the world, filtered following an open call

CIAP
- Receiving preparation & advisory
- 6 Projects from World Urban Forum showcase
- 8 Projects from open call

Successful
- With some private capital commitment
- 3 Projects from open call (Water & transport themes)
# Added Value of CIF

<table>
<thead>
<tr>
<th>Phase</th>
<th>Added Value that CIF brings to a project in this phase</th>
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<tr>
<td><strong>Project planning</strong></td>
<td>• <em>Projects actively align with SDGs</em> — receiving individualized assessment and advisory throughout pre-feasibility and feasibility.</td>
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<td>• <em>Projects are more bankable and de-risked</em> — having received bespoke technical assistance and bankability advisory at pre-feasibility and feasibility stages.</td>
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<td>• <em>Shortening project lifecycle</em> — between 3 and 9 months from concept to feasibility.</td>
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<td>• <em>All sustainable development projects are eligible for support</em> — unlike other existing project preparation facilities, CIF is not a specialist fund, and caters to projects that may fall outside the scope of existing facilities. Further, CIF welcomes partnerships with other users and facilities.</td>
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<td><strong>Project financing</strong></td>
<td>• <em>Wider public awareness</em> — showcased on CI Portal, and at Regional and World Urban Forums, and matched with diverse and early-stage investors.</td>
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<td>• Equipped with <em>i) feasibility studies</em> and <em>ii) SDG alignment reports</em> tailored to the investors’ needs.</td>
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<td>• <em>Securing private sector capital</em> through investor outreach, and a blended finance approach.</td>
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<td>• <em>Bridges the gap</em> — allows for secondary cities to aggregate projects and reach larger-cap investors that may not have been otherwise interested in the investment opportunity.</td>
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Through its ongoing project preparation and advisory, CIF will produce a variety of normative / knowledge products (reports, guidance notes, white papers) which will be collated and disseminated.

Knowledge products may include information on sector-specific and geographic data, successful models, effective practices, blending structures, and more.

- UN-Habitat Country Offices and UN Country teams will deploy associated technical guidance.
Project Flow and Roles of Actors

1. Project Identification / Planning
   - Cities Investment Master Class
   - SDG Cities
   - UN-Habitat Projects
   - Partner Programmes
   - Project submission

2. On-boarding
   - CI Portal: Projects
   - CI Portal: Pre-feasibility
   - Feasible Project
   - Project showcased on CI Portal

3. Pre-Feasibility Advisory
   - SDGs assessment and technical assistance
   - Eligible Project
   - Pre-feasible Project
   - vetted Project
   - Regional relationship management

4. Feasibility
   - CI Portal Assessment
   - Financial close
   - Pre-feasible Project
   - Feasible Project
   - Vetted Project

5. Financial Close & Implementation
   - Implemented Project
   - Financial products design

 Workflow Diagram:

- Workflow Diagram
- Project Lifecycle
- CIF Secretariat
- Programmes
- Regional Offices
- Implementing Partners
- Partners for CIAP
- Partners for CI Vehicles
- Investors
- Project Promoters
- Stake-holders

- Project submission
- Project assessment and filtering
- Project showcased on CI Portal
- SDGs assessment and bankability advisory by CIAP
- Connected with investors and get commitment
- Financial close
- Observing
- Impact measurement
- Regional relationship management
- Connect investors with viable projects
- Data management
- Financial products design
- Fund management
- Investment made
- Project operationalising

- Early stage engagement
- Due diligence and early stage investment
- Have conversations with investors
- Respond and implement the advice
- Information sharing

Financing Sustainable Urbanization
**CIF Business Model**

**Indicative Fees**

**CI Portal Subscriptions**
- Annual investor subscription fee between US$1000 and US$3000
- Project promoter subscription fee between US$300 and US$500.*

**CIAP Service Fees**
- Project promoters will pay a fee for advisory services rendered between US$60,000 and US$150,000 depending on project development required.*
- Investors committing early-stage financial support pay a fee for origination services between US$30,000 and US$40,000.

**CI Vehicle Deal Fees**
- A deal fee between 20 and 30 basis points (0.20 – 0.30% of capital flow) is charged for origination and project development services.

*Note: In the spirit of Leaving No One Behind, CIF will aim to mobilise funding support for project promoters from Least and Less Developed Countries.*
CITIES INVESTMENT FACILITY

Dr. Neil Khor  
*Chief of Staff, Office of the Executive Director, UN-Habitat*  
neil.khor@un.org

Dyfed Aubrey  
*Inter-Regional Advisor, Programme Development Branch, UN-Habitat*  
dyfed.aubrey@un.org

Aman Gupta  
*Sustainable Finance Consultant, Office of the Executive Director, UN-Habitat*  
aman.gupta@un.org