





UNHABITAT
FOR A BETTER URBAN FUTURE

thinkCITY
REJUVENATING THE CITY TOGETHER





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 advances the achievement of SDGs in **cities in frontier and emerging markets** by directing significant capital towards financing projects that are inclusive, SDG compliant, integrated into local development plans and align with the development priorities of UN Country Teams and UN-Habitat Country Programmes.
- It complements existing investment facilities by supporting financial structuring for investment **at origination and early stage design**.
- It is unique in its focus on **urban dimensions of SDGs**, including SDG 11, its contribution to achieving sustainable city and neighbourhood development plans through its ten inter-related sub-sectors.
- It convenes and prepares **a global pipeline of SDG-compliant bankable infrastructure projects**, and is thus able to attract the interests of multiple local and international investors.
- It provides a unique opportunity for small and secondary cities to attract investment by **aggregating their projects with similar projects** in the global pipeline and thus meet larger-cap investor interests.



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.



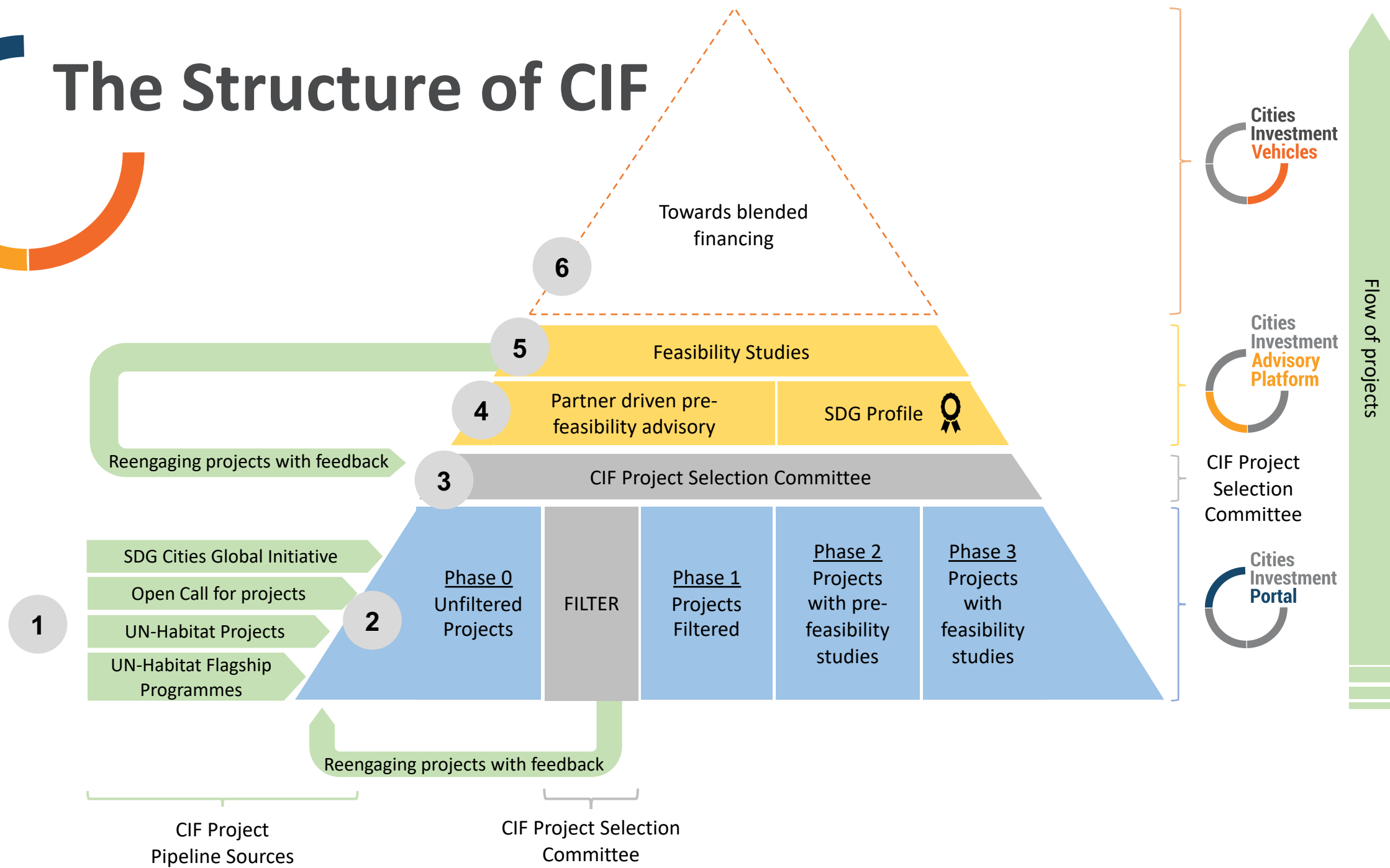
The **Cities Investment Advisory Platform (CIAP)** is an incubated initiative advising pre-feasibility and upstream project preparation and design, bankability, and SDG-impact.



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.

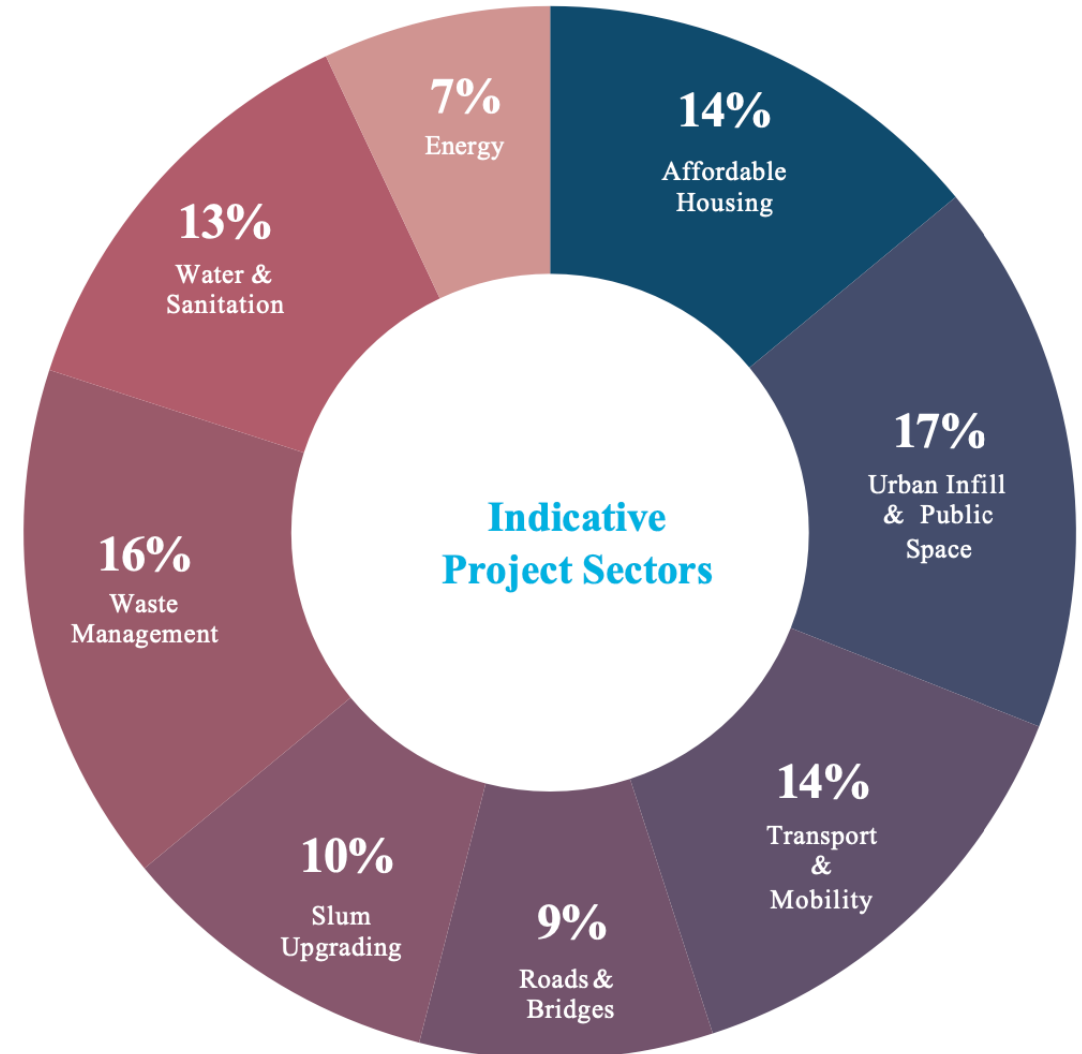
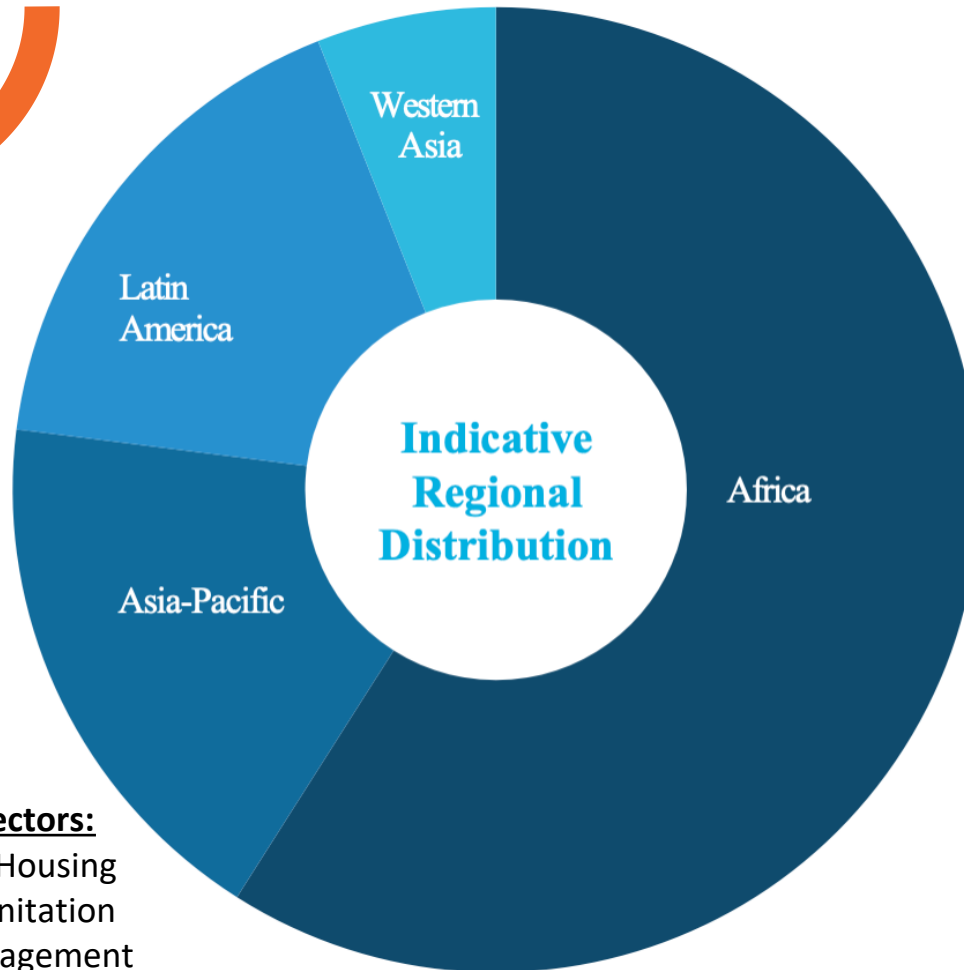


The Structure of CIF





CIF Projects



Covid Priority Sectors:

- Affordable Housing
- Water & Sanitation
- Waste Management
- Informal Settlements Upgrading



CIF Projects: Eligibility Criteria

Projects must fulfil the following criteria to be eligible for CIF support:

- Evidence of (national/regional/local) **government support**
- Within **existing urban development plans**
- Aligns with **UN Country Teams priorities** and **presence of UN-Habitat or partner agency** to ensure effective engagement and governance
- **Demand studies** that exhibit need case
- **US \$20 million+** (per project or aggregated project package)



Cities Investment Portal



View our online Portal
<http://cip.flywheelsites.com>

- **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.



Cities Investment Advisory Platform

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.

- 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.



Successfully showcased at the 2020 World Urban Forum

Website

www.citiesinvestment.org

Cities Investment Vehicles

- **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.

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.



- **Project-specific financial advisory** and risk mitigation.



CIF Projects Summary

(as of September 2020)

CI Portal

- Information available on website

37 Projects with a total value of **US\$6.9 billion** from local governments around the world, filtered following an open call

CIAP

- Receiving preparation & advisory

6 Projects with a total value of **US\$2.1 billion** from World Urban Forum showcase

11 Projects with a total value of **US\$2.7 billion** from open call

Successful

- With some private capital commitment

3 Projects with a total value of **US\$177 million** from open call (Water & transport themes)



Added Value of CIF

Phase	Added Value that CIF brings to a project in this phase
Project planning	<ul style="list-style-type: none">• Projects actively align with SDGs – receiving individualized assessment and advisory throughout pre-feasibility and feasibility.• Projects are more bankable and de-risked – having received bespoke technical assistance and bankability advisory at pre-feasibility and feasibility stages.• Shortening project lifecycle – between 3 and 9 months from concept to feasibility.• All sustainable development projects in cities are eligible for support – 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.
Project financing	<ul style="list-style-type: none">• Wider public awareness — showcased on CI Portal, and at Regional and World Urban Forums, and matched with diverse and early-stage investors.• Equipped with i) feasibility studies and ii) SDG alignment reports tailored to the investors' needs.• Securing private sector capital through investor outreach, and a blended finance approach.• Bridges the gap – allows for secondary cities to aggregate projects and reach larger-cap investors that may not have been otherwise interested in the investment opportunity.

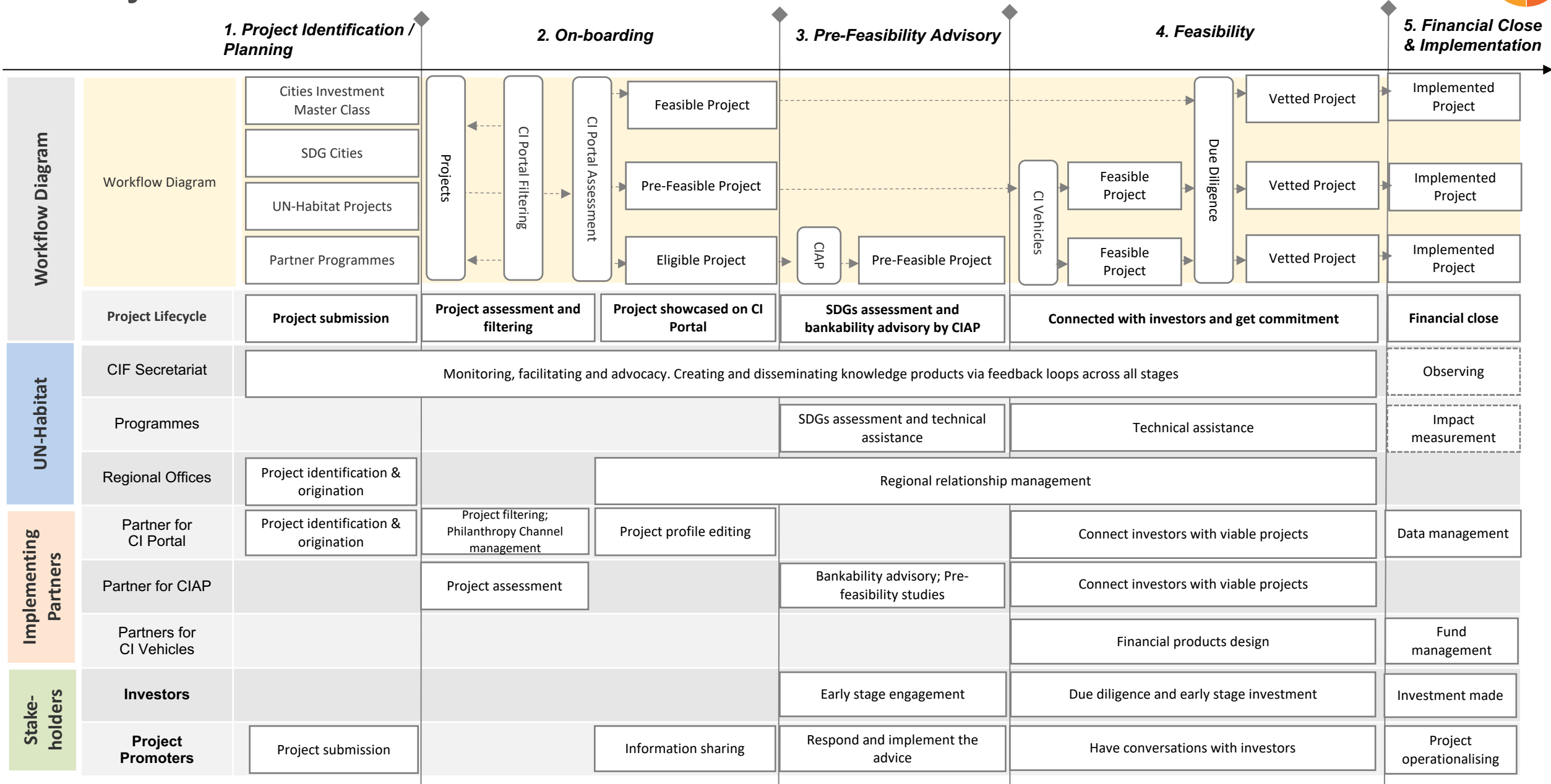


Knowledge & Advocacy

E - Urban Masterclasses
V - Urban Forums (World, Regional, National)
E - SDG Cities Annual Conference
N
T - 'Live' Cities Investment Fairs
S @ Urban Forums a platform for advocacy and knowledge dissemination.

P - Through its ongoing project preparation and
U advisory, CIF will produce a variety of
B normative / knowledge products (reports,
L guidance notes, white papers) which will be
I collated and disseminated.
C
A - Knowledge products may include information
T on sector-specific and geographic data,
I successful models, effective practices, blending
O structures, and more.
N - UN-Habitat Country Offices and UN Country
S teams will deploy associated technical guidance

Project Flow and Roles of Actors



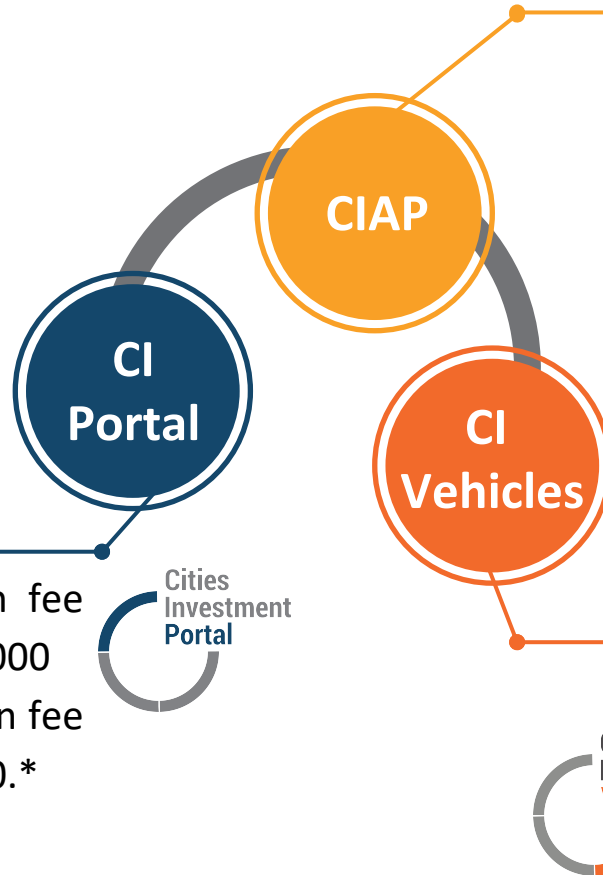
CIF Business Model

Indicative Fees

**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.*

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

- CI Vehicles will remunerate their costs in various ways - including deal fees for commercial investors in line with global norms; some of the pro-poor specialist vehicles will be donor supported.



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