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URBAN FINANCE STRATEGY

June 2019

OUTLINE

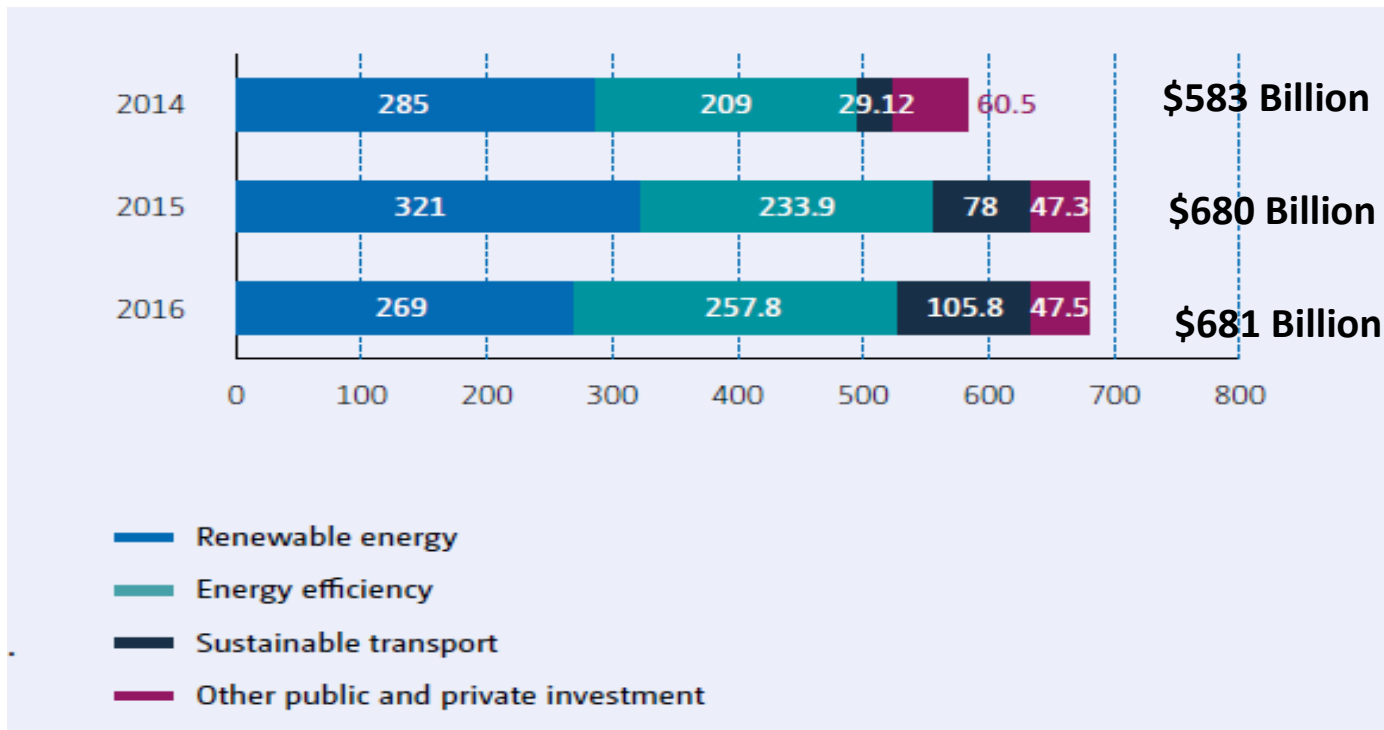
1. Three interwoven sustainable urban finance challenges
 1. The need for finance for urban climate action greatly exceeds current supply
 2. Few programs support cities in defining and determining the feasibility of their projects
 3. Cities' ability to access finance depends in large part on national policy
2. WRI's approach to these interlocking challenges
 1. Research
 2. Tools
 3. Labs



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ICLEI RESILIENT CITIES 2019
FINANCE FORUM 27 JUNE 2019

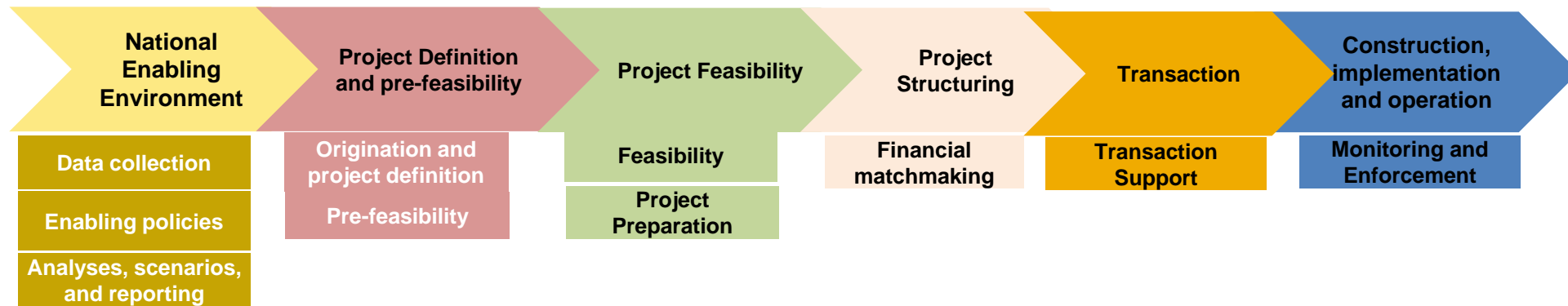
CHALLENGE 1: FINANCING FOR URBAN CLIMATE ACTION IS INSUFFICIENT



Source: UNFCCC Standing Committee on Finance, 2018 Biennial Assessment and Overview of Climate Finance Flows Technical Report

- Investment (2016) represents 7-10% of sustainable investment demand in cities
- Total growth in investment was slow in 2016
 - For example, 5X increase in RE/EE still needed
- Investment in sustainable transport is in large transit systems
- Private sector capital (approx 50% of total) not fully leveraged and flows are volatile
- IMF estimates that there is \$100 trillion AUM from institutional investors on sidelines

CHALLENGE 2: FEW PROGRAMS SUPPORT CITIES IN DEFINING AND DETERMINING THE FEASIBILITY OF THEIR PROJECTS



Numerous projects

“Valley of Death”

Where most PPFs work, including: Available Funds

Challenges

- Poor design or scale
- Most projects fail during feasibility stage due to insufficient technical readiness and bankability concerns
- Unable to attract financing.








Opportunities

- Competitive process provides test of market potential and improves quality at entry
- Early-stage pre-feasibility support to improve technical readiness and business plan development
- Financial matchmaking to help better align projects to lenders requirements

CHALLENGE 3: NATIONAL POLICY OFTEN LIMITS FINANCING FOR URBAN CLIMATE ACTION

Insufficient creditworthiness is often seen as the primary constraint to investment, but it cannot be unbundled from the policy environment

City Creditworthiness:

- Reliance on central government transfers 
- Limited own generated revenues 
- Poor financial statements 
- Poor tax collections systems 
- Lack of access to cheap financing 

Policy Factors:

- Transfers are often directly and directly impacted by political decisions
- Decentralization of urban service provision without fiscal decentralization
- National disclosure and transparency requirements
- Weak collections and enforcement systems
- Sovereign ceiling and underdeveloped banking sector

TECHNICAL ASSISTANCE

- Business plan development
- Financial modelling
- Market exposure
- Pitch development
- Financial matchmaking with potential investors and lenders
- Scaling up

INDIA CITYFIXLAB COHORT

10 technologies were selected out of a shortlist of 23 during the Acceleration Innovation Challenge

- Water Management and Efficiency (3)
- Solid Waste (3)
- Electricity Efficiency (3)
- Renewable Energy (1)



Policy Dialogues

Location: Hyderabad, Delhi, Mumbai, Bangalore
Date: October 8-31, 2018

Applications Close

Date: November 18, 2019

Cohort Announced

Date: December 21, 2018

Lab Workshops

Location: Hyderabad, Bangalore, Delhi
Date: January – April 2019

Capstone Event

Date: May/June 2019

Pilot Projects

Date: June – December 2019

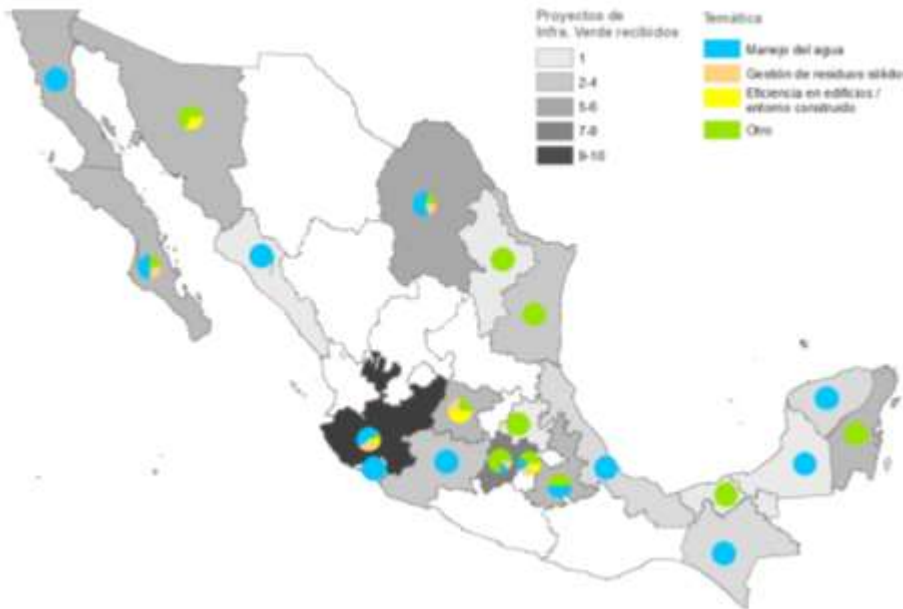


“Many people feel that Government is the problem. We tend to miss important things – Globally innovations are driven by government systems. We must flip the way we work i.e. from Centre to Local – to actually – Local to centre.”

- Kunal Kumar, Mission Director, Smart Cities Mission

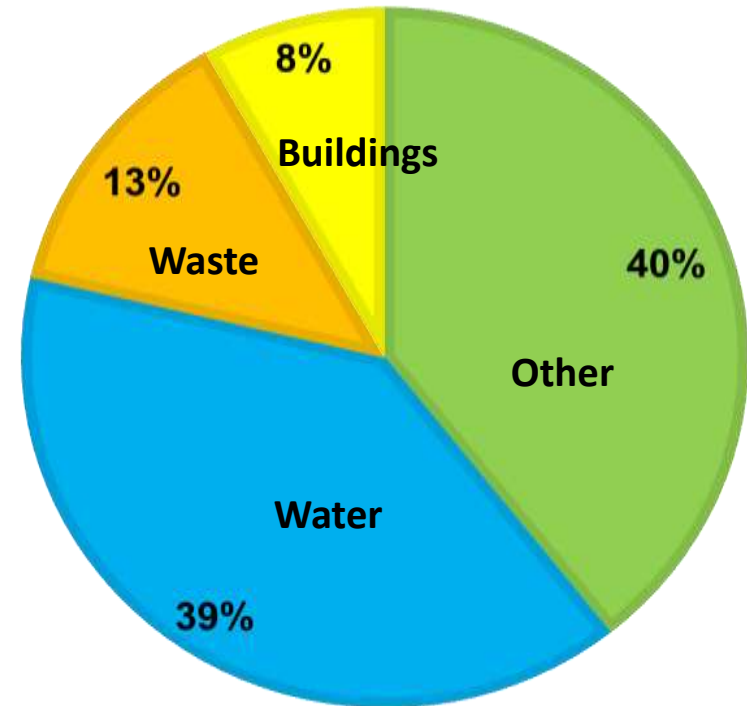
MEXICO CITYFIXLAB

Project Concepts: Geographic Distribution



- Over 130 projects submitted with a wide geography and sectors
- Nearly 50/50 split of project concepts from public and private sectors

Project Concepts: Sector Distribution



MEXICO CITYFIXLAB: PROJECT COHORT

Project	Description	City	State	Sponsor
Water Treatment and Reuse Plant	Development of a water treatment facility and recharge a currently dry water table	Cholula	Puebla	Private
Cerro de la Campana Bio-Cultural Park	Restoration of a park, develop a public green space, and improve accessibility for recreational use	Hermosillo	Sonora	Public
Biogas to Energy Generation Plant	Development of an urban bio-waste into a 1.2 MW electricity generation facility	Los Cabos	Baja California Sur	Private
Schools for Climate Program	Installation of photovoltaic systems in 16 primary and secondary public schools throughout the state	16 cities	Guanajuato	Public
Cancún Park	Transformation of a municipal dump into a public park and preservation of 4,000 hectares of the Nichupté Mangrove Flora and Fauna Protection Area	Cancun	Quintana Roo	Public
Sustainable Drainage Systems	Development of water bioretention areas, runoff management, and stormwater containment in urban parks and roads	Merida	Yucatán	Public
Restoration and Water Recharge Areas in the Chapultepec Forest	Reconstruction of the Dolores Dam and recovery of water recharge areas, improvement of water runoff management from the river basin, reduction of soil erosion and reestablishment of vegetation in the area	CDMX	CDMX	Private Trust