



**FMDV**

Supporting local authorities  
to access funding

# A GLOBAL ALLIANCE FOR FINANCING URBAN DEVELOPMENT

**BONN JUNE 2019**



# 1 - STATE OF LOCAL FINANCE

- Estimated that 90 trillions USD are necessary to fill in the infrastructure gap in the coming 15 years
- Only around 25% of those resources will be invested from public sectors.
- **Private investors** are stimulated by the municipal market. African and Asian pension funds are investing in green bonds issued from European cities but not in their region, many commercial banks have tools addressed to cities
- **Most of Donors and DFIs** have credit lines available from project preparation to invest in local projects but have critical issues to identify the appropriate projects
- **From a city perspective:** each mayor has projects to develop and face issues to find the resources for the preparation process and investment phase

# CONDITIONS TO DEVELOP LOCAL FINANCE

## POLICY, REGULATION AND GOVERNANCE

- Financing local development is **above all a policy issue: at national level first and local level**
- **Need to develop the enabling environment** (regulatory & legislative levels) to diversify resources and attract investment. Including fiscal decentralization predictable in time and amount

## INFRASTRUCTURE PLANNING

- **Need to reinforce** investment planning, financial management capacities and creditworthiness at local level
- **Develop the appropriate ecosystems** of actors and break the silos with multi-stakeholders dialogues between local & central governments, private sector, investors, donors, etc.

## FINANCIAL PREPARATION

- **Identify the appropriate financial models**, depending on the type of project: social, self sustainable, high level of profitability
- **Structure professional financial intermediaries:** public and private, to catalyze financial resources and channel at local level. Cities usually don't have internal expertise

# FINANCING A PROJECT / PROGRAM (1/2)

## FINANCIAL ASSESSEMENT

- **What is the financial situation of the project leader:** predictable and stable financial resources, creditworthiness, credit rating?
- **What is the sustainability of the project:** need to develop a business model, does the project produce revenues or not? What is the level of profitability?
- **But what does “Bankability” mean for a mayor?** Gap between public & financial interests

## FINANCING A PROJECT / PROGRAM (2/2)

### IDENTIFY THE POTENTIAL SOURCES OF FUNDING

- **Local resources** (municipal budget, tax), tariffs and revenues from the projects
- **Grants:** from the central government, from donors (identify the opportunities), decentralized cooperation
- **Investments:** private investment (direct or indirect, etc), from a DFIs;
- **Debt:** from a donor (concessional), a commercial bank, through a municipal bond, etc
- **Guarantees:** public, private, concessional

## **COMPLEXITY IS IN DETAILS.....**

**Each of these steps request a strong expertise in the preparation phase,  
usually extern of the city**

**Project preparation costs are usually between 7 to 25% of the total costs in  
developing countries**

## Annex 4. Full list of PPFs operating worldwide

This list of Project Preparation Facilities has been drafted by compiling information provided by GIZ and GIB and own FMDV's sources included the extensive information provided through InfraDev (<http://www.globaldevelopmenthouse.org/InfraDev/index.cfm>).

| Name of PPF  | Lead Organization/s   | CCFLA member? |
|--|---|---------------|
| 100\$ Billion Environmental Finance Goal   | OTI   | YES           |
| 100RC  | 100RC   | YES           |
| ACP-EU Energy Facility   | EU  | NO            |
| Adapt-Asia Pacific Project   | USAID   | YES           |
| AFD DSA Project Preparation and Feasibility Study  | AFD, DSA  | YES           |
| Africa Climate Resilient Investment Facility (ARRI-RIS)  | World Bank Group  | YES           |
| AfricaSD   | AfDB & HIAF (Made in Africa Foundation)   | NO            |
| African Network of Municipal Development Funds (MDF)   | RHDV  | YES           |
| African Water Facility   | African Development Bank (AfDB)   | YES           |
| African Water Facility Division  | AFDB  | YES           |
| African, Caribbean and Pacific - European Commission Energy Facility I + II                        | European Commission   | NO            |
| Arab Financing Facility for Infrastructure (AFFI) and AIV (Arab Infrastructure Investment Vehicle) | World Bank Group, International Finance Corporation, Islamic Development Bank                                 | NO            |
| ASEAN Infrastructure Fund  | ADB, etc.   | YES           |
| Asia Pacific Project Preparation Facility  | ADB   | YES           |
| Asian Cities Climate Change Resilience Network   | Rochefeller Foundation  | YES           |
| BID Capacity Building Fund   | Belgian Investment Company for Developing Countries   | YES           |
| Building Canada Fund   | Government of Canada  | NO            |
| C40 Cities Finance Facility (CFF)  | C40 Cities Climate Leadership Group (C40), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH | YES           |
| Catalytic Finance Initiative   | Bank of America Merrill Lynch   | YES           |
| CDC Infrastructure   | Calze des Délégués  | YES           |
| Cities and Climate Change in Africa (CCCLIA)   | AFD in partnership with EU and SDC  | YES           |
| Cities and Climate Change in Asia (CCCLIA)   | AFD, in partnership with ADB and the EU   | YES           |
| Cities and Climate Change Initiative   | UN-Habitat  | YES           |
| Cities Development Initiative for Asia (CDIA)  | ADB, GIZ  | YES           |
| Cities Development Initiative for Asia (CDIA)  | ADB   | YES           |
| Cities FB for Climate Change   | BMUB  | NO            |
| Clean Energy Research Partnership Facility   | ADB   | YES           |
| Climate and Clean Air Coalition  | UN Environment, 50 country partners, IGOs, NGOs and private sector  | YES           |
| Climate and Development Knowledge Network  | DFID  | NO            |
| Climate Bonds Standard & Certification   | Climate Bonds Initiative  | YES           |
| Climate Task Force   | LTIA  | YES           |
| ClimatePlace   | C Green Solutions   | YES           |
| Climate-Africa Special Fund  | AfDB  | YES           |

| Name of PPF   | Lead Organization/s   | CCFLA member? |
|---|---|---------------|
| DFSA Development Fund   | DFSA and South African Department of Treasury   | NO            |
| DevCo (Infrastructure Development Collaboration Partnership Fund)             | IFC (International Finance Corporation)   | NO            |
| Developing and Financing City Climate Action Plans                            | UN-Habitat  | YES           |
| Development Credit Agency   | USAID   | NO            |
| East Asia Australia Infrastructure for Growth Fund                            | World Bank Group  | YES           |
| ESPA  | EE and the European Commission  | YES           |
| Emerging and Sustainable Cities (ESC)   | DB  | YES           |
| ESMAP (Energy Sector Management Assistance Program)                           | World Bank Group  | YES           |
| EU Energy Initiative Partnership Dialogue Facility                            | EU  | NO            |
| EU-Africa Infrastructure Trust Fund   | EU & GDF  | NO            |
| European Energy Efficiency Fund   | Deutsche Bank, European Commission, GIZ, Carra Support (Reaktiv)                          | YES           |
| Facility for Euro-Mediterranean Investment and Partnership (FEMIP)            | EE  | YES           |
| Finance for Resilience (FIR)  | CPI serves as the FIRs Secretariat  | YES           |
| Financing Energy for low-Carbon Investment - Cities Advisory Facility         | GIZ, EE   | YES           |
| Financing Sustainable Cities Initiative                                       | World Resources Institute and C40 (equal founding & lead partners) and Citi Foundation    | YES           |
| Fund for Resilient Disaster Prevention (FRD)                                  | DB  | YES           |
| Fund for Integrative Infrastructure (FRI)                                     | DB  | YES           |
| GF-ESRD Sustainable Energy Financing Facilities                               | European Bank for Reconstruction and Development (EBRD), Green Climate Fund (GCF)         | YES           |
| Global Climate Change Alliance+   | EU  | NO            |
| Global Climate Partnership Fund   | German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) | NO            |
| Global Facility for Disaster Reduction and Recovery                           | World Bank Group  | YES           |
| Global Initiative on Disaster Risk Management                                 | BMZ   | NO            |
| Global Innovation Lab for Climate Finance, India Lab, Brazil Lab, Fife Awards | CPI   | YES           |
| Global Platform for Sustainable Cities (GPS-C)                                | World Bank Group  | YES           |
| Gold Standard for Sustainable Urban Development                               | The Gold Standard   | YES           |
| GPOSA (Global Partnership for Output Based Aid)                               | World Bank Group  | YES           |
| Green Africa Power  | RDG, DFID   | NO            |
| Green Bonds for Cities (GBC)  | South Pole Group  | YES           |
| Green Cities Georgia  | ESD   | NO            |
| Green Infrastructure Fund   | Government of Canada  | NO            |
| Green Infrastructure Investment Coalition                                     | Climate Bonds International (CBI), UNEP Inquiry   | YES           |
| GuarantCo   | RDG   | NO            |

| Name of PPF  | Lead Organization/s  | CCFLA member? |
|--|--|---------------|
| Ho Chi Minh City Finance and Investment Company  | HCMC People's Committee  | NO            |
| IADB PPFs  | IDB  | YES           |
| ICLEI's GreenClimateCities (GCC)   | ICLEI World Secretariat  | YES           |
| IFC InfraVentures  | World Bank Group   | YES           |
| IFC RFP Advisory, East Asia and Pacific and South Asia   | IFC  | NO            |
| Impact Investment and Capacity Building in Support of Sustainable Waste Management to reduce emissions of uncontrolled POPs (LPOPs) and mercury in West Africa | ROAD   | YES           |
| India Infrastructure Project Development Fund (IIPDF)  | Government of India  | NO            |
| India Project Development Fund (IPDF)  | IL&FS Investment Managers Limited (Private Equity)   | NO            |
| InfraAfrica  | RDG  | NO            |
| Infrastructure Fund (InfraFund)  | IDB  | YES           |
| Infrastructure Project Development Facility  | ADB  | YES           |
| Infrastructure Project Preparation Facility (IPPF)   | EBRD   | NO            |
| Initiative for the Integration of the Regional Infrastructure in South America (IRISA)   | IDB  | YES           |
| IADB Technical Assistance Facility   | IDB  | NO            |
| JICA Preparatory Survey for PPP Infrastructure   | Government of Japan  | YES           |
| JICA Technical Cooperation for Development Planning  | Government of Japan  | NO            |
| LAIF cities and climate change   | CAF, AFD   | YES           |
| Least Developed Countries Fund (LDCF)  | Green Environment Facility: World Bank Group, UNDP and UNEP                                  | YES           |
| Local Climate Adaptive Living (LoCAL) Facility   | UNCDF  | YES           |
| Low Carbon City Lab  | Climate-KIC  | YES           |
| Matchmaker   | ODP  | YES           |
| Mobilize Your City (MYC)   | AFD, GIZ, EU (GIZ/DEVCO)   | YES           |
| Municipal Infrastructure Support Programme (Jafiba)  | Financed by EU and managed by the Delegation of the European Union to the Republic of Serbia | NO            |
| NGPAD-IRPF Infrastructure Project Preparation Facility   | Green Environment Facility: World Bank Group, UNDP and UNEP                                  | YES           |
| Nordic Development Fund  | Nordic Investment Bank (NIB)   | NO            |
| One Planet City Challenge  | WWF  | YES           |
| Partnership for South Asia   | World Bank Group   | YES           |
| PHRD Technical Assistance Grant Program  | World Bank Group   | YES           |
| Pilot Program for Climate Resilience   | SCF, CIF   | NO            |
| Platform of Sustainable and Competitive Cities   | Finclater (E0)   | NO            |
| Private Infrastructure Development Group (PIDG)  | RDG  | NO            |
| Programme for Infrastructure Development in Africa (PIDA)  | African Union Commission (AUC), NGPAD Secretariat and the African Development Bank (AfDB)    | YES           |
| Project Development and Support Facility   | DFSA, DB   | YES           |
| Project for Urban Master Plan of Datar and Neighboring Area for 2006   | Department of Urbanization and Architecture, Japan International Cooperation Agency (JICA)   | YES           |
| Project of hybridization of diesel engines of municipal platforms with solar systems   | ROAD   | YES           |

| Name of PPF   | Lead Organization/s  | CCFLA member? |
|---|--|---------------|
| Project Preparation and Execution Facility (PROPEF)   | IDB  | YES           |
| Project Preparation and Start-up Support Facility   | Government of Vietnam  | NO            |
| Project Preparation Facilities Network for Africa (ICA)   | Infrastructure Consortium for Africa (ICA)   | YES           |
| Project Preparation Implementation Unit   | COMESA   | NO            |
| Project Preparation in the LoCAL Ecosystem  | RHDV   | YES           |
| Project Preparation Technical Assistance Facility   | Government of Vietnam  | NO            |
| Public-Private Infrastructure Advisory Facility   | SADC PPIAF   | NO            |
| Public-Private Infrastructure Advisory Facility (PPIAF)   | World Bank Group, SDC, Asian DB, etc.  | YES           |
| Public-Private Partnership Center of the Philippines  | Government of the Philippines  | NO            |
| Public-Private Partnership Project Preparation in the Southern and Eastern MGO zones - Initiative | EU   | NO            |
| Regional Financial Mechanism in West Africa   | RHDV, WGAHU  | YES           |
| Resilient Cities Acceleration Initiative  | United Nations   | YES           |
| Securing Water for Food   | SDA, USAID   | YES           |
| SOURCE  | SF   | YES           |
| South Africa: Municipal Infrastructure Grant  | South African Cabinet  | NO            |
| South Asia Infrastructure for Growth Trust Fund   | World Bank Group   | YES           |
| Subnational climate finance fund - to be launched at COP  | R20  | YES           |
| Subnational Technical Assistance Program (STNA)   | PIAF   | YES           |
| SuRe - The Standard for Sustainable and Resilient Infrastructure                                  | Global Infrastructure Resilience Foundation and Naldis   | YES           |
| Sustainable Cities Integrated Approach Pilot  | Global Environment Facility (GEF)  | YES           |
| Sustainable Energy Fund for Africa (SEFA)   | AfDB African Development Bank  | YES           |
| Tamil Nadu Urban Infrastructure Development   | RNW  | YES           |
| Technical Assistance Facility (TAF)   | RDG  | YES           |
| TENT (Trans-European Transport Network)   | EU   | NO            |
| The JASPERS Project   | European Commission, EBR and EBRD  | YES           |
| Transformative Action Program (TAP) - tap the potential for local and subnational climate action  | ICLEI World Secretariat  | YES           |
| Urban Climate Change Resilience Trust Fund  | UFPF, ADB, EBRD  | YES           |
| Urban Development Financing Partnership Facility  | ADB  | YES           |
| Urban Environmental Infrastructure Fund   | ADB  | YES           |
| Urban Financing Partnership Facility  | ADB  | YES           |
| Urban Project Finance Initiative (UPFI)   | Unit for the Mediterranean (UFM)   | YES           |
| USAID African Infrastructure Program  | USAID  | NO            |
| USAID African Infrastructure Program  | USAID  | NO            |
| Waste Project Facilitator   | R20 Regions of Climate Action and Giga   | YES           |
| Water Financing Partnership Facility  | ADB  | YES           |
| Western Balkans Investment Framework (WIBF)   | EU, International Financial Institutions, bilateral donors, and the governments of the Western Balkans | NO            |

## **PART 2 – WHAT IS FMDV AND HOW IT OPERATES**



## FMDV: CONTRIBUTE TO LOCALIZE FINANCE

**FMDV is the unique global network of cities dedicated to promote and develop solutions to finance and invest in urban development.**

Works on 3 pillars:

- ❖ **Organizing the appropriate environments, instruments and strategies to finance urban development and implement sustainable local economic development:** mobilize technical expertise and financial engineering on specific projects and programs
- ❖ **Contributing to the convergence of stakeholders:** breaking silos and engaging multi-stakeholders cooperation on finance. Help stakeholders to have a common understanding
- ❖ **Participating in international processes to promote solutions for implementing international commitments at local levels of action:** organizing International Conferences, publishing Policy Papers, participating to UN processes.

# FMDV: PROVIDING SOLUTIONS FOR FINANCING URBAN AREAS

Working closely with Central, and Local Governments, and their public & private partners, FMDV operates at different scales of action:

- **Regional** : partnership with the West African Economic and Monetary Union – UEMOA, Union for Mediterranean, European Union or ASEAN on various topics such as climate finance, private finance, decentralization, housing, Smart Cities;
- **National**: support to Ministries to develop programs on local finance, investment and training (ex Morocco, Cote Ivoire, Korea) , support to Municipal Development Funds to diversify their resources and services to municipalities.
- **or Local**: on connecting with donors and investors, peer to peer programs, training/coaching etc ,

Over the past years, **FMDV** has mobilized or collaborated with more than **1 500 Cities and Regions** from more than **110 countries, 250 private companies** and most of the existing **donors and funding institutions**.



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**THANK YOU**

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