



# **AFD's project preparation facilities "CITIES AND CLIMATE CHANGE"**



Resilient Cities Finance Forum

27<sup>th</sup>, June 2019

#WorldInCommon

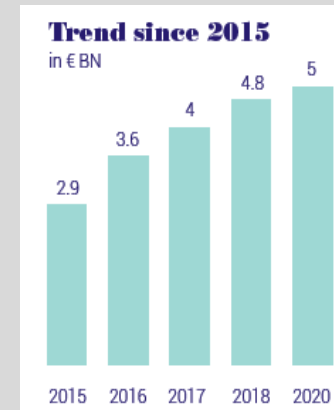
AGENCE FRANÇAISE DE DÉVELOPPEMENT | FRENCH DEVELOPMENT AGENCY

# AFD Strategy on Climate Change

100% Consistency with countries' long term low C and resilient transitions



Increased Climate Finance (50%)



**AFD's Climate and  
Development  
strategy 2017-2022**

Redirect financial flows



Create solutions together

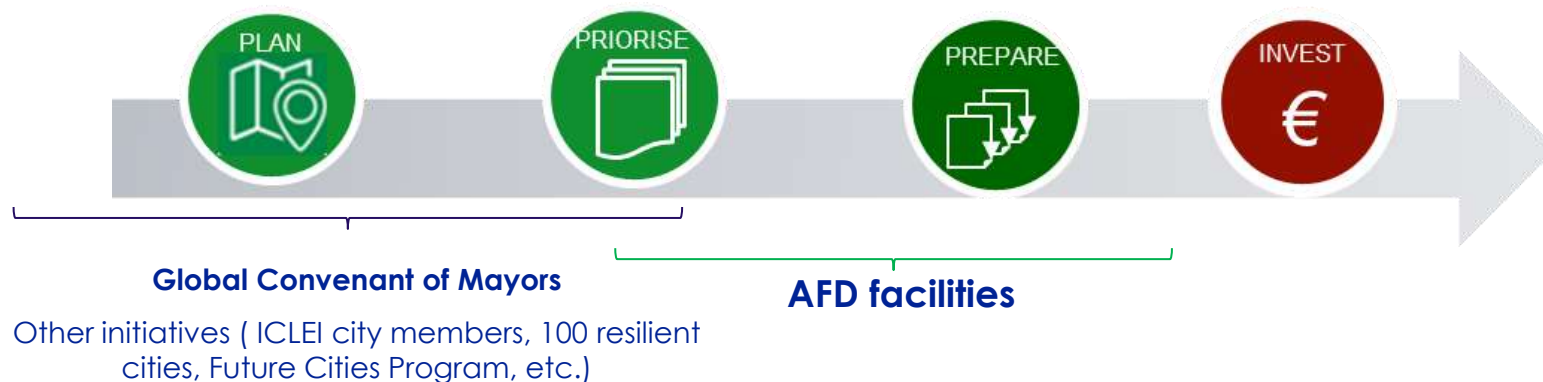


# AFD's REGIONAL FACILITIES "CITIES AND CLIMATE CHANGE"

## Addressing the missing link between planning & investment

Existing initiatives support Climate and Resilience strategies for cities...

...but still a gap of financing instrument / initiatives for project preparation



### Objectives:

- Facilitate the access of adequate expertise for Public actor to identify and mitigate Risk within urban Project
- Capitalize on Urban Resilience/climate financing Approach

# AFD's REGIONAL FACILITIES "CITIES AND CLIMATE CHANGE"



**UPFI : Urban Projects Finance Initiative**  
AFD-EIB  
**5M Eur**  
2014-2018  
12 cities

**AFD to CDIA**  
Cities Development Initiative in Asia  
AFD-AsDB  
**6M Eur**  
2018-2022  
10-12 cities

**LAIF Program:**  
Latin-American cities & Climate Facility  
CAF-AFD  
**4.2M Eur**  
2015-2018  
20-30 cities

**CICLIA**  
Cities and Climate change in Africa – Program for Low-carbon & Resilient African cities  
AFD  
**12.5M Eur**  
2016-2020  
25 cities

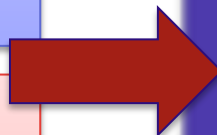
# AFD's REGIONAL FACILITIES "CITIES AND CLIMATE CHANGE"

## Facilities SECTORS

- Access to clean energy
- Waste management
- Water sanitation and flood management
- Rehabilitation of precarious settlements
- Housing/urban planning

## Facilities SUPPORT

- Financing of feasibility studies, vulnerability assessment, city action plans, technical assistance
- Providing tools and guidance for urban climate project implementation and finance



## AFD's FINANCIAL TOOLS

### Project/program based:

- Sovereign/Sub-sovereign loan to local government
- Grants (in post crisis)
- Credit lines to public banks specialized in local government financing
- Guarantee (cityriz)

### Policy based:

- Policy-based sovereign loans

**Viable project**  
(implementable  
in 3-5 years;  
good financial  
capacity, etc..)

**Robust (E&S) risk  
management**

**Match with AFD  
financing tool**  
available in the  
country (> 10 M€  
investment)



**Potential climate  
co-benefits**

# Which criteria

## Financing tool #1

## Blending facility from national policy to local government project **Street lighting project in Kampala, Uganda**

**Foreseen AFD funding project:** 70M€ loan +  
Grant (TA)  
Amount of the study : 800,000€

A two-phase support:

1- **Technical assistance** for project  
preparation to KCCA (Kampala)

### **2 studies:**

- street lighting master plan, Carbon footprint
- feasibility study on the project scope,
- environmental and social due diligences



## Financing Project financing through grants in (post)crisis situation tool #2

### Improving resilience in the outlying districts of Kinshasa (precarious settlements), along the NDjili River

- **Foreseen AFD final funding project: 15M€ grant**  
Amount of the study : 300,000€
- A **feasibility study** focused on:
  - Climate risk vulnerabilities
  - stakeholders arrangement for Disaster Risk Management
  - Community based solution for Solid Waste Management
- **Good Practices** in crisis/post crisis context:
  - progressive approach to project management
  - build trust between local authorities and NGOs/OSCs





## Financing tool #3

# CAT-DDO, a new tool for AFD in Madagascar

## Policy based loan approach

- **Loan disbursements conditioned to a natural disaster declaration**
  - Budget-support modality
  - Policy-matrix supporting national Disaster Risk Management (*policy matrix*)
  - Dedicated TA
- **A financial instrument complementary to AFD's other financial protection tools**
  - Mitigate macro-economic impact of natural hazards external shocks
  - Address temporary liquidity crisis
  - Strengthen DRM public policies





**Thank you**

# “CITIES AND CLIMATE CHANGE IN SUB SAHARAN AFRICA”

## Project objectives

- **Carry out city climate planning** when needed (and where no other initiative is taking care of this issue)
- **Prepare low-carbon and resilient urban infrastructure projects** through technical assistance, capacity building, pre-feasibility and feasibility studies
- **Provide technical assistance** before project implementation when it is required by the partner city to support municipal staff

## Expected outcomes

- Selected cities set up efficient capacity to **turn territorial climate planning into well-structured and resilient urban projects**, ready-to-finance;
- A wide range of small, medium and big cities are aware about **technical and methodological framework** to implement low emission and resilient urban projects,

## Target

- **Support 20/25 cities worldwide** between 2016 and 2020



# CICLIA PROJECT COMPONENT AND FINANCING

A 12 M€ facility would allow to launch 20 to 25 urban low-carbon & resilient infrastructure projects of 30M€ each (average), for a total of 600 M€ (leverage effect over 1 to 50)

## Component 1: Promoting city climate planning – in articulation with existing initiatives (in particular CoMSSA)

➔ 1 M€

- *City vulnerability study, GES inventory, city climate strategy, etc.*

## Component 2: Preparing low-carbon and resilient urban infrastructure projects Technical assistance (via consultancy or city-to-city cooperation) & capacity building

➔ 8 M€

- Pre-feasibility and feasibility studies
- Complementary studies of climate change impact on the size and design of infrastructure projects

## Component 3: Technical assistance during project implementation

➔ 1,5 M€

## MRV, Communication, Audit, Management fees

➔ 1,5 M€



# INSTITUTIONAL SET-UP



# PROCESS FOR STUDIES

- Establishment of initial contacts between AFD local agencies (or UE/SECO) and potentially benefiting city administrations ;
- Assessment of city-perceived challenges & needs;
- Scope definition of possible CICALIA support;
- Preparation of a “city application” for CICALIA support (. Review and approval of application by SC members ;
- Finalization of ToRs for consultancy/advisory support services;
- Procurement of consulting services under the multi supplier framework agreement;
- Implementation/supervision of consultants;
- Dialogue on conclusions of consultancy/advisory support services – potential engagement for subsequent investment financing.

## Engagement at city level



# ADDED VALUE OF CICLIA

## Additionality

### Translating local climate strategies into concrete investments

- Fully complete a low carbon cities mechanism in Africa, in connection with the deployment of the Covenant of Mayors to sub-Saharan Africa and others majors initiatives
- Building local governments capacities to implement climate-friendly urban projects
- Fully complete a low carbon cities mechanism in Africa, in connexion with the Covenant of Mayors Sub-saharian Africa initiative and others

### Assist African cities in implementing resilient and low emission urban instrastuctures

- Accompany local governments on the long-term in:
  - o the definition of low-carbon and climate-resilient urban strategies,
  - o the implementation of these strategies into concrete investments.
- Help to design the needs related to climate change issues for each project, thus adapting their financial and physical size,
- Reinforce the capacities of the municipalities and improve the quality of life of their inhabitants

## local impacts



# 03. CICLIA – A Regional Project Preparation Framework in Africa

## Why?

- Facilitate the access of adequate expertise for Public actor to identify and mitigate Risk within urban Project
- Capitalize on Urban Resilience/climate financing Approach in African cities

## What?

- Financing of feasibility studies, vulnerability assessment, city action plans
- Providing tools and methodology for Urban resilience finance

## How?

- ✓ **A Core Management Team** within AFD in order to supervise and monitor the implementation of CICLIA
- ✓ **A Pipeline development** through AFD - CoM SSA network
- ✓ **A “Climate financing tool kit”** with AFD carbon footprint, standard and guidelines for vulnerability study, city action planning, and French project/planning tools related to climate



# AFD's REGIONAL FACILITIES "CITIES AND CLIMATE CHANGE"

Solid waste management program in Ogun State of Nigeria

Foreseen AFD final funding project: 40M€ loan

Amount of the study : 350,000€

**Phase 1:** diagnosis and confirmation of the strategy and action plan;

**Phase 2:** feasibility study

- technical aspects
- financial aspects
- environmental and social impacts assessment
- Awareness campaigns
- Capacity building needs
- Global framework (institutional set-up...)
- Calendar

**Phase 3:** technical assistance to OGMENV and OGEPA for the launching of the program;

