AFD’s project preparation facilities
“CITIES AND CLIMATE CHANGE”

Resilient Cities Finance Forum
27th, June 2019
AFD Strategy on Climate Change

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

AFD’s Climate and Development strategy 2017-2022

Increased Climate Finance (50%)

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

Global Convenant of Mayors
Other initiatives (ICLEI city members, 100 resilient cities, Future Cities Program, etc.)

AFD facilities

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

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

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

AFD to CDIA
Cities Development Initiative in Asia
AFD-AsDB
6M Eur
2018-2022
10-12 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
- Garantee (cityriz)

Policy based:
- Policy-based sovereign loans

AGENCE FRANÇAISE DE DÉVELOPPEMENT
Viable project (implementable in 3-5 years; good financial capacity, etc.)

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

Robust (E&S) risk management

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

Zoom in on:
Madagascar CAT DDO matrix
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)
- 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
- 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

MRV, Communication, Audit, Management fees
INSTITUTIONAL SET-UP

Steering Committee
(afd, eu, seco, potential other partners)
- Validation of requests & reports
- Identification of potential studies
- Coordination
- Ensuring added value of CICLIA

EU/SECO delegations

afd agencies

beneficiary city
- Elaboration of ToR (with AFD teams)
- Exchange with pools of consultants

communication firm
under AFD supervision
Implementation of visibility & communication plan

Multi-supplier framework agreement
under AFD supervision
- 4 pools of consulting firms
  - Execution of studies
  - Technical expertise

project management office
(afd paris)
- Procurement & contracts
  - MRV
- Technical & Financial reporting to SC

Possible partners...
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 CICLIA support;
- Preparation of a “city application” for CICLIA 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.
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 structures
- Accompany local governments on the long-term in:
  - the definition of low-carbon and climate-resilient urban strategies,
  - 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
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

**How?**
- **A Core Management Team** within AFD in order to supervise and monitor the implementation of CICLIA
- **A Pipeline development** trough 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

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