

Standing Committee on Finance (SCF) of the United Nations Framework Convention on Climate Change (UNFCCC), Call for inputs on Sustainable Cities in the organization of its next Forum

19th October, 2018

The EIB's partnership approach to Sustainable Cities

Cities are important drivers of economic growth. Already today, cities are responsible for 80% of the energy consumption and 75% of the energy-related carbon emissions. Thus, as the urban population increases constantly, so will the emissions. By 2050, the global population is expected to increase to nine billion people, with around 66% living in urban areas. Thus, urbanization is one of these major challenges. At the same time, cities are our closest allies in tackling climate change as they are increasingly affected by a changing climate. We can only reach the goals of the Paris Agreement and the Agenda 2030 by acting together on the transition of urban infrastructure systems consistent with limiting global warming to 1.5 °C above pre-industrial levels.

The EIB is helping to close the financing gap for sustainable investments in low-carbon and climate-resilient urban infrastructure working directly with cities and in close partnership with others, including the Global Covenant of Mayors for Climate and Energy (GCoM), 100 Resilient Cities and GIZ. We support climate action in cities through investment loans, intermediated lending, equity funds and other financial instruments. The EIB has established a solid record in supporting subnational entities, with almost EUR 150 billion of urban lending since 2011, of which 44 billion for climate action. Over the same period, EIB's total climate finance was almost EUR 130 billion, contributing to over EUR 600 billion of climate action investment. By 2020, when the implementation of our Climate Strategy is completed, all EIB activities will be Paris-aligned. We are also helping others to follow on this as co-lead of the climate strategies work stream of the *Climate Action in Financial Institutions* initiative. Beyond financing, we are providing support to cities to prepare projects reducing greenhouse gas emissions, pilot new business models to green their infrastructure and identify adaptation options that increase urban resilience to climate change. In the attachment, we have highlighted some project examples and dedicated initiatives.

More recently, we have launched the Global Climate City Challenge¹ in collaboration with the GCoM to help cities to prepare and finance additional urban climate action projects (mitigation and adaptation) in Africa, Central Asia, Latin America and EU accession and neighbourhood countries. The aim is to make further public resources available and attract private investments to build greener, low-carbon and more climate resilient cities for future generations. To this end, we ask cities to come forward with their climate action projects and submit application until December 31st 2018 to the EIB (GlobalClimateCityChallenge@eib.org).

We believe cities require improved framework conditions conducive to mobilize the private sector, increased access to technical assistance as well as concessional finance and well-coordinated international partnerships in order to accelerate investments into high-impact climate action projects. For this reason, the EIB would welcome the SCF of the UNFCCC to enhance its work on Sustainable Cities and the associated climate finance architecture.

¹ <http://www.eib.org/en/projects/sectors/urban-development/city-call-for-proposal/index.htm>

Annex

1) EIB Examples for Climate Action projects in Cities

Zenata - Building the first eco-city in Morocco:

The EIB has provided a EUR 150m loan helping Morocco tackle uncontrolled urbanization by developing Zenata, a new town north of Casablanca. More than 30 000 people had settled in the commune across 26 informal slums, in housing without land titles. The government decided to develop the area into a carefully planned, appropriately densified, mixed use, energy efficient and sustainable city that aims at providing employment for citizens and relieve pressure on existing urban areas. The aim is to create 100 000 new jobs and house 300 000 residents over the next 30 years. Beyond the economic aims, the Zenata project has ambitious objectives in terms of its environmental performance. Urban design features designed to mitigate climate change impact reach from orientating buildings to make use of natural lighting, to channeling wind flows so that the city is naturally cooled or to promoting sustainable mobility through special rights of way and dedicated cycle lanes. Up to 30% of the land is reserved for public parks to moderate high temperatures and promote biodiversity. Energy-efficient lighting and building construction is being deployed. Finally, the design has also been adapted to the harsh natural conditions by storing seasonal flood water in retention ponds to better manage rainwater and therefore contribute to enhance the urban environment.

Development of Jujuy's urban waste management plan

The European Union co-finances the development of Jujuy's urban waste management plan in Argentina with a EUR 42.2m loan from the EIB and a EUR 11.3m grant. The investment is needed for the treatment of 200 000 tonnes of waste generated in the region and that, until now, has been sent to open-air landfill sites with no selective treatment capabilities. The project is part of the Jujuy Verde Carbono Neutral 2030 (Green Jujuy Carbon Neutral 2030) initiative launched by the Provincial Government, and covers the development of new infrastructure such as a composting centre, a biogas plant, collection and environmental centres, and the purchase of the equipment needed for the collection, sorting and recycling of waste, such as containers and refuse collection vehicles.

The implementation phase of the Jujuy integrated urban waste management plan will last until 2021, by which time the finished project will make it possible to provide solid urban waste services to approximately 800 000 people. The new waste collection and treatment infrastructure will create new economic opportunities in the region. Part of the EU financing will be used to support initiatives to provide training to people already working at the landfill sites, and particularly the social integration of women via the creation of new job opportunities. At the same time, the project will contribute to combating climate change by considerably reducing greenhouse gas emissions from landfill.

Quito's first metro line

Located at almost 3 000 meters above sea level and surrounded by the Andes mountains, Ecuador's capital city, Quito, is experiencing major traffic congestion and the demand for public transportation is increasing. To tackle these challenges, the government of Ecuador and the municipality of Quito have decided to construct the capital city's first metro line. Backed by EUR 241 m from the EIB, Quito's first Metro line will be the linchpin of an integrated public transport system, connecting the city north to south in 34 minutes and reducing CO2 emissions. In its first year, the Metro is expected to serve

124 million passengers, 85% of them captive public transport users. The project will foster economic development through improved public transport and accessibility, as well as creating 1800 jobs during construction and 1000 during operation.

Athens - Increasing the cities' resilience

The EIB is providing a EUR 55 million loan complemented by technical assistance to the City of Athens with the objective to support the city in implementing its Resilient Strategy 2030 developed in cooperation with 100 Resilient Cities. The loan will support projects in different sectors and areas of the city while the technical assistance will ensure that these projects are resilient to the impacts of climate change which the city is increasingly exposed to, and that the projects are contributing to reducing greenhouse gas emissions. The technical support to these projects focuses, for example, on integrating energy efficiency measures into the renovation of historic buildings and schools across Athens or on increasing the building's resilience to earthquakes. In another area, the technical assistance will support the city in integrating green infrastructure components into the renovation and redesigning of public spaces, greening streets and public places with the objective to reduce urban heat island effects, increase water infiltration, air quality and creating green corridors to improve the habitat for the cities' flora and fauna.

This is an example of the growing cooperation between the EIB and the 100 Resilient Cities network.

2) Advisory and Technical Assistance in collaboration with European partners

Supporting urban development while ensuring climate change resilience is an ambitious objective that the EIB has committed to inside and outside of Europe. Thanks to a series of innovative initiatives in partnership with other EU institutions and governmental agencies, the EIB increasingly combines financing with technical assistance to support cities in their development process also from a strategic and technical standpoint. The technical assistance offered by the EIB usually covers services such as baseline studies, climate vulnerability assessments, capacity building, feasibility studies, advice on legal structure of the projects and much more, according to the precise scope of the initiative.

The EIB, in partnership with the European Commission, has developed the dedicated urban investment advisory platform **URBIS**. In its initial phase, it consists of three modules: (1) Increased awareness raising of existing instruments, programs, services; (2) Tailor-made technical and financial advice to cities; and (3) Exploring innovative financing approaches for city investments. As part of this initiative, the EIB has already provided technical assistance to Bologna and Newcastle to identify viable and costed adaptation options and enhance the resilience to climate change of these cities.

Similarly, a cooperation with the GIZ led to the joint initiative Financing Energy for Low-carbon Investment – Cities Advisory Facility (**FELICITY**), whose objective is to support urban projects expected to reduce greenhouse gas emissions by providing advisory services and capacity development in Brazil, China and Mexico. FELICITY is currently supporting low-carbon investment projects in 5 cities in Latin America (Porto Alegre, Mexico City, Curitiba, Florianopolis and Naucalpan) and collaborates with one financial Intermediary (Banco Regional de Desenvolvimento do Extremo Sul). The German Federal Ministry of the Environment (BMU) envisages expanding FELICITY, which will allow providing project preparation support to urban mitigation projects selected under the above-mentioned "Global

Climate City Challenge”. Beyond projects, FELICITY works together with international organizations, such as the Cities Climate Finance Leadership Alliance (CCFLA) to increase capacities and awareness in the field of subnational climate finance.

With the objective of supporting projects promoting biodiversity and applying nature-based solutions to climate adaptation, the EIB has also partnered with the European Commission to create the Natural Capital Financing Facility (**NCFF**). This initiative, through tailored loans and investments backed by an EU guarantee, aims at financing projects that promote the conservation, restoration, management and enhancement of natural capital for biodiversity and adaptation benefits inside the EU. Although not limited to cities only, in the urban context, this facility has been actively providing technical assistance to enhance energy efficiency in schools and other public buildings and to renew and green public spaces, addressing urban heat island effects and the impact of flash flooding.

The Union for the Mediterranean, the European Union, the French Development Agency and the EIB have joined forces to achieve a successful transition towards sustainable Mediterranean cities. The Urban Projects Finance Initiative (**UPFI**) supports project promoters in the southern and eastern Mediterranean, helping them to prepare and to finance ambitious urban development projects, which aim to create jobs, to reduce poverty and to upgrade the urban fabric.