

Cities Climate Finance Leadership Alliance lays out how cities and sub-national bodies can finance solutions to climate change

10th November 2016 – Cities and other sub-national bodies can and should take advantage of upcoming investments in urban development and find climate finance solutions to play a major role in tackling climate change, according to a new report released today.

The report by the Cities Climate Finance Leadership Alliance (CCFLA) and partners looks at subnational and local climate finance activities and pinpoints gaps that require urgent attention to harness subnational and city-level climate responses.

Cities, as population epicenters, account for three-quarters of the world's energy use and some 70% of the world's carbon emissions. These figures are likely to increase if no action is taken, with around 60% of people expected to live in urban areas by 2030, according to the United Nations.

Subnational and city actors have shown commitments by submitting pledges to the Non-State Actor Zone for Climate Action (NAZCA) Platform, but they can do much more, the report finds.

“We have a unique window of opportunity, with large investments in infrastructure and housing to be made in the coming years to cater for needs of the growing number of urbanites,” said Martina Otto, who heads UN Environment’s work on Cities and Lifestyles.

“Let’s make sure these investments are future-proof: that means low-emission, resource-efficient and resilient. We urgently need the mechanisms in place to bridge potentially higher up-front cost with longer-term savings at all levels”.

Although great efforts are being made to align the financial system with sustainable development, trillions of dollars still need to be mobilized to meet the Sustainable Development Goals (SDGs) and the Paris Agreement, and to overcome the financing barriers at the subnational and city levels.

“We have reached a turning point,” said Carlos de Freitas, Director of Programs of FMDV, which co-hosts the Secretariat of the CCFLA, “showcasing that many actors are working together to provide complementary financial solutions to support the mobilization of climate finance at local and subnational levels. This is where transformative action for climate takes place.

“The next step is about scaling up the promising initiatives, and taking into account the co-benefits of local climate investments in order to better price ‘green capital’. This will foster private investment and expand green capital from billions to trillions.”

“The CCFLA’s ultimate goal is to scale-up the deployment of low-carbon, climate resilient solutions at the sub-national level, and to accelerate investment in them,” said John Tidmarsh, Chief Investment Officer of the R20 Regions of Climate Action and co-host of the CCFLA Secretariat.

“The CCFLA aims to develop a collective and individual awareness of objectives and their enabling factors that will accelerate the value chain of project identification, development and financing. The scoping report is an important early initiative that will help us more rapidly to deliver upon our ambitions.”

The scoping report calls for deeper analysis of the projects and financing currently available at a sub-national level. Having a greater understanding of the best practices currently being implemented will help to overcome barriers and further reduce financial risk. The report finds that major advances need to be made in order to create incentives for investment in local resilience. This in turn will then



support local and subnational governments in building fiscal autonomy, integrating and further adopting standards, operational frameworks and measurement tools.

The CCFLA also calls for more training and awareness building initiatives and to further explore derisking instruments and dynamics aiming at reducing the perception of risk, aiming to both empower local and subnational governments to understand the environment and players, and responsible investors to adapt to local needs in order to better catalyze climate finance flows.

The report was developed in partnership with Climate-KIC, FMDV, R20 Regions of Climate Action and UN Environment.

“The mapping seeks to be representative of the variety of initiatives that have been recently developed by the CCFLA members to support the localization of climate finance,” said Victor Gancel, Climate-KIC’s Flagship Programme Manager. “Policy makers, cities, developers, public and private investors need practical information about the growing number of initiatives addressing the funding gap for low carbon urban action. This first mapping serves a dual purpose by engaging practitioners and laying out foundations for a global coordination on the urban climate finance challenge.”

About The Cities Climate Finance Leadership Alliance (CCFLA)

The Cities Climate Finance Leadership Alliance is an alliance of forty seven leading organizations actively working to mobilize investment into low-carbon and climate-resilient infrastructure in cities and urban areas internationally. The CCFLA plays a central role in creating convergence and identifying "gaps" in knowledge, capacity, resources and working practices at subnational and cities levels. CCFLA encourages vertical integration between local, national and international policies and initiatives, as well as horizontal integration across industry, finance, transport and mobility, energy and other sectors. The CCFLA Secretariat is made out of a consortium of four partner organizations, the Global Fund for Cities Development (FMDV), R20-Regions of Climate Action, UN Development Programme (UNDP) and UN Environment Programme (UN Environment).

<http://www.citiesclimatefinance.org>

About Climate-KIC

Climate-KIC is the EU’s largest public private partnership addressing climate change through innovation to build a zero carbon economy. We address climate change across four priority themes: urban areas, land use, production systems, climate metrics and finance. Education is at the heart of these themes to inspire and empower the next generation of climate leaders. We run programmes for students, start-ups and innovators across Europe via centres in major cities, convening a community of the best people and organisations. Our approach starts with improving the way people live in cities. Our focus on industry creates the products required for a better living environment, and we look to optimise land use to produce the food people need.

Climate-KIC is supported by the European Institute of Innovation and Technology (EIT), a body of the European Union. <http://www.climate-kic.org/>

About FMDV

Created by UCLG and Metropolis, and acting as a match-maker, FMDV is an Alliance of Local and Regional Governments on local economic development and financing for subnational action.

FMDV provides solutions and expertise to create and implement the enabling environment, appropriate conditions and mechanisms allowing local and regional governments’ access to the necessary resources to fund their urban development strategies, especially through long-term and hybridized financing.

About R20 Regions of Climate Action

R20 Regions of Climate Action is a non-profit organization founded in 2010 by Governor Arnold Schwarzenegger and other global leaders in cooperation with the United Nations.

R20 is a coalition of partners led by regional governments that work to promote and implement low carbon resilient projects that are designed to produce local economic and environmental benefits in the form of reduced energy consumption and greenhouse gas emissions; strong local economies; improved public health; and new green jobs. <http://www.regions20.org>

About United Nations Environment Programme

The United Nations Environment Programme (UN Environment) is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and that serves as an authoritative advocate for the global environment.

To catalyse a transition towards low carbon, resource efficient and equitable development based on the protection and sustainable use of ecosystem services, coherent environmental governance and the reduction of environmental risks for the well-being of current and future generations, it helps governments, local authorities and the private sector, including the finance sector, to develop and implement policies and practices focusing on sustainable development.

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