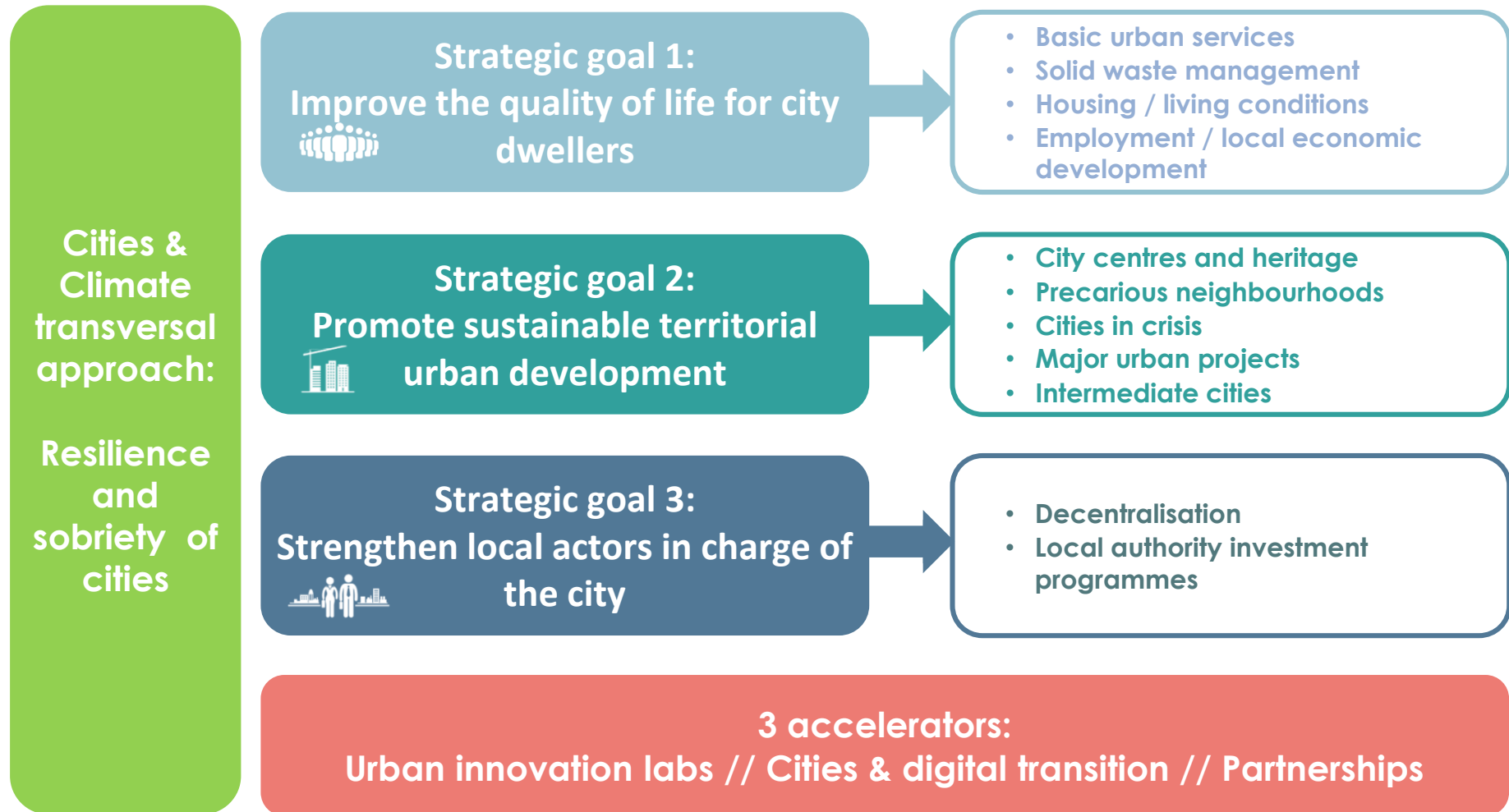




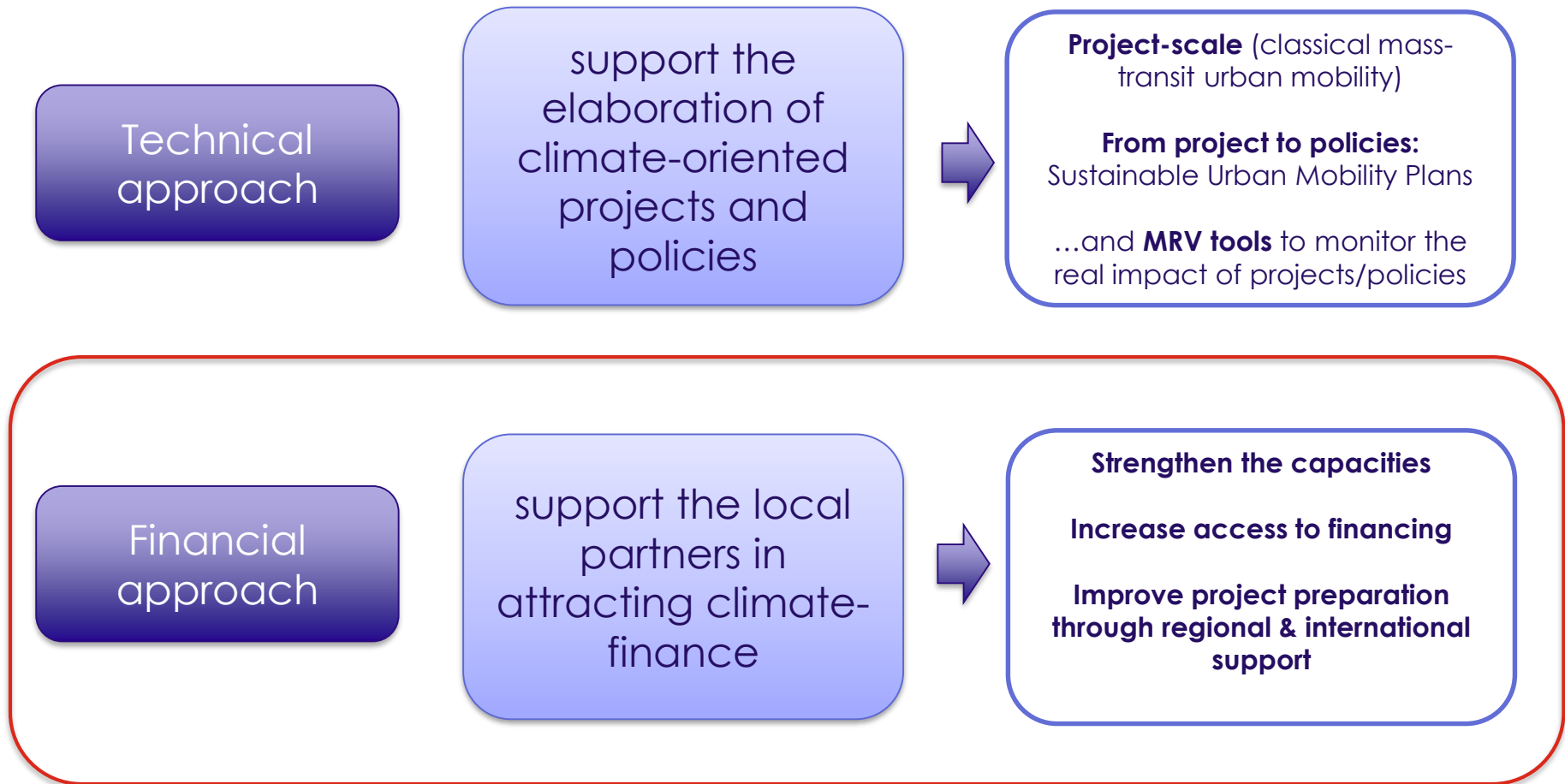
Accessing Bilateral development financing

September 2020

AFD'S STRATEGY ON URBAN DEVELOPMENT



BRIDGING THE GAP FOR CLIMATE FINANCE: COMBINING TECHNICAL AND FINANCIAL SUPPORT



Challenges

LG that are clearly empowered and well-resourced

LG with public finance management and project management capacities

LG able to deliver efficient services to their population

Main existing tools

Strengthen LGs creditworthiness and capacities

Increase access to financing for LGs

Improve project preparation with regional & international facilities

1

Training and capacity building programs

PEFA assessments and action plans

2

Loans to LGs (or urban operators)
Credit lines to financial institutions specialized in local public sector with TA

Guarantee tools to help develop domestic lending markets

3

Regional EU facilities

GCF – at project scale (ex: electric BRTs) or for a grape of projects

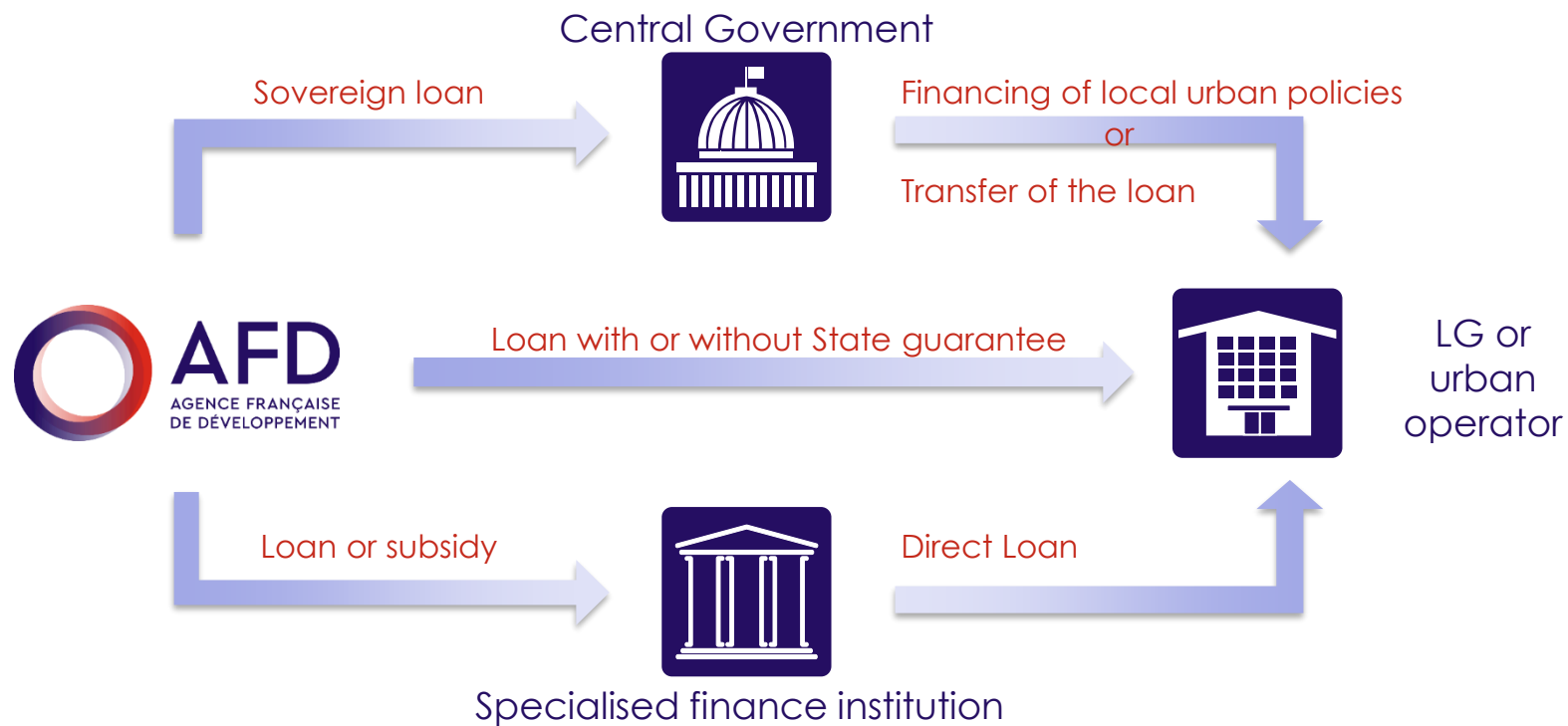
Tools to strengthen LGs creditworthiness and capacities

- **AFD “Campus”**

- Professional training and skills building programs for AFD’s aid beneficiaries, employees and partners, particularly other donors.
- As a center for sharing experiences and knowledge, CEFEB adds value to professional education courses by crossing the boundary between theoretical research and operational practices proven in the field. It has a pole dedicated to Local Authorities sector.
- Among the courses and seminars that CEFEB offers, the course on “Management of Local Authorities”, with three modules (financial management, urban planning and management of urban public services), is dedicated to Local Authorities’ top management.

- **PEFA (Public Expenditure and Financial Accountability) assessments**

- AFD has pushed with the World Bank to develop PEFA studies for LGs
- A useful framework, complementary with credit rating analysis



2 Financing : direct loans to LGs (or urban operators)

- Loans to LGs : Johannesburg Metropolitan Municipality (South Africa) / Teresina Municipality (Brazil) / Medellin Municipality (Colombia)
- Objectives :
 - Affordable housing
 - Climate adaptation & mitigation
 - Agenda 2030
 - Nature-based solutions
 - Public transport, solid waste management, basic services
- Technical cooperation program with French cities & Urban agencies



2

Financing : credit lines to financial institutions specialized in local public sector

- Wide variety of legal statuses : development funds or agencies, local development bank, etc.
- Partners with a strong knowledge of local realities and needs, and essential intermediaries between governments and local authorities
- They ensure better monitoring in the implementation of fiscal decentralization programs, bring financing to LGs tailored to their needs (long-maturity loans) and technical assistance
- Credit lines or loans to these FIs enable to reach second tier cities that can hardly benefit from direct loans
- AFD has a long-standing collaboration with many of these FIs, like FINDETER in Colombia, DBSA in South Africa, CPSCL in Tunisia, FEC in Morocco, etc. and is working to promote their key role

CITYRIZ : LOCAL GOVERNMENTS ACCESS TO FINANCING GUARANTEE PROGRAM

Overview/ Objectives

- Guarantee facility (risk sharing), covering loans granted by the LFIs to encourage them to expand lending to LGs (focused on small-to-medium ones) in Africa
- Develop local borrowing markets for LGs and allowing them to have access to more financing, in appropriate financial conditions and on longer maturities.

Expected outcomes/ results

- Finance and implement investments with climate co-benefits
- Support financial and socioeconomic inclusion
- Maximize geographic coverage
- Capacity building

The EU's exposure under the EFSD Guarantee is capped at €30 million. The LFI's aggregate Covered Loans are intended to reach €100 million. Technical assistance facility (2M€)

3 Preparation facility : CICLASIA CDIA – Cities Development Initiative for Asia – with EU and ADB

Objectives

- Finance urban project with climate co-benefit through CDIA
- Prepare low-carbon and resilient urban infrastructure projects through technical assistance, capacity building, pre-feasibility and feasibility studies

Expected outcomes

- Selected Asian cities demonstrate capacity to turn territorial climate planning into well-structured and resilient urban projects, with immediate link to finance

Expected results

- Leverage CDIA track-record to scale up urban climate projects
- Support 10 to 12 projects in Asian cities between 2018 and 2022
ongoing : Sri Lanka, Cambodia, Myanmar, Vietnam and china
Initiated : Indonesia, India, Mongolia
Potential : Pakistan, Thailand, Bangladesh

1 M€ from AFD and 5 M€ grant has been committed by AFD through the EU Asian Investment Facility to participate to the new CDIA trust fund (2018-2022)



GREEN
CLIMATE
FUND

Six Investment Criteria

1. Impact Potential
2. Paradigm Shift Potential
3. Sustainable development potential
4. Recipient needs
5. Country ownership
6. Efficiency & effectiveness

Country-Driven Approach

- Alignment with NDCs, NAPs, etc.
- Prioritized by country/NDAs
- No-objection letter

Additionality of GCF Funding

- Does it need GCF?
- Crowd-in additional financing
- De-risk investments to make viable

Strong Climate Impact

- Climate impact of investment is key
- Scientific evidence to provided
- Transformational

Enabling paradigm-shift

- Changing enabling environments
- Innovation
- Replication, scale & sustainability

8 Results Areas



Energy



Transport



Buildings,
Cities,
Industries



Ecosystems



Livelihoods of
people &
comm.



Health, food
and water
security



Forests
and land
use



Infrastructures

Compliance with GCF Policies

- Fiduciary standards
- Risk Management
- ESS
- M&E Criteria
- Gender Policy
- Legal Standards

Completeness of documentation

- Feasibility study
- Financial Model
- Project Timetable
- Gender Analysis
- Environmental studies
- No-objection letter



AFD is one of the 95 international accredited entity



THANK YOU !