

IDFC and C40 Cities collaborate to accelerate cities' low-carbon and climate-resilient development
September 2018, San Francisco

Today, 55% of the world's population lives in urban areas, a proportion that is expected to increase to 68% by 2050¹. Climate change, as a global challenge, poses serious threats to cities with increased extreme weather events, such as heatwaves, urban heat island effects, or flooding. In order to live in cities where citizens can breathe fresh air, access clean energy and drinkable water and use sustainable transport, State and Non State Actors need to significantly bend the curve of global greenhouse gases emissions and increase the climate resilience of urban areas and inhabitants.

Cities are in a crucial position to act, as urban activities contribute to 70% of global GHG emissions. They also have the duty to protect their citizens from the adverse impacts of climate change that can be already felt in many parts of the world, especially in developing and emerging economies. Cities are an effective scale on which to translate the collective climate ambition outlined in the Paris Agreement into concrete policies and investments that will move the world towards a low-carbon and climate-resilient future.

City leaders face a complex paradigm: they are expected to make significant investments for sustainable urban development but, as highlighted in C40's Call for Action on Municipal Infrastructure Finance², have limited access to the necessary financial resources. This is particularly true for cities in developing and emerging countries. Remaining on a trajectory that limits warming to 1.5°C will require huge investments in sustainable urban infrastructure: USD 4.5 to 5.4 trillion per annum over the next 15 years³ are needed to tackle the urban low-carbon and climate-resilient challenge.

Development finance institutions (DFIs) have a key role to play to support models of low-carbon and climate-resilient urban development that integrate all facets of sustainable development, by providing direct city lending, specialized instruments, and/or catalytic mechanisms for leveraging public and private funds. Inspired among others by the 5 voluntary Principles for Mainstreaming Climate Action in Financial Institutions, DFIs are increasingly committed to fully integrate climate change into their activities, in order to ensure that their investments in urban areas are aligned with the transitions needed to realize the ambition of the Paris Agreement.

With USD 159 billion mobilized for climate finance in 2016, the International Development Financing Club (IDFC), a network of 23 national and regional development financial institutions, 19 of which are based in developing and emerging countries, represents a key part of the sustainable urban development landscape. At the One Planet Summit, IDFC members committed to align their financial flows with the Paris Agreement, including by further embedding climate change into their activities, supporting the implementation of national contributions and the preparation of long term

¹ United Nations Department of Economic and Social Affairs, 2018

² https://www.c40.org/blog_posts/mayors-of-the-world-s-major-cities-call-for-national-governments-and-international-financial-institutions-to-help-finance-low-carbon-and-sustainable-projects

³ CCFLA, 2015

decarbonized trajectories by 2050, promoting the reduction of GHG emissions, via more explicit policies to significantly reduce reliance on fossil fuels and speeding up financing for renewables.

C40 Cities, as a worldwide network of 96 megacities and their mayors that together represent 25% of world GDP and 750 million people, committed to accelerate climate action before the “Deadline 2020⁴”, acknowledging that the window of opportunity to limit global warming to +1.5°C is closing rapidly⁵. Through Deadline 2020, C40 member cities are demonstrating in every region, across developed and emerging economies, that high-ambition climate plans to reach carbon neutrality are possible. Developing climate-smart city plans increases 3-fold the number of low-carbon, climate-resilient actions taken in a city, so strategic investment in planning catalyzes project development.

In the spirit of the Talanoa Dialogue—gathering contributions for increased climate action from States and Non States Actors—IDFC and C40 Cities are working together to accelerate low-carbon and climate-resilient development in cities.

Today, at the Global Climate Action Summit in San Francisco, IDFC and C40 Cities commit to work together to support cities on the following 4 priorities:

- **Reinforcing financial and technical capacity within municipalities** to access finance and implement low-carbon and climate-resilient strategies and projects, by building on the financial knowledge contained in the IDFC member institutions and the C40 Cities Finance Facility, providing technical advice and guidance to cities on early-stage project development, and sharing knowledge and best practices through thematic networks of experts.
- **Developing and supporting the implementation of low-carbon and climate-resilient urban plans** by sharing best practices for climate action plan design, ensuring a wider spread of existing tools, such as C40 Cities’ Climate Action Planning Framework, instruments and Facilities dedicated to project development and long-term low-carbon strategies aimed at supporting cities in becoming net zero carbon by 2050. In addition, IDFC will coordinate with C40 Cities regarding the financing of the implementation of policies and projects identified in cities’ climate action plans, in areas such as sustainable infrastructure, renewable energy, energy efficiency, clean transport, and sustainable urban planning. A specific collaboration to advance 2050 strategies for cities will be explored, building on IDFC members’ activities and experience on long-term decarbonization pathways and the 1.5°C “Deadline 2020” work stream of C40 Cities.
- **Increasing access to finance for climate investments**, by leveraging public and private funds dedicated to low-carbon and climate-resilient projects; developing approaches and tools, including in collaboration with the C40 Cities Finance Facility, to significantly increase the number of finance-ready sustainable infrastructure projects in cities; supporting co-financing, blending and pooled-finance mechanisms for city projects; and developing further

⁴ Deadline 2020, C40 Report, 2016

⁵ IPCC

mechanisms and new solutions for increased and direct city access to financing from IDFC member institutions and other public and private sources.

- **Encouraging national governments** to accelerate their commitments to support climate policies implemented by their local authorities, including their planning and investment in low-carbon and climate-resilient urban infrastructure, whilst specifically considering sustainable urban programs and projects when establishing national engagement plans.

Representing two of the largest networks of development financial institutions and cities in the world, IDFC and C40 Cities, invite other partners to support the acceleration of cities' low-carbon and climate-resilient development.
