

FINANCING STRUCTURAL TRANSFORMATION IN AFRICAN CITIES





C40: the world's leading megacities working together to tackle climate change



C40 in African Cities

- Accra, Ghana
- Addis Ababa, Ethiopia
- Cairo, Egypt
- Cape Town, South Africa
- Dar es Salaam, Tanzania
- Durban (eThekweni), South Africa
- Johannesburg, South Africa
- Lagos, Nigeria
- Nairobi, Kenya
- Tshwane, South Africa



Cairo Taxi Recycling Program



Dar es Salaam BRT system (DART)

Financing Challenges

1. Access to Finance

- a. Knowledge of funding and financing options
- b. Relevance of mechanisms
- c. Capacity to develop investment proposals

2. Managing Funds

- a. Absorption of funds by city
- b. Governance of funds

3. Long term financial sustainability of projects

Other Considerations

Weak creditworthiness

- Only 20% of largest 500 cities in Global South are deemed creditworthy
- Only 4% have access to international markets.

Weak internal revenues / unfunded mandates

- Obligations set by national government not accompanied by funds
- Cities across Africa often struggle to collect taxes owed to them and manage revenues/expenditure
- 64% of actions funded from cities own budgets or savings

High opportunity cost of projects

- Difficult to justify expenditure on new projects when struggling to meet existing commitments



Durban, South Africa

Challenges

- Weak finances post-Apartheid
- Rapidly growing demand for public services

Solutions

- Enhanced collection rates
- Reduced expenditure
- Strict adherence to credit control and debt collection
- Triple bottom-line accounting
- Energy Office & SCM

- Sophisticated GIS mapping of land, buildings and tax payments.

Kampala, Uganda

Challenges

- Weak infrastructure creating bottlenecks
- Poor revenues / overreliance on national government funding

Solutions

- Creditworthiness program (PPIAF)
- Increase OSR collection by **83%**
- KCCA achieved 'A' (Investment-grade) credit rating on national scale



C40 Finance & Economic Development



Creditworthiness Network (Completed)

- Enhancing access to finance through improved creditworthiness and financial management

Enabling Environment

Sustainable Infrastructure Finance Academy

- Capacity building and training in different approaches to financing sustainable infrastructure

Training & Capacity Building

C40 Cities Finance Facility

- Multi-donor program to provide project preparation support to C40 cities in Global South

Developing Project Proposals

The C40 Cities Finance Facility (CFF)

- Aiming to leverage **\$1bn** in sustainable infrastructure in C40's Global South cities.
- Launched at the C40 Forum at COP21
- Over \$8m dollars in funding and technical assistance for pilot-phase (2016-2017)
- A partnership of C40, GIZ, IADB and other donors (TBA).



Mayor Paes, Chair of C40 and Luis Alberto Moreno, President of IADB launching the CFF at COP21 in Paris



Principles of Operation

Demand-driven – The Facility approach is demand-driven by the cities.

City-focused – The Facility works in the best interests of supported cities and their projects.

Strategic climate change action – Support is targeted towards strategic and transformational projects identified in city climate action and climate resilience plans.

Financial and technical sustainability – Projects supported must be based on a feasible plan for operation and maintenance as well as for cost-recovery.

Ownership and capacity development – The city administrations and their officials are the key actors in the project preparation process and are the recipients of support.

Catalytic nature – The Facility supports cities in sharing their learning and experiences, and catalyses action through standardisation of approaches

Transparency – The Facility promotes transparency in all areas of project and city selection and project preparation.

Outcome-oriented – projects must achieve financial close

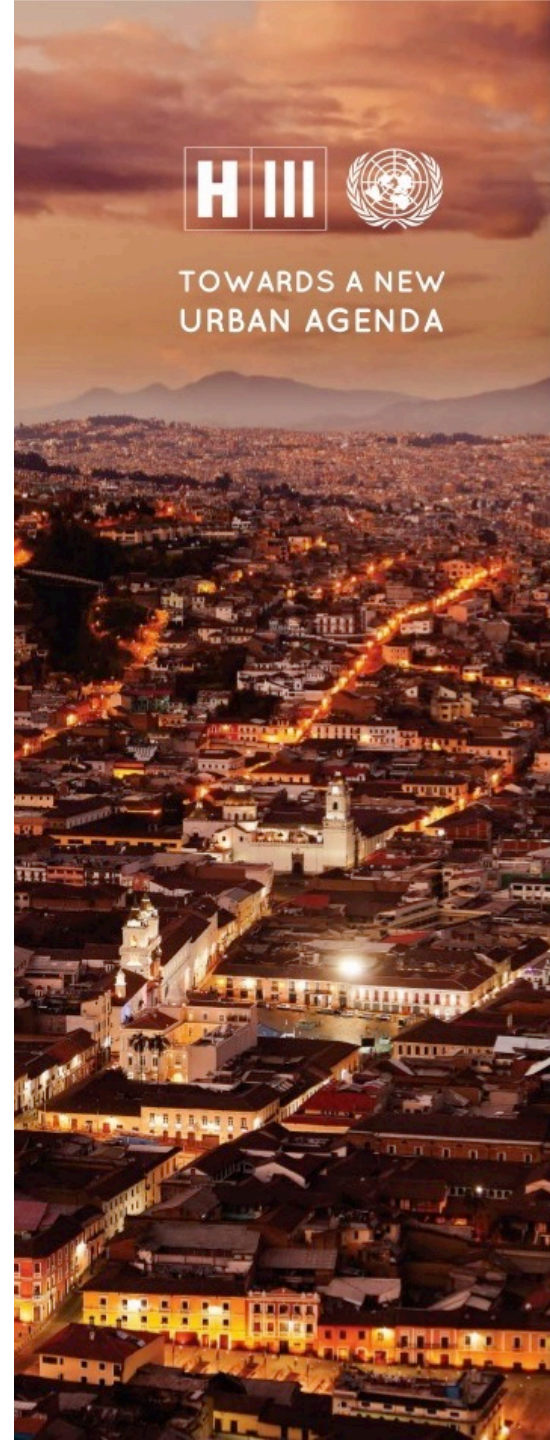
Recommendations

1. Greater training / capacity development for city administrations to access international finance
2. Focus on improving city financial management (particularly own-source revenues)
3. Intermediary organisations to connect cities with investment and funding

C40 will be publishing a policy paper with recommendations for national governments and international community at Habitat III in Quito.



TOWARDS A NEW
URBAN AGENDA





Thank you

nwalmsley@c40.org

FOLLOW US



C40.org