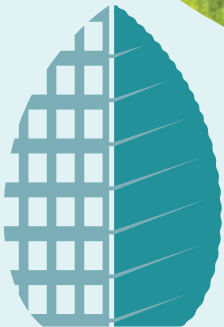

The City Climate Finance Gap Fund



City Climate
Finance Gap Fund

EIB Annual Report 2022

The City Climate Finance Gap Fund EIB Annual Report 2022

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Abbreviations and acronyms

| | |
|-----------------|-------------------------------------------------------------------------------------|
| AFD | Agence Française de Développement |
| BMU | German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety |
| BMWK | German Federal Ministry for Economic Affairs and Climate Action |
| BMZ | German Federal Ministry of Economic Cooperation and Development |
| C40 CFF | C40 Cities Finance Facility |
| CCFLA | City Climate Finance Leadership Alliance |
| EIB | European Investment Bank |
| EOI | Expression of interest |
| FELICITY | Financing Energy for Low-carbon Investment – Cities Advisory Facility |
| GCOM | Global Covenant of Mayors for Climate and Energy |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH |
| ICLEI | Local Governments for Sustainability (city network) |
| IFC | International Finance Corporation |
| KPI | Key performance indicator |
| MDTF | Multi-donor trust fund |
| NBS | Nature-based solutions |
| PPF | Project preparation facility |
| SDG | Sustainable Development Goal |
| TA | Technical assistance |
| UNDESA | United Nations Department of Economic and Social Affairs |
| WB | World Bank |

Foreword

In 2022, its second full year of operation, the City Climate Finance Gap Fund (the Gap Fund) began delivering technical assistance to cities for the early-stage preparation of projects that will help them adapt to climate change or reduce their dependence on fossil fuels. By the end of the year, 14 assignments were up and running from green roofs in Podgorica, Montenegro, to the promotion of green mobility in Lviv, Ukraine, and the recovery of organic waste in Kampala, Uganda.

In addition, the first concrete steps were taken towards providing capacity development to enhance the ability of cities to plan and access finance for climate smart investments via the Gap Fund's partners, such as the Global Covenant of Mayors for Climate and Energy (GCOM), Local Governments for Sustainability (ICLEI), the Cities Climate Finance Leadership Alliance (CCFLA) and C40, a network of mayors from 40 cities committed to tackling the climate crisis.

Further recognition of the Fund's positive impact came at the end of 2022 when the German Ministry of Economic Affairs and Climate Change made an additional donation of €25 million. With the extra funding come more ambitious targets for the volume of technical assistance and capacity development. The European Investment Bank (EIB) is committed to pursuing these new targets with its implementing partner, the German overseas development agency GIZ, and the World Bank (WB), in close cooperation with the Gap Fund's partners, CCFLA, C40, GCOM and ICLEI. This increase is well justified considering the level of demand for the assistance offered by the Gap Fund, which reveals the considerable need among low and middle-income cities for help in moving climate project ideas along the preparation cycle towards bankability and eventual implementation.

The Gap Fund progressed in 2022 amid a global context profoundly changed by the war in Ukraine. The effects of this conflict have been felt throughout the world, sparking a dramatic and sustained rise in inflation and disrupting food supply chains, which has forced low and middle-income countries to divert resources for the sake of preserving food security and social welfare. Combined with the lingering after-effects of the coronavirus pandemic, this has increased the risk of investment gaps in public infrastructure serving the most vulnerable urban populations, which further reinforces the relevance and importance of the Gap Fund.



As the European Union's climate bank, the goals of the EIB could scarcely be better aligned with those of the Gap Fund. The lending policies of the EU bank are rooted in its commitment to upholding the goals of the Paris Agreement and the Bank is already exceeding its stated target for 2025 of devoting 50% of its lending to environmental sustainability and climate action. Moreover, the past year has demonstrated the added value of the EIB as a manager of the Gap Fund in various ways, from the expertise of its in-house engineers to the proactive engagement of its operational services. The launch of the Gap Fund's technical assistance has also benefited from the launch of EIB Global, the EIB's overseas development arm, bringing additional resources and experience related to development and partnerships outside the European Union.

The progress of the City Climate Gap Fund in 2022 was built on the strength of its partners, the EIB, the World Bank and GIZ, who worked effectively together as a team. In particular, the extensive global presence of GIZ, the Gap Fund's implementing partner, and its experience in capacity development, yielded promising results in the areas of matchmaking, upscaling of potential projects and the fostering of cooperation between beneficiaries.

Once again, we wish to thank our donors and partners respectively for their financial support and cooperation. We look forward to building on the progress achieved together in 2022 in order to meet the ambitious goals set before us by providing cities with the means to convert their climate goals into successful projects.

Werner Schmidt

*Director, Urban and Territorial Development
Projects Directorate*



Executive summary

As cities around the world continue to attract a greater share of the world's growing population, it is increasingly urgent to help them adapt to climate change and do more to reduce dependency on fossil fuels. The resources needed to develop and prepare the required investments and ultimately make them ready for financing are scarce, particularly in low and middle-income economies.

The City Climate Finance Gap Fund is well positioned to promote ambitious mitigation and adaptation actions and to deploy a range of technical assistance and investment preparation support to aid cities in their transition to a greener and more inclusive recovery.

Launched in September 2020, the City Climate Finance Gap Fund is a global partnership that aims to help cities in low and middle-income countries plan, prioritise and deliver projects focused on climate change mitigation and adaptation.

This annual report summarises the progress made by the Fund in 2022.

Section 1 provides an introduction about the challenges cities face when addressing climate change impacts and trying to achieve low-carbon and resilient urban development, particularly in low and middle-income countries. It also provides an overview of the Gap Fund's role within this context and describes the Fund's governance and implementation arrangements.

Section 2 presents an overview of the Gap Fund's progress in 2022 in terms of screening and assessing proposals, commencing technical assistance assignments and developing knowledge-sharing and outreach activities.

Section 3 provides a financial update on the use of Gap Fund resources, while Section 4 describes the outlook for the Gap Fund's activities in 2023.



Introduction

More than half of the world's population lives in cities, which account for more than 70% of global carbon emissions and consume two-thirds of the world's energy. By 2050, 2.5 billion people are expected to migrate from rural to urban areas¹. Much of that migration – an estimated 90% – will happen in Africa and Asia (UN DESA, 2018)². Cities' rapid and often haphazard growth, especially in developing countries, will drive greenhouse gas emissions upwards and increase residents' vulnerability to climate change and other shocks like extreme weather.

Ultimately, people will be more vulnerable to the effects of climate change, such as the heatwaves, flooding and health emergencies that have already become all too familiar. Climate-smart cities can avoid development paths that create more emissions and ultimately leave their residents more vulnerable. Cities can improve people's quality of life while also becoming safer and more competitive. Making cities climate-smart, however, will require massive investment – a major obstacle for many local governments.

According to the State of Cities Climate Finance Report, published in June 2021 by the CCFLA with the support of the Gap Fund, greenhouse gas emissions in cities could be reduced by almost 90% by 2050 with technically feasible, widely available measures that would potentially support 87 million jobs in 2030 and generate a global economic dividend of \$24 trillion³. The International Finance Corporation (IFC) estimates that the waste, water, renewable energy, electric vehicles, public transport and green buildings sectors in emerging markets alone represent sustainable investment opportunities amounting to \$29.4 trillion through 2030⁴.

National governments, cities, and public and private financial institutions are also increasingly acknowledging the importance of cities to climate action and launching initiatives to address barriers to accessing climate finance. Cities are responding positively: more than 6 000 cities, representing 20% of urban residents worldwide, are signatories of GCOM and have developed climate action plans. In Europe, the recent call for cities to join the EU Cities Climate Mission is more than three times over-subscribed.

1. The New Climate Economy Global Commission on the Economy and Climate report (2014) adopted a detailed sectoral analysis estimating global investment needs for sustainable infrastructure between 2015 and 2030. Using existing technologies and investment patterns as the business-as-usual scenario, the study projects that cumulative investment of \$88.61 trillion will be needed between 2015 and 2030, rising to a net \$93 trillion when adopting a low-carbon investment strategy.

2. UNDESA (2018), 2018 Revision of World Urbanization Prospects, Available at: <https://www.un.org/development/desa/publications/2018-revision-of-world-urbanization-prospects.html>

3. CCFLA (2021), The State of Cities Climate Finance, Available at: <https://www.climatepolicyinitiative.org/wp-content/uploads/2021/06/2021-State-of-Cities-Finance-Executive-Summary.pdf>

4. IFC (2018), Climate Investment Opportunities in Cities. An IFC Analysis, Available at: <https://www.ifc.org/wps/wcm/connect/875afb8f-de49-460e-a66a-dd2664452840/201811-CIOC-IFC-Analysis.pdf?MOD=AJPERES&CVID=mthPzYg>

Cities around the world face challenges in becoming resilient and climate-smart, particularly due to limited capacity, a dearth of technical knowledge and lack of access to upstream and downstream financing. Even when preliminary climate diagnostics or action plans are in place, many cities do not have the means or capacity to take the next step. In such a context, and taking into account the consequences of the global pandemic and the economic downturn, the Gap Fund is uniquely positioned to promote ambitious mitigation and adaptation actions and deploy a range of technical assistance and investment preparation support to aid cities in their transition to a greener and more inclusive recovery.

The City Climate Finance Gap Fund

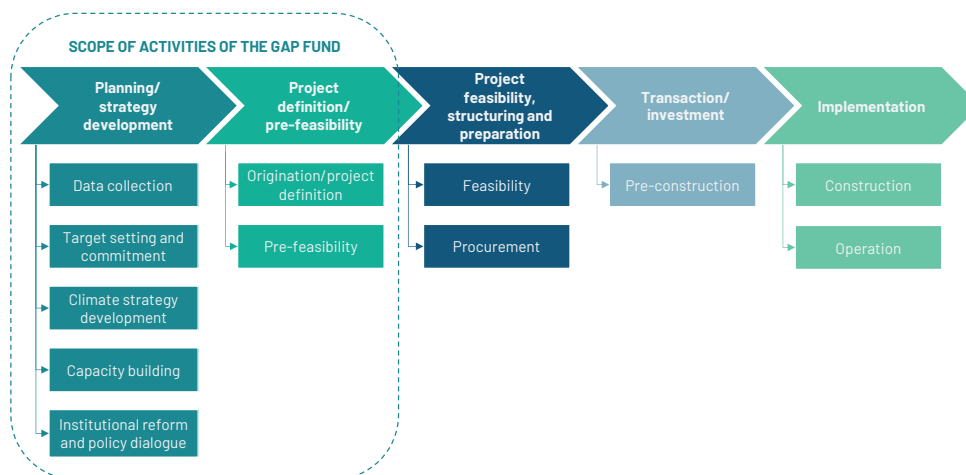
Launched in September 2020, the City Climate Finance Gap Fund is a global partnership that aims to help cities in low and middle-income countries plan, prioritise and deliver projects focused on climate change mitigation and adaptation. This will help cities transition to low-carbon and climate-resilient pathways in line with global efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels.

In its efforts to achieve these goals, the Gap Fund assists cities in the early stages of project preparation. It provides:

- Capacity building for low-carbon and climate-resilient urban development
- Support for the development of city-climate strategies and the generation of in-depth analytics to assess the climate-action and resilience potential of plans, strategies, and investment programmes
- Project-concept definitions and components of pre-feasibility studies
- Support in prioritisation of investments as part of a climate strategy or investment programme
- Support for developing cities' approach to project financing
- Potential support for filling other project preparation gaps

The World Bank and the EIB jointly implement the Gap Fund through two multi-donor trust funds (MDTFs) in close partnership with city networks and other key partners including C40, GCOM, ICLEI and CCFLA.

Figure 1: **Role of the Gap Fund in the project cycle**



Governance and implementation arrangements

The Gap Fund is jointly implemented by the World Bank and the EIB, the latter in partnership with GIZ. The World Bank and the EIB bring a unique mix of long-standing expertise in sustainable development, climate-finance projects, and urban renewal. Each implementing agency administers a multi-donor trust fund with strong coordination between the separate World Bank and EIB secretariats under a “One Gap Fund” architecture related to partnerships, governance, and implementation.

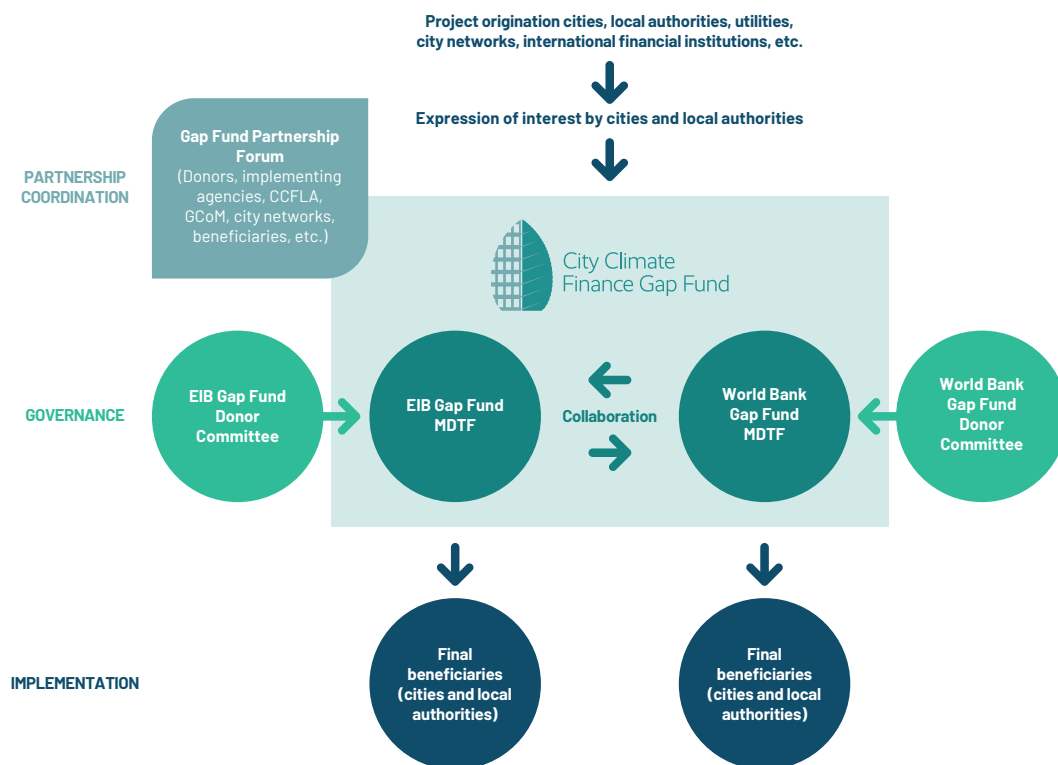
The **One Gap Fund approach** implies the following:

- Coordination mechanisms for the World Bank and the EIB to screen expressions of interest and agree on further processing by either of the two trust funds. These decisions are taken jointly during bi-weekly meetings of the two secretariats.
- Joint outreach, communication and knowledge-sharing activities carried out in partnership with city networks and other key partners.
- A One Gap Fund website offering information on both Gap Fund multi-donor trust funds and the ability for cities to submit an expression of interest to the Gap Fund. The website is hosted by the EIB and updated regularly in agreement with the World Bank and other partners.

The **Gap Fund Partnership Forum** provides a platform for sharing experiences and expertise and exchanging information and ideas between key players in the city climate finance arena to inform the overall strategy and direction of the Gap Fund. Current members of the Partnership Forum include representatives of the donors (BMWK, BMZ, Luxembourg Ministry of Environment, Climate and Sustainable Development), GCOM, ICLEI, C40 and CCFLA.

The donors provide strategic guidance and direction to the two multi-donor trust funds through their respective donor committees. The donor committee meetings are held consecutively with cross participation from the World Bank and EIB’s technical secretariats as observers in each other’s donor committee meetings to ensure coordination and consistency between the two trust funds. The Donor Committee meets formally once per year, while several informal meetings are held to ensure that donors are kept up to date with the progress achieved by the Gap Fund.

Figure 2: **Gap Fund governance arrangements**



The EIB Gap Fund MDTF in 2022

Gap Fund operations

2022 was the Gap Fund's second full year of operation and it was the first in which substantial numbers of cities began to receive assistance from the EIB's multi-donor trust fund for the preparation of projects. The procedures that were tested and fine-tuned in 2021 enabled a workflow that accommodated both the screening and assessment of new expressions of interest and the preparation and monitoring of technical assistance assignments along with continued engagement and cooperation with Gap Fund partners and participation in a range of events.

Cooperation with the World Bank Gap Fund Secretariat

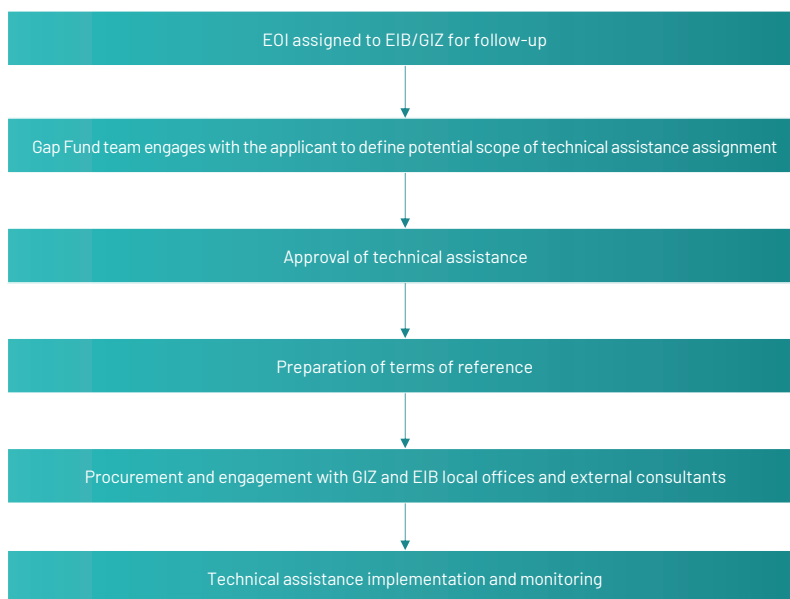
The cooperation arrangements between the secretariats of the World Bank and the EIB agreed with donors include a well-defined calendar of bi-monthly meetings during which expressions of interest are jointly reviewed and, if eligible, are assigned for follow-up to either the EIB or the World Bank.

These meetings also offer an opportunity to agree on which organisation will represent the Gap Fund at external events, in line with the "one Gap Fund approach". This process has worked very well so far, allowing both teams to have a shared overview of the pipeline and ongoing follow-up actions.

Sharing responsibilities between the EIB and GIZ

Collaboration between the EIB and GIZ is crucial to delivering the Gap Fund's mission and achieving the targets agreed with the donors. During the second full operational year of the Gap Fund, the focus expanded to accommodate a far greater volume of technical assistance assignments being planned and implemented.

Figure 3: **EIB-GIZ Gap Fund workflow**



Box 1: Update on the use of SOURCE⁵ (Gap Fund Data Management and Reporting System)

The EIB-GIZ Gap Fund uses an adapted version of the SOURCE environment that comprises a dedicated data management system. This facilitates full transparency between the EIB and GIZ, reporting to the Gap Fund donors, and the generation of communication materials. The key features developed for the Gap Fund include:

- A project environment that presents a simplified interface with only relevant features for the Gap Fund, with a specific focus on the earliest stages of project preparation.
- A project assessment structure that enables information to be collected about projects, comments to be exchanged by colleagues, decisions by EIB management to be recorded, and the monitoring of technical assistance assignments.
- A functionality to hand over projects at the end of an assignment to either local authorities or other project preparation facilities for further follow-up.

5. SOURCE is a multilateral platform for sustainable infrastructure funded by multilateral development banks (MDBs) and managed by the Sustainable Infrastructure Foundation (SIF), a not-for-profit Swiss foundation headquartered in Geneva. It provides a comprehensive map of all aspects to consider the preparation of sustainable infrastructure, for both traditional procurement and public-private partnerships (PPPs), covering governance, technical, economic, legal, financial, environmental and social issues.

- A dashboard showing the portfolio of projects, with their respective characteristics (region, sector, climate action, etc.) to facilitate monitoring and reporting.

The main developments in the use of SOURCE during 2022 were as follows:

- The customisation of SOURCE for the purposes of joint EIB-GIZ data management was completed.
- SOURCE is now fully operational as the digital project management and monitoring tool for EIB and GIZ, encompassing all stages of Gap Fund technical assistance assignments from screening to handover. EIB and GIZ used SOURCE systematically to record decisions throughout 2022.
- The EIB-GIZ Gap Fund started considering the potential of SOURCE as a handover and project preparation facility (PPF) finder. The PPF finder function in SOURCE screens whether a project is eligible for other PPFs and may therefore be used to advance the matchmaking aims of the Gap Fund. Within this context, preliminary discussions were held with city networks and partners in order to obtain feedback and gauge the potential of SOURCE in this regard.

The possibility of creating a SOURCE profile for a project supported by the Gap Fund within the main SOURCE environment (beyond the customised EIB-GIZ SOURCE application) continues to be explored. This would potentially enable the monitoring of project implementation after support from the Gap Fund.

Figure 4: **Gap Fund customised approach**



GIZ has established pools of experts covering the sectors of energy, waste and urban mobility under separate contracts. These sectors were selected based on an initial estimation of the prospective pipeline of the Gap Fund. The contracted experts provide support to the cities in the respective sectors, thus facilitating and speeding up the technical assistance process. In response to relatively high demand from cities for assistance in the nature-based solutions sector during 2022, GIZ started the tendering procedure for an additional contract covering this sector, which should be concluded in the first half of 2023.

In 2022, seven assignments were begun under the three current GIZ contracts, comprising: RAMCC (Argentina) and Tirana (Albania) in the energy sector; Makindye, Nansana, Kira and Entebbe (Uganda) and Escuintla, San José & Iztapa (Guatemala) in the waste sector; Danané (Côte d'Ivoire), Bogotá (Colombia) and Naucalpan (Mexico) in the mobility sector. Eight assignments commenced during the period through other GIZ procurement arrangements (for example, separate local or international contracts), including Cuenca (Ecuador), Mbombela (South Africa), Vinnytsia and Lviv (Ukraine), Campinas and Rio de Janeiro (Brazil), Santa Marta (Colombia), and Xianning (China).

In addition, the EIB contracted two assignments, namely Port Vila (Vanuatu) and Podgorica (Montenegro).

Delivering the Gap Fund's mission

Expressions of interest submitted through the Gap Fund website undergo detailed screening to check whether there is scope to provide technical assistance under the Gap Fund's mandate and mission. A detailed screening questionnaire is systematically used for the evaluation of all expressions of interest attributed to the EIB Gap Fund. For maximum flexibility, expressions of interest can be sent at any time and are assessed as they are received.

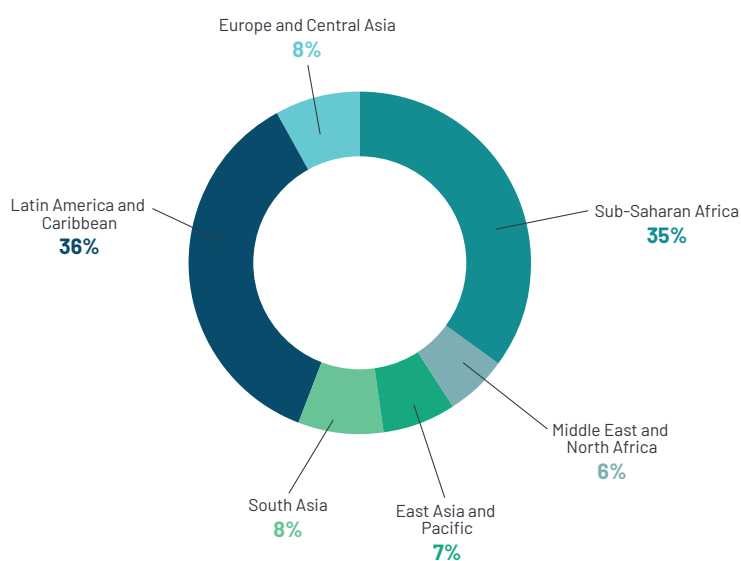
Alignment with local and national climate and environmental strategies and agendas is an integral part of the eligibility assessment. Therefore, projects where this alignment is lacking are excluded from Gap Fund support as their chances of implementation are deemed low. During the assessment period, in addition to development of the terms of reference for Gap Fund support, the importance of local political ownership is emphasised as a key success factor for both the success of technical assistance assignments and the subsequent implementation of projects.

Similar to the previous year (2021), a proportion of the expressions of interest received were deemed to be below the required standard (for example, due to lack of

completeness or lack of properly specified climate action). In many cases, following subsequent clarifications with the applicants, sufficient background information was found to confirm eligibility and justify Gap Fund support. This approach proved essential in ensuring access to the Gap Fund for municipalities with low capacity, such as smaller cities with limited access to international networks and support. In these circumstances, the need to submit a new expression of interest was avoided, thereby relieving the potential beneficiary of an unnecessary administrative burden.

During the year to 31 December 2022, the Gap Fund received **110** expressions of interest, of which **49** were attributed for screening and assessment to the EIB Gap Fund in accordance with the WB Gap Fund Secretariat. Of those attributed to the EIB-GIZ Gap Fund, 39 expressions of interest were processed (screened and/or assessed) at the end of the reporting period, with the remaining ten subject to ongoing assessment. Of the 39 expressions of interest processed, 30 were found to be ineligible and the remaining nine were approved for Gap Fund support.

Figure 5: **Overview of expressions of interest received in 2022**



Over the reporting period, **16** technical assistance assignments (including eight assessments begun in 2021), covering **25** municipalities, were approved by the EIB. At the end of the reporting period, there was one additional assessment completed but not yet approved by the Bank.

Figure 6: **Regional breakdown of eligible and non-eligible expressions of interest**

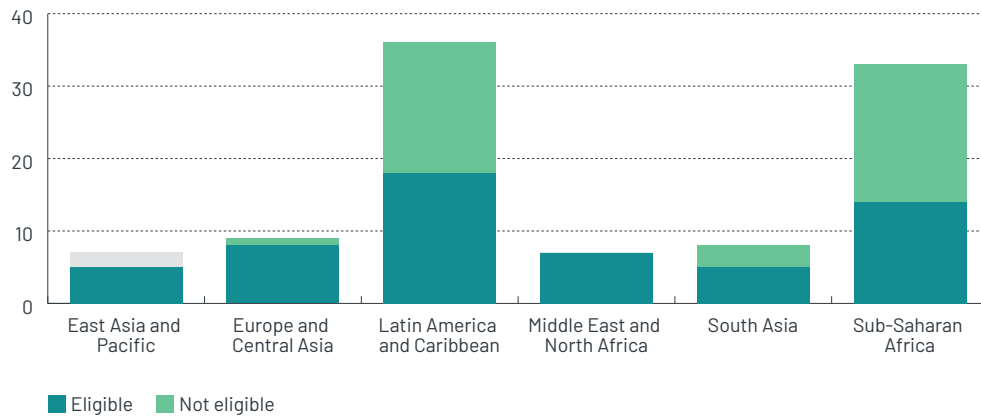


Figure 7: **Assignments approved in 2022**



The following technical assistance assignments were approved in 2022:

Curitiba, Brazil: Private car use has increased relative to modes of mass transport in recent years, a trend which became more pronounced during the pandemic. The increased use of private cars has inevitably resulted in greater atmospheric pollution, carbon emissions, and significant traffic congestion. There is an urgent need to

invest in public transport in order to render this mode a more attractive alternative to private cars and thereby increase its share of urban mobility in the city. The Gap Fund will examine the existing transport and land use system and generate the data needed to model a future mass transport service concession to be managed by a metropolitan transport agency.

Rosario, Argentina: The city of Rosario has made strides towards a more circular economic model with the development of a composting facility and is seeking to build on this progress by scaling up its activities in sustainable waste management. Rosario proposes an expansion of the city's composting plant to install a dry bio-digestion plant (including electricity and/or heat generation) for solid organic household waste. This biogas facility will build on the existing sorting and processing stages. The plant will also generate solid fertiliser for green spaces in the city and separate recyclable waste. Overall, the investment will increase the city's waste processing capacity and the power generated will meet part of the plant's energy demand. The Gap Fund will provide an analysis of technically viable options for biogas and electricity and/or heat generation, taking account of different levels of waste separation at source and conducting a preliminary financial and economic analysis, with a view to potentially feeding electricity into the national grid.

Comayagua, Honduras: The city of Comayagua has a portfolio of planned projects intended to mitigate the effects of climate change, which includes a project supporting non-motorised transport in the old city centre. The proposed project comprises a street design in the historical centre, pedestrianisation of the Comayagua shopping promenade, improvement of pedestrian crossings at ten locations and parking facilities outside the city centre. The Gap Fund will help define the project area, identify potential locations for parking facilities outside the city centre and provide preliminary designs for some of the investments. The Gap Fund will also enable a quantification of the economic benefits and help ensure that project risks are properly taken into account.

Tirana, Albania: The Municipality of Tirana intends to build social housing to address the increasing cost of living in the city and, in doing so, to improve the city's resilience to climate change through sustainable building design. As part of this policy, the Municipality has identified a strategic brownfield site that can deliver homes for low-income groups as part of a larger residential development. The Gap Fund will support the Municipality in the early stages of project preparation by setting the design parameters required to achieve appropriate energy efficiency levels and deliver homes that are well adapted to extreme weather events.

Mataram, Indonesia: The city of Mataram is planning to expand street light coverage and replace existing street lighting with more energy-efficient models as part of its

strategy to reduce greenhouse gas emissions and cut energy costs. This project can make a significant contribution to the city's emission reduction targets given the power consumption of street lighting and the extent to which the city relies on fossil fuels to meet its energy needs. The Gap Fund will provide a range of pre-feasibility analyses required to define the scope of the project, including an energy audit, preliminary financial and economic analysis, greenhouse gas reduction forecasts, risk analysis, and recommendations on the appropriate lighting technology.

Portoviejo, Ecuador: The hilly topography of the city of Portoviejo and the intense rainfall it experiences periodically makes it particularly vulnerable to flooding. As part of its strategy to adapt to climatic risks, Portoviejo plans to establish a data collection network in order to quantify meteorological and hydrological trends and map the associated risks affecting the city. The city government will use this data to inform the nature and extent of future investments in stormwater management and flood prevention in vulnerable areas of Portoviejo. The Gap Fund will assist the city in collecting the data, preparing preliminary designs for the future measurement network, and for flood risk reduction measures. It will also formulate a set of priority actions for additional improvements in stormwater management.

Savusavu, Fiji: Savusavu contends with the double risk of coastal erosion and sea level rises and the city is planning investments in coastal protection to address these challenges. In particular, the city is seeking to employ a range of measures as part of a blue town model that integrates marine conservation and coastal protection with opportunities for economic development. Potential measures would include combining coastal protection and the provision of new amenities such as foreshore walkways, possibly incorporating nature-based solutions. The Gap Fund will support project preparation by assessing the options that may be deployed to effectively mitigate the risks of erosion and sea level rises, taking into account the costs and benefits (including co-benefits). The technical assistance will also include some elements of technical design and explore future scale-up and funding options.

Lusaka, Zambia: Climate change poses several interlinked risks in Lusaka, including flooding, degradation of groundwater, and the erosion of green space. There is also the potential for these risks to become mutually reinforcing. In response to this risk, the city has embarked on a multi-stakeholder planning exercise aimed at safeguarding water quality and improving resilience in the face of flood risk. An outcome of this planning process has been to identify potential investments that will advance these aims through, for example, improving wetland and local ecosystem management, preserving green spaces and protecting groundwater by enhancing water supply and sanitation infrastructure. The Gap Fund will provide a pre-feasibility study on the various aspects of flood impact and define a project concept taking into account cost-benefit and wider economic effects.

Zenata, Morocco: Zenata is a new, integrated urban development located in the periphery of Casablanca, which is intended to accommodate approximately 300 000 inhabitants and 100 000 jobs by 2040. The development represents an opportunity to establish a sustainable model for urban development and city living in Morocco. As part of its sustainable development policy, the Zenata Development Company (SAZ) intends to develop solar energy production to help meet the energy needs of the new urban area and potentially feed into the national grid. The Gap Fund will help assess the technical and financial viability of various options for harnessing solar energy, thus enabling SAZ to make early-stage decisions on the scope and nature of investments in photovoltaic (PV) infrastructure.

Lagos, Nigeria: As part of its objective to transition to solar energy and off-grid solutions provided for in its Renewable Energy Plan, Lagos State plans to install solar photovoltaic panels in public schools and primary health centres in the area of Ojodu, an underserved area with limited and unreliable grid access. This project would build upon a pilot study, which saw photovoltaic panels installed in a selection of public schools. The Gap Fund will provide a study on scaling up solar power generation in public schools and primary health centres with a focus on locations connected to the grid, taking Ojodu as a case study. In particular, the city will benefit from an analysis of available studies and experience, the identification of information gaps, a stakeholder overview, and a review of the challenges and lessons learned from the earlier pilot project. In addition, the Gap Fund will assist with the project's design and scope as well as providing a preliminary energy audit. The Fund will also undertake a preliminary cost-benefit analysis and examine the project's business model.

Dhaka, Bangladesh: Dhaka's size and rapid growth has raised its exposure to flooding risks, which will only increase with climate change. The Dhaka Urban Regeneration Project is intended to address these challenges with a range of measures, including the adaption of infrastructure to climate change, extending the network of green spaces and broadening the availability of sustainable mobility options. The Gap Fund will help integrate climate change adaption aspects of the project more fully by conducting a climate risk assessment, identifying the key entry points in the project for adaption measures and developing guidelines for integrating climate considerations in the planning and development of Dhaka.

Kericho, Kenya: The climate co-benefits of improving wastewater treatment are being explored by the city of Kericho in the context of a proposed waste-to-energy project. The project is intended to generate energy from biomass for industrial end-users. However, the technical parameters and general feasibility of the concept are not sufficiently well known for the project to proceed to full preparation. The Gap Fund will address these early-stage challenges by developing the concept, assessing options, conducting a cost-benefit analysis and exploring the potential for scaling up.

Palmas, Brazil: The Sussuapara Conecta project aims to develop a linear urban park that would provide a green mobility link between the central and northern areas of the city and expand the city's carbon absorption capacity. The project is also expected to deliver a sustainable drainage resource and improve local biodiversity. These attributes are particularly valuable in a dense urban settlement where private car use dominates. The Gap Fund will support project preparation by providing a survey of the hydraulic characteristics of the project site, landscape assessment, identification of public participation options, and analysis of potential financing possibilities.

Bogotá, Colombia: The city of Bogotá has set targets to reduce greenhouse gas emissions from transport. As part of this strategic objective, the city plans to electrify its extensive school bus fleet. However, a lack of background data and the high costs and challenges associated with coordinating the various players involved has stymied project preparation. The Gap Fund will support a pilot project for the electrification of Bogotá's school bus fleet serving both public and private schools. This support would involve closing data gaps in order to grasp the different business models in operation, considering possible financing structures, developing a stakeholder map and drafting a roadmap for the pilot phase.

RAMCC, Argentina: The Argentinian network of municipalities tackling climate change (RAMCC) brings together more than 251 municipalities in Argentina committed to climate action. RAMCC has set up a trust fund for the purpose of jointly procuring renewable energy resources such as solar power systems. This collective approach should allow the participating municipalities to lower their investment costs through higher volume transactions. Among the immediate issues facing RAMCC are differences in the regulatory frameworks of the participating municipalities and their varied geographical, environmental and social contexts. The Gap Fund will provide assistance in planning the first phase of the trust fund aimed at procuring solar photovoltaic systems, which is expected to pave the way for further examples and potential scaling-up to cover a larger number of municipalities. This assistance includes an analysis of legal frameworks, electricity market conditions and business cases in the relevant regions and a technical pre-feasibility analysis in at least ten cities participating in the public procurement process. A preliminary assessment of social and environmental risks, including those related to architectural heritage, will also be provided as part of the technical assistance.

Xianning, China: The city of Xianning plans to develop two priority articulated bus corridors with bus stops connecting to other transport modes. This will include a new integrated approach to street design, which will separate stormwater collectors from wastewater drainage systems, thereby increasing the city's ability to adapt to extreme rainfall. In order to achieve the optimum outcome, the city needs to transform its planning and project approach from solutions that are purely engineering-based

to more people-centric designs that improve accessibility and quality of life for residents. The Gap Fund will help define the project's concept and support the city in applying the Sustainable Urban Mobility Planning Methodology (SUMP) under EU standards in order to harmonise the existing planning documents with their low-carbon vision.

Box 2: Makindye, Kira, Entebbe and Nansana (Uganda)

The city of Makindye has experienced a rapid increase in greenhouse gas emissions from its waste sector, an issue also encountered by the neighbouring cities of Kira, Entebbe and Nansana. Aware of the challenge at hand, Makindye spearheaded an initiative involving all four cities to address this growing problem collectively through the construction of an organic waste treatment plant that will create refined by-products from waste, such as char briquettes, harvest protein for animal consumption and generate electricity.

However, limited resources hindered these cities from carrying out the studies that are a prerequisite for such projects to access financing and turn their project into a reality on the ground. With support from the Gap Fund, a "pre-feasibility study of municipal organic waste recovery alternatives" in the four cities was carried out, which identified the options for organic waste treatment, based on technical, financial and social criteria.

According to Alex Kivumbi, Head of Innovation and Resource Mobilisation at Makindye Ssabagabo Municipal Council, "this sustainable waste management project will enhance liveability and aesthetics in the city due to improved air quality, reduced incidences of storm flood fatalities associated with blocked drainage channels, and lower the prevalence of sanitation related diseases, including COVID-19." Other equally important climate co-benefits include "the restoration of the city's ecosystems, especially wetlands, since no waste will be indiscriminately dumped. In turn, this will reduce pollution of Lake Victoria. Additionally, most of the household energy needs will be met by waste."

During the assignment, Makindye city officials coordinated between all four municipalities, demonstrating immense commitment and motivation that ensured all project stakeholders and consultants were actively involved.

Plastic waste along the Entebbe Road



Box 3: RAMCC (Argentina)

Argentina has significant solar energy potential, but the regulatory framework for distributed generation varies across provinces due to the country's federal system, posing significant challenges to developing bankable business models. Cities also face the problem of economies of scale, as municipal projects in public buildings are not large enough to achieve affordable prices for installing solar panels. Distortions in electricity tariff subsidies, exchange rate volatility and inflation add to these challenges. Municipalities are motivated to transition to solar energy for economic and environmental reasons, but they need projects that are viable and in line with their economic capabilities.

RAMCC⁶ – an Argentinian network of municipalities facing climate change – sought to address these challenges collectively, by seeking support from the Gap Fund on behalf of ten cities to develop pre-feasibility studies on installing photovoltaic panels in municipal buildings. Given that the cities are spread across five provinces in the north, south and central regions of Argentina, the study will reflect the diverse regulatory contexts and provide a national overview on the feasibility of such solar projects, enabling their replication in other municipalities in the future.

Although the Gap Fund's technical assistance is not yet finalised, RAMCC has already identified at least three (out of five) targeted provinces with the potential to scale up investment through finance from the RAMCC Trust⁷, which would

6. Red Argentina de Municipios Frente el Cambio Climático (RAMCC) has more than 279 municipalities committed to climate change action plans. RAMCC's goals are framed in the Global Covenant of Mayors for Climate and Energy (GCOM).

7. The RAMCC Trust consists of local governments that are members of the Argentine Network of Municipalities Facing Climate Change. Its objectives are to manage, support and implement projects related to climate change adaptation and mitigation, in line with the Local Climate Action Plans of Argentina.

ensure joint procurement of solar panels to overcome the challenges mentioned above. Additionally, the EIB identified this project as being eligible for an existing multi-beneficiary loan alongside the Argentine Development Bank (BICE). The financing of each project will depend on the guarantees BICE requires from the final beneficiaries and the city's investment decision. It is expected that more cities will be interested if the financing mechanism is successful and the projects are implemented, which would accelerate the transition to solar energy in Argentina. Nonetheless, the multi-city approach is a blueprint for scaling up renewable energy investments at the national level to enhance climate impact and facilitate access to finance with a larger ticket size.

One of the public building sites where photovoltaic panels will be installed in Bell Ville (one of the cities in the RAMCC network)



Engaging with partners

Partners are key to the success of the Gap Fund. They help raise awareness of the Fund, disseminate knowledge products, and can act as channels for capacity development. Furthermore, cooperation with the Gap Fund helps empower and extend the utilisation and relevance of partners such as city networks. Cooperation with partners takes place at regular meetings (Partner Communications Working Group) co-organised by the EIB and World Bank secretariats through which information sharing, coordinated participation in conferences and events and general collaboration occur. In 2022, the Partner Communications Working Group oversaw contributions related to the Gap Fund at conferences such as the World Urban Forum in June and the Connective Cities/Working Group Disaster Risk Management event in July, culminating with COP 27 on 6-18 November 2022. Also in 2022, the EIB's Technical Secretariat began planning deeper cooperation with ICLEI with a view to providing a grant through GIZ for the purpose of capacity building in selected cities.

This grant was agreed between GIZ and ICLEI in December 2022 and activities are planned to commence in early 2023.

The regular meetings and ad-hoc exchanges of notes with the city networks during the reporting period included the following:

- The Partnership Forum met on 28 November 2022
- Monthly meetings between the World Bank, EIB, and GCOM
- Monthly meetings between World Bank, EIB GIZ and city networks in the Communications Working Group
- Discussion with ICLEI on potential cooperation in linking cities that are supported by the Gap Fund through peer-to-peer learning and knowledge exchange via a thematic exchange forum (8 June 2022)
- Exchange with the C40 Cities Finance Facility (CFF) on handover follow-up city support (13 June 2022)
- Gap Fund Presentation at the Cities Climate Finance Leadership Alliance (CCFLA) Leadership for Urban Climate Investment (LUCI) Workshop (25-26 October 2022)
- ICLEI and CCFLA presentations at the Gap Fund Partnership meeting (28 November 2022)
- Gap Fund presentation during official delegation visits: Governor of Norte de Santander, Colombia (28 October 2022) and Representatives of the Ministries of Economic Development and Housing of the Dominican Republic (6 December 2022)

International conferences and events for which participation was coordinated with partners included the following:

- Event at the World Urban Forum: Joining Forces to Unlock Finance for Green Transformation (29 June 2022): organised in partnership with FELICITY, C40 Cities Finance Facility and CCFLA
- Events at COP27. Contributions at this event comprised:
 - Supporting cities in preparing climate action projects: lessons learnt from urban technical assistance facilities. This event was led by the Gap Fund and featured CCFLA, ICLEI and C40 (15 November 2022)
 - New IKI (International Climate Initiative of the German Federal Government) calls: How to get into implementation – Workshop organised by IKI, featuring FELICITY

(Financing Energy for Low-Carbon Investment) and Gap Fund (11 November 2022)

- Accelerating Cities' climate action through innovative solutions, public-private collaboration and finance access – Event organised by GCOM, France Urbaine, and Mouvement des Entreprises de France (MEDEF) featuring #60 RAMCC (Argentina) (15 November 2022)

- Gap Fund Presentation at the Connective Cities network (5 July 2022) Insight Moment – The City Resilience Action Planning Tool by DiMSUR and the City Climate Finance Gap Fund | Connective Cities Network (connective-cities.net)
- GIZ Urban October event: Working Together: How Can GIZ Projects Bring Partner Cities Closer to Climate Finance (6 October 2022)

The Gap Fund Secretariat continued its participation in various working groups convened by the different partners of the Gap Fund including Leadership for Urban Climate Investment (LUCI), the CCFLA's Steering Committee, assembly meetings, Project Preparation Action Group and Financial Toolbox Action Group and GCOM's International Coalition for Sustainable Infrastructure (ICSI) Action Track on Financing.

Mapping of feasibility-stage project preparation facilities

Discussions were continued with the CCFLA in 2022 to identify project preparation facilities (PPFs) that focus on providing technical support for feasibility-stage preparation with the intention of linking them to the Gap Fund. In addition, several projects being prepared by the Gap Fund were linked to potential follow-on technical assistance or funding sources, either through the EIB project pipeline or via proactive engagement with other partners. Building on this progress, the Gap Fund Secretariat worked on identifying ways in which the SOURCE platform could be used to facilitate connections to other PPFs for handover. Further activities on how best to advance this will take place in 2023.

Progress against the reporting framework achieved in 2022

Table 1 below shows the progress made from the start of the EIB-GIZ Gap Fund until the end of 2022 towards the indicators agreed in the reporting framework, attached as Appendix 1. Although this is the reporting framework that applied in 2022, it should be noted that new key performance indicators were introduced at the end of 2022 following the replenishment of the EIB Gap Fund by the German Ministry for Economic Affairs and Climate Action (BMWK). These key performance indicators are:

Outcome indicators:

- 900 expressions of interest are screened
- 130 early-stage projects, that will contribute to greenhouse gas emission reductions and/or adaptation when implemented, have been supported by the Fund
- 65% of Fund-supported projects have been taken up for further preparation support or financing

The timeframe for achievement of these key performance indicators has been extended from 2025 to 2027. The next annual report will assess progress against the new indicators.

The qualitative indicators are listed as completed, ongoing or not started, taking into account their logical and chronological sequencing in the timeline of Gap Fund activities. In particular, activities linked to matchmaking, follow-up after Gap Fund technical assistance and analysis of lessons learnt will be performed in line with the deployment of the different technical assistance assignments. Any additional progress achieved during 2022 is in bold text.

Table 1: **Progress against the EIB Gap Fund Reporting Framework**

| Indicators | Expected after five years | Achieved during the reporting period (2022) |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Indicator 1 | Relevant processes and procedures agreed between the EIB and GIZ, as well as between the EIB, GIZ and the World Bank, which are available in writing | Ongoing |
| Activities | 1.1 Organise workflow between GIZ and the EIB, including sourcing (digital) tools | Completed |
| | 1.2 Set up technical infrastructure (IT platform for submission of expressions of interest, database, data management system) in conjunction with the World Bank | Ongoing |
| | 1.3 Ensure efficient coordination and communication according to the governance structure of the Fund (with the Contributor's Committee, the Partnership Forum and the World Bank) | Completed |
| | 1.4 Maintain regular contacts and engage actively with city networks (for example, GCOM, ICLEI, C40) and other multi-stakeholder networks | Completed |
| | 1.5 Monitoring and reporting on the outputs of technical assistance (GIZ) and reporting on fund management (EIB) | Ongoing |
| | 1.6 Development of lessons learnt and knowledge products for dissemination | Not started |
| | 1.7 Conduct knowledge sharing, such as in cooperation with the Partnership Forum and the World Bank, use knowledge product | Ongoing |

| | | |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| | 1.8 Establish and manage pools of experts for the 1) energy, 2) waste and 3) urban mobility sectors, who will provide technical assistance to the cities | Completed |
| | 1.9 Contract and manage further short-term experts for support that cannot be provided under the pools of experts | Ongoing |
| Indicator 2 | 750 expressions of interest completed and screened (jointly between the EIB and the World Bank) | 110 (cumulative 287 since 2020) |
| Activities | 2.1 Establish a detailed screening questionnaire for projects taken forward by the Fund | Completed |
| | 2.2 Define approaches to facilitate and standardise support to cities, and where possible develop standardised technical assistance packages for cities | Ongoing |
| | 2.3 Identify Gap Fund eligible projects for the Fund through EIB/GIZ networks and the One Gap Fund Initiative entry process | Ongoing |
| | 2.4 Support city applicants to refine and complete their expressions of interest, in collaboration with city networks, as applicable | Ongoing |
| | 2.5 Screen, evaluate and select projects based on their expression of interest and the formulated eligibility and selection criteria | Ongoing |
| Indicator 3 | 80 projects that will contribute to greenhouse gas reduction and/or adaptation when implemented, supported by the EIB Gap Fund | Ongoing |
| Activities | 3.1 Conduct a detailed needs assessment, ToR development for advisory and involve technical experts | 19 needs assessment conducted (cumulative 37 since 2020) – ongoing |
| | 3.2 Provide technical support to cities for the development of initial investment concept into early-stage projects ready for further preparation or feasibility stage support | 17 assignments (of which two completed) – ongoing |
| | 3.3 Prepare ToR for further preparation support where required and in close cooperation with the relevant PPF | Not started |
| | 3.4 Support cities with small technical assistance grants for project preparation activities if considered the most appropriate way to provide support | Not started |
| | 3.5 Support alignment with relevant municipal budget and climate and environmental strategy/agenda | Ongoing |
| Indicator 4 | 50 projects supported by the Gap Fund taken up for further preparation support or financing | - |
| Activities | 4.1 Map existing feasibility-stage project preparation facilities, their requirements and application cycles/procedures and relationship with the Fund, building on CCFLA's work | Ongoing |
| | 4.2 Exchange with relevant (international) financing institutions to get a clear understanding of their investment criteria, information requirements as well as their project preparation funds to tailor matchmaking. | Preliminary discussions held with Agence Française de Développement – ongoing |
| | 4.3 Facilitate matchmaking between projects (Fund output) and PPFs with support of partners like CCFLA, potentially facilitating the sharing of project documentation through SOURCE or other channels | Discussions opened with partners – ongoing |

Financial updates

Table 2: **Contribution to the EIB Gap Fund MDTF (€ million)**

| | 2020 | | 2021 | | 2022 | | Total | |
|---------------------------------------------------------------------------|-----------|----------|---------|----------|---------|----------|---------|-----------|
| | Pledged | Received | Pledged | Received | Pledged | Received | Pledged | Received |
| Germany – Ministry of Environment, Nature Conservation and Nuclear Safety | 15 | 15 | - | - | 25 | 25 | 40 | 40 |
| Luxembourg – Ministry of Environment, Climate and Sustainable Development | 8 | 2 | - | 2 | | 2 | 8 | 6 |
| Total | 23 | | | | | | | 46 |

Table 3: **Use of EIB Gap Fund MDTF resources (€ million)**

| Budget lines | Estimated cost 2020-2027 (€ million) | Expenditure 2020-2022 (€ million) |
|----------------------------------------------------------------|--------------------------------------|-----------------------------------|
| Implementation of technical assistance activities ⁸ | 19.06 | 2.65 |
| Implementation of other Gap Fund activities ⁹ | 3.94 | 0.96 |
| Total | 23.00 | 3.612 |

8. Including overheads, fund administration fees and other expenses.

9. Including overheads, fund administration fees and other expenses.

Outlook for 2023

2022 was important in consolidating the position of the Gap Fund as a key actor in the urban and climate agenda. Over the course of the year, the first substantial technical support was provided to cities, which was combined with knowledge sharing and, as assignments advanced towards completion, matchmaking activities, whereby cities receiving Gap Fund support began to be connected with other project preparation facilities. A Gap Fund workshop with donors, held at GIZ in June 2022, explored how themes of resource mobilisation, matchmaking and capacity building might be tackled as the Gap Fund matures, setting the scene for efforts in these areas in 2023.

The outlook for 2023 may be summarised as follows:

- In 2022, 30 technical assistance assignments targeting 44 cities were ongoing and are expected to be finalised in 2023. Thus, the focus in the coming year will be on implementation and exploring handover options for cities in coordination with EIB efforts on matchmaking.
- Setting up a new contract for on-demand experts in the nature-based solutions (NbS) sector, including adaptation and the water sector. Thus far, 43% of approved technical assistance is in NbS solutions (30% in green spaces and urban infrastructure and 13% in water management), which was not expected during the setup of the Gap Fund and a framework contract was not created. Therefore, consultants were procured locally through GIZ country offices. To address the demand for NbS assignments and ensure the timely and efficient deployment of consultants, a framework contract would be established similar to the existing ones in the transport, waste and mobility sectors. It is expected that the framework contract will be set up and operational in 2023.
- Implementation of ICLEI Local Governments for Sustainability (ICLEI) Gap Fund Step Up Project: GIZ awarded ICLEI a grant in December 2022 and its implementation will kick off in January 2023. Under this grant, ICLEI will facilitate peer-to-peer learning by setting up regional working groups and city pairs that will provide capacity-building support to cities on project preparation according to their needs.
- Conceptualisation of the German Ministry for Economic Affairs and Climate Action (BMWK)'s stop-up of the EIB Gap Fund and amendment of the EIB/GIZ grant agreement respectively. The key focus will be on ensuring the scalability, effectiveness and efficiency of the operational model given the increased target number of technical assistance assignments. Furthermore, the amended EIB Gap Fund results-based monitoring framework presents an objective to develop capacity-building activities

with the aim of facilitating cities' access to climate finance. The EIB-GIZ Gap Fund team will have several brainstorming sessions to reflect on lessons learned and how to build on them for enhanced Gap Fund impact and increased collaboration with strategic partners.

- A focus on defining and elaborating mechanisms to ensure matchmaking will also be important for 2023. This will reflect the fact that a substantial number of assignments will be completed in 2023, and so matchmaking for later phases of project preparation will become a key focus for such assignments, as well as stimulating reflection as to how this can be better planned and delivered through strategic and horizontal Gap Fund activities.
- To enhance the efficiency of Gap Fund operations and ensure greater climate impact, the focus in 2023 will be on exploring avenues for bundling several cities under the same technical assistance assignment. This approach has already proven effective in the case of Makindye, Nansana, Kira, Entebbe (Uganda), Escuintla, San José and Iztapa (Guatemala), and RAMCC cities (Argentina) based on lessons learned from 2022.
- Further development of the monitoring and evaluation framework by considering the development of a satisfaction survey for our participating municipalities in technical assistance assignments and consulting service providers to gather feedback on the technical assistance provided and collect recommendations for improvement.
- Targeted and strategic outreach in 2023 is going to build on the efforts made in 2022 to set up regular meetings and calls with strategic partners, such as project preparation facilities and development cooperation stakeholders, and explore additional avenues, for example, in cooperation with public and commercial national and regional financing institutions. Regional approaches to capacity building, outreach and learning shall further enhance the coverage and quality of Gap Fund measures and interactions.

Appendix I — EIB Gap Fund MDTF Reporting Framework¹⁰

According to the Contribution Agreement signed between the EIB and BMU and the Luxembourg Ministry of Environment, Climate and Sustainable Development respectively, the EIB Gap Fund is expected to report according to the framework presented in Table 4 below.

Table 4: **EIB Gap Fund MDTF Results Framework**

| IMPACT | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cities access finance to implement 1.5 degree compatible climate-resilient and low-carbon urban infrastructure projects¹¹ | | | |
| Outcome | | | |
| Cities access catalytic technical assistance and grant funding for early-stage preparation of 1.5 degree compatible climate-resilient and low-carbon urban infrastructure projects and prepared projects are successfully taken up by existing national, regional, and international PPFs | | | |
| Outcome Indicator 1: 80 projects, that will contribute to greenhouse gas reduction and/or adaptation when implemented, have been supported by the Fund | | | |
| Outcome Indicator 2: 50 Fund-supported projects have been taken up for further preparation support or financing | | | |
| Output 1: Operational technical secretariat | Output 2: Screened projects | Output 3: Supported projects | Output 4: Match-making and partnerships |
| The Fund Technical Secretariat is operational and fostering a "One Gap Fund" approach together with the World Bank secretariat | A portfolio of completed and screened applications for early-stage project preparation support and a defined scope of technical assistance packages is available | A solid portfolio of well-prepared early-stage projects is available for uptake by PPFs | PPFs have taken up early-stage projects prepared by the Fund |
| Indicator 1: | Indicator 2: | Indicator 3: | Indicator 4: |
| Relevant processes and procedures have been agreed between the EIB and GIZ, as well as between the EIB, GIZ and the World Bank and are available in writing | 750 city applications are completed and screened after five years | 80 early-stage projects are prepared after five years | 50 projects have been taken up by PPFs, funds, MDBs and MFIs after five years |
| ACTIVITIES | | | |
| 1.1 Organise workflow between GIZ and the EIB, including sourcing (digital) tools (potentially using SOURCE) | 2.1 Establish a detailed screening questionnaire for projects taken forward by the Fund | 3.1 Conduct a detailed needs assessment, ToR development for advisory and involve technical experts | 4.1 Map existing feasibility-stage project preparation facilities, their requirements and application cycles/procedures and relationship with the Fund, building on CCFLAs work |

10. Reporting framework prevailing in 2022

11. In order to be eligible for support, projects must have the objective and the potential to contribute to climate goals in line with the Paris Agreement (which includes a reference to the 1.5 degree goal). The degree of climate ambition will be one of the criteria for project selection. In many projects, this may be difficult to determine quantitatively given their early stage, though their potential to contribute can be confirmed, for example, based on the nature/sub-sector of the project. It may indeed also be part of the scope of a Fund assignment to strengthen the project in this regard.

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.2 Set up technical infrastructure (IT platform for submission of expressions of interest, database, data management system) jointly with the World Bank (potentially using SOURCE) | 2.2 Define approaches to facilitate and standardise support to cities, and where possible develop standardised technical assistance packages for cities | 3.2 Provide technical support to cities for the development of initial investment concept into early-stage project ready for further preparation or feasibility stage support | 4.2 Exchange with relevant (international) financing institutions to get a clear understanding of their investment criteria, information requirements and project preparation funds to tailor matchmaking |
| 1.3 Ensure efficient coordination and communication according to the governance structure of the Fund (with the Contributor's Committee, Partnership Forum and the World Bank) | 2.3 Identify eligible projects for the Fund through the Gap Fund Initiative entry process | 3.3 Prepare ToR for further preparation support where required and in close cooperation with the relevant PPFs | 4.3 Facilitate matchmaking between projects (Fund output) and PPFs with the support of partners like CCFLA, potentially facilitating the sharing of project documentation through SOURCE or other channels |
| 1.4 Maintain regular contacts and engage actively with city networks such as GCOM, ICLEI, C40) and other multi-stakeholder networks (such as CCFLA) | 2.4 Support city applicants to refine and complete their applications, in collaboration with city networks as applicable | 3.4 Support cities with small technical assistance grants for project preparation activities, if considered the most appropriate way to provide support | |
| 1.5 Monitoring and reporting on outputs of technical assistance and reporting on fund management | 2.5 Screen, evaluate and select applications based on the formulated criteria | 3.5 Support alignment with relevant municipal budget and climate and environmental strategy/agenda | |
| 1.6 Development of lessons learnt and knowledge products for dissemination | | | |
| 1.7 Conduct knowledge sharing, for example in cooperation with the Partnership Forum and the World Bank, use knowledge product in activity 1.6 | | | |
| 1.8 Establish and manage pools of experts for the 1) energy, 2) waste and 3) urban mobility sectors, who will provide technical assistance to the cities | | | |
| 1.9 Contract and manage further short-term experts for support that cannot be provided under the pools of experts | | | |

Appendix II — List of screened projects

Table 5: **List of expressions of interest screened by the EIB during the reporting period**




| City | Country | Project title | Outcome of the assessment |
|-----------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Curitiba | Brazil | Reframe The Urban Mobility Services System In the Curitiba And Metropolitan Region To Make It More Attractive And Energy Efficient To Reduce Greenhouse Gas Emissions | TA approved |
| Tirana | Albania | Social Housing Tirana | TA approved |
| Mataram | Indonesia | Implementing Smart Street Lighting (Including Conversion To LED And Utilisation Of Automatic Control) | TA approved |
| Portoviejo | Ecuador | Centro De Aprovechamiento De Reciclaje Y Compostaje | TA approved |
| Lusaka | Zambia | Lusaka Flood Management For Climate Adaption And City Resilience | TA approved |
| Savusavu | Fiji | Blue Town Model | TA approved |
| Zenata | Morocco | Aménagement Durable Et Intégré De L'éco-cité Zenata | TA approved |
| Lagos | Nigeria | Upscaling Solar PV In Public Schools And Healthcare Centres | TA approved |
| Dhaka | Bangladesh | Upstream technical assistance For Climate Resilient Strategy And Urban Investments Under Dhaka Urban Regeneration Project | TA approved |
| Buenos Aires | Argentina | Implementación De Energía Solar Comunitaria Orientada A La Reducción De La Pobreza Energética En La Ciudad De Buenos Aires | Assessment ongoing |
| Dakar | Senegal | Réaménagement Hydraulique Et Paysager Du Bassin De Rétention Des Eaux Pluviales De Grand Yoff, Dakar, Sénégal | Assessment ongoing |
| La Marsa | Tunisia | Valorisation Déchets Organiques | Assessment ongoing |
| Zanzibar | Zanzibar | Pre-feasibility Study For Fostering Innovative Climate-Resilient Wastewater Sanitation Value Chain Management In Urban Settlements In Zanzibar | Assessment ongoing |
| Nyamira County | Kenya | Circular Economy On Sustainable Municipal Solid Management In Nyamira County | Assessment ongoing |
| Salvador | Brazil | Creating And Encouraging Composting Centres In Salvador | Assessment ongoing |
| Bomet | Kenya | Rethinking 3Rs Through Energy-from-Waste In Bomet County | Assessment ongoing |

| | | | |
|--------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Gjilan | Kosovo | Pre-feasibility Study For An Inter-municipal Integrated Waste Management System In 12 Municipalities | Assessment ongoing |
| Morelia | Michoacan/ Mexico | Comprehensive Project To Mitigate Carbon Emissions And Water Scarcity In The City Of Morelia | Assessment ongoing |
| Quelimane City | Mozambique | Step To Green City-Biofertilisers Production From Solid Waste | Assessment ongoing |
| Kinshasa | DRC | Energy For Green Transportation Programme In DRC (E4GTP-DRC) | Not eligible after initial assessment |
| Rustavi | Georgia | Emergence Of Qualified Human Resources In The Field Of Energy Efficiency At Rustavi City Hall | Not eligible after initial assessment |
| Iztapa | Guatemala | Plan De Manejo De Desechos Sólidos Domiciliarios Urbanos Del Municipio De Iztapa | Not eligible after initial assessment |
| Ascension de Guarayos | Bolivia | Elaboracion Del Proyecto Ciudad Moderna Con Naturaleza | Not eligible after initial assessment |
| Monteagudo - Chuquisaca | Bolivia | Desarrollo Sostenible En El Municipio De Monteagudo | Not eligible after initial assessment |
| Sucre | Bolivia | Saneamiento De Aguas Servidas Como Adaptación Resiliente Al Cambio Climático De La Comunidad El Chaco Del D7 | Not eligible after initial assessment |
| Sucre | Bolivia | EDTP-macro Celda 2 Relleno Sanitario Sucre | Not eligible after initial assessment |
| Sucre | Bolivia | Implementacion De Una Planta De Compostaje Para El Aprovechamiento De Materia Organica En El Botadero De Lechuguillas | Not eligible after initial assessment |
| Sucre | Bolivia | Estudio Para La Determinación De La Franja De Seguridad Para El Botadero Municipal De Lechuguillas | Not eligible after initial assessment |
| Windhoek | Namibia | Johntech Technology Solution | Not eligible after initial assessment |
| Bukavu | DRC | Bukavu Municipality Sustainable Waste Management | Not eligible after initial assessment |
| Banfora | Burkina Faso | Aménagement D'Espaces Verts | Not eligible after initial assessment |
| Tarija | Bolivia | Tarija Basura Cero/Zero Waste Tarija | Not eligible after initial assessment |
| Tarija | Bolivia | Tarija Basura Cero/Zero Waste Tarija | Not eligible after initial assessment |
| Guadalajara | Mexico | Hydrological Observatory In The Guadalajara Metropolitan Area (AMG) | Not eligible after initial assessment |
| Windhoek | Namibia | Johntech Technology Solution | Not eligible after initial assessment |
| Zarcero | Costa Rica | Adquisición De Compostera Automatizada Para El Tratamiento De Residuos Orgánicos Del Sector Comercial Del Cantón De Zarcero | Not eligible after initial assessment |

| | | | |
|-------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| El Alto | Bolivia | Uso Eficiente De Los Recursos Hídricos En Los Espacios Verdes De La Ciudad De El Alto | Not eligible after initial assessment |
| El Alto | Bolivia | Gestión De Los Residuos De La Construcción Y Demolición | Not eligible after initial assessment |
| El Alto | Bolivia | Plan Estratégico Integral De Saneamiento Básico Y Recursos Hídricos Para La Ciudad De El Alto | Not eligible after initial assessment |
| Eastern Cape | South Africa | Smart LED Street Lighting | Not eligible after initial assessment |
| Pereira | Colombia | Tren De Cercanías Del Eje Cafetero | Not eligible after initial assessment |
| Kovié | Togo | Projet D'approvisionnement En Eau Potable, Assainissement Et Énergie Dans La Commune Zio 2 (PAEPASE-Zio 2) | Not eligible after initial assessment |
| Morelia | Mexico | Integral Water Project In Morelia | Not eligible after initial assessment |
| Pau Brasil | Brazil | Caminho Das Águas | Not eligible after initial assessment |
| Palmas/Tocantins | Brazil | Palmas Recicla - A Transition To A Circular, Inclusive And Low-Emissions Model | Not eligible after initial assessment |
| Chennai | India | Integrated Approach Towards Climate Change In Chennai, India | Not eligible after initial assessment |
| Nyamira County | Kenya | Affordable Housing By Use Of Interlocking Blocks Technology in Nyamira County, Kenya | Not eligible after initial assessment |
| Poromiv | Ukraine | Development Of The Action Plan For Sustainable Energy Development And Climate Of The Poromiv United Territorial Community | Not eligible after initial assessment |
| Jhenaidah | Bangladesh | Reducing Carbon And Biodiversity Preservation Through The Trees | Not eligible after initial assessment |



European Investment Bank
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