



CITIES INVESTMENT FACILITY FEASIBILITY FUND

UN HABITAT
FOR A BETTER URBAN FUTURE



Unlocking Public and Private
Finance for the Poor

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BACKGROUND

The **Cities Investment Facility (CIF) programme** is a multi-stakeholder/ multi-stage initiative established by UN-Habitat and UNCDF to provide project preparation assistance to cities located within Low and Middle-Income countries (LICs & MICs), as viewed through an SDG lens. By **providing funding and development support, from pre-feasibility through to project financing the aim of the programme is four-fold.**



THE AIM OF THE PROGRAMME IS FOUR-FOLD

01

Overcome subnational project preparation challenges to ensure that **urban infrastructure** is **financeable** for international capital providers and **realizing the construction of these critical initiatives**

02

Articulate a projects' **significant positive impact** on local communities;

03

Contribute to the **realization** of the Addis Ababa Action Agenda **2030 SDG goals**;

04

Enhance the overall **resilience** of the communities.



UN-Habitat and the CIF programme are seeking **philanthropic grants and donations** totalling an initial **USD 50 million to support 100+ projects** within our current and future pipeline through the establishment of a **Feasibility Fund**. The fund will accelerate and catalyze the development of critically needed urban infrastructure that may otherwise struggle to attract the abundance of sidelined global private capital needed to fund construction.

WHY URBAN INFRASTRUCTURE?



Cities have unprecedented importance as the need for an economic recovery from COVID-19 coincides with the urgency to accelerate the achievement of the SDGs in this Decade of Action.



Cities **currently host 4.2 billion people (55% of the world's population)** and materially impact their surrounding territories. By 2050, 68% of the global population will be urbanised as the global urban footprint nearly doubles.



By **2050**, cities will see their **populations swell by 2.5 billion people**, almost entirely in developing and emerging economies – 90% of this growth will occur in developing countries.



Through interconnectivity with surrounding cities and human settlements the movement of goods, services and skills across a rural-urban continuum is enhanced, thereby encouraging **greater national economic development**.



Through international trade connections cities can specialise in certain productive sectors and generate economies of scale that both **contribute to and benefit from the global economy**.



Cities currently **generate around 80% of the world's economy** and there are close links between levels of urbanisation and per capita GDP. Likewise, by bringing together diverse groups of people, ideas, cultures and backgrounds, cities have become hotbeds of innovation, and through networks of universities, companies, research centres, religious and cultural institutions, cities have been able to promote ideas and advance knowledge and technological development.

Rapid urbanisation is fuelling cities' infrastructure needs. Yet a **US\$3.2 trillion annual global investment gap**, to realize this infrastructure, currently exists.



Cities are a **major force for positive transformation** if well planned and supported through investment. As the world seeks to recover from the economic losses wrought by COVID-19, become resilient to pandemics and impacts of climate change, accelerate SDGs achievement and improve quality of life, an unprecedented level of investment in cities is required for infrastructure development.

FEASIBILITY FUND

As part of the CIF, UN-Habitat is seeking philanthropic/**foundational grants** and country donations to establish the Feasibility Fund which is to be utilized to **provision specialist services** that support and de-risk the concept and early feasibility preparation stage – work performed by **Cities Investment Advisory Platform (CIAP)** partners, acting in a non-profit capacity, and third-party advisory partners – prior to private investment in the mid-to-late-stage project preparation undertaken by the **Cities Investment Vehicles (CI Vehicles)**.

The fund is earmarked specifically to **support expenses related to initial technical, environment & social, financial, and legal advisory work**. Funding will further support capacity building amongst local and national stakeholders to ensure alignment between private funders and government. Initial donations to

the fund are to be directed to projects that are more advanced within the CIF pipeline. The average spend per project is estimated at USD 500 thousand.

UN-Habitat is **seeking philanthropic grants and donations** totalling an initial **USD 50 million to support 100+ projects** through the Fund. This amount is expected to induce additional contributions and be further complemented through grants from UN-Habitat's and partners' donor funded projects earmarked for specific projects. Where possible, costs required for the preparation of SDG Reports and Pre-Feasibility Reports would be recovered with financing partners and allow the program to exceed the targeted number of supported projects.

YOUR DONATIONS/GRANTS AT WORK

UN-Habitat estimates that every US\$1 million invested in pre-feasibility by the Feasibility Fund will unlock an additional investment of \$2 million by the CIF's implementing CI Vehicles. In turn, it is anticipated that an additional \$30 million+ of

construction financing will follow. The fund will seek to further leverage contributions by recovering some of its investments through project capital providers and redeploying this income stream into new project development.

FUNDING ALLOCATION CONSIDERATIONS

The allocation of funds from partners may be non-earmarked or earmarked as follows:

- Donors shall be encouraged to make non-earmarked multi-year contributions to the Feasibility Fund. This maximises the flexibility for the Steering Committee to define the use of funds based on principles of the Fund and likelihood of success.
- Donors that prefer to make earmarked contributions may earmark their contributions to the specific outcomes and geographies.
- Funds can also be channelled directly from the source to implementing partners to undertake feasibility advisory work – where so, separate contribution to cover any secretariat/ Service Provider costs is encouraged.

CIF PIPELINE SOURCING

As sourced through Open Calls there are currently **55 projects** that have been accepted into the programme which are detailed on the Cities Investment Portal located at: <https://citiesinvestmentfacility.org/projects/>

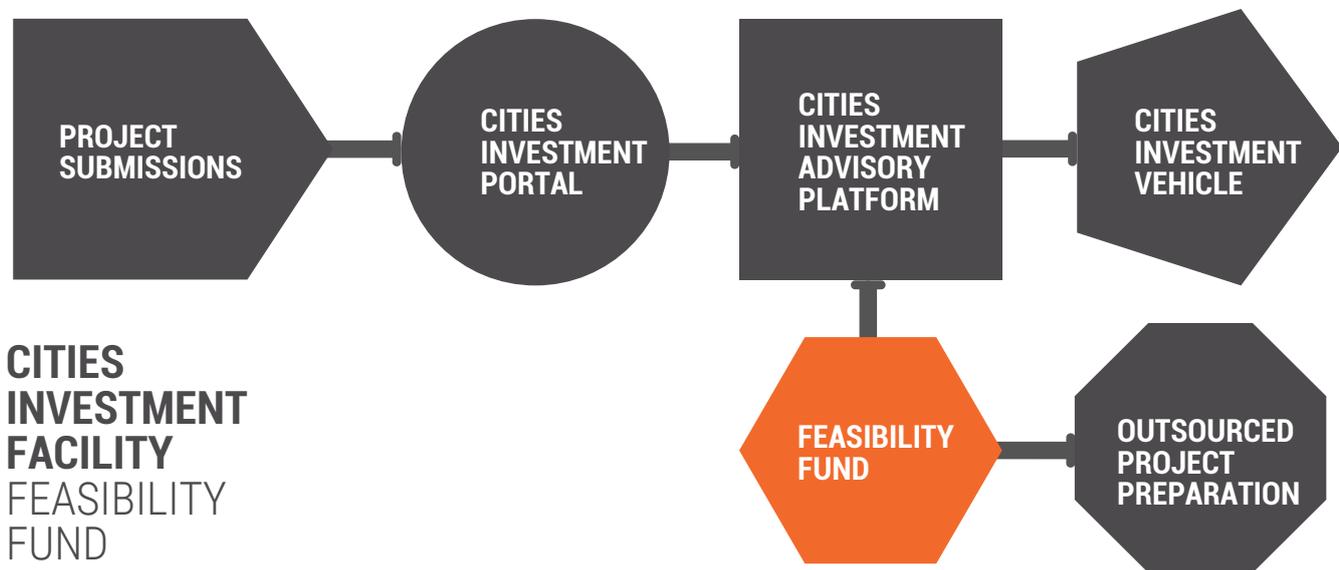
Submissions are evaluated based on their SDG alignment. The programme's most recent Call for Proposals attracted

submissions throughout the Global South. 44 in total were submitted with all projects aligned to SDG 11, "Sustainable Cities and Communities" while 80% were aligned with SDG 13, "Climate Action"

Future open calls will be broadcast and conducted to broaden and enhance the current pipeline. Further, the programme intends to expand its reach through direct

engagement with national governments to identify and aggregate common infrastructure needs across multiple cities within a given country.

CIF STAKEHOLDERS & PROCESS



The CI Portal (CIP) is an online platform that connects city development projects with investors seeking to finance projects that are economically, socially, and environmentally sustainable.



The Cities Investment Advisory Platform (CIAP) aims to bridge the gap between sustainable infrastructure projects and private capital investor requirements. The CIAP implementation partners shall support upstream projects to align better with the UN Sustainable Development Goals, ensure bankability, and de-risk the early preparation phase. Project promoters receive advice and guidance on early project preparation, development, and financial de-risking. **CIAP work will be the primary beneficiary of the Feasibility Fund**



CI Vehicles are privately funded and provide development finance and bankability guidance for projects that have reached the mid-stage of development. Projects have been prepared and de-risked with the assistance of the programme's CIAP partners and now require the typically more significant investment needed to complete development.

PROJECT PREPARATION RESPONSIBILITIES BY IMPLEMENTING PARTNER

Cities Investment Advisory Platform (CIAP)	Cities Investment Vehicle Fund (EMIF Group)		EPC/Owner/Operator
Concept to Mid-Stage Development	Late-Stage Development	Final Close	Construction/Commissioning/Operations
Draft Project Agreements	Definitive Project Agreements & Guarantees		
Intermediate Financial Model & Analysis	Final Financial Model & Project Economics Determined		
Draft Technical Assessment	Operations Design / EPC + O&M Tender / Vendor Selection		
Draft Environmental & Social Impact Assessment	Final ESIA / Establish ESAP & ESMP	Implement ESAP / ESMP	
Permitting/Licenses/Rights of Way, Identified	Permits / Licenses / RoW Implemented		
	Identify and Implement PRI, Construction & Commercial Insurances		
	Financial Close		
	Viability Grant Funding Application	Grant Funding Secured and Drawn	
Donor/Feasibility Funded: \$0k to \$500k	Third-Party Privately Funded: \$1m to \$2m	Third-Party Privately Funded: \$5m to \$250m+	

TYPES OF SUPPORTED INFRASTRUCTURE

- Affordable Housing
- Waste Management
- Transport & Mobility
- Energy
- Slum Upgrading
- Urban Infill & Public Space
- Water & Sanitation
- Roads & Bridges

COMMONLY IMPACTED SDGS



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IMPLEMENTING
THE NEW
URBAN AGENDA