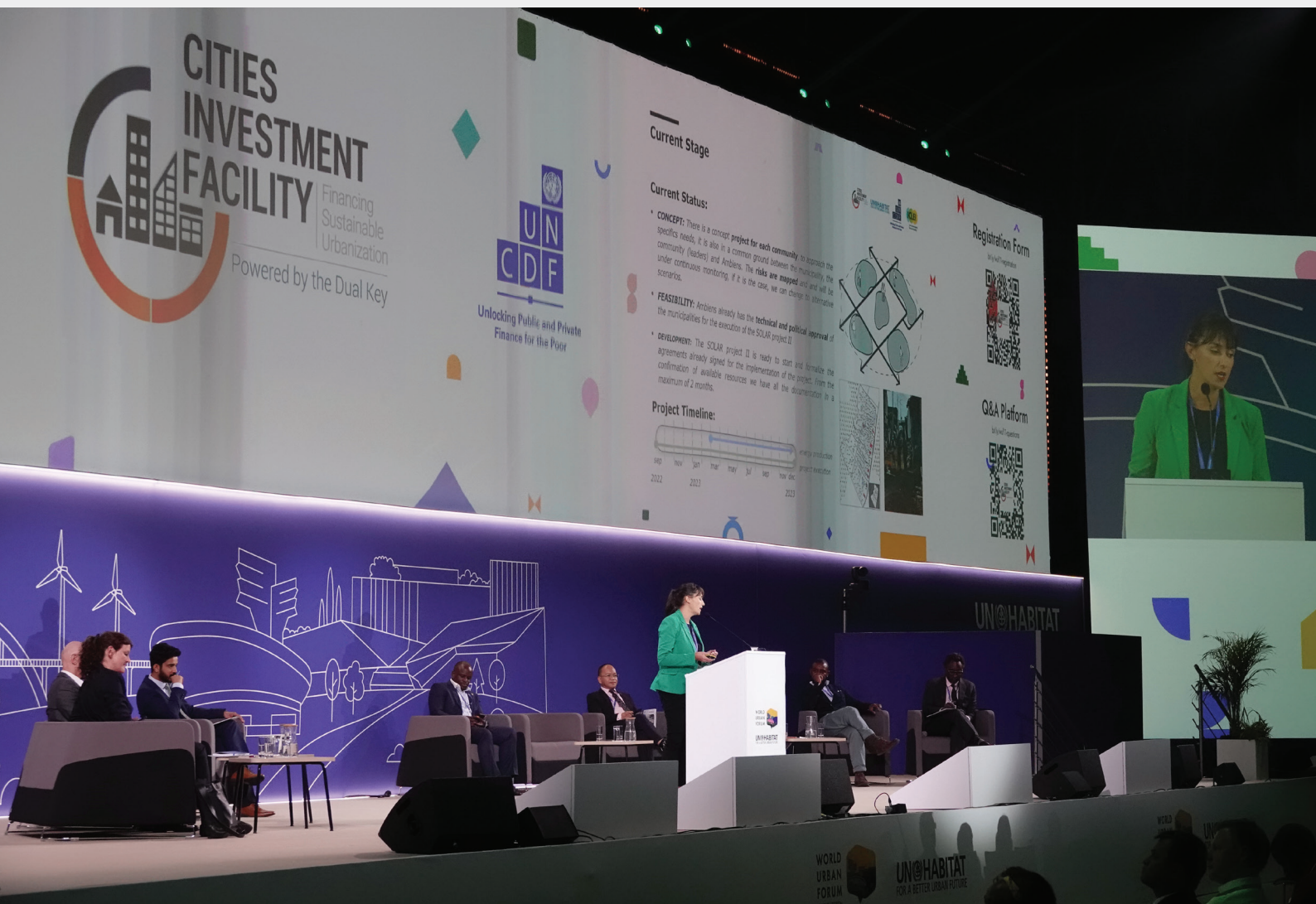


CITIES INVESTMENT FACILITY

SEMI-ANNUAL NEWSLETTER

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UPCOMING EVENTS

Cities Investment Facility (CIF) is a multi-stakeholder initiative that strives to unlock significant capital flows to inclusive, sustainable urbanisation projects. Through the three pillars – Cities Investment Portal, Cities Investment Advisory Platform and Cities Investment Vehicles – CIF helps prepare upstream infrastructure projects to become “investment ready” and connect them with investors. By convening and preparing a pipeline of SDG compliant bankable infrastructure projects, this new facility makes a significant contribution to achieving the United Nations 2030 Agenda for Sustainable Development.

<https://citiesinvestmentfacility.org>

Twitter: @cif_org (Cities Investment Facility)

LinkedIn: Cities Investment Facility

FOREWORD



After a very successful showcasing of the Cities Investment Facility (CIF) at the Ninth Africities Summit and the Eleventh Session of the World Urban Forum (WUF11), we now have a clear roadmap towards the preparation of up to 20 projects before the Twelfth Session of the World Urban Forum (WUF12), to be held in Cairo, Egypt, in January 2024.

The Facility has achieved a solid position when it comes to unlocking transformative finance for cities and communities. It is now well equipped with UN-Habitat and its implementing partners from across various geographical and thematic areas, after signing a Memorandum of Understanding (MoU) with three additional partners for the Cities Investment Advisory Platform. Smart Cities Network, Resilient Cities Catalyst and Gensler are the latest entities to join the CIF fraternity to boost project preparation.

The blend in the Cities Investment Facility is now optimal for the delivery of our core work to our constituents: cities and their communities. So far, 12 projects have been identified to enter a Pilot Preparation Phase, cutting across all regions in the developing world and multiple themes on sustainability. This Phase is crafted with the aim of setting an initial launch of the CIF offering, which will be the CIF Toolkit, that will be deployed during the Project Preparation Phase, and the CIF Feasibility Fund, which will be structured to fund the Pilot.

The current edition of the CIF Newsletter brings together the main stakeholders that will make this happen, with a focus on our implementing partners, project promoters and local governments participating at this stage. In particular, we will look at the work already done by the CIF in Lagos, Nigeria and the work that remains to be done in Ras El Bar, Egypt.

For 2023, CIF is in ACTION.

A handwritten signature in blue ink, appearing to read 'Maimunah', with a long horizontal stroke extending to the right.

Maimunah Mohd Sharif

Under-Secretary-General and Executive Director,
United Nations Human Settlements Programme (UN-Habitat)

DIALOGUE WITH SMART CITIES NETWORK

3rd October 2022, 18:00 – 18:30 (GMT+3/EAT)



At the Eleventh Session of the World Urban Forum (WUF11), UN-Habitat and Smart Cities Network signed a Memorandum of Understanding (MoU) to support the Cities Investment Facility (CIF) by providing concept to mid-stage project preparation work and bankability advisory for projects in the CIF pipeline.

The following is an interview between Urwa Shahid, Sustainable Finance Intern, from the Cities Investment Facility, and Syed Mubarak, Head of ESG Sub-Committee from Smart Cities Network.

Urwa: Today, we have Syed Mubarak from Smart Cities Network with us! How are you, Syed?

Syed: Very well, thank you, Urwa. Very glad to see you again!

Urwa: I am also very glad to see you today after WUF11. In this regard, I would like to ask you, Syed, how was your experience at WUF11 during the MoU signing with CIF, where you expressed your intentions to collaborate towards contributing to the Cities Investment Advisory Platform by providing support and guidance to selected projects in the CIF pipeline to align better with the SDGs and become investor-ready?

Syed: It was an extremely exciting moment for Smart Cities Network to partner with UN-Habitat and the Cities Investment Facility. The MoU signing is actually the starting point for our partnership over next three years, identifying investment-ready projects for implementing the New Urban Agenda. So, I think that's fabulous! We've been very active in the market, particularly in

Asian selected cities and countries to identify or ideate investment-ready projects, so we are all working towards a common agenda for the accomplishment of the SDGs; towards mitigating climate change and improving quality of life for people. And it's really needed where cities are crowded, polluted from air, water and waste challenges. Energy infrastructure is highly dependent on fossil fuel which impacts the life quality of people. Hence, enabling such initiatives to improve the city's environment would be great. Smart Cities Network is really geared to do this, and we are very happy to be part of the big umbrella of UN-Habitat and the Cities Investment Facility.

Urwa: That's amazing to know, Syed. We're working towards the same goal! Considering your active participation in the Asian market and the allocation of CIF projects based on your expertise in that region, what are your expectations going forward with project preparation, especially for the ones in Southeast Asia?

Syed: Smart Cities Network is based in Singapore and highly focused on Southeast Asia and at the Asian level. We are glad about working on those allocated projects to us from UN Habitat and the Cities Investment Facility. Currently, everyone is getting ready and we will only know when a rubber hits the road; how it's going to start, which direction it's going to move, right?

From an expectation point of view, when more support and guidance is given to Smart Cities Network by UN-Habitat or CIF, that will be really important as we start the project as I believe CIF and UN-Habitat would have explored similar mechanisms with other projects in other parts of the region so they would have learned lessons about certain mistakes that should not be repeated.

Since we are going to start afresh, we should not be making similar mistakes so that we can be much more prudent to save our time and effort to positively implement the projects. I think that could be the way and I believe that it's more of 'both parties go together hand in hand, helping each other for the common goal'. Ultimately, this will also contribute to UN-Habitat's learning because Smart Cities Network has a huge pool of people, those who come from a corporate world. We have experience in executing, ideating, implementing and managing such large scale projects. We could share this knowledge and expertise with UN-Habitat and CIF so that both can benefit on the common agenda.

Urwa: Definitely, Syed, I agree with you! We have to walk hand in hand, and we will be walking hand in hand soon. Do you think you can elaborate a bit more on why your group, Smart Cities Network, is most suitable to support our projects in Southeast Asia?

Syed: Definitely. I think it's a very interesting question. Firstly, we already made the partnership right between us. That literally illustrates the very first point that we are aligned on some common agenda. Secondly, we are present in Singapore and addressing the Asian market. And thirdly, Smart City Network has diverse personnel who worked in the corporate world or NGO world or government sector for decades. They have come in with a wealth of experience in ideating/implementing projects.

We believe this will create much more value on those projects which CIF is promoting. We have already identified investment-ready projects because of our vicinity knowledge connected to the ground and the network of connections we have in the Asian countries and cities. In addition to that, we could bring in a lot of technology providers and investors; so that these projects can be further enhanced and get into the construction phase and the performance management phase.

That's why we are happy that you are using the concept "implementing partner". It's really important to get into action rather than just talking. We are on the ground level and I believe that as an implementing partner, we can take action and see the real fruit of implementation of the New Urban Agenda.

Urwa: That's indeed important, that you are more focused on implementation, and you like to be on the ground. So, it's not just talking, but more action. Syed, as you are well aware, the mission of Cities Investment Facility is to unlock transformative finance for cities and communities. That means that CIF aims to direct private capital to sustainable infrastructure urban projects that are typically not investment ready. How committed is the Smart Cities Network to this cause?

Syed: What UN-Habitat has done by putting this CIF framework together is fabulous because, otherwise, most of the time projects are in ideation and planning levels and never get into the execution level because of lack of financing or lack of access to financing. Even when we were at WUF11, most of the panel discussions where I was sitting in, the common subject that was discussed was access to finance; "we could not get finance for the project so the project got stuck or couldn't get implemented".

In that context, bringing in this financing element, this transformative financing or blended financing is a good move because that means we are really output driven. You show the result because then there is a real benefit for the company, for the profitability, and ultimately creating a value into the ecosystem where the company operates.

However, there are a few elements that we really need to be mindful of; one is SDG alignment, where we are really solving the fundamental problem, and two is about ESG; Environment, Social and Corporate Governance.

This ensures that when the financing comes in, there is transparency, trust, and real impact. So, the money invested is effectively utilized on projects that create value for people on the ground. In this regard, it's really good that we now have a platform for supporting projects and bringing donors, investment partners, or green bond, equity financing, and all these financial instruments.

Urwa: That's right. You mentioned ESG. That's very interesting because the Cities Investment Facility is now also developing a CIF Toolkit to be offered to these projects that we will be preparing together, and one of the tools to be offered is the ESG Assessment. This would also include UN-Habitat tools.

Syed: I'm really happy that you're already thinking forward, planting the ESG framework into the project delivery

aspect of it. That means there are clear-cut indicators on the Environmental, Social and Governance aspects, right? There is a framework in place and certain international guidelines, you know for various requirements, so that it's clearly measured and monitored and managed.

Urwa: So Syed, what are your thoughts on the relevance of the CIF initiative to achieve the UN 2030 Agenda.

Syed: The SDGs have multiple actions - 169 actions - which makes it very complex in nature. But ultimately, all these countries or cities, which are already a part of it, need to get into the action level. In order to go into action level, many frameworks and many stakeholders have to come together in order to execute it.

One is implementing partner, the other is policymaker, technology provider and ultimately the finance provider or fund provider to a project or a particular city or a municipality. In creating this entire ecosystem along with CIF, the Cities Investment Portal, is the starting

point, followed by the Cities Investment Advisory Platform. Then, we need to evaluate the progress during the next 12 months until we get ready for WUF12 in Cairo in January 2024. This means completion of feasibility studies and getting projects to be investor ready. That's the kind of momentum we need to see.

Urwa: I like your positive attitude. Thanks for your insightful remarks, Syed. Now before we end the interview, would you have any final comments on this partnership between CIF and Smart Cities Network?

Syed: For my final comments, I would say that right now we partnered together for the common agenda. In my point of view, I think we need to act faster and work together to reap the main objective of this partnership which is to improve the quality of life of the people. We look forward to working together on this agenda with UN-Habitat and CIF in the next 12 to 36 months. We are really excited and happy for it. Thank you.

Urwa: That's good to know. Thank you very much, Syed.



MoU signing between UN-Habitat, the Cities Investment Facility and Smart Cities Network (left - Syed Mubarak, right – Neil Khor).

PROJECT PROMOTER TESTIMONIAL: LAGOS TRANSPORT INITIATIVE

Authors: Adebunola Olatunji, Business Development Manager, Lagos State Waterways Authority | Oluwadamilola Emmanuel, Managing Director, Lagos State Waterways Authority



Lagos Waterways Intervention

The Cities Investment Facility took interest in the Lagos Transport Project once the Full Business Case was completed by the Global Future Cities Programme (GFCP). The project touched on a wide range of SDGs including SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities) and SDG 16 (Peace, Justice and Strong Institutions). This reflects the ability of the project to adequately encompass a wide scope.

Every phase of the project was critically and technically assessed by UN Habitat using the SDG Assessment Tool. The standardized review processes gave Lagos State Waterways Authority (LASWA) the confidence to provide constructive feedback on the project development and deliverables. UN Habitat also gave LASWA practical recommendations for the next steps of implementation based on the work delivered by the delivery partner and project development processes.

The highlight of the Lagos Transport Project was the recommendation gotten by UN Habitat as the only Global Future Cities Project out of five urban projects to attain Track 1 status for the Cities Investment Facility (CIF). This selection was a wonderful achievement for the Waterways Sector which put Lagos State on the global urban map. The ranking also opened up opportunities for Lagos state to secure funding to support its financial obligations for the realization of the waterways projects, while giving additional access to the Emerging Markets Infrastructure Fund.

One of such opportunities was the invitation to showcase the Waterways Project at the 2022 World Urban Forum. The diverse sessions including the Business Roundtable led SDG Cities team, Cities Investment Facility Pitch Session, and the SDG Project Assessment Session, and the Global Future Cities Programme Panel and Networking session, all revealed the waterways sector's commitment in the implementation of the projects.

It is interesting to note that the projects are still being accessed by the Cities Investment Facility, accessing the challenges faced by developing cities like ours as we continually seek to achieve global partnerships, public-private collaboration, and Achievement of Sustainable Development in our cities. Other governments are also seeking ways of collaboration after witnessing the level of progress and sustained awareness created around the Inland Waterways Project.

The expectations are high as the project gets to the execution stage. We know that before the next WUF12, we would have achieved Infrastructure Upgrade and the setup of a fully functional Command and Control Centre which would enhance safety and security as well as increase confidence among the Waterways users.

FINANCING THE SDGS: SDG CITIES AND CIF JOIN FORCES

Author: Alice Lévêque, Intern at Flagship Programme 5: SDG Cities

Announced in 2020 at WUF 10 in Abu Dhabi, the SDG Cities Programme is a collaborative action to unleash the potential of cities to accelerate sustainable development and improve quality of life for all.

WUF 11 was an opportunity for SDG Cities to increase awareness on its goals and how cities can achieve the SDGs. Through 6 events with different audiences, SDG Cities demonstrated that its systemic approach can help cities and regions with unique priorities at the global level achieving the SDGs.

Financing the SDGs was a major theme evoked in the events organized by SDG Cities. With a USD 3.7 trillion SDG financing gap in 2020, solutions must be found to ensure funding for the implementation of the SDGs. Cities and local governments have been recognized as vehicles for sustainable development, yet their effectiveness depends on effective plans and projects being financed.

The Cities Investment Facility (CIF) helps cities participating in SDG Cities to prepare infrastructure projects for sustainable investment and impact.

Cities participating in the SDG Cities programme benefit from the certification process which recognizes cities' efforts in achieving SDGs. The Diamond Certificate is awarded upon significant investment and progress towards implementing projects and actions with high impact on SDG indicators.

To facilitate this, cities with projects prepared for investment through CIF are fast-tracked to be awarded the Diamond Certification.

Further information on SDG Cities Programme and the certification process can be found on this link: <https://www.sdg-cities.org>



Dyfed Aubery (inter-regional advisor at UN-Habitat) presenting 'Achieving SDGs – Why do Cities Matter' at UN-Habitat Arena during WUF11



Xiaoqing Wang (left) and Dyfed Aubery (center) standing alongside representatives of cities involved in the SDG Cities programme.

BRINGING CIF TO A GLOBAL AUDIENCE: WUF11

Author: Janus Leonhardt, Junior Consultant, Cities Investment Facility

To bridge the municipal infrastructure funding gap and catalyze progress on the achievement of the 2030 Action Agenda, the Cities Investment Facility convened ICLEI, UNCDF and UN-Habitat, organizations with vast expertise in developing climate projects at the local level, for the deployment of a Cities Investment Fair and Project Showcase at the Eleventh Session of the World Urban Forum (WUF11) in Katowice, Poland.

The Cities Investment Fair facilitated knowledge sharing among cities and enabled participating local governments to present their priority climate infrastructure projects to an eminent panel of project preparation facilities who offered their feedback and suggestions to the city-leaders. Further conversations were held between panel members, city-leaders pitching projects and the audience.

The Project Showcase brought together investors, donors, project preparation facilities and local governments by presenting case studies of SDG-aligned projects and demonstrating how the Cities Investment Facility have helped them to incorporate sustainable strategies, to increase the alignment of projects with the Sustainable Development Goals, and to improve the feasibility and bankability of their projects for investment. It also included an interactive panel discussion around "Sustainable

Urban Development through Private Financing with Blended Finance Strategies", featuring the main implementing partners of the Cities Investment Facility to highlight their role and expertise.

These events were complemented by the participation of the Cities Investment Facility and its implementing partners at the WUF11 Exhibition Area. The 21 square meter Exhibition Booth was located next to the Urban Cinema and the Association of Polish Cities, being shared by all Cities Investment Facility Implementing Partners to demonstrate the "CIF in Action". Several CIF activities were displayed to (i) highlight areas of collaboration between the Cities Investment Facility and its implementing partners; and (ii) showcase sample projects supported by the Cities Investment Facility around the world.

Since the Cities Investment Facility is establishing a donor supported evergreen fund to support the early project preparation work performed by its Advisory Platform implementing partners, a Feasibility Fund Dinner was also organised, in the margins of WUF11. It introduced prospective donors (philanthropic institutions, foundations and other technical assistance funders) to the Cities Investment Facility programme and its various implementing partners and discuss how the Feasibility Fund is critical to support the de-risking of early project preparation work.



Mr. Cristopher Rollo, presenting a project in Ormoc, Philippines at the Cities Investment Fair.

Summary of the Discussions

The discussion at the Cities Investment Facility Sessions highlighted the critical need for effective actions to bridge the municipal infrastructure funding gap and to generate public and private financing that is aligned with the SDGs, in the framework of strengthen project development processes to increase bankability and lower the costs of investment.

Bridging this gap requires a two-pronged approach. The first is to build effective, accountable, revenue and public financial management systems, within local and regional governments, so that revenue can be optimized, and expenditure channeled in a way that leaves no-one behind. A robust local financial system is also key to attracting external investment. The second is to channel finance from multiple sources to cities. This involves empowering the local financing system, as well as directing external sources of finance to cities, through excellent project preparation and investor outreach.

Speakers stressed that local governments need to be supported to fully leverage the financing options available to them to fund necessary public investments and create trust to attract private investments. The need to de-risk investments and build trust between the different actors involved, with close attention to context-specific solutions, was also highlighted as crucial. To do so, speakers at the session noted the need to ensure that projects create value across multiple stakeholders and the role of the Cities Investment Facility in helping local governments

reframe and co-create different ways to structure the projects, e.g., carbon credits, land value capture, increase of property value. In this framework, speakers highlighted the importance of exploring co-benefit opportunities to bring other stakeholders on board, in order to reduce involvement risks. This is also related to the need to build local capacity in administration on how to do project management in a better way that engages stakeholders.

The importance of investing in subnational finance by government partners, the private sector and donors was also stressed, as SDG implementation happens at the local level. In this regard, the expansion of the local fiscal space by intergovernmental fiscal transfers was suggested. Addressing this issue, in conjunction with coordinating between different government levels, improving the policy and regulation environment, supporting cities to have access to international capital markets and make conditions favorable to these cities; and solving the issues of data available for planning, budgeting, and ensuring correct targeting, was highlighted as key to adapt the available financial systems for being fit for purpose.

The conclusions emanating from the panel discussions and the presentations of the speakers were contrasted with the pitch sessions of the selected projects. Project promoters had the opportunity to discuss each of the elements previously described in the framework of the implementation of their project, with suggestions from the panel to catalyse the required funding and support in a context-specific framework.



Hon. Samuel Kawale, M.P. presenting a National Slum Upgrading Project in Malawi at the Cities Investment Facility Project Showcase.

CIF EXHIBITION BOOTH AT WUF11

©UN-Habitat



1. CIF Exhibition booth at WUF 11, Urban Expo, Spodek, Katowice
2. Exhibition booth in operation
3. Learning about the SDG Assessment Tool on iPad





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4. MoU preparations at CIF exhibition stand
5. MoU between UN-Habitat and Gensler
6. MoU between UN-Habitat and Resilient Cities Catalyst
7. MoU between UN-Habitat and Smart Cities Network

UPCOMING EVENTS

1. Urban Finance Masterclass

Author: *Urwa Shahid, Sustainable Finance Intern, Cities Investment Facility* | Reference: *Duncan Cave, Lead of Think City Institute*

Cities Investment Facility and its implementing partners would be facilitating an Urban Finance Master Class in the second quarter of 2023 which will be delivered over a period of 4 weeks. The Urban Finance Master Class is a capacity-building initiative that guides city project owners from ideation to launching of the projects to financing platforms.

The delivery model of the Master Class is a hybrid of pre-recorded videos, assignments, and live sessions led by subject matter experts. This first, in a series of Urban Finance Master Classes, focuses on enabling cities to pitch on the Cities Investment Platform. Moreover, the Master Class opens opportunities for network building, ESG impact creation, knowledge development, and leadership in the emerging field of urban finance.

In preparation for this Masterclass, Cities Investment Facility arranged a one-day workshop in collaboration with its CI Portal partners, Think City, during Urban October on 27-10-2022. Partner Representatives from CI Advisory Platform and CI Vehicles also contributed to making this workshop a success towards developing a viable curriculum for the course. As project promoters and city authorities were the target audience, their feedback from the Workshop will prove crucial in the design and operationalisation of the Urban Finance Master Class. The Master Class will equip cities with the right tools to successfully submit their sustainable urban development projects to CIF. Stay tuned for official launch of the Master Class!



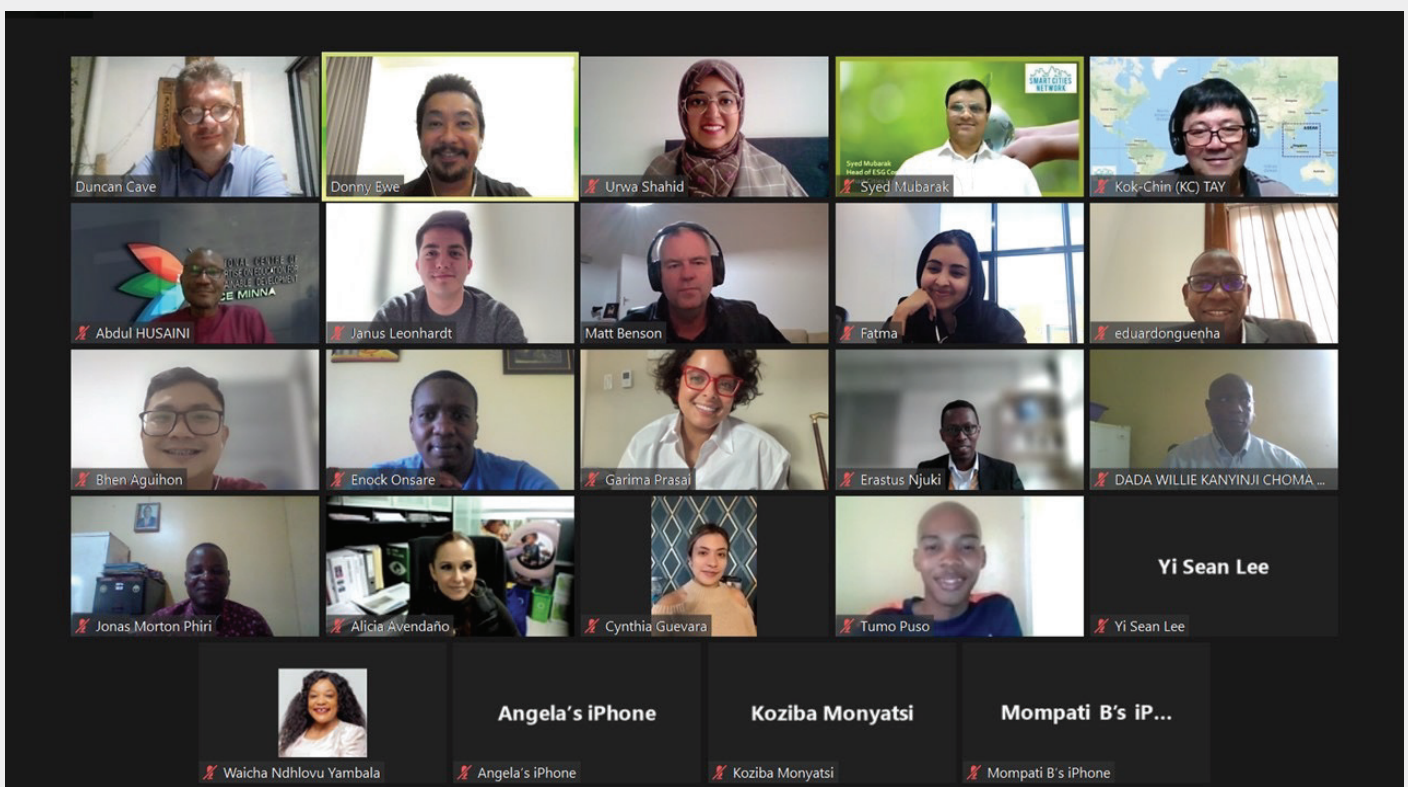
AIM

1. Address the knowledge gap in project preparation and, in doing so, the disconnect between city project owners and the providers of capital
2. Deliver a practical master class that guides cities from ideation to implementation, helping city project owners prepare their projects for submission to financiers



TARGET AUDIENCE

- Teams or individual urban practitioners preparing and implementing city projects
- Audience may come from public or private urban organisations, NGOs, or relevant community groups



One-Day Urban Finance Masterclass Workshop held on zoom on 27 October 2022 14:30 – 16:30 EAT

CONTRIBUTORS



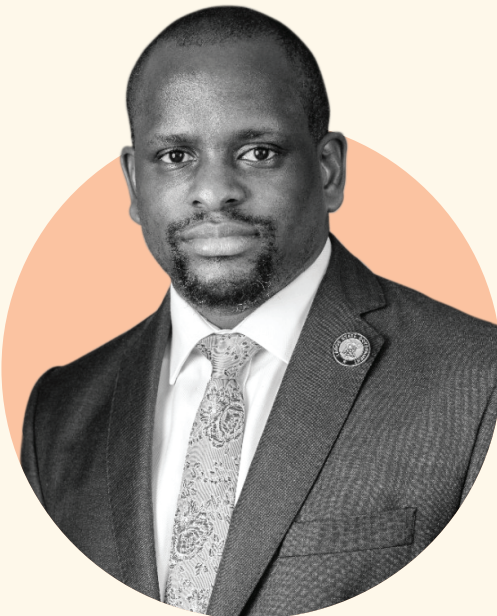
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