

# CITIES INVESTMENT FACILITY



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The Cities Investment Facility (CIF) is a multi-stakeholder initiative that strives to unlock significant capital flows to inclusive, sustainable urbanization projects. Through its pillars, CIF structures projects at the (pre)feasibility stage to become “financeable” and connect them with investors. By convening and preparing a pipeline of SDG-compliant financeable infrastructure projects, the facility, makes a significant contribution to achieving the UN’s Agenda 2030.

 <https://citiesinvestmentfacility.org>

 @cif\_org (Cities Investment Facility)

 Cities Investment Facility

# FOREWORD



This edition of the Cities Investment Facility Newsletter highlights the Local Finance Framework (LFF) and shares updates from our investment vehicle, EMIF Group, and our recent partnerships and missions.

The Local Finance Framework plays a significant role in our work given the intersection of funding and financing mechanisms in meeting the growing infrastructure needs of cities. UN-Habitat is developing the LFF to bridge the resource and capacity gap, helping local governments enhance their financial position to deliver essential public services and infrastructure.

Our commitment to sustainable urbanization is further exemplified by the efforts of EMIF, a key implementing partner. With the introduction of new advisory members and our recent scoping mission to Colombia, EMIF is playing a crucial role in catalysing sustainable infrastructure projects in emerging markets.

Further, CIF's strategic partnerships are exemplified by the signing of a memorandum of understanding with Shanghai SUS Environment Ltd. to promote waste-to-energy projects in the Asia-Pacific region.

As we head into the twelfth session of the World Urban Forum (WUF12), recalling the origins of the Cities Investment Facility at WUF10 underscores its foundational role in bridging the infrastructure financing gap. CIF's evolution since WUF10 culminates in the establishment of a feasibility funding facility, a funding mechanism for upstream project preparation set to be operationalized in the next five years.

CIF is gearing up for the second iteration of its high-level meeting. This meeting builds on the commitments made during the first high-level meeting in Istanbul Türkiye on October 30, 2023, including the creation of a Knowledge Hub on Financing for Sustainable Urban Development. Building on this momentum, CIF is excited to announce the launch of a capacity building initiative at WUF12. Through a series of sustainable finance sessions, CIF aims to equip cities with the knowledge and tools to submit high-quality projects to the facility.

With the operationalization of the feasibility fund and the sustainable finance sessions, CIF is making significant progress towards sustainable and resilient cities!

We look forward to welcoming you to WUF12 in Cairo, Egypt, from 4 to 8 November 2024 and updating you about the work of the Cities Investment Facility.

**Cities Investment Facility**

# TOWARDS A LOCAL FINANCE FRAMEWORK

*Lennart Fleck, Programme Manager, Public Finance and Economic Development, UN-Habitat*

Urbanisation is a key driving force for global and national economies. Currently, cities contribute more than 80 percent of the global GDP. Despite this, cities in developing countries often have insufficient revenue to meet the growing need for public infrastructure and services. Failure to attract these resources will inevitably lead to congested, polluted, and expensive cities which deter investment and hamper urban economic growth. Accordingly, past conventions and treaties on Local Government Finance, the Addis Ababa Action Agenda or the New Urban Agenda have called for additional resources to be invested in urban development, via improved leveraging of a variety of private and public funding and financing options (including improved transfers, own source revenues, land-value capture, debt, bonds, private investment, etc.).

While the full range of funding/financing sources should be leveraged to attract additional resources to urban development, not all sources are suitable for all cities nor for all types of investments. Each funding/financing source has its own unique strengths,

weaknesses and applicability. Failure to recognize this leads to poor prioritization of capacity building interventions of local governments and ultimately inefficient usage of public resources. Failure to heed the unique suitability of the different instruments has brought about a situation where 90% of bankable project initiatives in Africa have not reached financial close. Could we not have better gauged the financiability of some of those project from the get-go and instead invested those funds in other more applicable funding or finance mechanisms?

To provide answers to this question and increase the overall usage of public resources in the local finance space, UN-Habitat is developing the Local Finance Framework (LFF). The LFF is still in development but already some initial/tentative hypotheses to guide public decision making around the types of funding and financing mechanisms which local governments should leverage to deliver public infrastructure.

## A HIGH-LEVEL LOCAL FINANCE FRAMEWORK (TO BE VALIDATED)

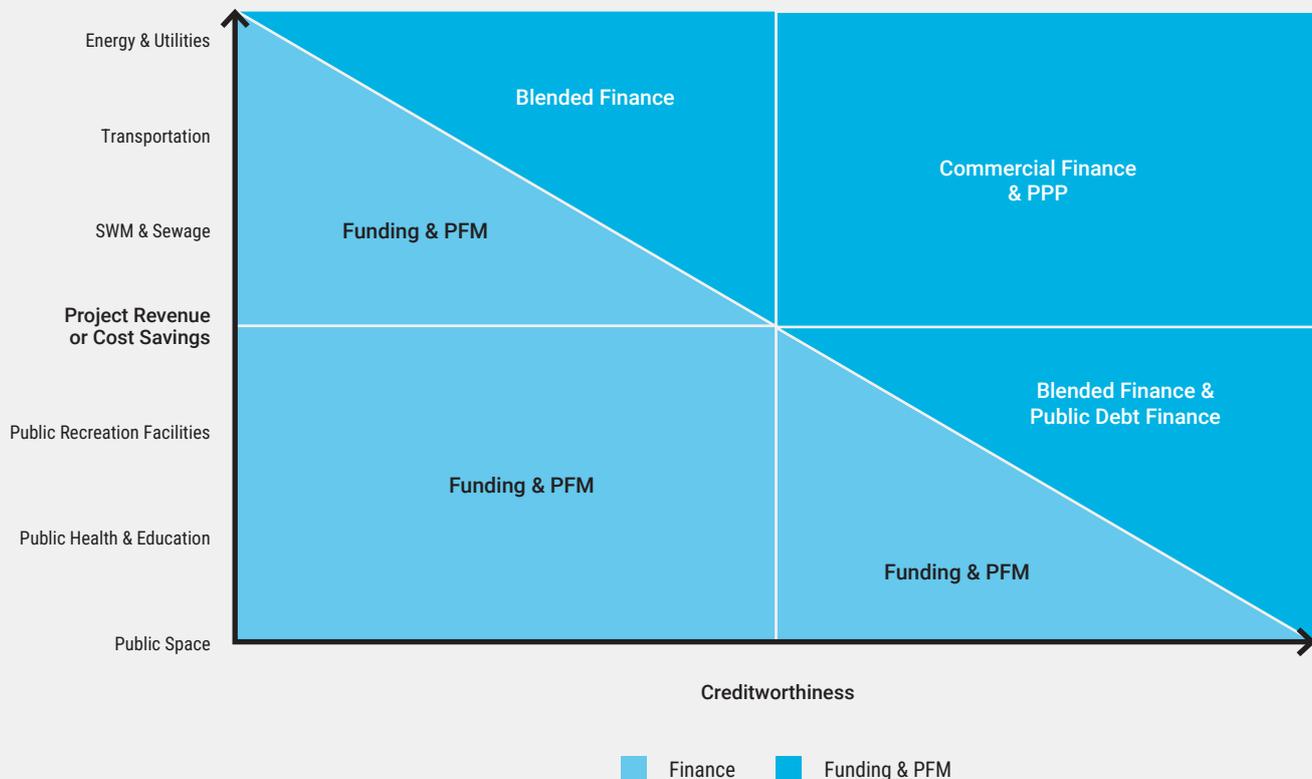


Figure 1: A tentative local finance framework

## Implications of the LFF

The Local Finance is premised on the principle - Finance follows Funding. It argues that financing mechanisms only become feasible and affordable where cities have the means to pay back debt or equity investments via their own funding streams (intergovernmental transfers, grants and or Own Source Revenues) or project revenues (user-fees and/ or cost savings). When cities are not creditworthy nor in possession of projects that can generate significant revenues, local governments will have to prioritize Public Financial Management (PFM) Reform and/or funding instruments. Only once cities have developed these foundations can they access finance and accelerate infrastructure delivery.

In a nutshell, the LFF recommends a shift from finance to funding. It argues that the key reason why cities in developing countries do not access finance is because they do not have sufficient funding sources to guarantee adequate return on investment to private financiers. There is not a shortage of finance but rather of funding. While financial engineering can theoretically make almost any city or project financeable these initiatives risk greatly increasing the overall cost of projects to a point where they are unlikely to deliver value for money. The goal should not be to attract private finance at any cost, potentially encouraging cities to offer their most valuable assets (e.g. publicly owned land) as collateral at heavily discounted rates to the point where the cost of capital exceeds economic impact.

In addition to its impact on the local finance norms, the LFF also has several practical applications. It has the potential to support cities in the development of Financing Strategies which build on the cities' financial situation and unique expenditure plans to increase the delivery of value-for-money infrastructure at the local level. It also has the potential to enhance the impact of the City Investment Facility and other Project Preparation facilities. The LFF provides a clear formula for identifying the types of projects and cities that are most likely to reach financial close and increase the impact of project preparation efforts. It thereby provides a mechanism for up-stream project preparation facilities like the CIF to optimize its sourcing and project filtering mechanisms.

## Key Terms

- **Finance:** refers to money which needs to be repaid and generate returns. It includes instruments such as loans, bonds, or equity investments.
- **Funding:** refers to money which does not need to be repaid. It is usually provided based on non-financial expectations. It includes Intergovernmental transfers, Own Source Revenues and or other grants.
- **Intergovernmental transfers:** grants that local governments receive from higher levels of governments
- **Own Source Revenues:** taxes, licenses, fees and other charges that local governments control themselves
- **PFM:** refers to the systems, processes, policies, and practices that governments use to manage public funds effectively and efficiently
- **Creditworthiness:** refers to an entity's ability and reliability to repay borrowed funds. It is assessed based on factors such as the political environment, macro-economic developments, credit history, revenue, and/or debt levels. It determines the likelihood of defaulting on a loan or credit obligation.
- **Public Debt:** refers to any debt finance that a government entity raises from public or private sources.
- **Blended Finance:** refers to the strategic use of concessional finance to attract and leverage private sector investment for public service delivery
- **Concessional Finance:** refers to finance that is provided at below-market (discounted/subsidized) rates
- **PPPs w/ Private Finance:** refers to a contractual arrangement between government and private sector entities to provide public services. There are many different variations based on the roles and responsibilities taken on by the private sector from financing, planning, building, and/or operating the public services. In this case we are referring to PPPs that are privately financed (not service or management contracts).

# BRIDGING THE URBAN INFRASTRUCTURE GAP THROUGH PROJECT PREPARATION AND FEASIBILITY SUPPORT

Lucas Novelle Araújo, Director Government & Public Services, PWC Luxembourg



Financing the development of infrastructure projects in cities and metropolitan areas is critical to supporting sustainable economic development and growth. Today, cities currently host more than half of the world's population, and it is expected that 2/3 of the global population will live in urban areas by 2050, doubling the global urban footprint.

Accommodating this unprecedented urban demographic growth requires a significant investment in sustainable urban infrastructure: housing, transit, waste, water, energy, etc. Yet, many urban projects never get off the ground, particularly in emerging markets. Recent

estimates put the global annual municipal infrastructure funding gap at US\$15 trillion. While several factors are at play, lack of readiness due to the inability of project promoters to properly design and structure projects is one of the most significant hurdles.

Project promoters, particularly at the sub-national and local levels, often lack the necessary resources to line up viable project pipelines. This lack of project preparation assistance prevents hundreds of projects from becoming reality, hindering growth and economic development.

In order to overcome these hurdles, UN-Habitat has teamed up with a global consulting firm to come up with innovative ways to crowd in capital to finance early-stage project preparation to help bankable projects get off the ground and deliver positive environmental and social impact.

Through this collaboration, we have designed a facility exclusively focused on bridging the gap between the conceptual and development stages of the projects. The facility is part of a broader offering to help project promoters get high-impact urban development projects off the ground. Indeed, following feasibility, project promoters will be able to benefit from the Cities Investment Vehicles to bring projects from development to financial close.

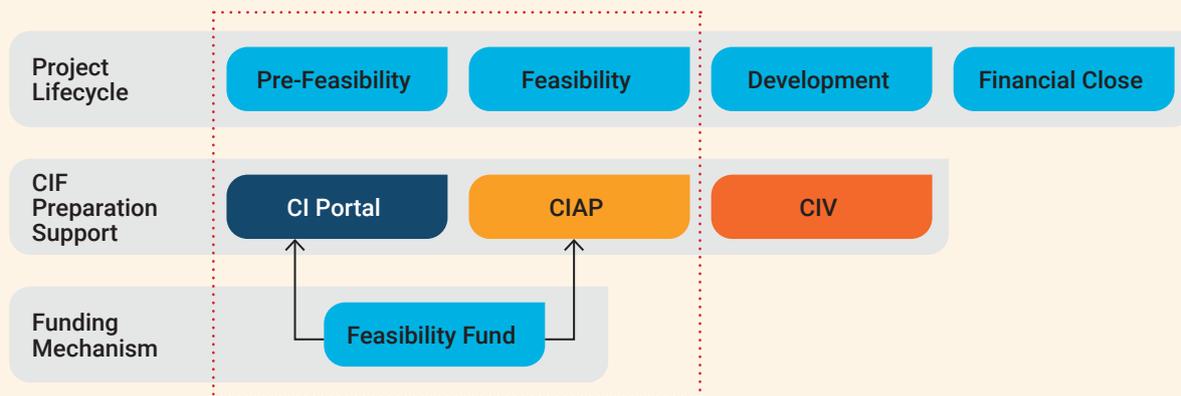


Figure 2: Cities Investment Facility process flow, powered by the Feasibility Fund

## WHAT IS MEANT BY “FEASIBILITY”?

The feasibility phase aims at understanding whether a particular project is technically, economically, and environmentally viable. In the context of the facility being developed, eligible activities will include:

- Developing a conducive framework.
- Early-stage concept design work.
- Basic technical and financial modelling, conducting due diligence, and finalising the pre-feasibility studies.
- Studies focusing on the organisational, financial, technical, social, and environmental aspects of the projects.
- ToRs and call for tenders with respect to these activities.

Hence, the facility is intended to help project promoters undertake all the necessary activities prior to the detailed project engineering design and/or detailed financial modelling.

## WHAT IS THE PROPOSED GOVERNANCE STRUCTURE?

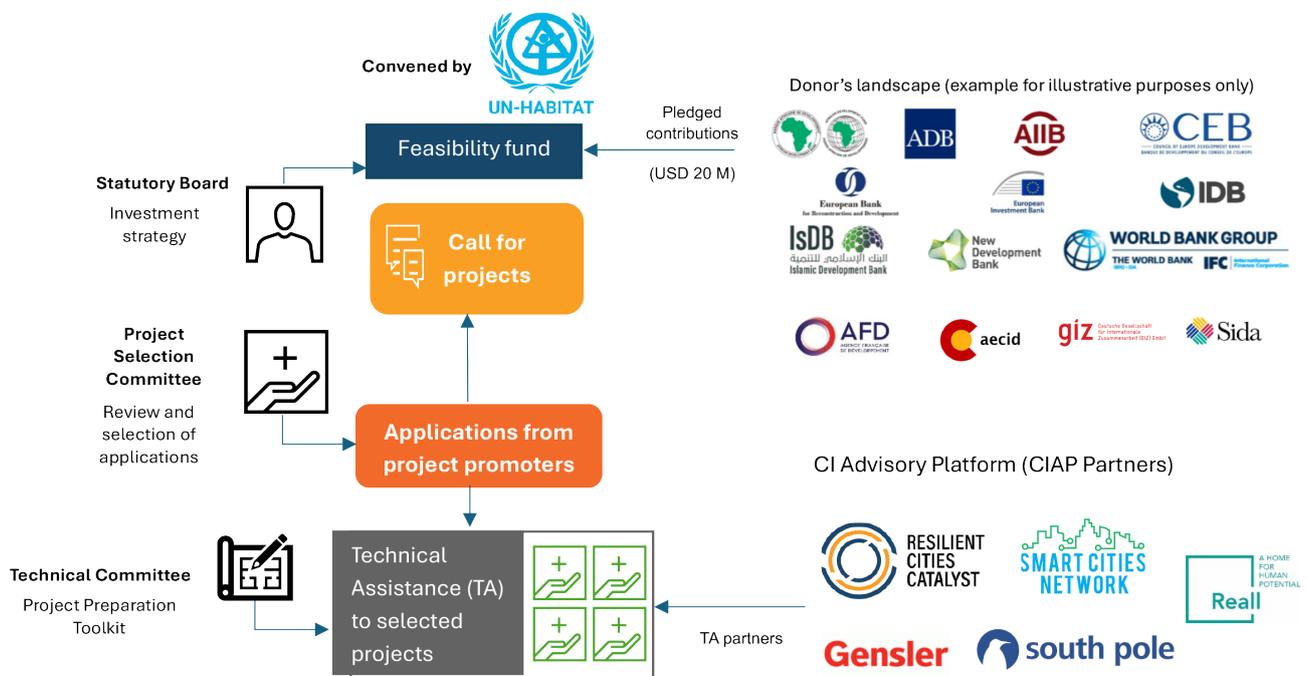


Figure 3: Proposed Governance Structure of CIF's Feasibility Fund

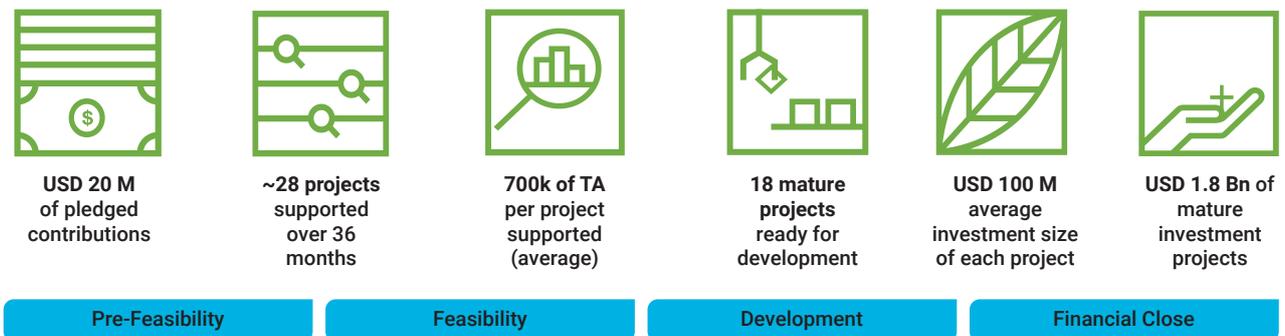


Figure 4: Catalytic impact of projects prepared through the Cities Investment Facility

The facility is expected to have a major catalytic effect, as USD 20 million of pledged contributions into the feasibility might unlock up to USD 1.8 billion of sustainable urban development financing.

## WHAT IS THE UNIQUE ADDED VALUE OF THE FACILITY?

- Ability to source projects **globally and in niche sectors** of sustainable urban development. These are ESG impact projects that would otherwise not be prepared because they are not yet attractive to private capital.
- Leverage the extensive UN-Habitat network amongst sub-national project promoters to **build institutional capacity for** sourcing and preparing projects.
- Already established agreements with **technical assistance providers that** understand early-stage project preparation and that can be mobilised very quickly.
- Significant **de-risking potential and leverage effect**– for every dollar received in seed grant funding, at least 125 dollars is invested in sustainable impact.
- Overall, the private sector-driven approach offers an incentive for projects to be prepared within a **shorter timeframe and** at an **efficient cost**.

After months of collaboration, the structure and main features of the facility were presented and discussed with key sectoral experts in a series of workshops taking place between May 6th and 8th in London. The next step is twofold: to continue building the project pipeline and to mobilise donor resources and raise financial commitments.

# EMIF GROUP NOMINATES NEW ADVISORY BOARD MEMBERS AND SCOPING MISSION TO COLOMBIA

Len Eberhard, Partner, EMIF Group



Cityscapes of Bogota city Colombia. © Shutterstock/ Gitano Americano

EMIF Group, a CIF Implementing Partner and the sole Cities Investment Vehicle, is an investment and advisory platform created to catalyse critical development by increasing the number of bankable sustainable infrastructure projects in emerging markets and developing economies to foster significant environmental, economic, and social impact. Our mission is to catalyse foreign direct investment into PPP infrastructure within non-traditional EMDE markets by leading the project preparation phase. Our inaugural USD\$100 million Sustainable Infrastructure Preparation Fund ("SIPF") specifically undertakes the funding and management of a project's mid-to-late-stage preparation activities.

SIPF manages and finances critical subnational infrastructure projects during their mid- to late-stage preparation phases. This involves detailed project analysis and collaboration with experts to prepare comprehensive environmental, social, and technical studies, ensuring alignment with

international development standards and UN SDGs for project bankability. Prior to SIPF involvement, EMIF Group conducted extensive evaluations to confirm projects offered significant social benefits and had robust government support, establishing a solid path to financial closure and delivering attractive returns on investments.

## NEW ADVISORY BOARD MEMBERS

We recently announced two advisory board additions—Nazmeera Moola and Christel Bourbon-Séclet—who join long-standing member Noel Dekking. Ms. Moola is the Chief Sustainability Officer at Ninety One, where she oversees their firm-wide initiatives, including their commercial imperatives, investment integration, and advocacy work. She has covered the macro-economy in South Africa and other emerging markets since 2000. She is passionate about making financial markets work to support development. Her remit has included the

Emerging Africa Infrastructure Fund, which provides debt financing for infrastructure projects across Africa.

Mr. Dekking, a lawyer with a development background, has advised EMIF Group since 2019 and is currently the Energy Transition Manager for the leading private oil and gas company in Latin America, heading up a team responsible for the implementation of the company's energy generation diversification strategy. His career has largely seen him responsible for the origination, development, and structuring of renewable energy projects for international IPPs throughout Latin America, Asia, and Africa.

Ms. Bourbon-Séclet is currently seconded from the Agence Française de Développement group to C40 Cities in the role of Climate Leadership Group as Director, City Finance Programme. She is overseeing all of C40's financial work and supporting cities to access finance for the implementation of ambitious, inclusive, and

resilient climate actions. She joined AFD in 2008 and contributed to the financing of a large number of environmental and municipal projects in her capacity as Head of Proparco's Mobility, Municipal, and Environmental Infrastructure Division.

## MISSION TO COLOMBIA

In April, along with members of the CIF Secretariat and UN-Habitat, we participated in a mission to Colombia to promote CIF and identify potential project pipelines in the country. We met with numerous national, regional, and local/city representatives and government agencies throughout Bogotá, Medellín, Barranquilla, and Cartagena, including the President's Special Advisor, several governors and mayoral representatives, as well as many PPP infrastructure promotional and support groups.

One of those entities was the National Infrastructure Agency, which "has the purpose of planning, coordinating, structuring, contracting, executing, managing, and evaluating concession projects and other forms of PPP for the design, construction, maintenance, operation, administration, and/or exploitation

of public transportation infrastructure in all its modes." They explained the concept plans for several upcoming large-scale, national-level water and rail projects throughout the country.

Overall, the mission showed that Colombia has significant motivation, political will, and plans for infrastructure development in the coming decade. We expect that many of these projects will proceed with the help of CIF and SIFP.

## WHAT WE LOOK FOR

As a completely independently managed entity, SIFP only engages with prospective investees flowing from the CIF pipeline that demonstrate certain selection criteria. These include:

- An established business case via a user- and/or government-pays revenue mechanism;
- Achievement of the mid-stage of preparation, consisting of established feasibility as well as some preparation assets initiated;

- A path to bankability with remaining risks that are reasonably defined and acceptable
- Supports at least one UN SDG;
- Strong, demonstrable support from multiple, higher levels of government, including both public endorsement as well as acknowledgement of needed risk mitigation instruments; and
- An acceptable construction budget/ticket size or, alternatively, the ability to aggregate smaller projects within a geography.

Prior to undertaking an investment, EMIF Group performs a complete analysis to ensure, for example, that the initiative supports at least one SDG, has support amongst its government stakeholders, and provides a basis for providing an attractive risk-adjusted return for private-sector capital investment. Ultimately, a demonstrable path to financial closure must be in place. Any projects applying to the CIF that are already advanced enough to meet these criteria will immediately be considered for support by the SIFP.

# BUILDING A SUSTAINABLE FUTURE: A COMPREHENSIVE OVERVIEW OF CIF'S JOURNEY SINCE THE TENTH SESSION OF THE WORLD URBAN FORUM



UN-Habitat WUF10 Expo area Abu Dhabi 2020. © UN-Habitat/Babu Lal

The Cities Investment Facility (CIF) emerged as a legacy initiative at the Tenth World Urban Forum (WUF10) in Abu Dhabi in February 2020, marking a pivotal moment in the global commitment to sustainable urban development. More than just an initiative, CIF became a tangible commitment to the shared dream of sustainable cities, seamlessly interwoven with the Sustainable Development Goals (SDGs) and UN-Habitat's Cities Global Initiative Flagship Programme.

CIF's mission was clear: to bridge the gap between sustainable infrastructure projects and the prevailing financing gap by availing project preparation services to cities to ensure de-risked projects that attracted private capital.

In October 2020, CIF launched an expression of interest for potential implementing partners. By 2022, a formidable team had assembled: Think City, Resilient Cities Catalyst, Gensler, Smart Cities Network, Reall, and EMIF Group. Each brought their unique expertise to the table, enhancing CIF's capacity to transform vision into reality. In 2023, CIF welcomed South Pole as a new implementing partner and signed a letter of intent with Ethos Ventures, further solidifying its commitment to collaborative action.

But the real testament to the potential of CIF lies in the overwhelming response to its project open calls. A staggering 44 proposals from regional focal points and 55 from external calls flooded in, a resounding

affirmation of the global need for CIF's project preparation value. CIF meticulously evaluated each proposal, enlisting the invaluable support of its implementing partners. Together, they identified projects that not only aligned with CIF's criteria but also promised to make a tangible difference in the lives of urban residents.

Looking ahead to WUF12 in Cairo, Egypt, CIF is gearing up for its next exciting chapter. Three key initiatives take centre stage: the establishment of the feasibility fund, the launch of a knowledge hub, and the showcasing of active projects.



Sustainable and participatory resettlement of the roca sundy community terra prometida. © UN-Habitat

The feasibility fund is a third-party managed vehicle designed to provide technical assistance funding for project preparation work related to the technical, environmental, social, financial, and legal advisory work streams performed by Cities Investment Advisory Platform (CIAP) implementing partners. Price Waterhouse Coopers (PWC) Luxembourg, in collaboration with legal and financial experts, meticulously crafted the fund's framework. PWC Luxembourg recommended the optimal legal framework for the fund and a suitable vehicle design incorporating governance, jurisdictional and regulatory perspectives. Come WUF12 in November 2024, the fund will be officially launched, ready to receive philanthropic and governmental contributions that will kickstart the critical work of preparing impactful urban infrastructure projects.

The knowledge hub, another brainchild of CIF, promises to be a vibrant forum for knowledge exchange and expert guidance on sustainable urban development. Conceived at the first High-Level meeting in Istanbul, Türkiye, this hub will empower UN-Habitat with insights, best practices, and advocacy tools related to financing for sustainable urban development. The knowledge hub will be fully launched and operationalized at WUF12 to ensure maximum engagement with the global community.

Finally, CIF will proudly showcase its active project pipeline at WUF12. In 2024, CIF is actively preparing four projects for showcase, including a lakefront development project in Kenya, a waste-to-biogas project in India, a smart traffic management system in Malaysia, and a climate resilience and adaptation project in the Philippines.

Showcasing the progress made by CIAP will highlight the significance of CIF's work in developing financeable urban infrastructure projects, complementing the significance of the feasibility fund.

The journey of the Cities Investment Facility since its inception at WUF10 in 2020 reflects a dedicated effort to address the challenges of sustainable urban development. As CIF strides towards WUF12, it does so with the unwavering belief that sustainable urban development is not just a possibility but a necessity. With its robust project pipeline, collaborative partnerships, and innovative initiatives like the feasibility fund and knowledge hub, CIF is poised to play a pivotal role in shaping the future of our cities, one impactful project at a time.

## EVENTS

## EMPOWERING FUTURE CITIES: UN-HABITAT'S VISION FOR INCLUSIVE AND RESILIENT URBAN DEVELOPMENT

Feiza Fadhili, Regional Outreach Consultant, UN-Habitat



Erfan Ali, Chief of Staff, Director of the Regional Programme Division

At the recent AIM Congress, held on May 9, 2024, UN-Habitat's Chief of Staff, Erfan Ali, delivered a compelling keynote speech outlining the organisation's approach to shaping the future of cities worldwide. The discussion revolved around pivotal themes including digital transformation, renewable energy integration, resilience, and the application of AI in urban environments.

### Urbanisation trends and technological integration

Ali emphasised the profound impact of urbanisation on global development, highlighting disparities between megacities and smaller urban centers. He underscored how cities serve as epicentres of innovation and economic growth, driving technological advancements since the first industrial revolution.

In the era of the fourth industrial revolution, cities are uniquely positioned to tackle emerging challenges through innovation and technology.

### Towards Smarter Cities: Enhancing Inclusivity and Resilience

Central to Ali's vision is the concept of smarter cities driven by knowledge-based urban development. He stressed the importance of evidence-based planning in achieving Sustainable Development Goal 11, which aims to make cities inclusive, safe, resilient, and sustainable by 2030. Ali pointed out that digital tools play a crucial role in bridging urban data gaps globally, thereby enhancing urban and spatial planning to improve the quality of life for all residents.

Ali also highlighted the urgent need to leverage technology for inclusivity and resilience. He cited examples where smart city technologies have improved accessibility to essential services while addressing environmental challenges such as climate change. By integrating green and smart technologies, cities can foster sustainable economic growth without compromising environmental sustainability.

### Key Messages for People-Centred Cities of the Future

In his concluding remarks, Ali emphasised the importance of tailoring innovation practices to local contexts, particularly in smaller cities and developing regions. He advocated for the adoption of low-carbon technologies and the use of digital tools to enhance public services and local decision-making processes. Ali emphasised that innovation should be inclusive and collaborative, ensuring that all stakeholders contribute to the development and implementation of urban solutions.

Innovation and technology, guided by the principles of inclusivity and resilience, are central to UN-Habitat's mission of creating sustainable urban futures. Ali's keynote speech at the AIM Congress underscored the organisation's commitment to empowering cities worldwide to meet the challenges of the 21st century. As we continue to advance, it is imperative that we harness the collective intelligence and determination of every actor to ensure that our cities evolve responsibly, meeting the needs of current and future generations.

## EVENTS

## UN-HABITAT AND THE UNITED NATIONS GLOBAL COMPACT COLLABORATION



Michal Mlynár, Assistant Secretary General and Acting Executive Director, UN-Habitat and Sanda Ojiambo, Executive Director, United Nations Global Compact

UN-Habitat's Acting Executive Director Michal Mlynár met with the Executive Director of the UN Global Compact, Sanda Ojiambo to discuss strengthening collaboration between UN-Habitat and the Global Compact. They discussed mobilizing key private sector support for UNHabitat's priority areas – housing, climate change, resilience, SDG localization, digital technologies and innovation, and financing sustainable urban development.

## MISSIONS

### UN-HABITAT SCOPING MISSION TO COLOMBIA



From left to right: Nicolas Tamayo (Global Solutions Division, UN-Habitat), Claudia Mondragon (Urban Expert, UN-Habitat Latin America and the Caribbean), Cesar Valles Sosa (UN-Habitat Latin America and the Caribbean), Dyfed Aubrey (Chief of Office, UN-Habitat Office for the EU) and Luciana Cardoso (Programme Management Officer, UN-Habitat).

© UN-Habitat

In collaboration with its implementing partner, the Emerging Markets Investment Fund (EMIF) Group, UN-Habitat's Cities Investment Facility (CIF) embarked on a comprehensive scoping mission to Colombia from April 1 to 6, 2024. This mission aimed to identify promising projects for inclusion in CIF's pipeline, with EMIF Group serving as the investment vehicle. Further, another central objective was to establish an infrastructure fund to catalyse sustainable urban development across Colombia's major cities.

During the mission, Dr. Saul Kattan, adviser to the President of Colombia, highlighted the digital transformation and smart city initiatives underway in Bogotá, Cartagena, and Medellín. Despite these cities' progressive agendas, they face significant challenges in monetizing their projects, necessitating project preparation services to enhance viability and attract private investment.

CIF and EMIF also engaged with the National Company for the Promotion of Territorial Development (ENTerritorio), which focuses on project structuring, execution, management, and evaluation. Discussions centred on strengthening project preparation processes and exploring contributions to CIF's feasibility fund facility, which aims to enhance the technical capacity of Colombian cities in preparing high-impact projects.

In a parallel effort, CIF and EMIF held discussions with Paola García, Executive Director of Colcapital, to explore the establishment of an infrastructure fund dedicated to financing urban infrastructure projects. Colcapital, a prominent Colombian private association, is committed to advancing the private capital fund industry and currently manages 10 impact funds focused on affordable housing and urban infrastructure. Colcapital expressed interest in

creating a local special purpose vehicle to finance local project preparation and facilitate connections between CIF, EMIF, and other local investors and private sector actors.

A key criteria for CIF in sourcing projects is the evidence of government support, underscoring the significance of public-private partnerships (PPPs) in urban infrastructure projects.

Francisco Suarez, a representative from the Chamber of Infrastructure and Legal Matters on PPPs in Colombia, emphasised that political will and technical capacity were key to successful PPPs in Colombia. Mr. Suarez asserted the significance of formulating a matrix that assesses the intersection of political will, technical capacity, thematic area, and ticket size for all potential projects in the country.

Looking ahead, CIF and EMIF anticipate receiving a diverse range of project submissions from Colombia, spanning sectors such as energy, public space, waste management, and smart cities. The partnership eagerly anticipates signing a tripartite agreement with ENTerritorio to jointly prepare projects, thereby fostering sustainable urban development and enhancing the quality of life in Colombia's cities.

## MISSIONS

### UN-HABITAT SCOPING MISSION TO COSTA RICA



Maricela Hernández Ruiz, Executive Director, Instituto de Fomento y Asesoría Municipal (IFAM) Costa Rica

In partnership with the Emerging Markets Investment Fund (EMIF) Group, UN-Habitat's Cities Investment Facility (CIF) conducted an additional scoping mission in Costa Rica from April 8 to 10, 2024, with the objective of identifying potential projects for uptake into CIF's pipeline.

One of the highlights of the mission was the assessment of the Tinetti Market urban regeneration project, valued at \$41 million. This project is part of a broader initiative to enhance public spaces and

social amenities, aiming to revitalise urban areas and improve the quality of life for residents.

The mission also identified significant opportunities in the housing, waste management, and road infrastructure sectors. Detailed reports in these sectors shared with CIF outline the potential for impact while ensuring sustainable growth and enhancing the resilience of communities. Further, the establishment of regional innovation hubs is also a key

focus sector. These hubs will serve as centres of excellence, driving forward-thinking solutions to urban and rural development challenges.

To advance these initiatives, CIF and EMIF will convene public-private partnership (PPP) experts in the country. These discussions will focus on structuring legal frameworks to facilitate PPPs and ensure their support in the identified sectors. UN-Habitat will also review the incentive matrix for cities, the private sector, and its own programs. This strategic approach aims to create a conducive environment for sustainable investments and enhance the effectiveness of PPPs.

Lastly, UN-Habitat is exploring alternative financing options for Costa Rica's municipalities, including collaboration with the United Nations Office for Project Services (UNOPS). Currently, CIF's main investment vehicle is EMIF, which targets projects with a ticket size of \$100 million. In the intended collaboration, UNOPS will prepare projects that do not align with EMIF's criteria, mainly in relation to the ticket size, to ensure these infrastructure projects receive the necessary technical assistance, funding, and support.

UN-Habitat's scoping mission to Costa Rica has unveiled a myriad of opportunities for sustainable development across various sectors. Through strategic partnerships, innovative financing mechanisms, and a focus on capacity building, UN-Habitat and its partners are poised to drive transformative change in Costa Rica and beyond.



Instituto de Fomento y Asesoría Municipal (IFAM) employees and UN-Habitat representatives

# NEW PARTNERSHIPS

## UN-HABITAT PARTNERS WITH SHANGHAI SUS ENVIRONMENT TO ADVANCE SUSTAINABLE INFRASTRUCTURE IN THE ASIA-PACIFIC REGION



Shanghai SUS Employees

The United Nations Human Settlements Programme (UN-Habitat) and Shanghai SUS Environment entered into a memorandum of understanding on January 19, 2024, to promote the development and delivery of sustainable waste-to-energy urban infrastructure projects.

The memorandum of understanding was signed by Mr. Neil Khor, Former Special Advisor, Office of the Executive Director, UN-Habitat, and Mr. Zhan Liang, General Manager, International Business Department at Shanghai SUS Environment.

Under the collaboration, UN-Habitat and Shanghai SUS Environment will jointly mobilise resources to strengthen private investment in waste-to-energy urban infrastructure projects in low- and middle-income markets. This will facilitate the preparation of bankable projects in markets that have traditionally struggled with the project preparation process, allowing for investment readiness.



Ningbo-Industrial Park (Shanghai SUS PPP project with the Ministry of Finance).

Mr. Neil Khor asserted: "The clock is ticking on sustainable waste management for cities globally. This partnership is a declaration of action to pioneer a clean energy future and accelerate the global transition away from fossil fuels."

Mr. Liang said: "SUS Environment, with nearly 20 years of experience and technical prowess in the waste-to-energy sector, is committed to tackling the increasing challenges of waste management and energy insecurity across the region."

We stand ready to continue the journey to deliver solutions for a just transition towards a circular economy for all.”

The collaboration will guide the project preparation process for projects in the waste-to-energy sectors for the Cities Investment Facility (CIF), a multi-stakeholder initiative providing assistance for project preparation with the aim of unlocking private capital in urban infrastructure projects.

As the largest solid waste incinerator supplier and leading developer of one-stop integrated environmental solutions in China, SUS Environment has successfully implemented over 80 projects in Asia, with a total capacity of 110,000 tonnes daily. A fully operated project can significantly reduce local greenhouse gas emissions by generating 18 billion kWh of clean electricity and providing reliable energy to more than 7.2 million households annually.

Rapidly growing economies and urban areas mean that there are immense challenges in managing waste effectively. By unlocking private investment and equipping cities with the tools they need to excel, UN-Habitat and Shanghai SUS Environment are seeking to generate sustainable waste management practices that ultimately support the principles of a circular economy, emphasised at COP28.

## UN-HABITAT LAUNCHES PARTNERSHIP WITH SHANGHAI SUS ENVIRONMENT LTD TO ADVANCE SUSTAINABLE URBAN DEVELOPMENT



Shanghai SUS, UN-Habitat and Hitachi Zosen Corporation Representatives

At an event on March 8, 2024, in Shanghai, China, attended by global leaders and industry experts, UN-Habitat launched a new partnership with Shanghai SUS Environment Ltd., highlighting the potential of the new collaboration in advancing sustainable urban development. The announcement was made during the launch of the Waste to Energy International Alliance, a partnership between Shanghai SUS Environment Ltd., Hitachi Zosen Corporation, and other global partners that promises to revolutionise waste management and the energy transition.

In his keynote address, Mr. Erastus Njuki, representing UN-Habitat and the Cities Investment Facility (CIF), lauded the efforts of Shanghai SUS Environment Ltd. and underscored the significance of their new collaboration with UN-Habitat.

The collaboration between UN-Habitat and Shanghai SUS Environment Ltd. tackles critical challenges facing cities today, notably energy access and affordability, waste management, and financing of public sector projects. Waste-to-energy initiatives, when executed efficiently, exemplify how a

circular economy may be implemented in cities and communities.

Addressing the urgent need for a just energy transition, this collaboration emphasises the importance of leveraging innovative technologies, such as waste-to-energy initiatives, to enhance energy accessibility and affordability, particularly in underserved communities.

Effective waste management strategies are key to mitigating environmental pollution and promoting sustainable development. UN-Habitat's Waste Wise Cities Campaign delivers a holistic approach to waste management and reiterates the importance of collaboration with partners like Shanghai SUS Environment Ltd.

Looking ahead, UN-Habitat expressed its commitment to deliver investment-ready projects with Shanghai SUS Environment Ltd. by harnessing the collective expertise, capacity, and resources of all the partners of the Cities Investment Facility.

The United Nations Human Settlements Programme (UN-Habitat) and Shanghai SUS Environment



Mr. Michi Kuwahara, Member of the Supervisory Board, Hitachi Zosen Corporation



Dr. Long Jisheng, President Director, Shanghai SUS Co., LTD.

Ltd. entered into a memorandum of understanding on January 19, 2024, to promote the development and delivery of sustainable waste-to-energy urban infrastructure projects. Under the collaboration, UN-Habitat and Shanghai SUS Environment Ltd. will jointly mobilise resources to strengthen private investment in waste-to-energy urban infrastructure projects in low- and middle-income markets.

# CONTRIBUTING TO UN-HABITAT

The Cities Investment Facility assists in project sourcing by identifying urban infrastructure projects with potentially viable business models. Project sourcing is enabled through UN-Habitat's extensive geographical network of local governments and stakeholders that can ensure projects in these key sectors:

- Transport and mobility
- Water and sanitation
- Energy
- Affordable housing
- Waste Management

To help UN-Habitat in project sourcing, CIF is seeking grant contributions aligned with donor regional and thematic preferences.

## Here's how you can contribute:

### Seed Grant contribution to UN-Habitat

You can make a direct contribution to the UN-Habitat CIF through a seed grant.

UN-Habitat, Donor

Discuss and Draft terms for the Contribution Agreement and contribution disbursement schedule

UN-Habitat, Donor

Legal review of the terms of Contribution Agreement contribution disbursement schedule

UN-Habitat, Donor

Joint Signing of Contribution Agreement and disbursement schedule

Donor

Disbursement of the first payment within 14 calendar days of signing agreement

UN-Habitat

Share project reports (including financial and project implementation report)

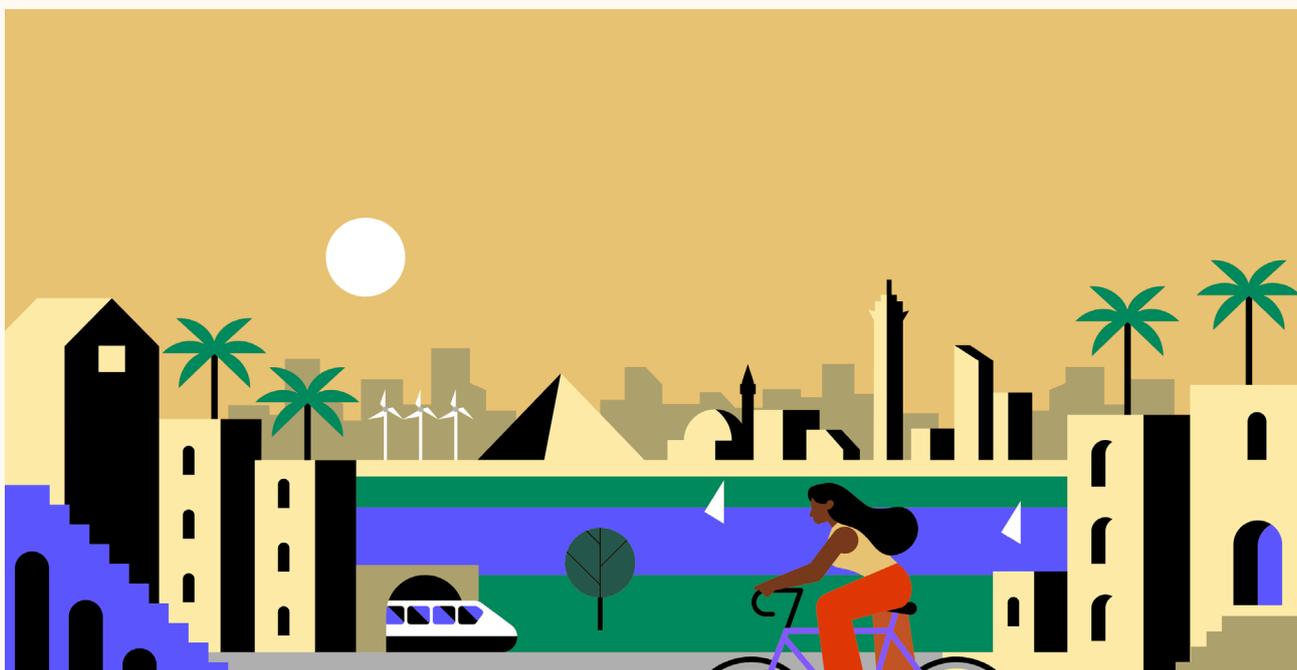
**Contents of Contribution Agreement:** The standard Contribution Agreement outlines the contribution amount, purpose, payment arrangements, requirements, cost recovery, use of UN-Habitat's name or emblem which provides for its use fully when authorized, dispute resolution, consultation, termination, and entry into force. An annex will be attached, tabulating the Project, the schedule and budget of the implemented project.

**Cost Recovery:** The Contribution Agreement should make provision for Programme Support Costs in line with UN rules and regulations. It outlines two distinct cost categories: Indirect Costs (Programme Support Cost rate of 13%) and Direct Costs (implementation of support services linked to the specified project). Special Circumstances: In special cases, where the indirect cost percentage needs to be lower than 13%, approval must be sought from Office of the Executive Director (OED) or Management Advisory and Compliance Services (MAC).

## UPCOMING EVENTS

## SAVE THE DATE - WUF12

**WORLD  
URBAN  
FORUM**



**The Twelfth Session of the World Urban Forum (WUF 12)  
will be held in Cairo, Egypt, from November 4–8, 2024.**

The Cities Investment Facility will be in Cairo hosting the second iteration of its high-level meeting on financing and launching a capacity building initiative aimed at equipping cities with the knowledge and tools to submit high-quality projects to the facility.

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The Cities Investment Facility is also co-organising a Business and Foundations Assembly and Roundtable at WUF12. The assembly, themed “Making Impact in Cities Local Businesses,” aims to identify barriers that prevent effective private sector participation in sustainable urban development, identify opportunities for their contribution to local impact, and develop a collective plan of action.

The roundtable will explore collaborations between businesses, foundations, and other stakeholders to address urbanisation challenges and close the SDG 11 financing gap. It aims to showcase successful partnerships, encourage dialogue, and identify synergies for greater impact.

Learn more about WUF12 on the official website: <https://wuf.unhabitat.org/wuf12>

# NEW PERSONNEL INTRODUCTION

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## **Parul Singh, Sustainable Finance Intern**

Parul Singh is an accomplished finance professional with over eight years of experience in auditing, risk assessment, development project evaluation, financial reporting, process improvements, writing (designing) policies and procedures (SOPs), and capacity building for civil society organisations (CSOs). She has worked with prominent consulting firms, including PwC India and EY India, and has served as an auditor for projects funded by the United Nations, the Asian Development Bank (ADB), the World Bank, and others.

Parul holds financial certifications from the Institute of Cost Accountants of India and the Chartered Institute of Management Accountants, UK. She earned her bachelor's degree in commerce from the University of Delhi and is currently completing her MSc in Sustainable Finance and Accounting at the University of Sussex, UK.

In her current role as a Sustainable Finance Intern at the Cities Investment Facility, Parul will be responsible for project development, including facilitating project assessment, due diligence, and bankability assessment processes for projects within the CIF Project Pipeline.



## **Sandra Yebyo, Sustainable Finance Intern**

Sandra Yebyo holds a Bachelor of Business Science in Financial Economics from Strathmore University, where she obtained an in-depth understanding of financial principles, economic theories, and analytical acumen.

She has gained a diverse range of experiences, not only as a Finance and Accounts Intern at Kenya National Trading Corporation but also as a devoted volunteer at Mogra Children's Home, where her contributions deeply impacted the community. These experiences sparked her commitment to sustainable urban development and her desire to contribute to projects that drive economic growth and enhance the quality of life in urban areas, leading to her keen interest in the Cities Investment Facility.

Within her situated role at CIF, Sandra intends to support project preparation while integrating Environmental and Social Governance principles and aligning with the Sustainable Development Goals framework.

# CONTRIBUTORS



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