

City Climate Finance Gap Fund Launches to Support Climate Smart Urban Development



City Climate Finance Gap Fund

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- **The Gap Fund offers technical and advisory services for climate action projects**
- **Supporting cities in developing and emerging economies**
- **Unlocking at least €4 billion of final investment**

Today, the City Climate Finance Gap Fund (“The Gap Fund”) was launched jointly by ministers and directors of the Governments of Germany and Luxembourg together with the World Bank, European Investment Bank and Global Covenant of Mayors. It paves the way for low-carbon, resilient and livable cities in developing and emerging economies by unlocking infrastructure investment at scale.

The Gap Fund will support city and local governments facing barriers to financing for climate-smart projects. Filling a gap in available project support, the Gap Fund offers technical and advisory services to assist local leaders in prioritising and preparing climate-smart investments and programs at an early stage, with the goal of accelerating preparation, enhancing quality, and ensuring they are bankable.

With a target capitalization of at least €100 million, the Gap Fund will

accelerate investments supporting cities in developing and emerging economies, as they determine goals and objectives for low-carbon and well-planned urbanization. The Gap Fund investment is aiming to unlock at least €4 billion of final investment in climate smart projects and urban climate innovation.

“There can be no return to business as usual. Our recovery from the COVID-19 crisis must be the opportunity to rebuild better, in particular with respect to the climate and environment. We must also ensure that this recovery leaves no one behind, supporting livelihoods and communities”, said **EIB President Werner Hoyer**. *“The Gap Fund will help cities in developing countries to implement their transformative climate projects. This is a tangible example of how the EIB’s partnership with governments, local authorities and the World Bank can support the global shift towards a climate-neutral economy and the achievement of the Sustainable Development Goals. The Gap Fund will play an important role in this endeavour, and I encourage cities to share their ideas and apply for support.”*

Cities are on the frontlines of the climate emergency and currently account for around 70 percent of global CO₂ emissions. Urban centers’ share of emissions is expected to grow as 2.5 billion people migrate from rural to urban areas by 2050. Before the COVID-19 pandemic struck, it was estimated that more than \$93 trillion in sustainable infrastructure investment was needed by 2030 to meet climate goals. As cities strive to recover from the economic impacts of COVID-19, investments in clean energy, climate resilient water and sanitation, and urban regeneration projects will play an important role in eliminating pollution, improving local food systems, and creating green jobs. They will also lead to cleaner, healthier, and more equitable communities – conditions that can help prevent future pandemics.

Climate investment projects are an indispensable opportunity to improve lives of the millions who live in cities around the world. However, cities frequently lack the capacity, finance and support needed for the early stages of project preparation – especially in developing and emerging economies. This leads to impasses where cities cannot move project ideas to late-stage preparation and implementation. This hurdle is frequently overlooked by national and international support – a challenge the Gap Fund will seek to overcome.

The Gap Fund is an initiative of the Governments of Germany and Luxembourg together with the Global Covenant of Mayors for Climate and Energy (GCOM), in partnership with several other key players in the climate finance arena (including C40, ICLEI – Local Governments for Sustainability, and CCFLA). It will be implemented by the World Bank and the European Investment Bank. The Gap Fund was announced at the UN Climate Action Summit 2019 as a key initiative of LUCI, the Leadership for Urban Climate Investment, which promotes financing for ambitious urban climate action until 2025. Core donors to the Gap Fund are Germany (€45 million – including €25 million from the Ministry for the Environment, Nature Conservation and Nuclear Safety, and €20 million from the Ministry for Economic Cooperation and Development) and Luxembourg (€10 million).

About the City Climate Finance Gap Fund

The City Climate Finance Gap Fund is supported by [Germany's International Climate Initiative \(IKI\)](#) of the [Federal Ministry for the Environment, Nature conservation and Nuclear Safety](#) (BMU), the [Federal Ministry for Economic Cooperation and Development](#) (BMZ), as well as [Luxembourg's Ministry of the Environment](#), Climate and Sustainable Development. Other partners include the [Global Covenant of Mayors](#) (GCoM) and city networks including [Local Governments for Sustainability](#) (ICLEI) and [C40 Cities](#) Climate Leadership Group. The Gap Fund is implemented by two institutions: the [World Bank](#) (WB), and the European Investment Bank (EIB).

For more information visit www.citygapfund.org.

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