



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 26-Jan-2022 | Report No: PIDC234481



BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P175329		Low	Gap Fund partnership with GCOM
Region	Country	Date PID Prepared	Estimated Date of Approval
OTHER	World	26-Jan-2022	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	C40	C40	

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	2.35
Total Financing	2.35
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	2.35
City Climate Finance Gap Fund Multi-Donor Trust Fund	2.35

B. Introduction and Context

Country Context

Cities are key to unlocking a climate-smart future for all, as they account for more than 50% of the global population, about 70% of global energy-related CO2 emissions and 80% of global GDP. Urban centres' share of emissions is expected to grow as the urban population is projected to increase by 2.3 billion people by 2050. Much of that population growth – an estimated 90% – will happen in Africa and Asia, where climate change will push tens of millions of people to move. When the world finally recovers from the COVID-19 crisis, cities will present a huge opportunity to rebuild in a way that is climate friendly and meets some of the



world's ambitious targets, such as the Paris Agreement, Nationally Determined Contributions (NDCs) and the United Nations' Sustainable Development Goals (SDGs).

Cities are major contributors to climate change and vulnerable to its impacts. Cities' rapid and often haphazard growth, especially in developing countries, will drive greenhouse gas emissions and increase residents' vulnerability to climate change and other shocks, such as heatwaves, flooding and health emergencies. To respond to these challenges and encourage innovation and leadership, an increasing number of cities are developing climate action plans and tracking their own locally determined contributions to national and global goals. By becoming climate-smart, cities can avoid locking in development that encourages emissions and leaves the population vulnerable, while at the same time improving quality of life, safety and competitiveness. Creating low-carbon, resilient cities – through investments that improve air quality and support sustainability with the circular economy, green buildings, clean transport and open spaces – is key to achieving the goals of the Paris Agreement.

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Sectoral and Institutional Context

Today, cities and local governments face barriers in accessing finance to become low-carbon and climate-resilient. Furthermore, these efforts often encounter difficulties due to insufficient capacity or resources, particularly in the early stages of project preparation. An estimated USD 93 trillion of sustainable infrastructure needs to be built between 2015 and 2030– over 70 percent of which is to be built in urban areas. A critical gap exists particularly in the early stages of project preparation, as suggested by experience from actors working on both the demand and supply of project financing. Often cities do not have the required capacity, resources or enabling national and local policy environment in place for project preparation to be done correctly. It is estimated that total project preparation (early and late stage) generally represents about 3%-5% of the total project investment costs, but it can be up to 10% in emerging frontier markets. This means that, for the anticipated USD 93 trillion infrastructure investment needs, up to USD 4.5 trillion would be required for project preparation. However, mobilizing public and private resources for project preparation is a challenge as private actors will usually not engage in early project preparation due to the inherent risk and labor intensity associated with incipient projects, and local public actors often lack the necessary resources or capacity to develop projects to the point that they are ready for investment. This gap results in a lack of well-prepared projects for low-carbon and climate resilient urban investment projects and limits the role cities can play in addressing global climate challenges.

The City Climate Finance Gap Fund (Gap Fund) helps cities in developing and emerging countries realize their climate ambitions, turning climate resilient, low-carbon ideas into finance-ready projects. By supporting cities in both upstream (strengthening planning and finance systems and prioritization of interventions) and downstream (project identification and initial preparation) work, the Gap Fund helps cities reach the scale of climate impact required for achieving global goals to limit temperature increase to 1.5°C above pre-industrial



levels. These investments can be part of cities' medium- to long-term COVID-19 recovery efforts across different sectors.

Relationship to CPF

The WBG' corporate commitments to galvanize and mainstream climate action are supported by three types of corporate plans: The WBG Climate Action Plan; the WBG Action Plan on Adaptation and Resilience and Regional Climate Business Plans. GPURL has set urban resilience and climate as a strategic priority. The objective is to support cities and local governments in moving towards resilient, low-carbon and climate-smart pathways, through support for upstream (multi-sectoral) analytics and capacity building, planning and finance mobilization, and downstream investment projects. Creating low carbon, resilient cities – through optimal urban density, spatial planning and design as well as investments that improve air quality and support sustainability with the circular economy, green buildings, clean transport and open spaces – is key to achieving Paris Climate Agreement goals and the WBG Climate Change Action targets.

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C. Project Development Objective(s)

Proposed Development Objective(s)

The project's objectives are to: a) raise awareness of cities and city networks about the City Climate Finance Gap Fund (Gap Fund), its activities, the types of support available and the process for making an application to the Gap Fund, b) provide support to city governments to identify and seek to overcome the challenges they face in evolving Sustainable Energy and Climate Action Plans into projects that can contribute to climate change mitigation and adaptation outcomes, and c) provide direct assistance in identifying appropriate programs and projects and formulating expressions of interest for support from the Gap Fund.

Key Results

Key expected results include:

- Increased awareness of the Gap Fund and its activities
- Increased capacity of targeted cities to identify the challenges they face in evolving ideas into projects that can contribute to climate change mitigation and adaptation
- Increased capacity of targeted cities to formulate expressions of interest for support from the Gap Fund



D. Preliminary Description

Activities/Components

Component 1 – Awareness Raising

The proposed awareness raising activities in support of the Gap Fund include a mix of centralized activity and in-region support. Activities to be undertaken include:

- Development and dissemination of a core awareness raising toolkit.
- Development of regionally contextualized outreach and awareness raising materials including translation and adaptation toolkit materials for different regions.
- Two half day training sessions per year, per region for Covenant helpdesks/offices across the 6 regions on city climate finance, the Gap Fund and post Gap Fund options for securing investment.
- Webinars and whenever feasible regional in-person events to reach out to and engage city decision makers in submitting EOIs to the Gap Fund, aimed at delivering high quality and appropriate EOIs. Two Gap Fund specific events are planned per region per year.
- Centralized support mechanism to work alongside implementing agencies, coordinate and answer/refer questions, monitor and address risks and issues arising from the above activity.

Component 2 – Support for Expressions of Interest

a) Direct One-to-One Support to Cities for Expressions of Interest

On request, provide in-depth support on a one-to-one basis to cities to support EOI development, refinement and submission through the Gap Fund website.

For EOIs submitted outside of this route, or for queries on other emerging/developing Gap Fund EOIs, work with the World Bank and EIB Gap Fund Secretariats to provide feedback to cities and refine draft documentation.

Where also needed, work alongside cities in engaging relevant stakeholders (e.g. national/regional networks or governments) in support of EOI development.

b) Development and Provision of Tools and Data to Support EOIs

Building on existing GCOM work on tools and data to support climate decision-making in cities, work with implementing agencies to bring together a toolkit and data driven approach to Gap Fund EOIs. This would focus on mechanisms to draw standard datasets together for interested cities and to assist with emissions reduction/resilience/energy access quantification as part of building the case for EOIs. This could draw on GCOM's existing work with WRI (Data Portal) and Google (Environmental Insights Explorer).

c) Analysis of Key Challenges Faced by Cities



Support targeting and development of Gap Fund support activities by gathering feedback from target beneficiary cities on the challenges they face in developing, financing, and implementing climate smart projects. Proposed activities include:

- Development and deployment of one survey per year (of all cities submitting Gap Fund EOIs) to also gather wider information about barriers to project development
- One virtual follow-up workshop per year (scope/nature to be defined with World Bank)
- Recommendations from regional feedback on where key replication/market scaling opportunities exist
- Production of annual report summarizing feedback

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Environmental and Social Standards Relevance

E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Not Currently Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	



Summary of Screening of Environmental and Social Risks and Impacts

The project is focusing on raising awareness and building capacity in participating city governments in drafting EOIs for GAP fund application. Its activities are limited to the development of toolkits, delivery of training, both online and on-site, to individuals and public agencies, organization of workshops and webinars, and one to one technical assistance in the EOI development process. Neither civil works nor equipment will be financed with grant activities. Project activities are not expected to have any significant adverse environmental and social impacts and risks. The intellectual outputs of the project are likely to have positive environmental effects by management of (global) environmental issues such as climate change, pollution, Green House Gas (GHG) reduction, and enhancement of adaptation in climate change strategy and investment in future of countries. The project will be implemented by staff members of the C40 and contracted short-term consultant experts where deemed necessary. There may be potential for labor-related issues for the project staff and participants in face-to-face TA engagement such as sexual harassment, abuse, and gender discrimination. But the risks are considered low. They are largely confined to an office environment and will be reduced with the current COVID-19 context, as training interactions are anticipated to remain largely virtual and C40 has a strong policy in place to address those issues. The key stakeholders involved in the project are the staff of C40 and potential consultants to deliver the project TA activities, the potential beneficiaries of the TA activities, particularly the participating city governments and their staff who will be responsible for drafting the EOIs for GAP fund. The project is not expected to incur major stakeholder risks.

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