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THE GLOBAL COVENANT OF MAYORS ANNOUNCES 3 NEW INITIATIVES AND PARTNERSHIPS TO SUPPORT LOCAL CLIMATE ACTION AT ONE PLANET SUMMIT

Two years after ratifying the Paris Agreement, the Global Covenant of Mayors ensures cities have further access to finance in order to implement critical urban climate mitigation and adaptation

Paris France, 12 December 2017 – Today, at the One Planet Summit in Paris, the Global Covenant of Mayors for Climate & Energy announced three new finance initiatives and partnerships that will accelerate the implementation of the Paris Agreement in cities and local governments across the world.

Marking the two-year anniversary of COP21 where the Paris Agreement was signed, the Global Covenant of Mayors joined with C40 Cities Climate Leadership Group, ICLEI, and various regional covenant partners, to announce the One Planet Charter – a new commitment campaign that will help cities swiftly implement actions to ensure Paris Agreement goals are met.

Through the One Planet Charter, cities will commit to specific climate action that drives investments, green public procurement, and policy decisions in renewable energy, energy efficiency, electric vehicles, and efforts for zero emission buildings and zero waste. The Charter highlights cities' commitment to increase demand for sustainable and resilient infrastructure, products and services, while also recognizing the importance of working closely with national governments and business sectors to mobilise global climate action. Cities will bring detailed descriptions of their commitments to the 2018 Global Action Summit in California. These commitments constitute major steps to accelerate outcomes of the 23rd UN Climate Change Conference (COP23), in particular the Bonn-Fiji Commitment of Local and Regional Governments to Deliver the Paris Agreement At All Levels.

The Global Covenant of Mayors also issued a Call for Vertical Integration of Local Authorities in national climate investment plans, building on the need to show the importance of cities as economic actors contributing to the climate finance opportunities latent in the Paris Agreement.

Spearheaded by Global Covenant of Mayors Board Member and Mayor of Quito **Mauricio Rodas** in collaboration with the Mayors of Buenos Aires, Medellin, Mexico City and Sevilla, the effort underlines the need to provide pathways for active participation and engagement of sub-national governments in the formulation of national climate investment plans in line with the Paris

Agreement (NDC Investment Plans) and accelerated tracks for sub-sovereign financing for Latin American cities. This coalition is therefore calling for a demonstrative flagship pilot with a focus on rolling out low emissions/zero emissions measures in urban historic centers, vital emblems of Latin America historic and cultural roots. These mayors aim to work with city networks and financial institution partners to release demonstrative Vertically Integrated NDCs Investment Plans in 2018.

The importance of providing cities the necessary funding to implement sustainable and resilient plans and initiatives was on further display as the Global Covenant of Mayors announced a set of breakthrough partnerships with the EU, European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) under the umbrella of "Global Urbis." This global initiative will help fill the urban financing gap, which is currently preventing many cities from implementing action programs. Global Urbis will provide innovative and unprecedented financial advisory services and financing to foster low carbon and resilient investments in cities around the globe. As part of this initiative the EU will soon launch a first call for projects for Africa and the European Neighborhood under the Sustainable Cities Window of their External Investment Plan, which makes 1.5 Bn Euro available for loan guarantees.

Critical partners committed today to delivering on Global Urbis are the EBRD and the EIB. The EBRD will work with the GCoM to support the development and financing of cities' action plans and projects necessary to cut carbon emissions with a focus on the European Neighborhood area and Mena Regions. EBRD's initial investment today totals Euro 500 million, with the goal of mobilizing over \$1.5 billion Euro in financing to ensure 40-60 Global Covenant cities have necessary resources to enact critical climate actions. The EIB, the world's largest climate finance bank with a projected USD 100 billion in the next five years for climate-related lending, aims to develop with GCoM an innovative and unprecedented global advisory and financing facility focused on fostering Climate Action investments in cities. This global "one stop shop" will address market failures by providing investment and advisory support for GCoM cities.

These three announcements – the One Planet Charter, the Call for Vertical Integration of Local Authorities in NCDs, and Global Urbis supported through partnerships with the EU, EIB and EBRD – reflect the crucial role the Global Covenant of Mayors' alliance of city network partners and their member cities and local authorities are playing in furthering the implementation of climate actions that make possible the goals set by the Paris Agreement. Heads of state and global leaders at the One Planet Summit emphasized the importance of cities and local governments working to achieve a carbon neutral and resilient world.

Maroš Šefčovič, Co-Chair of the Global Covenant of Mayors for Climate & Energy, Vice President of the European Commission: "Since signing the Paris Agreement, Mayors have demonstrated the power of local action to make their cities and our planet more sustainable. The Global Covenant of Mayors' announcements at the One Planet Summit, and its strong partnerships with the European Commission, the EIB and EBRD, will fill a much needed gap by providing cities with new levels of access to investments, financing, and advice critical to furthering urban climate action."

Werner Hoyer, President of the European Investment Bank: “After the recent launch with the European Commission of URBIS at the 2017 Cities Forum, the European Investment Bank is proud to partner with the Global Covenant of Mayors for Climate & Energy and join efforts in closing the urban financing gap currently preventing many cities globally from implementing ambitious climate programs. In line with the EU Bank's long standing commitment to sustainable urban development, today's announcement is a crucial step in a long-term initiative to provide cities around the world the support they need to build greener cities for future generations.”

Suma Chakrabarti, President of the European Bank for Reconstruction and Development: “We are delighted by our new financing initiative and partnership with the Global Covenant of Mayors for Climate & Energy. This announcement at the One Planet Summit marks an important step towards providing the much needed resources cities need to enact critical climate actions. As cities around the world drive climate leadership, we are pleased that this investment will ultimately support the quality of life at the local level and contribute to addressing the global climate challenge.”

Anne Hidalgo, Board Member of the Global Covenant of Mayors for Climate & Energy, Mayor of Paris, France, Chair of C40 Cities: “C40's Deadline 2020 research revealed precisely what needs to be delivered by the cities of more than 100,000 citizens around the world, to deliver on the ambition of the Paris Agreement. The decisions being made by mayors right now on investments for sustainable and resilient infrastructure will determine the future of generations to come. The One Planet Charter will make it easier to build the argument for bold climate action and investment in these crucial months and years ahead.”

Mauricio Rodas, Board Member of the Global Covenant of Mayors for Climate & Energy, Mayor of Quito, Ecuador: “Current nationally determined contributions are by far insufficient to keep the rise in global temperatures well below 2 degrees. Regional and local governments are ready to help fill the gap. Through ambitious target setting, decisive action on the ground and mobilization of their citizens, the pace of action can be significantly accelerated. The battle against climate change cannot be won without cities and their contributions must be more prominently acknowledged, financed and integrated into national and global decision making.”

Park Won-soon, Mayor of Seoul, South Korea, President of ICLEI: “I am happy to see that the outcomes announced today will support the implementation of the Bonn-Fiji Commitment of Local and Regional Governments to Deliver the Paris Agreement at All Levels adopted at 23rd UN Climate Change Conference (COP23) in Bonn, Germany on 12 November 2018. I encourage all Mayors to join this commitment campaign to mobilize the huge demand-side power of cities, and drive the market for sustainable infrastructure, products and services worldwide to accelerate climate action through ambitious GHG reduction targets and robust adaptation strategies.”

About the Global Covenant of Mayors for Climate & Energy

The Global Covenant of Mayors for Climate & Energy formally brings together the Compact of Mayors and the EU Covenant of Mayors, the world's two primary initiatives assisting cities and local governments in their transition to a low-carbon and climate resilient economy, and helping demonstrate their global impact. Led by UN Secretary-General's Special Envoy for Cities and

Climate Change, Michael R. Bloomberg, and European Commission Vice President, Maroš Šefčovič, in partnership with local, regional and global city networks, the Global Covenant has more than 7,400 city signatories across 6 continents and 119 countries, representing over 680 million people or nearly 10% of the global population. Learn more at: www.globalcovenantofmayors.org.



Call To Design and Adopt NDCs as Vertically Integrated Investment Plans

The ability of nations to successfully achieve their National Determined Contributions (NDCs) depends on their ability to convert their commitments into tangible actions for emissions reduction and climate resilience, and to track and report in-country progress effectively and with transparency. Most Parties have yet to translate their NDCs into concrete implementation and investments strategies and plans. This process can be expedited, streamlined and well-coordinated by following a process of multi-level governance, integrating the role and functions of local and other subnational governments following a process of consultation and co-creation of vertical integration of NDCs, ensuring full engagement of all levels of government, in addition to collaboration with the private sector and other key actors. Only where policies, plans and strategies between the international, supra-national, national, regional and local levels are better aligned, can we achieve necessary more ambitious climate action, enable access to required financial resources and shape robust pathways to a resilient and sustainable future for all.

One of the action areas identified in the Paris Agreement is the need to mobilize stronger and more ambitious climate action, also by including cities and other subnational governments (including municipalities, towns, districts, cities, metropolitan areas, counties, provinces, regions, prefectures and states) that have been recognized for the key role they can play to support national efforts towards the implementation of the Paris Agreement, pursuant to recognition of the importance of engagement of all levels of governments. Here the leadership of mayors is key, as is the need to clarify the role the local governments (LGs) can play. The **Global Covenant of Mayors for Climate & Energy (GCoM) brings together committed cities and local governments from around the globe**, tackling climate change, reporting their climate commitments, actions and tracking progress following a robust and standardized process. This supports achieving **compliance with Art. 13 of the Paris Agreement, which establishes a Transparency Framework for action**. The enhanced quality of such information will help to build trust and accountability also needed by donors and private investors to invest in NDC implementation. **Vertically integrated NDC investment plans will allow all levels of government to more effectively identify opportunities for interventions at the appropriate level, leading to efficient allocation of national and international resources and attract public and private investors.**

Pursuant to the vision of Talanoa Dialogue, Non-Party stakeholders - Mayors, Regional Governors and their councils - are prepared to participate actively in the 2018 Global Facilitative Dialogue and Global Stocktake, and provide contributions to the Paris Agreement Work Programme to be adopted at COP24. They are ready to engage in enabling policy dialogues with their respective national governments, specifically with Ministers of Finance, who hold the authority to promote reforms that can unlock investments to support achieving the NDCs. Development Banks are often already engaged in such dialogues at the national level with Ministers of Finance and Heads of State

and, as such, they are uniquely placed to support this dialogue and provide concrete guidance. This critical discussion takes place in parallel to technical assistance and peer-to-peer knowledge exchange provided by GCoM and through networks of local and regional governments as well as the Local Governments and Municipal Authorities (LGMA) Constituency at the UNFCCC, exploring how to support national commitments through inter-connected and integrated strategies for low carbon and climate resilient investments, using public funds as seed money to leverage the private capital needed to fully implement the NDCs. Some of the most innovative dialogues are underway, such as the IADB's Cities Lab and NDC Invest Platform for Latin America and the Caribbean, the EBRD in Eastern Europe and the MENA region, and the World Bank's global City Resilience Program.

The UN's New Urban Agenda, endorsed in October 2016 in Quito during Habitat III, highlighted the need for vertically integrated action and adequate resources to support effective implementation and positive impact on climate change adaptation and mitigation at local level. In 2016 at HABITAT III, Mauricio Rodas, the Mayor of Quito and Board Member of the GCoM and co-President of UCLG, and the Multi-lateral Development Banks (MDBs) held a flagship event with the city of Quito on the importance of coordinated action to implement the New Urban Agenda and scale up investment in climate-smart, resilient urban infrastructure (Quito's first metro line with financing from four IFIs and Government is an important example of such coordinated action). At the same time, C40 Cities Climate Leadership Group published a Call for Action on Municipal Infrastructure Finance¹, highlighting solutions to key local authority financing challenges that can be implemented by national governments and the international community.

Call to Action:

Building on this dialogue and C40 Call for Action, Mayor Rodas of Quito in collaboration with the Mayors of Buenos Aires, Medellin, Mexico City, Mérida, Recife, Campinas and Sevilla and with endorsement from networks representing hundreds of cities and local authorities and MDBs as indicated in the endorsement section, is spearheading a new Call to Action to National Governments, in particular Ministers of Finance, as well as to private investors, to achieve the following:

- Invite the active participation and engagement of sub-national governments in the formulation of MDB country engagement strategies and frameworks, particularly on sustainable and resilient urban infrastructure
- In countries where the role of subnational governments is critical for the achievement of the Paris commitments, develop vertically integrated NDCs and support the development of climate action plans with low-carbon and resilient projects and investment opportunities in NDC investment plans
- Scale up direct sub-sovereign access to large scale development financing for urban NDC investment projects, building on existing efforts by bi-lateral and multilateral financial institutions and introducing innovative derisking instruments to further leverage financing at scale.
- Capitalize credit enhancement instruments and finance-independent project preparation facilities to incentivize and accelerate the flow of capital to city governments and local

¹ http://www.c40.org/blog_posts/mayors-of-the-world-s-major-cities-call-for-national-governments-and-international-financial-institutions-to-help-finance-low-carbon-and-sustainable-projects

authorities

- Resource local governments' efforts for the preparation of their contribution to vertically integrated NDCs and put in place a monitoring system of climate action towards the commitment of such NDCs.
- Where needed, put in place robust regulatory frameworks governing sub-national borrowing and creditworthiness and build local government capacity to strengthen public financial management, strengthen municipal revenue generation and take concrete steps towards creditworthiness and access to domestic and international capital markets
- Development technical and regulatory support to structure scalable PPPs with LAs
- Support cities revenue generating measures such as land value capture instruments and sale/transfer of development rights.

Endorsements

Financial Institutions: Agence Française de Développement, the Inter-American Development Bank and the World Bank Group are endorsing this Call to Action. These International Finance Institutions (IFIs) will strive to develop new approaches or scale up existing mechanisms to accelerate sub-sovereign access to direct development financing at large scale and high speed, consistent with national regulatory frameworks governing subnational borrowing and fiscal responsibility, and where absent, support the development of such regulatory frameworks. These IFIs will also support efforts to develop Vertically Integrated Plans and thus leverage the important leadership role and contribution of local governments in climate action, with the aim of supporting pilot intervention in at least 3 countries in collaboration with several Latin American GCoM cities.

Networks: C40, ICLEI, UCLG, UN-Habitat-Regional Office, Mercosur Ciudades, Brazilian Frente Nacional de Prefeitos, the Mayor of Sevilla Espadas Cejas as Mayor and as President of the Red Espanola de Ciudades por el Clima ([Spanish Association of Cities for Clima](#))

Synergy with UNFCC COP23 Bonn-Fiji Commitment

At COP23, the Climate Summit of Local and Regional Leaders that was held on 12 November 2017 concluded with the adoption of the **Bonn-Fiji Commitment of Local and Regional Leaders to Deliver the Paris Agreement at All Levels**. This contains specific calls and proposals for enhancing NDCs aligned with this Call to Action. The Bonn-Fiji Commitment is listed among most important outcomes of COP23 and is marked as the highest level recognition of bottom-up efforts of Local Governments and Municipal Authorities (LGMA) Constituency into the UNFCCC Process.

COP23 welcomes with appreciation the proposal by COP22 and COP23 Presidencies to design the 2018 Facilitative Dialogue as a **Talanoa Dialogue**, which includes a preparatory process throughout the year and a political process at COP24. As part of the preparatory process, the Parties are invited to convene “local, national and regional discussions” which is in line with proposals listed in the Bonn-Fiji Commitment. As this is a recommendation of COP23, it implies that every city, region and nation has a moral duty to conduct such NDC dialogues before COP24 to take place in Katowice, Poland, in December 2018. The COP23 decision also foresees the contribution of observers to the discussions on pre-2020 Action. As per conclusion of SBI47 in May 2017 the observer constituencies are also expected to play a significant role in these consultations, along with the contributions of

the Marrakech Partnership for Global Climate Action.

Annex A: Potential Flagship Projects and Initiatives in Support of the Call to Action

Given that transport is one of the highest GHG emissions sources in the LatAm Region, a possible first flagship demonstration initiative for this Call to Action could focus on financing zero emission fleets and mobility measures in the unique historic centres of LatAm Cities. Preserving and climate proofing these vital heritage sites, emblems of Latin America cultural roots and ancestral heroic gestures, is an important element of delivering a sustainable and resilient planet for future generations. This proposal could be called Historical Centers Go Clean, which demonstrates the climate commitment of cities, as well as being connected with UNESCO mandate. Starting from historical centers is a first step of great impact and confidence for cities, showing that they can become low emission communities and implement concrete mitigation and adaptation responses, with monitoring strategies for emission reduction indicators and thus enhanced direct financing.

The Urban-LEDS II project funded by the European Union and led by UN-Habitat and ICLEI, both founding members of the GCoM, complements this Call. In this project and in collaboration with GIZ's VICLIM project, ICLEI and UN-Habitat are developing guidance for national governments on multi-level governance to contribute to the overall efforts to support NDC implementation. The first co-created guidance was released at COP23 (see link below²), including good practices on vertical integration and integrated MRV. This will be widely disseminated and used in discussions with national governments. The Urban-LEDS II project is being implemented in 8 countries (emerging economies and Least Developed Countries), addressing urban low emission development, embedding climate resilience in local climate action plans of 16 cities, and seeking financing for local implementation projects. Further, capacity development is provided to many other local governments in the target countries and regions: Brazil and Colombia (Latin America), South Africa and Rwanda (Africa) India and Bangladesh (South Asia), and Indonesia and Lao PDR (Southeast Asia) – www.urban-leds.org. ICLEI will also seek for mobilization of additional opportunities pursuant to its engagement in the NDC Partnership as its first associate membership announced at COP23.

C40 Cities Deadline 2020 programme, supported by the Children's Investment Fund Foundation (CIFF), UK Department of Business, Energy and Industrial Strategy (BEIS), German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and Bloomberg Philanthropies, is supporting global megacities to develop climate action plans compatible with the Paris Agreement. This ambitious undertaking will ensure megacity mayors have the data, and guidance to deliver a comprehensive pathway towards sustainability. Implementation of these climate action plans will be vital for the success of the Paris Agreement, and will require increased flows of financing to be made available to cities.

UCLG is also calling on the international community to foster support to the achievement of the 2030 and New Urban Agendas as part and parcel of the fight against Climate Change and towards the sustainability of our Planet, consolidating the work within the framework of the Global Taskforce of local and regional governments as reference mechanism for action as constituency.

² http://e-lib.iclei.org/wp-content/uploads/2017/11/GIZ-ICLEI-UNHabitat_2017_EN_Enabling-subnational-climate-action.pdf

Mercociudades, UN-Habitat and IDB, among other stakeholders, have supported an initiative called Ecosystem of Funds for Sustainable Urban Development in LAC with the objective to incentive the orientation of additional public and private funds towards a specific modality of urban integrated initiatives that are in line with Paris Agreements principles and the New Urban Agenda criteria. It includes pre-investment funds aiming at increasing substantively the number of well-structured urban integrated projects that are bankable or attractive to investors and respond to needs of Climate Change adaptation in cities.

Also, the City of Quito has been taking leadership of “Red AL-LAS” together with the the cities of Mexico and Montevideo for international action of municipalities. These cities, together with UN-Habitat, InterAmerican Development Bank, Mercociudades and other stakeholders have advanced the initiative of a Regional Ecosystem of Funds for Sustainable Urban Development. These initiatives show, among others, the efforts already done in the region and can inform the modality of implementation of new efforts resulting from the present Call to Action.

AFD/IDB Climate Initiative

For a low carbon and resilient development in Latin America & the Caribbean

Climate investment needs in Latin American and Caribbean region have been estimated at \$75 to \$80 billion per year between 2020-2030, representing close to 1.5 percent of the region's GDP and almost three times its current volume of such investment. As leading development finance institutions on climate issues, AFD and IDB are strongly committed to helping their partners and clients implement the Paris Agreement. This work entails stabilizing global warming at +2°C, and achieving globally zero net emissions in the second half of our century.

Both institutions committed in 2015 to double their climate finance portfolio in Latin America and the Caribbean before 2020 as a key engagement before the Paris Agreement. In 2016, AFD and IDB together provided USD 3,6 billion to the LAC region for projects with climate co-benefits and by 2020, the financial commitment of the two partners dedicated to the climate agenda of their LAC partners should reach USD 7,8 billion per year.

To increase the impact of their action, AFD and IDB have decided to strengthen their partnership to **help LAC countries implement their Nationally Determined Contributions (NDCs)** with a specific focus on cities as central players, and also to support long-term low carbon and resilient development pathways with an emphasis on **knowledge generation for policy making**.

To move towards concrete action, the AFD and the IDB will coordinate their financial and non-financial instruments, as well as mobilize their experts to assist the countries and local governments seeking for support. **Resources such as the NDC Invest, the “Adapt’Action” initiative, “2050 facility”, and the French Trust Fund for Climate** among others will be strategically coordinated for greater results. AFD and IDB will aim for close coordination efforts to help partners tap into the international climate funds.

Collaboration has proven to be effective and very fruitful, and teams have piloted a first joint approach to the Dominican Republic, in which AFD and IDB are catalyzing their platforms, NDC Facility and NDC Invest, to provide the country with a comprehensive set of studies that will allow to operationalize their NDC.

Building upon their successful partnership, the AFD and the IDB have decided to unite efforts for climate action to support LAC countries to reach their contributions through:

- **Assessment of NDCs to strengthen institutional climate governance**, which will empower all stakeholders to **deliver an action map** for all NDCs to be translated into investment plans.
- **Modelling of long term low carbon trajectories at national, sector and subnational levels**. In this sense, the IDB has already funded a Deep Decarbonization Pathway Project for LAC, funded with a \$1Million dollar TC and in close collaboration with the 2050 Platform. AFD and IDB would together support the **extension of the initiative to other LAC countries**.
- **Help implement programmatic approaches to mainstream NDC objectives at subnational and local level** through: (i) institutional capacity programs to mainstream local climate opportunities, (ii) design and implementation support for climate urban policies, (iii) project preparation to translate NDCs into **actionable investments at local level**, (iv) programmatic loans to finance national sectorial and climate policies for cities and subnational governments.
- **Climate risk in financial institutions**, a topic in which both institutions are collaborating with IDFC, and support the mapping, showcasing and dissemination of the best practices applied in the public and private sector as climate risk mainstreaming guidelines.