What is the Gap Fund?
What is the gap?

**Estimated ClimateInvestment Needs**
- **93 USD trillions** anticipated for global climate needs until 2030.
- **4.5 USD trillions** for project preparation only

**The Gap**
- Investors have capital ready to invest in urban climate projects,
- Cities have a demand for financing solutions,
- Project preparation facilities exist in some geographies,

**Increasing Urban ClimateFinance Flows**
- Yet projects do not move forward from project inception to financing

**City Climate Finance Gap Fund**
- WB, EIB and other MDBs, governments and private actors are increasing their climate commitments
The Gap Fund – one initiative, different implementing partners

Implementing Partners: World Bank, European Investment Bank and GIZ

Cooperation Partners: GCoM, C40, ICLEI, CCFLA
The Gap Fund in a nutshell

Cities are central to meeting ambitious climate targets such as the Paris Agreement but cities in low- and middle-income countries often struggle with developing climate-friendly and resilient infrastructure.

Support cities with early-stage technical assistance in developing climate change mitigation and adaptation projects.

Donors, multilateral banks and implementing agencies, together with city networks.

Cities and local authorities can check eligibility and submit an expression of interest via the Gap Fund web site (www.citygapfund.org)

Why?

What?

Who?

How?
The City Climate Project Planning and Development Cycle

**Planning/Strategy Development**
- Data collection
- Target setting and commitment
- Analyses, Scenarios and Reporting
- Climate Strategy Development
- Capacity Development
- Institutional Reform and Policy Dialogue

**Project Definition /Pre feasibility**
- Origination, Project Definition
- Pre-feasibility

**Feasibility, Structuring, Procurement**
- Feasibility
- Procurement

**Transaction /Investment**
- Pre-construction

**Implementation**
- Construction
- Operation
What the Gap Fund offers

Supporting city climate strategy development and analytics to assess the climate potential of plans, strategies, and investment programs

Providing capacity building for low-carbon and climate-resilient urban development

Supporting the prioritization of investments as part of a climate strategy or municipal investment program

Defining project concepts and preparing pre-feasibility studies

Supporting the appropriate financial structuring for different projects

Matchmaking with additional support sources for later stages of project preparation

Offering potential support to fill in other project preparation gaps
Eligible Gap Fund Projects
Eligibility criteria

- **Countries**: Countries in the ODA-OECD DAC list
- **Climate action potential**: Mitigation and/or adaptation to climate change
- **Ownership**: The EoI needs to be intended for the local authority or municipal council
- **Urban dimension**: The project must be situated in or functionally linked to an urban area
- **Stage**: Early stages of climate investment planning and project preparation:
  - Climate strategy development/enabling environment
  - Project definition/concept
  - Pre-feasibility

**Sectors**

- Urban mobility
- Energy efficiency and small renewables
- Solid waste management
- Water and wastewater management
- Greening of urban areas, nature-based solutions
- Green buildings
- Adaptation to climate vulnerabilities
- Affordable housing with an energy-efficient approach
- Multi-sector, area-based investment programs
- Circular economy approaches
Examples of eligible projects

- **Project:** Develop city climate action plan

- **Climate action potential:** improve city’s adaptation and mitigation strategies and develop capacity;

- **Examples of TA requested:**
  - GHG emissions inventory
  - Climate Risk and Vulnerability Assessment
  - Scenario planning and prioritization of actions
  - Climate-smart capital-investment planning

- **Expected environmental and social co-benefits:** Improved quality of life for local residents, improved business conditions for industries, etc.

- **Project:** Develop climate smart design guidelines

- **Climate action potential:** mainstream a low-carbon strategy into urban development;

- **Examples of TA requested:**
  - Develop standards for sustainable and green urban planning;
  - Identify incentives for developers to adopt green building labels in residential buildings;

- **Expected environmental and social co-benefits:** Better quality of life, reduced housing life cycle costs by reducing the energy expenses for low-income households
Examples of eligible projects

• Project: Sustainable urban transport system using electric buses

• Climate action potential: CO2 emissions reduction from reduced private cars/diesel buses;

• Examples of TA requested:
  • Preliminary analysis of alternative e-fleet options;
  • Demand study for urban transport;
  • Business plan and analysis of financing options.

• Expected environmental and social co-benefits: Improvement of road safety, transport efficiency and air quality (e.g. SOx, Nox, PM10, PM2.5, etc.).

• Project: Urban green areas and nature-based solutions;

• Climate action potential: Reduction of heat waves and improved flood and extreme weather management;

• Examples of TA requested:
  • Preliminary cost-benefit analysis;
  • Climate Risk and Vulnerability Assessment for the area.

• Expected environmental and social co-benefits: Improved quality of life for local residents, improved urban air quality, etc.
Applying for assistance
The EoI Form

Expression of Interest

The City Climate Finance Gap Fund (or “Gap Fund”) aims to help cities in low- and middle-income countries transition towards low-carbon and climate-resilient pathways in line with the goals of the Paris Agreement. Resources will be available to provide technical assistance to the development of early-stage urban climate action interventions, by: (i) supporting cities and their local governments prepare bankable climate action investment projects; and (ii) facilitating matchmaking to late-stage project preparation facilities and financiers. The Fund is not designed to finance any expected investment expenditures.

Instructions: Applicants for the Gap Fund must ensure that their activities are properly aligned with the program’s goals and objectives, which you can find here. Additional information may be enclosed as needed.

### SECTION A: BASIC DATA

1. Title of proposed activity

2. Applicant’s information
   - Full name
   - Position and department/unit institution

3. City

4. Country

5. Applicant’s contact details
   - Email address
   - Phone number

### SECTION B: KEY PROJECT DETAILS

6. Sector focus (check all that apply)
   - Sustainable urban mobility
   - Energy efficiency
   - Solid waste management
   - Green building/eco-districts
   - Adaptation
   - Affordable housing

7. Climate focus (select one only)
   - Mitigation or low-carbon development
   - Adaptation or resilience

8. Current stage in project cycle (select one only)
   - Climate strategy development/enabling environment
   - Project definition/concept/identification/origination
   - Pre-feasibility study
   - Feasibility study

9. Type of support requested
   - The objective of the Gap Fund is to support the early stages of project preparation, when cities often lack the capacity and financial resources required to turn ideas into real projects. While the Gap Fund may support the implementation of full pre-feasibility studies or fill in gaps in feasibility studies, such situations are exceptional.

   - Example: Include concept development, investment prioritization, and analysis at potential finance-readiness

   - Pre-feasibility support
     - Example: Include preparing Terms of Reference and carrying out pre-feasibility study, technology assessment, stakeholder engagement at the project level, preliminary financial or economic analysis, and climate assessment

   - Feasibility support
     - Example: Include: Mitigating risk in a feasibility study, bringing Environmental and Social Impact Assessment (ESIA) to international financial institution standards and matching support to other project preparation facilities

10. Briefly describe the: (i) challenges/issues to be addressed, (ii) proposed scope of interventions, including whether the activities will directly or indirectly respond to the impact of COVID-19, (iii) expected environmental, social, and economic benefits, and (iv) rationale for Gap Fund support (no more than 400 words).
The EoI Form

11. Does the city have an existing engagement with any one or more of these development partners? (Directly or indirectly via state or national agencies.) (Select all that apply)

- World Bank (WB)
- European Investment Bank (EIB)
- German Corporation for International Cooperation (GIZ)
- Others (please specify):

None

12. Does the proposed intervention have any links to existing or planned local or national government strategies?

Yes
No

City climate change action plan or resilience strategy

- Yes
- No

If Yes, what is the status of the plan? Choose an Item:

- Completed
- Ongoing
- Planned

Urban development plans (master plans, strategic spatial plans, investment plans, etc.)

- Yes
- No

If Yes, what is the status of the plan? Choose an Item:

- Completed
- Ongoing
- Planned

National climate change action plan or resilience strategy, Nationally Determined Contributions, etc.

- Yes
- No

If Yes, what is the status of the plan? Choose an Item:

- Completed
- Ongoing
- Planned

Others, namely:

- Yes
- No

If Yes, what is the status of the plan? Choose an Item:

- Completed
- Ongoing
- Planned

13. Did you receive any assistance in filling out this expression of interest? (Select only one)

- World Bank (WB)
- European Investment Bank (EIB)
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Global Covenant of Mayors and city networks (such as ICLEI and C40 Cities Climate Leadership Group [C40])
- Others (please specify):

None

14. Optional: provide additional information below as needed.

- END -
Treatment of received EoIs

EoI submitted through the Gap Fund website

- **Eligible**
  - The Gap Fund agrees on the eligibility and responds with initial feedback requesting an interview with the applicant.
  - The Gap Fund team and applicant work together to define the scope of the technical assistance.
  - The TA will be deployed by the WB, EIB or GIZ.

- **Non-eligible**
  - Response explaining the reasons for non-eligibility is sent to the applicant.
## Feedback on received proposals

**DOs**

- Clearly state who the applicant is. If the application is on behalf of a city official, share their name/position and contact information in addition to yours.

- Emphasize the climate focus and keep it at the forefront of the application. Present the estimated scale of the proposal's climate impact if known. Present the Co-Benefits in addition to the climate focus.

- Share the precise stage of the project and what kind of technical assistance is required accordingly. Remember that the Gap Fund does not finance project implementation.

**DON’Ts**

- Apply as an individual/private entity or without the approval of the concerning public authority.

- Apply with a generalized proposal without a clear climate focus - e.g., water treatment projects, etc.

- Not providing the specifics of the required technical assistance. Applying for projects which are already in the later stages - e.g., implementation.
<table>
<thead>
<tr>
<th>Q:</th>
<th>Are NGOs/Associations eligible Gap Fund beneficiaries?</th>
<th>A:</th>
<th>No, eligible applicants are cities and local authorities or entities acting on their behalf (with solid proof of local political support)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q:</td>
<td>Does the Gap Fund provide financing for project implementation?</td>
<td>A:</td>
<td>No, the Gap Fund only provides technical assistance for early-stage project preparation.</td>
</tr>
<tr>
<td>Q:</td>
<td>Does the Gap Fund recruit freelance consultants/ accept job applications/ support individual research projects?</td>
<td>A:</td>
<td>No, currently there are no open positions. If any opportunities open up, they will be duly advertised on the implementing partners’ platform.</td>
</tr>
<tr>
<td>Q:</td>
<td>Can cities/local authorities share the financial support they receive from the Gap Fund with NGOs/Associations working with them?</td>
<td>A:</td>
<td>Technical support is provided either through WB, EIB and GIZ staff or through external consultancy contracts of the Gap Fund Partner institutions. Local authorities will not receive direct funding to procure direct services or can appoint their own teams.</td>
</tr>
<tr>
<td>Q:</td>
<td>Can a public body present an EOI on behalf of several smaller municipalities?</td>
<td>A:</td>
<td>Yes, it’s possible for a public body such as an association of municipalities to submit grouped application for several small municipalities.</td>
</tr>
</tbody>
</table>
Thank you!

For more information, please visit https://www.citygapfund.org/