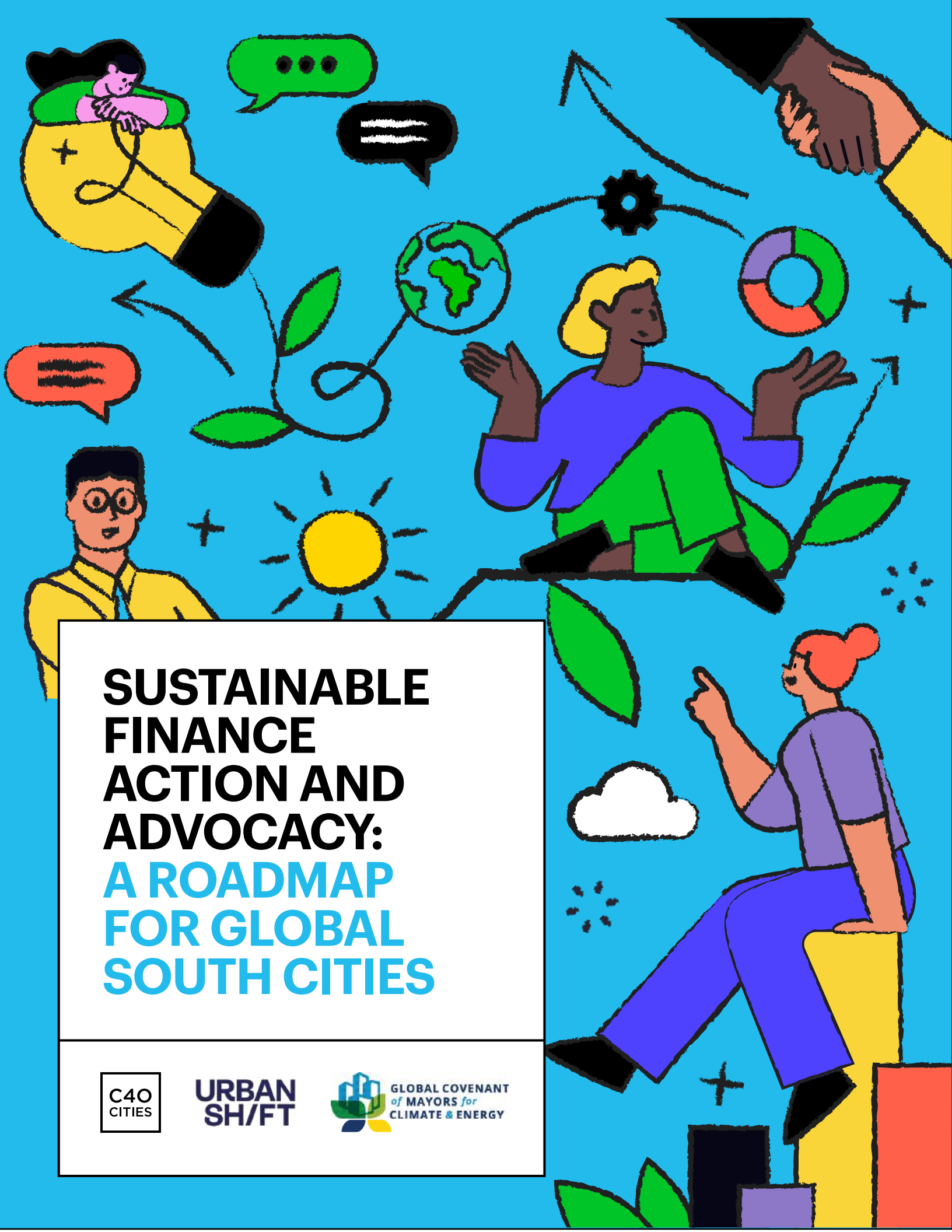

SUSTAINABLE FINANCE ACTION AND ADVOCACY: A ROADMAP FOR GLOBAL SOUTH CITIES

C40 CITIES

URBAN SH/FT

GLOBAL COVENANT of MAYORS for CLIMATE & ENERGY

C40 is a network of nearly 100 mayors of the world's leading cities, who are working to deliver the urgent action needed right now to confront the climate crisis, and create a future where everyone, everywhere can thrive. Mayors of C40 cities are committed to using a science-based and people-focused approach to help the world limit global heating to 1.5°C and build healthy, equitable and resilient communities. Through a Global Green New Deal, mayors are working alongside a broad coalition of representatives from labour, business, the youth climate movement and civil society to go further and faster than ever before.

The strategic direction of the organisation is determined by an elected Steering Committee of C40 mayors which is co-chaired by Mayor Sadiq Khan of London, United Kingdom, and Mayor Yvonne Aki-Sawyerr of Freetown, Sierra Leone. Three term Mayor of New York City Michael R. Bloomberg serves as President of the C40 Board of Directors, which is responsible for operational oversight. A nine-person management team, led by Executive Director, Mark Watts, leads the day-to-day management of C40. C40's three core strategic funders are Bloomberg Philanthropies, the Children's Investment Fund Foundation (CIFF) and Realdania.

URBANSHIFT supports cities around the world to adopt integrated approaches to urban development, building an equitable, zero-carbon future where both people and planet can thrive. Funded by the Global Environment Facility, UrbanShift brings together partners including, C40 Cities, the World Resources Institute (WRI), Local Governments for Sustainability (ICLEI), and the United Nations Environment Programme (UNEP). UrbanShift is collaborating with more than 23 cities in Asia, Africa and Latin America on a range of cross-sectoral strategies, reducing carbon emissions and conserving biodiversity while fostering sustainable, equitable growth. UrbanShift is also building a knowledge and learning platform that connects cities worldwide with the tools, training and advocacy they need to put these strategies into action.

Supported by: gef, World Resources Institute

Led by: UN environment programme

In partnership with: ICLEI, UNDP, World Bank Group, ADB Asian Development Bank

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GLOBAL COVENANT of MAYORS for CLIMATE & ENERGY

GCoM is the largest global alliance for city climate leadership, uniting a global coalition of over 13,500 cities and local governments and 100+ supporting partners. The cities and partners of GCoM share a long-term vision of supporting voluntary action to combat climate change and towards a resilient and low-emission society. GCoM serves cities and local governments by mobilizing and supporting ambitious, measurable, planned climate and energy action in their communities by working with city/regional networks, national governments, and other partners to achieve our vision. The coalition comprises cities across 6 continents and 146 countries, representing over 1 billion people or more than 13 percent of the global population.

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The urgency of sustainable finance for cities in the Global South cannot be overstated, as they face rapid urbanization and increasing climate vulnerabilities. With over half of the global population residing in cities and an even greater share expected to do so over the next three decades—mostly in the Global South—these regions are particularly at risk from climate change due to poor infrastructure, large informal settlements, heightened exposure to extreme weather events, and pollution.

These challenges can only be addressed through greater investment, current and future, into sustainable avenues that address both climate mitigation and adaptation needs of cities. Yet, the climate finance requirements of most cities remain largely unmet. Other than East Asia and the Pacific, in every Global South region the funding gap as a proportion of its estimated urban climate finance needs exceeds 90%.

Three major categories of barriers have kept urban climate financing grossly insufficient. The first is a **weak enabling environment**, as fragmented climate governance and relatively low levels of fiscal autonomy for cities hinder mayors' abilities to mobilise capital for climate projects. Secondly, **supply-side constraints** including low levels of international funding for climate action, growing national debt burdens and a lack of access to private capital keeping funding flows depressed, whilst fossil fuel subsidies perpetuate, despite vastly unmet finance needs for green city projects. And thirdly, there is **sub-optimal demand** for urban climate finance as cities face technical constraints in designing and promoting commercially attractive projects.

To unlock the massive amounts of public and private funding required to meet urban sustainable development needs of Global South cities, mayors will need to work on two tracks simultaneously. They can begin by leading and taking action around themes within their purview as city leaders, serving as 'building blocks' for an enhanced subnational climate finance ecosystem. The key focus here is for cities to **embed climate as a strategic priority** and ensure financial policies—including city budgets and where the city invests and allocates its own money—reflect the city's climate goals. Similarly, cities can take steps to **strengthen their capacity**, enabling them to **leverage climate finance, improve project bankability** and **enhance private sector participation** in urban climate project financing and delivery.

At the same time, there are concrete steps mayors can take to advocate for reform in areas needed to unlock greater finance for green, city-led projects, but over which they have less direct influence. For example, whilst cities can enhance private sector participation through their own green procurement, they need to call on **national governments to remove bureaucratic hurdles for private sector investments** in local renewable energy generation. Similarly, mayors can **ensure they have a pipeline of green projects** and work to identify financing pathways at inception, but they need support from national governments to **create country-level platforms that can aggregate** these projects into bankable pipelines.

Mayors can use their voice, convening powers and climate leadership on the global stage for the necessary reforms: **calling for stronger national policies that adequately incorporate subnational actors and urban priorities**, and to **promote and call for increased climate finance, including access for cities,** either through individual or collective efforts with other mayors championing sustainable finance, for cities.

This Roadmap makes the case for increasing climate finance and ensuring cities can access it, outlines challenges and areas over which mayors across the global south have direct and indirect control, and introduces a framework with detailed steps for evidence-based action that mayors in cities across the Global South can take, tailored to their national and regional contexts.

Climate finance has the power to transform billions of lives for the better, when rapidly scaled-up and unlocked for use in cities.

This Roadmap outlines a strategic narrative for empowering Global South cities to transition and help drive a shift to sustainable finance that supports the projects, companies and infrastructure required to transition to a cleaner, fairer economy. Commissioned by C40 Cities, the Global Covenant of Mayors for Climate and Energy (GCoM), and UrbanShift, it provides evidence-backed insights, policy recommendations, and tools for Global South city mayors to act and advocate for sustainable financial systems and enabling policy environments that support greater funding and investment for climate action in their cities.

The aim of the Roadmap is to share practical recommendations with mayors to guide them on how to drive greater climate finance in two main ways: **prioritising and identifying actions that can be taken at the city level,** and **engaging and advocating with national, regional, and global stakeholders** that include national governments, International Financial Institutions (IFIs), private financiers, global climate funds, and institutional investors.

This Roadmap builds upon extensive existing research and convening of city officials to understand their climate finance challenges, supplemented by targeted desk-based research to bridge identified knowledge gaps and enhance the depth of relevant findings. This was further augmented by expert interviews with key climate finance practitioners, whose insights ensured that the recommendations align with real-world challenges faced by city leaders. Numerous examples of innovative city-level climate policies and finance advocacy actions were identified and integrated into the Roadmap, designed to help mayors develop and refine their own finance advocacy strategies.

02

SETTING THE SCENE

Mumbai, India © Unsplash

OVERVIEW OF CLIMATE-RELATED RISKS FACED BY GLOBAL SOUTH CITIES

Rapid urbanization is a defining characteristic, with regions like Africa and Asia projected to account for 90% of the 2.5 billion increase in the global urban population by 2050, which is estimated to require almost USD 60 trillion worth of combined urban infrastructure investment through to 2040.

For many cities in the Global South, the infrastructure needed to meet the needs of growing urban populations—whilst mitigating, and adapting to, the impacts of climate extremes—are yet to be built. This presents both a massive green investment opportunity and highlights the urgency to ensure cities' climate finance needs are met, for example investing in the development of effective drainage systems to withstand and manage floods, and healthcare facilities that can address heat-related illnesses which are set to increase in the coming decade.

In 2022 people in cities across Brazil, Paraguay and Bolivia, in close proximity to the Amazon, experienced **worsening air quality** due to the worst regional fire outbreaks since 2008. Similarly the World Health Organization (WHO) estimates that Asia will face average health costs of USD 2—4 billion annually, by 2030 as a result of **climate-related heat stroke, waterborne diseases,** and **malnutrition.**

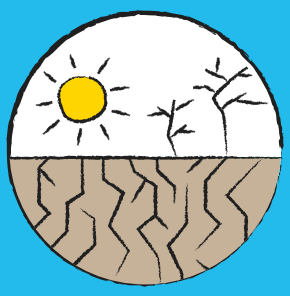
Informal settlements, which house a significant portion of urban populations in Global South cities, further exacerbate vulnerabilities, as these areas typically lack basic services. For example, according to a 2023 report by the World Bank, about 40% of Dhaka's population, or 14 million people, reside in informal settlements and of this group, 70% were temporarily or permanently displaced from their homes due to climate change-related events, such as **cyclones**.

These impacts also have knock on effects to water and food security, and urban livelihoods. Agriculture, the backbone of Africa's economy employing more than 55% of its workforce, has seen a 34% decline in productivity since 1961 due to erratic weather patterns, worsening **food insecurity.** In Latin America, warming seas have disrupted marine life, reducing critical fish catches like tuna in Ecuador and anchoveta in Peru and threatening the livelihoods of **coastal communities** reliant on fishing—whilst also posing risks to global seafood supply chains.

Cities in the Global South have about

70%

of the cooling capacity provided by urban greenery



Droughts have caused severe water crises, displacing

1.2 M

people in Somalia in 2022

Cities in the Global South typically have only about 70% of the cooling capacity provided by urban greenery found in Global North cities, a consequence likely of income disparities between the two sets of cities. Combined with the proximity of many Global South cities to the equator, this makes them more exposed to intense heat waves and rising temperatures more generally. Subsequently, droughts have led to severe **water crises,** particularly in the Horn of Africa and Southern Africa, causing humanitarian emergencies and displacing nearly 1.2 million people in Somalia alone in 2022.

URBAN CLIMATE FINANCE SNAPSHOT

To effectively respond to climate change, cities need sustainable urban finance to be massively ramped up. Although urban climate finance flows have doubled since 2017, reaching USD 831 billion annually by 2021-22, this remains far short of the estimated USD 4.3 trillion needed annually—for urban mitigation efforts alone—to align with the 1.5°C pathway by 2030. Adaptation needs, particularly for cities in emerging markets and developing economies (EMDEs), are harder to quantify due to significant data gaps but are estimated at USD 147 billion annually until 2030.

The source of almost **half (49%) of urban climate financing was the private sector,** with public funding constituting 22%.

Investment into urban climate finance was led by equity financing (38%), whilst only 10% was through concessional forms of financing.

The Global North, i.e. North America and Western Europe, accounted for **38% of total global urban climate financing,** while **China received 40%, leaving only 22%** for cities in the rest of the world.

The transport sector received **51% of global urban climate finance,** followed by buildings and **infrastructure with 29%,** and **energy systems at 18%.**

An overwhelming **98% of global urban climate financing went to mitigation efforts,** with only 1.2% tracked for adaptation projects.

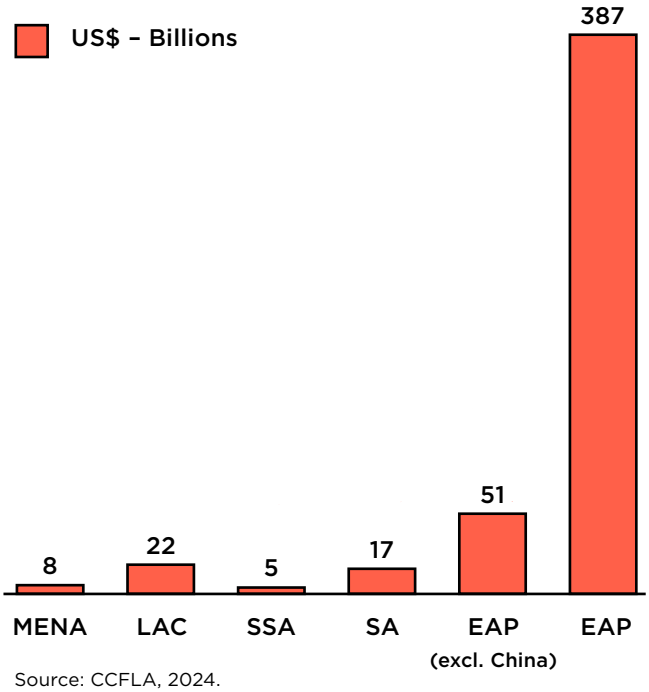
Meanwhile, subsidies to the fossil fuel companies and projects perpetuate in many regions. In 2022, direct fossil fuel subsidies reached USD 1.3 trillion, continuing an annually increasing trend and more than doubling since 2020. This amount outweighed the public funds allocated to sustainable urban infrastructure, and comes in addition to the USD 6.9 trillion that the world's 60 largest banks committed to the fossil fuel industry over 8 years, perpetuating carbon-intensive investment and limiting the supply of capital available for more sustainable uses.

Within this global context, the picture of urban climate finance is more nuanced regionally across the Global South[1]. Nevertheless, some common challenges are also evident.

In terms of total funding flows, East Asia and Pacific (EAP) leads by a huge margin over other regions, due to the size of China-focused investment (Figure 1). Nevertheless, even after excluding China, funding for the region is more than twice that of the next ranking region—Latin America and the Caribbean (LAC). Sub-Saharan Africa (SSA) cities are notable for receiving the least climate finance .

Figure 01

TOTAL URBAN CLIMATE FUNDING FLOWS—2021-22



Source: CCFLA, 2024.

SSA is significantly more dependent on international sources of urban climate funding than any other region. Some 69% of this came from abroad, reflecting relatively smaller economies in the region (compared to the global ranking) and weaker state revenue-generating capacities. Most other regions fared much better in mobilising domestic sources of finance.

1. The regional division used by the State of City Climate Finance includes all countries in the Middle East and North Africa (MENA), including those with high-income, middle-income and low-income. For more detailed information please refer to CCFLA's report here.

SSA is also the most dependent on public funding for its urban climate-related needs, making up 63% of the total. This is likely due to its relatively under-developed domestic financial markets, and cities in the region having some of the lowest levels of fiscal autonomy and decentralization.

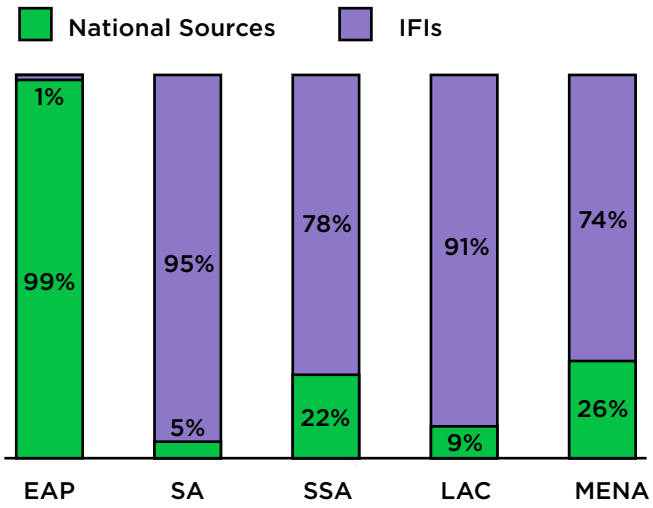
On the other hand, the Middle East and North Africa (MENA) stands out by having mobilised over two-thirds of its urban climate funds through the private sector.

Across all regions, investment for urban climate adaptation measures is miniscule compared to mitigation. Given the rapid pace of current and anticipated future urbanisation in the Global South, particularly in the SSA, EAP, and SA regions, climate adaptation-related urban finance needs will grow exponentially. In particular, urban housing and infrastructure investment needs are unlikely to be fulfilled given the current scale of adaptation finance.

Within public funding, flows from International Financial Institutions (IFIs)[2] are the key source of urban climate finance for South Asia (SA), SSA, and LAC (Figure 2). This suggests that the weakness of state capacity to generate enough revenue and direct it towards climate finance for cities, is similarly acute across all three. EAP's complete dependence on national sources of public funding is explained by the large role played by Chinese state-owned enterprises (SOEs) in driving climate finance.

Figure 02

PUBLIC URBAN CLIMATE FUNDING SPLIT—2021-22

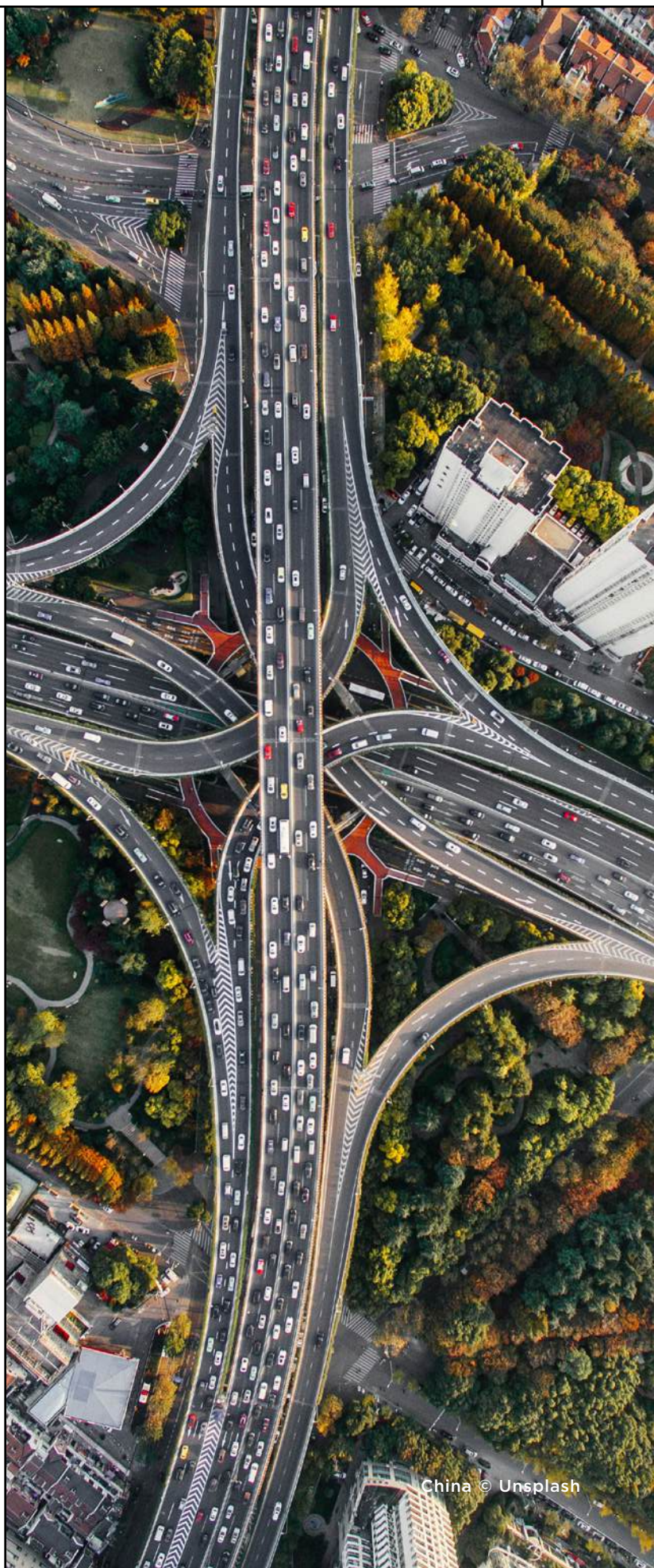


Source: CCFLA, 2024; authors' calculations.

1. IFIs are defined to be bilateral and multilateral donor organisations, as well as multilateral climate funds.

The key sectors receiving urban climate financing are driven by varying socioeconomic regional dynamics. Urban climate investment in China has mostly flowed into the electric vehicle industry and metro transport infrastructure. The transport sector was the biggest recipient in the EAC region excluding China, as well as in LAC. By contrast, buildings and construction was the priority in SA, a region with some of the most dense urban dwellings in the world. Investment in SSA was focused on energy, a region whose energy use per capita has remained comparatively low for the past many decades, despite a much higher population growth rate than other regions.

The tracking of urban climate finance is hampered by data gaps, likely due to inconsistencies across regions in climate finance taxonomies and data gathering practices. For instance, a significant portion of climate funding in EAP, SA, and LAC remains unknown or unclassified. The same is true when it comes to classifying the source of climate funding—whether domestic or international—in EAP and LAC.



China © Unsplash

THE URBAN CLIMATE FINANCE GAP

For urban climate change mitigation efforts globally, cities are estimated to require USD 4.3 trillion on average annually till 2030, subsequently rising to USD 6 trillion annually through to 2050, to align with a 1.5°C scenario. The USD 831 billion mobilised in 2021-22 fell far short of that, highlighting the urgency of mobilising greater finance for urban climate action.

The key fact common to all Global South regions is the wide gap between their urban climate mitigation finance needs and money received (Table 1). As of 2021-22, in four regions—SA, SSA, LAC, and MENA—the funding gap relative to the total estimated need was above 90%. This ratio was as high as 98% in MENA. It was lower in EAP, though still large, at 67%, mainly due to China's investments.

The funding required for urban climate change adaptation is estimated to be lower compared to that for mitigation, but the greater methodological complexity of projecting the former means that current estimates are likely to be significantly less than the actual needs.

Crucially, current scenarios may underestimate the compounding of urban vulnerability risks and the adaptation components of required infrastructure investments in response to growing city populations, such as for water and sanitation systems, leading to underfunding for crucial infrastructure as cities in the Global South heat up. For example, responding to the projected tripling of global cooling demand by 2050, likely requiring an additional USD 1.5 trillion in investment by 2040 in India alone.

Table **02**

URBAN MITIGATION FINANCE NEEDS AND FULFILMENT—2021-22

	AVE. ANNUAL MITIGATION NEED (US$—BILLION)	ACTUAL FUNDING FOR MITIGATION ACTIVITIES (US$—BILLION)	FUNDING GAP (US$—BILLION)	PROPORTION OF NEED UNMET (%)
EAP	1,186	387	799	**67%**
SA	357	17	340	**95%**
SSA	134	5	129	**96%**
LAC	321	22	299	**93%**
MENA	367	8	359	**98%**

Source: CCFLA, 2024; authors' calculations.

THE IMPERATIVE TO SCALE-UP SUSTAINABLE FINANCE FOR CITIES

In the face of these risks, investing in urban climate finance is not merely a response to climate change but an opportunity to unlock wide-ranging socioeconomic benefits for billions of people by enhancing resilience, equity, and sustainable growth.

Juan Pablo Barrientes © C40

01 Funding for **strengthened infrastructure including** essential services like water supply, sanitation, and transportation systems bolsters urban resilience against climate shocks, reducing economic losses and protecting communities.

02 Investments **improve living conditions** including housing, access to clean energy, and basic services, particularly in informal settlements, supporting vulnerable populations.

03 Adaptation strategies for **disaster risk reduction** can safeguard urban areas from flooding, heat waves, and rising sea levels.

04 Sustainable investments create jobs, foster entrepreneurship, and encourage cleaner energy solutions, promoting **long-term economic vitality.**

05 Equipping **local governments** with resources for planning, risk management, and service delivery strengthens overall urban governance capacity.

06 Innovative financing mechanisms, such as blended finance and de-risking instruments, draw **private investment** into urban climate projects.

07 Investments also help achieve **city, national and international climate commitment**s by significantly cutting emissions.

08 **Mainstreaming climate through finance** and other governance systems may help cities raise and attract funding and finance due to better monitoring and reporting of climate-related risks and opportunities, and identification of high impact sustainability projects to prioritise funding requirements.

CHALLENGES AND BARRIERS

To address climate risks and spur sustainable development, mayors of cities across the Global South need massive amounts of new funding and investment to be unlocked. Yet, they are constrained in doing so by barriers in three major areas relating to climate finance.

01 WEAK ENABLING ENVIRONMENT

Mayors of Global South cities are often hampered in their efforts to mobilise greater sustainable urban finance due to limited autonomy and overlapping climate finance governance frameworks.

Fragmented climate governance.

National as well as international climate discussions remain focused on macro-level commitments, while city-level requirements are under-represented. Research by the Coalition of Urban Transitions shows that only 28% of mitigation potential falls directly under local government control, 35% is under national authorities, and 37% requires collaboration. This fragmentation reduces national governments' willingness to allocate sustained funding for urban climate projects and hinders the development of policy frameworks needed for greater urban climate finance, in turn disempowering city mayors.

Low levels of local autonomy.

Mayors across the Global South often have limited fiscal and policy autonomy to drive the urban climate finance agenda, and therefore to mobilise higher amounts of funding.

In Africa, while there has been some progress on more effective local governance, there is large variance in the level of devolution enjoyed by city mayors. Recent assessments of Sub-Saharan Africa, for instance, indicate that there are a limited number of fully devolved local governments, with significant restrictions applied on their political, fiscal, and administrative autonomy.

Asia, broadly speaking, has experienced more progress at least in terms of decentralisation, particularly in East Asian economies. However, this process has been uneven and climate governance in the region remains fragmented, with 'middle-tier' cities in particular still finding themselves with limited authority for action.

The experience of Latin America is somewhat similar to Asia. While the decentralization process has expanded the share of local governments in spending, fiscal frameworks in the region often fail to align resource allocation with urban climate needs.

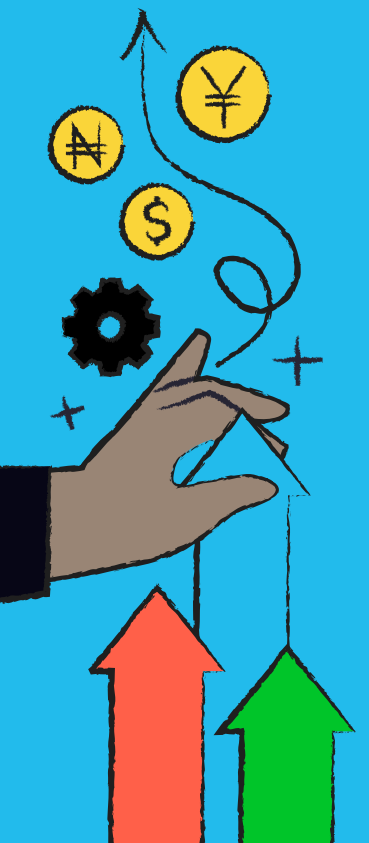
Durban, South Africa © Unsplash

02 SUPPLY-SIDE CONSTRAINTS

The supply of urban climate finance for the Global South is limited due to the persistence of fossil fuel subsidies, low access to international funding, constrained national fiscal space due to growing debt burdens, and insufficient private financing. Furthermore national and public development banks which crucially can lend to sub-national projects in local currency—such as the 500 institutions in the Finance in Common network—represent massive untapped potential to finance green, city-led projects.

Insufficient access to international funding sources.

International donors, such as MDBs, are currently unable to fully address the specific needs of Global South cities, and instead tend to focus on broader national or regional projects. As of 2021-22, urban climate finance flows from developed to developing economies summed USD 12 billion—less than 2% of the global total. This reflects in the large funding gaps for climate finance needs more broadly across the Global South:



AFRICA

Estimated average annual need of **USD 277 billion** vs. actual flows of **USD 30 billion.**

ASIA

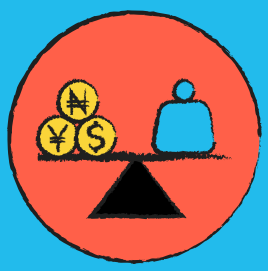
Estimated average annual need of **USD 1.7 trillion** vs. actual flows of **USD 465 billion.**

LATIN AMERICA

Estimated average annual need of **USD 150 billion** vs. actual flows of **USD 25 billion.**

Growing national debt burdens.

External public debt levels have more than doubled since 2008, with dozens of emerging markets and developing countries (EMDEs) projected to face insolvency problems if they seek to ramp up investment to meet climate and development goals. Debt servicing is at an all-time high, which is crowding out national public expenditure on broader sustainable as well as urban climate projects.



As of 2022-23, there were **20 African countries** who spent **more than 10% of government revenue on external debt servicing**; the number for **Asia was 13,** while in **Latin America it was 15.**

Limited access to private capital.

According to the United Nations Framework Convention on Climate Change (UNFCCC), between 70%-90% of the estimated US$ 32 trillion needed this decade to achieve net-zero emissions by 2030 can come from the private sector. However, while low-carbon investments are rapidly becoming more commercially attractive to private investors due to technological progress and increased efficiency improving return on investment, the key challenge for many cities, particularly in the Global South, remains their inability to access enough of it. While some cities have been able to use instruments such as green and municipal bonds to attract private investment for climate projects, many others remain constrained to do so, partly due to weak enabling environments such as the inability to raise debt due to arbitrarily low debt thresholds, poor credit ratings which may be directly tied to the country's, or limited financial autonomy.

03 WEAK DEMAND

Variability in the capacities of subnational governments and a lack of investment-ready projects leads to insufficient demand for the deployment of urban climate finance.

Medellin, Colombia © C40

Technical capacity constraints.

Many Global South cities lack the technical expertise required to design climate projects that attract capital—both public and private. Challenges in project preparation, financial management, and structuring viable financing models make it difficult for city mayors and climate finance officials to attract investment. This is further hampered by their limited access to feasibility studies, technical assistance, and data-driven planning tools.

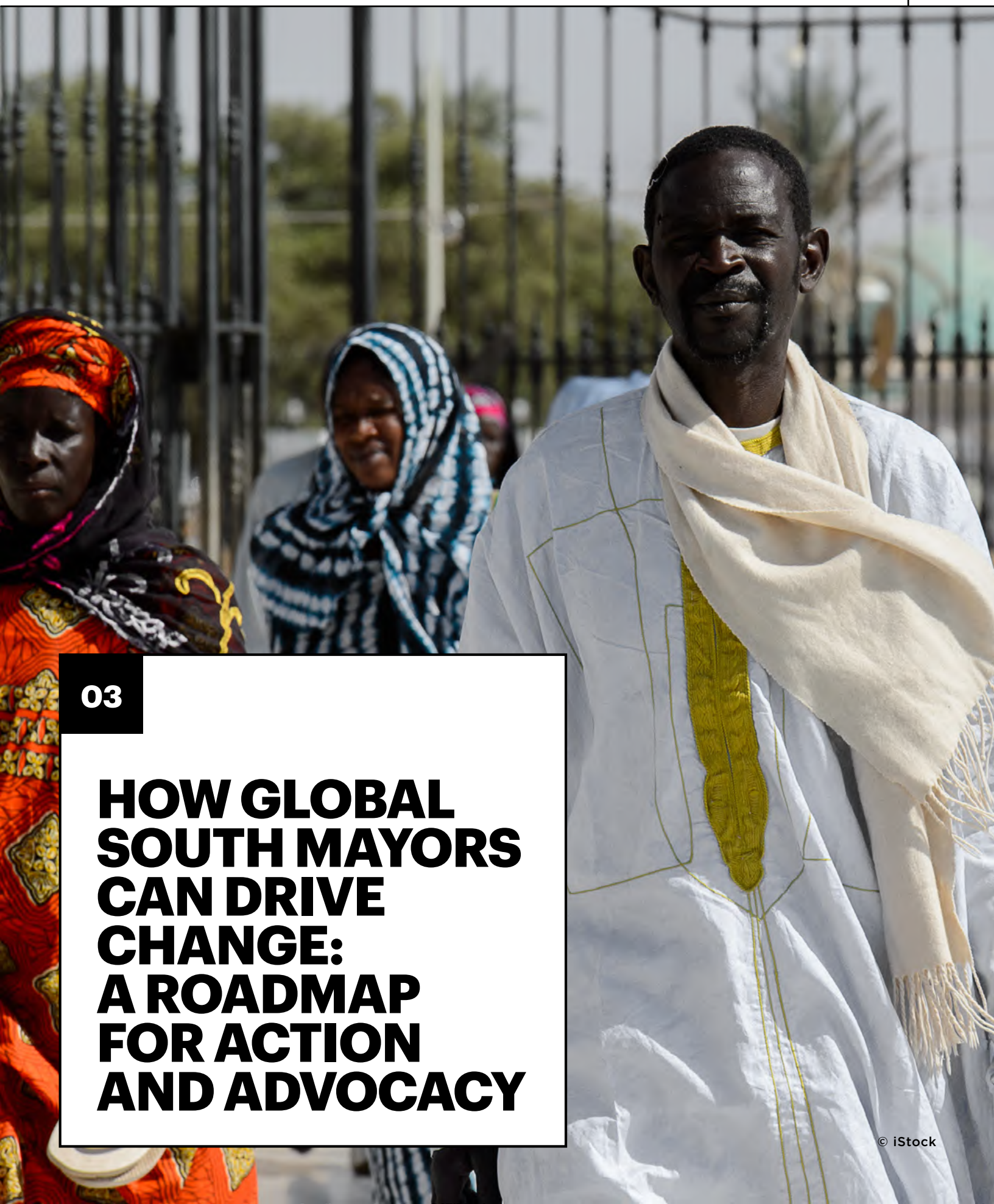
In Latin America, public development banks identify a lack of technical expertise, including limited professionals skilled in climate finance, project design, and implementation, as a primary obstacle to increasing green lending both at the national and subnational levels.

Insufficient institutional capacity is a significant obstacle to mobilising greater climate finance in Asia. Many countries, more so in South Asia, lack sector-specific emission reduction roadmaps, national carbon market strategies, and the governance frameworks needed to support sustainable urban finance.

Similar to the other two regions, challenges in the African context cover institutional capacity, planning and budgeting, data availability, and research capabilities.

Small projects and lack of aggregation initiatives needed create investment pipelines.

As a consequence of the capacity constraints discussed above, cities, particularly small and medium-sized ones, are often unable to develop 'bankable' climate projects. This is coupled with the fact that many projects do not meet investment requirements from either public or private sector financiers: typically they have prohibitively high transaction costs; lack creditworthiness; and are too small for individual financing hence must be aggregated into pipelines to provide the scale required. Exacerbating this, there is a general lack of the aggregation mechanisms needed to arrange projects into investment-ready pipelines, and enable financing from both domestic and international finance providers.



03

HOW GLOBAL SOUTH MAYORS CAN DRIVE CHANGE: A ROADMAP FOR ACTION AND ADVOCACY

Mayors occupy a unique and influential position to drive climate action. On the one hand, they are **able to advocate for and influence** subnational, national, and global climate policies, while raising public awareness for climate action.

At the same time, mayors can **directly drive urban climate finance initiatives**, playing a crucial role in strengthening investor confidence by calling on national governments to foster an environment that emphasizes transparency, stability and a long-term vision.

Mayors can also leverage powerful global allies to further the urban climate agenda. C40 Cities unites nearly a 100 mayors from around the world, and the Global Covenant of Mayors for Climate and Energy (GCoM) is a global coalition of over 13,000 cities and local governments. Through such forums and collective action, such as the 2024 open letter from a group of 40 global mayors to the presidents of MDBs seeking to elevate urban climate finance in their organisational strategies, mayors can amplify their voices.

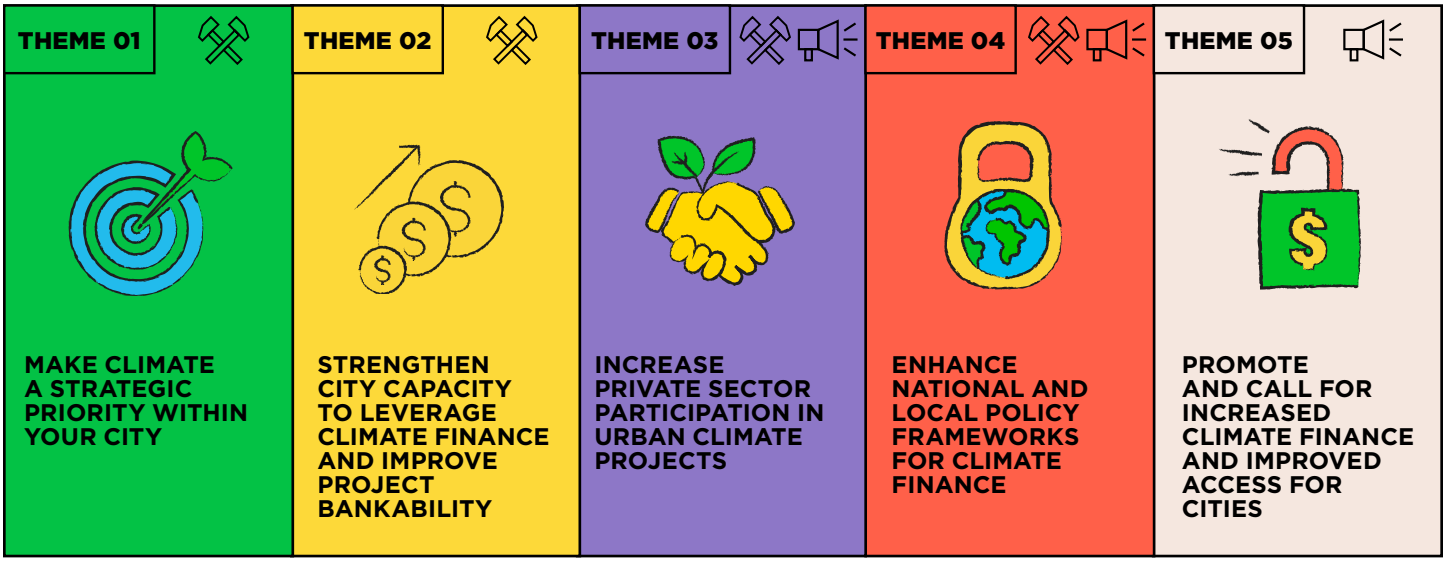
To fully utilise their influence and drive higher amounts of urban climate funding, city mayors need to articulate a coherent and compelling narrative aimed at both national and global stakeholders. Yet, at the same time, they must take action in areas closer to their purview to make it more attractive and feasible for funders—public and private—to invest in sustainable urban development.

The below Roadmap outlines **key policies and advocacy strategies** to support the mayors of cities across the Global South to drive and attract greater climate finance, arranged around five key themes.

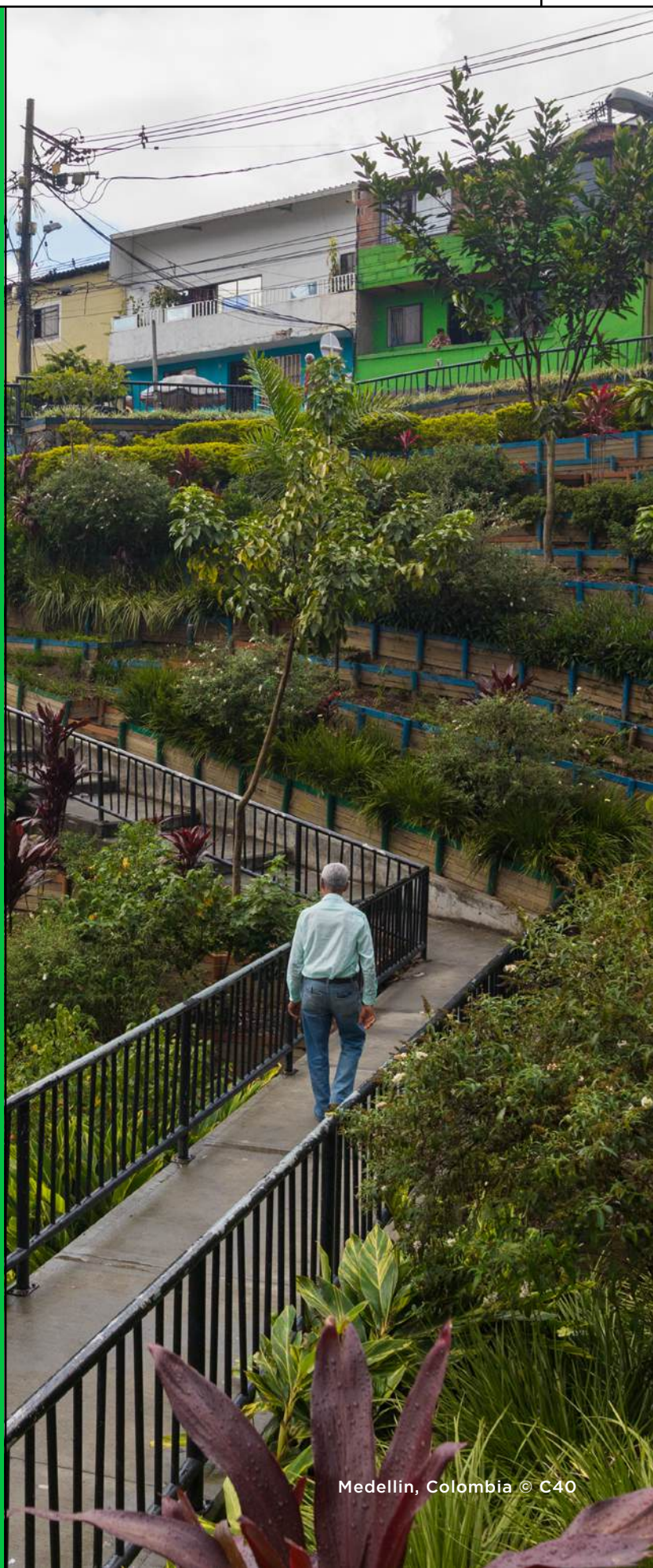
Since increasing sustainable finance in and to Global South cities requires a spectrum of actions over which cities have varying degrees of influence, the Roadmap is arranged to indicate whether measures are **Policy Building Blocks** (those which can be led by mayors at the city level, relatively independently), or **Advocacy Actions** (things which mayors need to advocate for by engaging others for support, above the subnational level).

Each outlines **practical steps that mayors can take** and key **collaborators to engage.**

Building blocks | Advocacy actions



THEME 01 MAKE CLIMATE A STRATEGIC PRIORITY WITHIN YOUR CITY



Medellin, Colombia © C40

1.1 ESTABLISH A CLIMATE ACTION PLAN AND ALIGN TARGETS WITH THE CITY'S FINANCE POLICIES

Having a Climate Action Plan (CAP) is a foundational step for cities globally to plan, take and monitor ambitious climate action to reduce their emissions and build resilience in an inclusive way, outlining the necessary stakeholders within and beyond the city, needed for delivery. Data from C40 shows that having a plan and targets in place is crucial to delivery, and that cities with a CAP are three times more likely to take the necessary action to reduce emissions, than those which do not.

The GCoM Common Reporting Framework sets out baseline requirements and guidance for each step of a city's climate action journey. For C40 member cities and those who would like to go deeper into their planning processes, the C40's Climate Action Planning (CAP) Framework provides further resources. All C40 member cities are required to have in place and deliver against a CAP aligned with the 1.5 degree goals of the Paris Climate Agreement, putting them ahead of most of the world's national governments in terms of climate ambition.

To ensure cities are walking the talk, mayors can ensure that targets and approaches in their city's CAP inform those in the city's investment and financial allocation policies. For example, if a city's CAP prioritises a reduction in emissions from buildings and construction, the city's investment policy might include targets to invest a certain amount in green real estate or infrastructure assets with certified levels of environmental sustainability. City finance policies may include plans to explore innovative finance vehicles designed to leverage capital in support of the city's climate targets. For example London has launched a co-investment fund with private fund manager Sustainable Development Capital Ltd. which aims to draw £500 million of investment to projects that directly support the city's 2030 net zero target.

KEY COLLABORATORS

LOCAL	GLOBAL
City planning and finance departments	City networks
Local think tanks who can help to model financial vehicles	Global climate funds (e.g. GEF, CIF)
Climate funds investing in the region	

What Mayors Can Do

01 **Establish a CAP with measurable targets using available resources: C40's Climate Action Planning Framework, C40's Cities Climate Transition Framework, and GCoM Common Reporting Framework.**

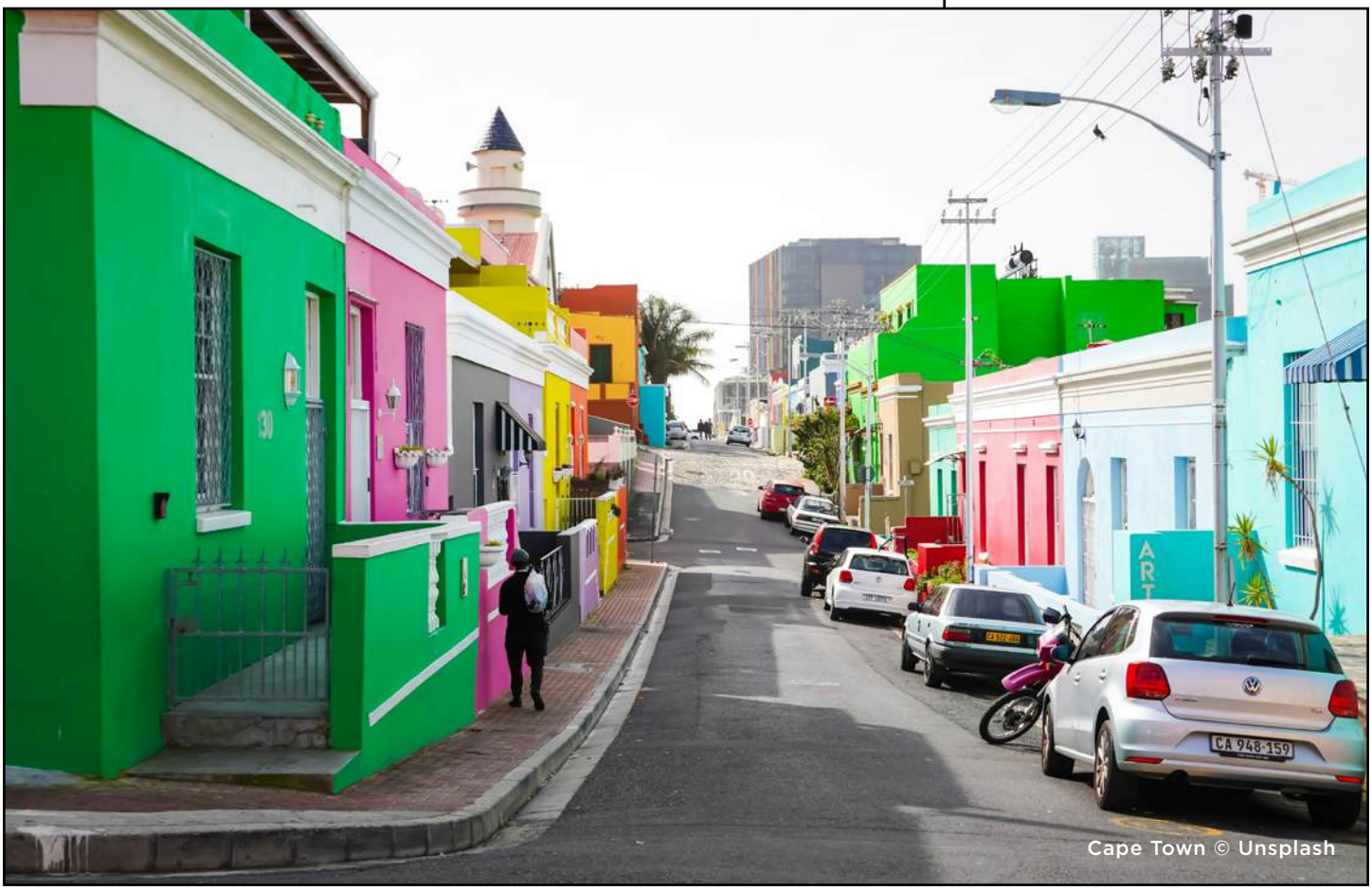
02 **Engage financial stakeholders such as local investors, banks and sources of funding or finance the city leverages, when developing the plan**

03 **Reflect emissions reduction or climate resilience targets and associated timelines from the city's CAP into financial allocation and investment policies.**

CITY HIGHLIGHT

CAPE TOWN, SOUTH AFRICA

Cape Town, South Africa is advancing its climate leadership with a rich history of over two decades of climate change action, underpinned by strategic planning, policy development, and a proactive approach to program implementation. As part of its commitment to tackling the climate crisis, Cape Town has aligned itself with national and international climate strategies, further solidifying its role as a global climate actor. Since joining the C40 Deadline 2020 program in 2017, Cape Town has set ambitious goals, including reducing at least 80% of its 2016 emissions by 2050 and ensuring all buildings are net-zero carbon by 2050, with new buildings meeting this standard by 2030. The city's Climate Change Policy formally recognizes climate threats and drives a comprehensive strategy for carbon neutrality and resilience. Additionally, Cape Town's alignment with global initiatives, such as C40's Divesting from Fossil Fuels, Investing in a Sustainable Future Accelerator demonstrates the city's climate leadership through increased allocation of the city's own finances to sustainable projects, and engagement with investors to call for a shift of investment away from fossil fuels and towards clean, job-creating projects and infrastructure.



Cape Town © Unsplash

1.2 IMPLEMENT A CLIMATE BUDGET

Climate budgeting is an innovative whole-of-city government approach where climate mitigation, resilience and equity considerations are embedded into a city's governance, fiscal management and budgeting processes.

By making sure climate is embedded into financial and budgetary decision-making, mayors can scan and align municipal budgets with climate objectives, and identify existing and future climate projects that require funding, such as renewable energy projects and sustainable transportation initiatives.

Climate budgeting includes monitoring, evaluation of progress and performance, and transparent reporting of the city's climate actions, alongside its financial statements. Implementing a climate budget can empower mayors to lead on climate finance action by improving accountability through public awareness of urban climate action and budgetary measures, and stronger, climate-aligned financial management which strengthens cities' positions in negotiations with national and other stakeholders. Increased transparency can also build investor trust and help cities attract external funding.

KEY COLLABORATORS

LOCAL	NATIONAL
City Departments (Finance, Environment, Urban Planning)	Ministry of Finance
City Council Members (budgetary decisions)	
Local Business Community	

What Mayors Can Do

01 **Review current and plan future city budgets to identify and align with climate objectives, supported by C40's Climate Budgeting guidance and forthcoming framework**

02 **Introduce climate-related line items in the budget for projects like renewable energy, sustainable transport and nature-based solutions to reduce key climate hazards, and ensure project impacts and benefits clearly communicated to gain public buy-in**

03 **Involve city council members, local businesses, and community groups in the budgeting process to ensure broad support and transparency and communicate the benefits and impacts of climate budgeting to gain public buy-in**

04 **Identify a team across finance and climate departments, led by those responsible the city's budget, to mainstream climate objectives into existing budgetary process**

CITY HIGHLIGHT

MUMBAI, INDIA

Mumbai, India has developed a climate budget to deliver on the climate resilience and net-zero emissions targets in the Mumbai Climate Action Plan (MCAP). To lead the work, Mumbai has created a climate cell through broad engagement with more than 20 government departments, thereby mainstreaming climate action strategically and helping distribute responsibility across the municipal government using ordinary budgetary processes, which are official and recognised. Subsequently the city has a better understanding of its spending, and more effective financial management and decision making.

The climate budget also creates the opportunity for potential projects to be financed through external financing mechanisms by stating clearly the spend on projects and tracking and monitoring progress to the achievement of its climate goals, thereby increasing transparency. For example, the city has allocated INR 10 billion grant to the Brihanmumbai Electric Supply and Transport (BEST) for the transition to electric buses by 2026. The climate budget states that 75,000 tons of CO2 per year will be reduced as a result of the transition away from fossil fuel powered buses.

Mumbai © Unsplash

CITY HIGHLIGHT

Medellín © C40

MEDELLÍN, COLOMBIA

Medellín, Colombia has prioritized climate resilience by integrating green infrastructure projects directly into its fiscal strategy. One of the most notable initiatives is the Green Corridors project, a ground-breaking effort that turns ordinary streets into green spaces designed to combat urban heat islands and manage stormwater, while also improving air quality and enhancing residents' quality of life. By linking these projects with the city's budget, Medellín ensures that climate resilience is not just a policy priority but an actionable, funded initiative with tangible benefits for its residents. Key actions taken to implement the project include: reallocating funds within the city's budget to prioritize green infrastructure, fostering PPPs to scale up the initiative, and integrating urban planning with climate adaptation strategies.

1.3 ESTABLISH AMBITIOUS, EQUITABLE CLIMATE POLICY TO INCENTIVISE LOCAL GREEN INVESTMENTS

Developing policies, tax incentives or subsidies that require locally developed infrastructure to meet strict environmental standards (e.g. through procurement of green technologies and energy, implementation of energy management strategies, improvement of energy efficiency and electrification) can help mayors meet city climate commitments whilst also generating green investment opportunities for private sector businesses and developers. For example, policies that streamline and prioritize sustainability-focused procurement processes can stimulate demand for green products and services.

To support the development of green investment markets in cities, mayors can also engage with industry associations and regulators e.g. to encourage and build consensus for building code amendments that enact emissions limits, or the removal of bureaucratic hurdles for private sector investments in renewable energy generation, to help direct private finance towards avenues leading towards a low-carbon economy.

KEY COLLABORATORS

LOCAL	NATIONAL
Sustainability-Focused SMEs	Private Banks
Environmental Economists	Consulting Firms Specializing in ESG
Industry Associations	Academics and Researchers in Green Finance
	Financial and Sustainability Experts
	Regulators

CITY HIGHLIGHT

KIGALI, RWANDA

The Green City Kigali project in Rwanda demonstrates how local governments can effectively promote green investments. The ambition is to demonstrate a replicable approach to sustainable urban development, particularly in the context of Africa, where rapid urbanization is occurring, emphasizing the integration of affordable housing with climate-conscious solutions. The city introduced a tax holiday for green technology start-ups and provided grants to support urban greening projects and renewable energy solutions. As a result, Kigali has witnessed rapid growth in green businesses, including solar energy start-ups, which have significantly bolstered the city's climate resilience and positioned it as a leader in sustainable urban innovation. This includes leveraging financial incentives, regulatory tools, and targeted policies.

What Mayors Can Do

01 **Create policies that give preference to vendors offering environmentally friendly products and services in city procurement processes, e.g. creation of a streamlined, transparent procurement system that lowers the barriers for small and medium enterprises (SMEs) to participate in government contracts, particularly those offering sustainable solutions.**

02 **Promote public-private partnerships (PPPs) to develop green infrastructure projects.**

03 **Introduce measures such as congestion charges, Low Emissions Zones, fines for polluting activities, or bans on single-use plastics to reduce emissions and encourage environmentally friendly behavior.**

04 **Work closely with local businesses, community organizations, and residents to build support and ensure policies meet the community's needs. Generate support by highlighting policy outcomes through campaigns, workshops, and community events.**

05 **Engage with industry associations and regulators on building code amendments and call for the removal of bureaucratic hurdles to help direct private finance towards renewables and other clean investment opportunities.**

1.4 ESTABLISH OR ALIGN WITH GLOBAL GREEN FINANCE STANDARDS AND GUIDELINES TO ENSURE CONSISTENCY AND RELIABILITY FOR CLIMATE INVESTORS

While national governments often take the lead in developing green taxonomy guidelines, typically through central banks, finance ministries, or treasury departments, this approach usually overlooks the critical role cities play in driving climate action and sustainability efforts.

Nevertheless, mayors can work towards creating and adopting a unified green taxonomy—essential for defining what constitutes "green" investments and ensuring consistency with international frameworks such as the EU Green Taxonomy, IFRS Sustainability Disclosure Standards developed by the International Sustainability Standards Board (ISSB) and the ASEAN Taxonomy for Sustainable Finance.

As an example, the West African Economic and Monetary Union (WAEMU) is paving the way for sustainable finance by launching a ground-breaking taxonomy for green, social, and sustainability bonds, empowering member countries like Benin, Senegal, and Côte d'Ivoire to attract climate finance investments. Related to the taxonomy guidelines is the establishment of clear reporting standards, transparency, and consistency in climate-related financial disclosure, as highlighted by the Task Force on Climate-related Financial Disclosures (TCFD).

KEY COLLABORATORS

LOCAL	NATIONAL
Sustainability-Focused SMEs	Private Banks
Environmental Economists	Consulting Firms Specializing in ESG
Industry Associations	Academics and Researchers in Green Finance
	Financial and Sustainability Experts

What Mayors Can Do

01 **Establish dedicated task forces with city officials, financial and sustainability experts, sustainability practitioners, local businesses, and financial institutions to develop or adopt a unified green taxonomy that aligns with international frameworks.**

02 **Provide training and resources to city officials and local businesses on the new green taxonomy and reporting standards to ensure effective implementation.**

03 **Implement pilot projects to test and refine the green taxonomy, gathering feedback and making necessary adjustments to ensure it is effective and practical.**

CITY HIGHLIGHT

LIMA, PERU

The city of Lima, Peru, commissioned studies revealing that investing in public transportation could reduce emissions by 15% by 2025 while saving citizens over US$ 1.1 billion annually. To enable such transformative investments, the city strengthened its fiscal governance and capacity to attract private financing for climate action by adopting better corporate governance policies, improving fiscal and financial management, and aligning capital investment planning with national green frameworks. Starting in 2006, the city updated tax collection strategies, improved accounting standards, and strengthened treasury and debt management, which significantly boosted its credit rating. These reforms attracted private sector interest, enabling Lima to secure a US$ 190 million commercial bank loan to co-finance a bus rapid transit (BRT) corridor project, demonstrating how robust governance reforms can unlock private financing for sustainable infrastructure and climate-focused initiatives.

Lima © Unsplash

1.5 BUILD DATA-DRIVEN CLIMATE RISK POLICIES TO INFORM PLANNING AND FINANCIAL DECISION-MAKING

Mayors play a crucial role in ensuring that city assets and financial resources are strategically allocated to support the transition to a sustainable and resilient urban future, and align with the city's own climate ambition and Climate Action Plan. Furthermore cities need adequate data to inform climate-oriented decision making, helping them assess the exposure of city-owned financial assets—such as municipal budgets, municipal reserves, cash and investment funds, or emergency reserves—to high-carbon activities, and take steps to scale up investment to support the transition to a low-carbon economy.

Through training and partnerships - for example with local Universities and data providers - mayors can ensure collection, analysis and dissemination of climate data to support climate modelling and inform the city's planning and financial policies.

KEY COLLABORATORS

LOCAL	NATIONAL	REGIONAL/GLOBAL
City Departments (Finance, Environment, Urban Planning)	Public Sector Data Managers	Global Climate Data Providers
Local Universities and Research Institutes	Ministry of IT	CFO Network for African Cities
Local CSOs	National Statistics Offices	

What Mayors Can Do

01 **Partner with universities and research organizations to access expertise in data analytics, climate science and technology.**

02 **Integrate climate risk criteria into financial planning, procurement policies, and budgetary processes to drive investment decisions towards sustainable assets.**

03 **Undertake comprehensive financial assessment to identify and mitigate exposure to high-carbon investments, ensuring alignment with climate goals.**

04 **Develop transparent reporting mechanisms to track financial allocations and demonstrate progress toward climate-aligned investment goals**

Rio de Janeiro © Unsplash

1.6 WORK WITH LOCAL PENSION FUNDS

Pension funds hold significant financial influence and can play a key role in advancing the shift towards a sustainable economy. Mayors can help harness this potential by encouraging city—or even regional or national—pension funds to align with the city's climate goals, by actively engaging with fund governance and decision-making processes. Where governance allows, mayors may be able to appoint Trustees to the pension fund board, ensuring climate-expertise and risk assessment are embedded in investment decision-making and policy creation.

Additionally, mayors can collaborate with pension fund managers to explore sustainable investment opportunities. Encouraging the pension funds to adopt responsible investment frameworks such as the Principles for Responsible Investment (PRI) can help align portfolios with net-zero targets and local sustainability objectives.

Beyond investment decisions, cities can work with pension funds to increase transparency and stakeholder engagement by facilitating regular consultations with employees and beneficiaries to raise awareness of the importance of sustainable investment. For instance, cities can disseminate surveys to citizens or pension fund employees more specifically to gather their insights on sustainable investing, ensuring their views are incorporated into the decision-making process. Through these efforts, mayors can help pension funds become key partners in financing the transition to a clean, fair economy while safeguarding long-term financial returns for their beneficiaries.

KEY COLLABORATORS

LOCAL	NATIONAL
City pension funds (or regional-level funds)	National pension fund
Employee unions and key representatives	National Treasury and Pension Regulatory Authorities
City's Finance and HR Departments	

What Mayors Can Do

01 **Where possible, appoint or nominate trustees with climate expertise to relevant pension fund boards to embed sustainability and climate risk into investment decision making**

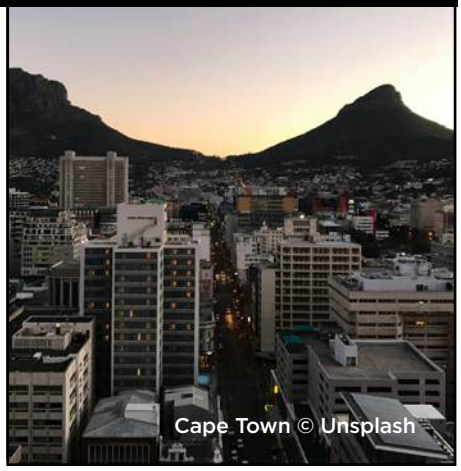
02 **Understand and drum up employee support for local green pension options through city staff consultations and surveys to gather input from employees and beneficiaries on sustainable investment priorities**

03 **Establish regular dialogue with pension fund managers to explore sustainable investment opportunities and the possibility to reinvest in projects that are beneficial to the local economy, whilst providing sound financial returns**

CITY HIGHLIGHT

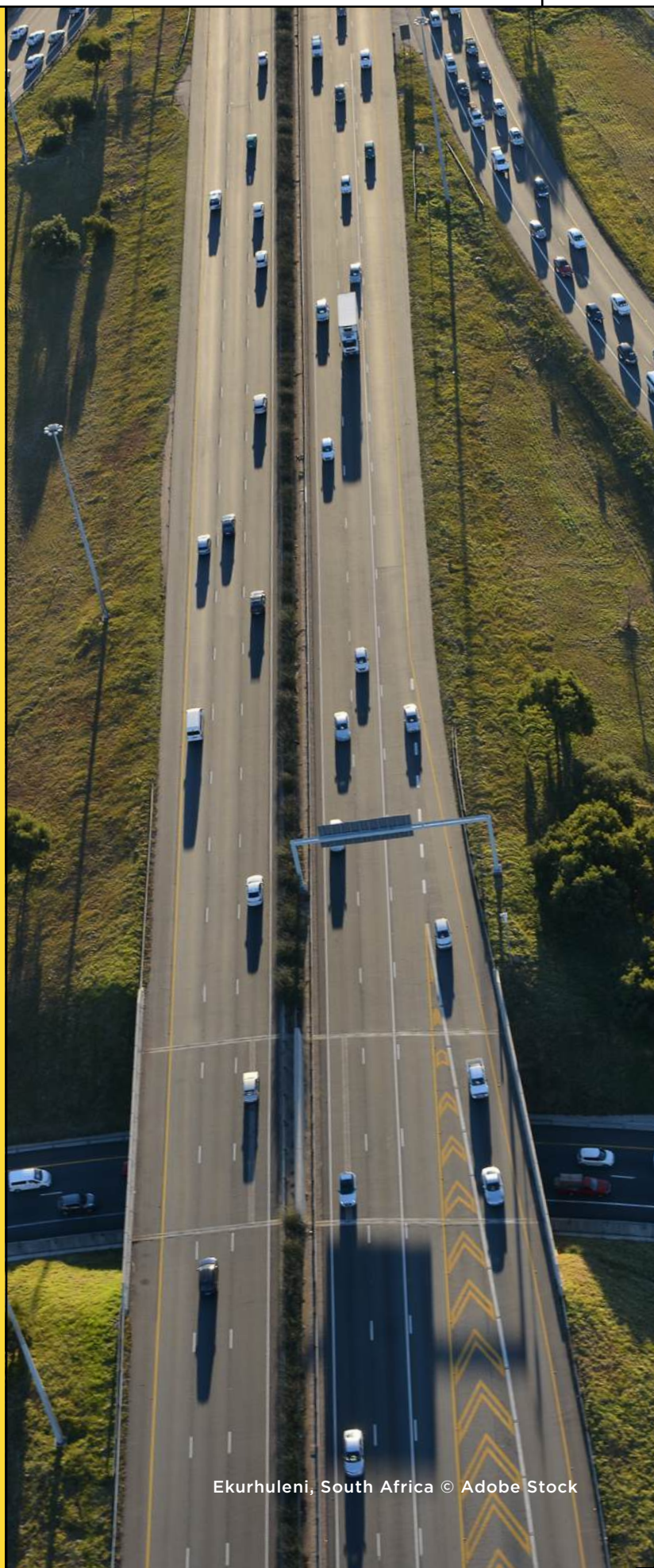
CAPE TOWN, SOUTH AFRICA

Cape Town is taking meaningful steps towards investing in a clean energy future. As part of its commitment to climate action, the city has signed up to C40's Clean Investment Accelerator, pledging to mobilise finance away from investments that contribute to the climate crisis and towards those that support mitigation and adaptation efforts. In 2024 the city held a Knowledge Sharing Session, facilitated by C40, on Divestment from Fossil Fuels to bring together local pension funds with those from London and New York City to share their clean investment approaches, exchange insights, and discuss common challenges. Cape Town's pension schemes have already made progress towards the clean investment agenda and aim to further advance their commitment by learning from global leaders in the field.



Cape Town © Unsplash

THEME 02 STRENGTHEN CITY CAPACITY TO LEVERAGE CLIMATE FINANCE AND IMPROVE PROJECT BANKABILITY



Ekurhuleni, South Africa © Adobe Stock

2.1 CREATE A DEDICATED CLIMATE FINANCE UNIT

One of the initial efforts that mayors can push and seek assistance for is the establishment of dedicated Climate Finance Units (CFUs) within their local governments. These CFUs typically serve as the main point of contact for leading and coordinating climate finance initiatives, and can house climate investment sub-units or departments. Their purpose would be to guide cities in designing impactful projects by offering technical expertise and data-driven insights. Beyond technical functions, CFUs can serve as connectors, building bridges between city governments and national governments, international donors, private sector partners, and local communities. They can also lead training to city officials on climate finance mechanisms.

KEY COLLABORATORS

LOCAL	NATIONAL	REGIONAL/GLOBAL
City Departments (Finance, Urban Planning)	Ministry of Finance	MDBs
Sustainability Experts	Ministry of Environment/ Climate Change	Regional Development Banks
		City networks

What Mayors Can Do

01 **Establish and define the roles and responsibilities of CFUs, including technical support, data analysis, and acting as a liaison with external stakeholders. This includes securing budget and personnel resources for CFU operations.**

02 **Promote mentorship programs, such as through the CFO Network, convened by C40 and GCoM, where experienced city officials partner with those from less experienced cities, facilitating peer-to-peer learning and providing guidance on accessing climate finance.**

03 **Engage with capacity development providers like C40 Cities, GCoM and others, to facilitate training sessions, webinars, and workshops for city officials.**

CITY HIGHLIGHT

EKURHULENI, SOUTH AFRICA

Ekurhuleni, South Africa, developed a Climate Action Plan that identified various green investment opportunities and strategically bundled them into thematic portfolios, making them more attractive and bankable for financial institutions. By aggregating investments across sectors—such as public infrastructure, private buildings, and transportation—the city worked with banks to create a significant pipeline for financing climate-smart initiatives. This thematic approach enabled banks to move beyond isolated project financing, introducing innovative financial products like Sustainability-Linked Loans and Bonds and Property-Linked Financing. These tools supported energy efficiency upgrades, renewable energy adoption, and broader sustainability goals, while offering mechanisms for repayments via property tax increments. This model showcases how cities can collaborate with financial institutions to scale climate action through structured and bankable portfolios.

Ekurhuleni © Adobe Stock

CITY HIGHLIGHT

KUALA LUMPUR, MALAYSIA

Tokyo's partnership with Kuala Lumpur, has forged a robust city-to-city collaboration focused on building energy efficiency and sustainable urban development. Initiated in 2019 under Japan's City-to-City Collaboration for the Zero-Carbon Society program, this partnership emphasizes knowledge-sharing, capacity-building, and innovative policy frameworks. Tokyo contributed its technical expertise, regulatory frameworks, and experience with cap-and-trade systems, enabling Kuala Lumpur to advance energy efficiency and adopt carbon-neutrality goals by 2050. Key achievements include the development of an energy database, adaptation of Tokyo's energy standards, and strategic guidance for urban sustainability. In 2022, the partnership expanded to include city block developments and cooperation with Saitama City. This collaboration, strengthened by high-level exchanges like Tokyo Governor Yuriko Koike's visit, highlights the role of cities as global climate leaders and serves as a model for effective international urban partnerships.

Kuala Lumpur © C40

2.2 ESTABLISH CAPACITY NEEDS AND SUPPORT PROFESSIONAL DEVELOPMENT FOR CITY OFFICIALS ON CLIMATE FINANCE

To address capacity gaps in climate finance, mayors first need to identify climate finance-related skills and resource shortages and gaps within city governments. This is important to ensure that planning and project preparation teams are working with finance teams and those involved in environment risk analysis, and have the necessary knowledge and resources to embed climate into decision making.

Mayors can establish focus groups, workshops and surveys to establish capacity gaps with teams working on project preparation, planning, finance, and environmental policy, and and collaborate city networks, civil society, private sector representatives, and academic institutions to help design targeted training programs on basic climate finance to advanced topics like green bonds and concessional loans.

Training, workshops, mentorship programs and resources can enhance grant writing, project structuring, and investor engagement skills that are vital for securing and leveraging climate finance. By fostering partnerships with city networks, consulting firms, academic institutions, and research organizations, mayors can bring specialized knowledge and technical expertise to fill internal capacity gaps.

KEY COLLABORATORS

LOCAL	NATIONAL	REGIONAL/GLOBAL
City Departments (Finance , Environment, Urban Planning)	National Development Banks	IFIs
Local Universities, Training Institutes and Consulting Firms	National Training and Certification Bodies	Regional Development Banks
Private Sector	National Research Institutions	City networks
Local Businesses and Industry Associations		

What Mayors Can Do

01 **Use surveys, focus groups, and consultations to assess existing climate finance knowledge and skills of city officials in finance, planning, environment, and engineering departments, to identify gaps (e.g. in project preparation, financial management, and investor engagement) and inform targeted training programs on foundational and advanced climate finance topics such as climate finance mechanisms, project development, and investment analysis.**

02 **Partner with consulting firms, academic institutions, and research organizations to develop and deliver training modules—including topics like grant writing, risk assessment, climate finance design, and financial modeling.**

03 **Pair city officials with experienced mentors from the finance or climate sectors and create opportunities for officials to participate in hands-on projects and real-world scenarios.**

04 **Organize workshops and forums that unite city leaders, local government officials, and key stakeholders to explore opportunities for project aggregation and collaborative initiatives.**

2.3 SUPPORT THE DEVELOPMENT OF BANKABLE AND INVESTMENT-READY PROJECT PIPELINES

City-led climate projects should be prepared such that they can be arranged into asset pipelines, to enhance investment-readiness and bankability—this is key to attract finance since urban infrastructure projects are typically too small for financiers to back, individually.

Mayors can empower planning teams to work with finance teams, so that projects are planned with financing or funding pathways in mind, to identify funding sources beyond the city's own budget, and establish investor engagement strategies.

3.3 Take steps to improve cities' creditworthiness will also aid a city's overall capacity to mobilize greater sustainable finance for their climate goals, whilst *4.3 Call on national governments to develop national platforms that can provide finance scale* can provide the support project aggregation to further enable project bankability.

KEY COLLABORATORS

LOCAL	NATIONAL	REGIONAL/GLOBAL
City Departments (Finance , Environment, Urban Planning)	National Development Banks (NDBs)	IFIs
Local Universities, Training Institutes and Consulting Firms	National Training and Certification Bodies	Regional Development Banks
Private Sector	National Research Institutions	City networks and reporting initiatives
Local Businesses and Industry Associations		

What Mayors Can Do

01 **Prepare and arrange projects into asset pipelines, and identify financing / funding pathways, to enhance investment-readiness.**

02 **Support direct engagement between city officials and fund managers from global climate funds to seek capacity development support, such as through the Green Climate Fund's (GCF) Readiness and Preparatory Support Programme (the Readiness Programme).**

03 **Use diagnostic tools to assess the city's climate finance readiness and identify potential areas for improvement (e.g. those offered by the World Bank Group (WBG), the Climate Disclosure Project (CDP) and C40's climate finance diagnostic tool).**

04 **Use platforms such as CDP-ICLEI Track to report to stakeholders on climate projects and pipelines**

THEME 03
INCREASE PRIVATE SECTOR PARTICIPATION IN URBAN CLIMATE PROJECTS

Sao Paulo, Brazil © Unsplash

Mayors can take the following direct steps to increase private sector participation in urban climate projects. These are complemented by steps to *1.3 Establish ambitious, equitable climate policy to incentivise local green investments* (engaging with industry associations and regulators on green standards and emissions limits, or to help remove bureaucratic hurdles) and *1.6 Working with local pension funds,* to encourage and incentivise more private investment into renewables and a low-carbon economy.

3.1 USE PROCUREMENT TO MOBILISE PRIVATE CAPITAL

In sectors where the city government makes up a large share of the market, public procurement can be a powerful tool for driving growth in climate-friendly industries and spurring private investment. Many avenues exist for doing this, such as construction, transportation, electricity supply, and waste management. As referenced in theme 1, mayors can also engage industry bodies and push national-level regulatory or policy changes needed to ensure that city governments can issue bids to invite private investors into these sectors.

KEY COLLABORATORS

LOCAL	NATIONAL
City Procurement Offices	Ministry of Finance
Private Sector Companies and Vendors	Ministry of Economy/Trade
Local Chambers of Commerce	Ministry of Environment
	Public Procurement Authorities

What Mayors Can Do

01 **Engage with private investors and businesses to understand their needs and ensure that procurement processes are attractive and feasible for them.**

02 **Set clear criteria for sustainability and environmental impact.**

03 **Issue public tenders, clearly outlining the sustainability criteria and benefits to attract private investment.**

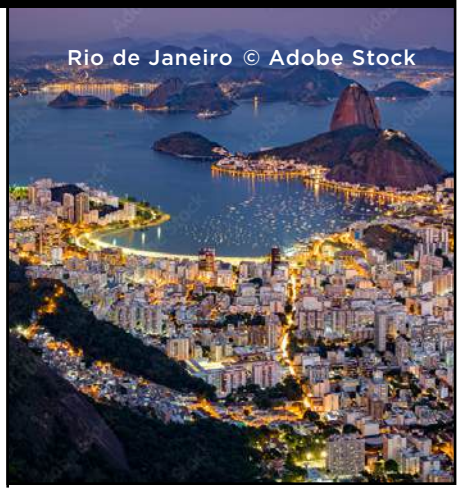
04 **Highlight and promote successful climate-friendly projects funded through public procurement to demonstrate the benefits and encourage further investment.**

05 **Organize hackathons and innovation challenges focused on sustainable urban development. These events can attract innovative solutions from entrepreneurs, startups, and tech enthusiasts, and provide a platform for collaboration.**

CITY HIGHLIGHT

RIO DE JANEIRO, BRAZIL

In 2023, Rio de Janeiro, Brazil, became the first city in Latin America to use a power purchase agreement (PPA) to supply electricity to municipal buildings with renewable energy. Following changes to Brazil's energy sector legal and regulatory frameworks, opening up the electricity market to the private sector, the city's leadership decided to procure renewable-source power through a public tender. Beginning with the city hall (which will save an estimated USD 6 million annually), the city plans to supply power to all municipal buildings through PPAs by 2026.



Rio de Janeiro © Adobe Stock

3.2 EXPLORE USE OF BLENDED FINANCE AND DE-RISKING MECHANISMS TO MOBILISE PRIVATE INVESTMENT

To effectively respond to climate change, foster clean development and ensure resilience, cities need a huge increase in accessible climate finance from both public and private sources. Mayors can take a proactive approach to innovate mechanisms that mobilise finance—including crowding in private investment—to green city projects such as blended (including concessional) finance, de-risking tools, political risk insurance, PPPs, loan guarantees, and technical assistance.

To complement this mayors can use their leadership to advocate to key climate finance providers for concessional finance, as outlined in *5.1 Call on key climate finance providers (MDBs, bilateral funders, IFIs, global climate funds) to increase funding for climate action and issue more concessional finance.*

KEY COLLABORATORS

LOCAL	NATIONAL
City Finance Departments	National Development Banks
Private Sector	Ministry of Finance
City Planning Authorities	Ministry of Urban Planning/Development

What Mayors Can Do

01 **Develop clear guidelines and criteria for identifying projects that are suitable for concessional finance and that have the potential to attract private investment.**

02 **Use financial instruments such as guarantees, first-loss capital, and risk-sharing mechanisms to mitigate identified risks and attract private investment.**

03 **Establish city-based innovation hubs that bring together public and private stakeholders to brainstorm and develop innovative and actionable urban climate projects. These hubs can also serve as incubators for new ideas and pilot projects that will support the strategies.**

04 **Via the CFU, organise and execute a city's overarching climate financing plans and streamline coordination with private investors**

05 **Organise roadshows to showcase sustainable urban projects to private investors, and use them to disseminate cities' broader climate investment strategies and plans.**

06 **Directly interact with banks, equity investment funds, and ratings agencies through meetings and workshops to co-develop sustainable urban investment projects.**

CITY HIGHLIGHT

BELGRADE, SERBIA

In Belgrade, Serbia, a waste-to-energy project illustrates how concessional climate finance can attract private capital for urban infrastructure. The project, supported by a comprehensive financing and guarantee package from MIGA and IFC, addresses environmental and energy challenges by closing a massive landfill and constructing a sustainable waste management complex. Financing includes an IFC loan of €72 million, a parallel loan of €35 million from Oesterreichische Entwicklungsbank, a €20 million concessional loan from the Canada-IFC Blended Climate Finance Program, and an EBRD loan of €128 million. Additionally, MIGA issued €97 million in guarantees covering up to 90% of equity investments, mitigating risks like government contract breaches and enhancing the project's appeal without requiring a sovereign guarantee. This innovative financial structure secured private investment from global players like Suez and Itochu, enabling the construction of facilities that will generate 30 MW of electricity and 56 MW of heat, serving 90,000 households while reducing waste and emissions.

Belgrade © Unsplash

CITY HIGHLIGHT

Curitiba © Adobe Stock

CURITIBA, BRAZIL

In order to upgrade and modernize its existing Bus Rapid Transit (BRT) system which was declining in use and popularity, in 2013, the city government of Curitiba, Brazil, established a PPP with a consortium of public and private actors—Indra (Spain), Esteio, and Dataprom (both from Brazil). The USD 15 million contract aimed to enhance real-time traffic management and optimize public transport operations. The resulting intelligent transport system introduced dynamic traffic monitoring, priority bus signalling, and real-time passenger information, significantly reducing congestion, and making it more efficient, safe, and environmentally friendly. By leveraging this consortium model, Curitiba strengthened its position as a leader in sustainable urban mobility.

3.3 TAKE STEPS TO IMPROVE CITIES' CREDITWORTHINESS

To improve private sector participation in financing low-carbon, climate-resilient investments, mayors can look to improve the ability of their cities to raise private capital, for example by developing a creditworthiness action plan. City leaders can seek support from resources such as the C40 Cities Creditworthiness Good Practice Guide, and initiatives such as the World Bank's City Creditworthiness Initiative (CCI), to improve in-house expertise and knowledge on revenue management, expenditure control and asset maintenance, capital investment planning, and debt management. Another issue to address is the fact that many cities lack a credit rating, which can hinder access to international capital markets.

KEY COLLABORATORS

LOCAL	NATIONAL	REGIONAL/GLOBAL
City Finance Departments	National Statistics Offices	MDBs
Local Audit Agencies	Ministry of Finance	Credit Rating Agencies

What Mayors Can Do

01 **Create a comprehensive action plan focused on enhancing the city's fiscal health and creditworthiness—this entails specific steps to improve financial management practices, increase transparency, and strengthen the city's ability to attract private capital.**

02 **Engage with initiatives like the World Bank's City Creditworthiness Initiative (CCI) and the C40 Cities Creditworthiness Good Practice Guide to build in-house financial expertise.**

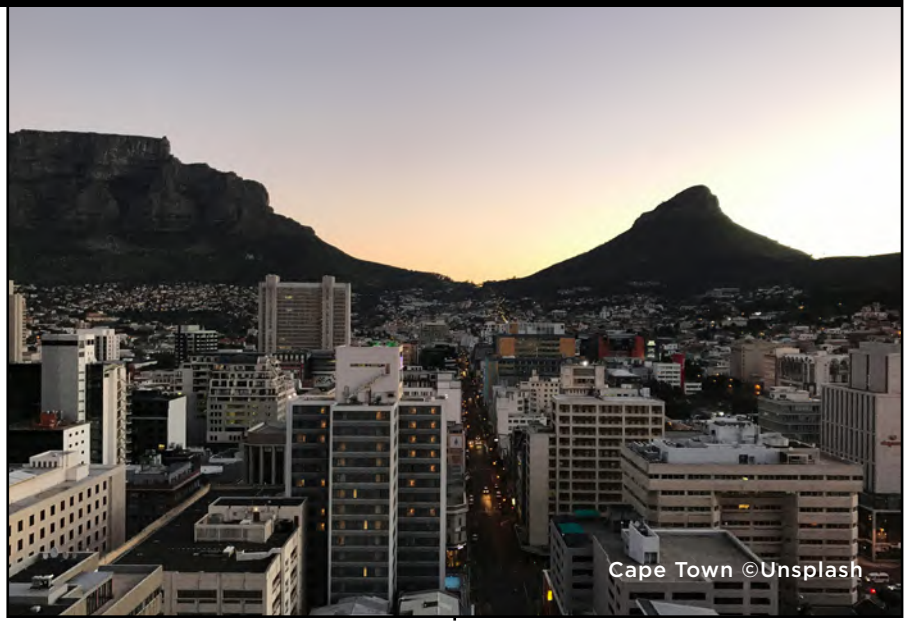
03 **Adopt best practices in financial reporting and make fiscal information readily available to the public and potential investors.**

04 **Work proactively with global credit rating agencies to obtain or improve the city's credit rating.**

CITY HIGHLIGHT

CAPE TOWN, SOUTH AFRICA

In 2022, the city government of Cape Town, South Africa published a ten-year infrastructure project pipeline to support infrastructure fundraising, valued at US$ 6.7 billion. Through knowledge sharing and transparency, private investors were able to assess whether they were willing to invest in the city's development projects and determine the level of return on their investment. Eventually, the city established successful coalitions of public and private actors, securing US$ 200 million by 2024.



Cape Town ©Unsplash

CITY HIGHLIGHT

KARNATAKA, INDIA

For the Bangalore water and sanitation project, in 2016, eight urban local bodies in Karnataka, India, improved their creditworthiness to access market financing by issuing tax-free municipal bonds without requiring a state-government guarantee. To facilitate this, the state government established the Karnataka Water and Sanitation Pooled Fund Trust (KWSPFT) as a single financial node, backed by a 50% credit guarantee from USAID. To further enhance investor confidence, each urban entity maintained a ring-fenced water project account, ensuring structured repayments through an escrow account containing 25% of the borrowed capital. Additionally, the Karnataka Urban Infrastructure & Development Finance Corporation (KUIDFC) acted as the fund manager, overseeing transactions and ensuring compliance with financial standards set by the Institute of Chartered Accountants of India. Moreover, the improved credit quality of the urban entities, driven by Karnataka's growing tax revenues and reduced state government expenditure, made the bonds more attractive to investors. Furthermore, credit ratings were further upgraded due to increased fiscal transfers from the central government, which reduced financing risks. By implementing these financial safeguards and governance measures, Karnataka's urban local bodies successfully secured private investment and strengthened their ability to fund critical water and sanitation infrastructure projects.

Karnataka © Unsplash

THEME 04
ENHANCE NATIONAL POLICY FRAMEWORKS FOR CLIMATE FINANCE

Bogota, Colombia © Unsplash

4.1 CALL FOR SUBNATIONAL ACTORS AND URBAN PRIORITIES TO BE INCLUDED IN NATIONAL POLICY THROUGH MULTI-LEVEL PARTNERSHIPS

Mayors have a crucial role to play in advocating for stronger collaboration and partnerships between national and local climate policies, ensuring that the unique priorities of cities are fully reflected in national commitments. It is essential to bridge the gap between high-level national strategies and the on-the-ground challenges that cities face, making sure that urban voices are heard in national climate forums. This will ensure that the needs, experiences, and perspectives of cities are integrated into policy decisions, and that local actions are prioritised in climate policy and investment plans.

National climate strategies often overlook the specific roles that cities must play in achieving climate goals, and it is vital for mayors to push for clear recognition and participation driving real, impactful change. For instance, many NDCs fail to allocate specific targets or resources to urban areas, despite cities being significant contributors to GHG emissions. Moreover, in many countries, national adaptation plans focus on rural agricultural sectors without addressing urban challenges such as heat islands, flood risks in dense populations, and aging infrastructure.

In this context, the Coalition for High-Ambition Multilevel Partnership (CHAMP) has been recognised as a valuable opportunity for national-subnational alignment and to foster collaboration for climate action. CHAMP was launched in COP28 and has been endorsed by over 70 countries who have committed to improve and enhance their work with local and regional governments.

KEY COLLABORATORS

LOCAL	NATIONAL
City Councils	Ministry of Finance
Council of Governors	Ministry of Environment/Climate Change
League of Mayors	National Climate Task Forces (for NDCs and NAPs)
City networks	National Statistical Agencies

What Mayors Can Do

01 **Leverage the commitments made by CHAMP endorsing countries—or call for them to join CHAMP—and demand better collaboration, transparent dialogue, enhanced policy alignment and finance investment for cities.**

02 **Call on national governments (e.g. Ministries of Finance and Environment) and participate in national climate forums to call for city-specific targets to be embedded in NDCs and national adaptation plans (NAPs).**

03 **Support this activity by gathering city-level data and case studies to highlight benefits, supporting policy proposal drafts, and organising local advocacy campaigns to build momentum for policy changes.**

04 **Leverage the influence of associations like the Council of Governors and the League of Mayors to promote improved legal and regulatory frameworks.**

CITY HIGHLIGHT

CHILE

Chile has become a global leader in sustainable development by aligning urban and national climate policies through a series of strategic actions. The country's Climate Change Law (Law 1931 of 2018) stands as a key milestone, empowering local governments to actively engage in climate change mitigation and adaptation efforts. This landmark legislation integrates climate considerations into both national and local planning, ensuring urban priorities are reflected in national climate commitments. Alongside this, Chile has made significant progress in decentralizing governance, overall involving the private sector and civil society using participatory approaches. A study supported by the World Bank and NDC Support Facility projects that Chile's path to carbon neutrality could boost the economy by 4.4% by 2050, generating an additional US$ 31 billion in economic output.

Chile © Adobe Stock

4.2 ENGAGE WITH NATIONAL MINISTRIES OF FINANCE TO CALL FOR DECENTRALISED CLIMATE FINANCE

Decentralization, paired with capacity development, empowers cities to manage resources and decisions effectively, addressing local challenges and building climate resilience. By advocating for fiscal reforms and decentralized structures, cities can better allocate resources, access international climate funds (e.g., Green Climate Fund), and adopt sustainable practices. Legal reforms enable cities to issue green bonds, secure concessional loans, and engage in PPPs, attracting investments for resilient infrastructure. Autonomous fiscal regimes also allow cities to align resources with local priorities like climate programs, infrastructure, and public services.

KEY COLLABORATORS

LOCAL	NATIONAL
Municipal Finance Departments	Ministries of Finance and Economic Planning
Urban Planning Teams	Ministry of Environment/Climate Change
Residents and Community Leaders	Parliamentary Committees on Finance and Climate
Academic and Research Institutions	
Local Media Outlets	

What Mayors Can Do

01 **In partnership with city networks, present recommendations for fiscal policy reforms to Ministries of Finance within national governments, and engage with policymakers and stakeholders to build support.**

02 **Forge partnerships with academic institutions to train city officials on climate finance, sustainable urban planning, and disaster risk management.**

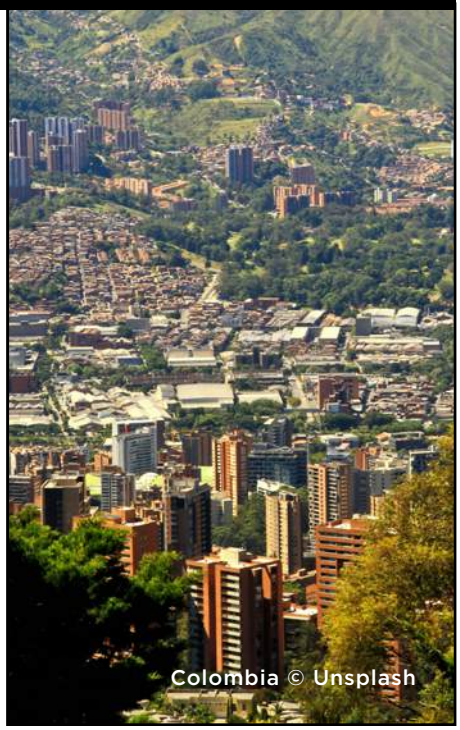
03 **Launch public awareness campaigns, meetings and events to raise awareness and engage residents and broader civil society in local climate policies and projects, and highlight the health and social economic benefits, and impacts on long-term community well-being.**

CITY HIGHLIGHT

COLOMBIA

Colombia's Climate Change Law (Law 1931 of 2018) marks a pivotal step forward in climate governance by emphasizing the importance of decentralization. This ground-breaking legislation aims to integrate climate change management into both national and subnational planning processes, empowering regional, municipal, and district authorities to play active roles in developing and implementing mitigation and adaptation strategies. By embedding climate considerations into development and land management plans, the law aligns local actions with national climate goals, fostering a unified approach to sustainability and resilience.

Key actions outlined in the law include enhancing local capacity to manage climate risks, ensuring the participation of communities in decision-making processes, and promoting investments in climate-resilient infrastructure. The impact of this law is profound, enabling local governments to tailor climate solutions to their specific needs and circumstances, ultimately contributing to a more coordinated and effective national climate response. Through this approach, Colombia is setting a model for empowering cities and regions in the global effort to combat climate change and build a sustainable future for all.



Colombia © Unsplash

4.3 CALL ON NATIONAL GOVERNMENTS TO DEVELOP NATIONAL PLATFORMS THAT CAN PROVIDE FINANCE AT SCALE

Mayors can collaborate with national governments to encourage the creation of country-level platforms with the mandate and ability to aggregate city-level and subnational climate projects—which are often too small for financiers to back individually—to increase bankability for funders, in particular MDBs but also institutional investors. They can also advocate for national governments to use proven financial techniques such as guarantees, de-risking mechanisms and establish project preparation facilities to improve the investment-readiness of green city projects and meet funder requirements.

Mayors can use their convening power to host conferences and workshops which engage national actors in high level discussions and roundtables, in order to call for these reforms to unlock sustainable finance flows to cities and showcase city-led climate action.

KEY COLLABORATORS

LOCAL	NATIONAL
City Departments (Finance, Environment, Urban Planning)	Ministry of Finance
	Ministry of Environment/Climate Change
	Ministry of Urban Planning
	National Development Banks and Financial Institutions

What Mayors Can Do

01 **Advocate for the creation of country-level platforms to aggregate city-level and subnational climate projects—this will enhance the bankability of projects, particularly for MDBs, by using guarantees and de-risking mechanisms.**

02 **Draft a proposal highlighting the need for country-level platforms, the benefits, and the implementation of guarantees and de-risking mechanisms to attract MDBs and investors. Collaborate with financial institutions to design tailored guarantees and ensure these mechanisms are accessible to cities and subnational entities.**

03 **Implement pilot projects to demonstrate the effectiveness of aggregated climate projects and de-risking mechanisms. Use these pilots to refine the approach and gather additional data to support your advocacy efforts.**

04 **Host climate conferences and workshops and invite national government and key finance stakeholders (e.g. DFIs and local investors) to participate in roundtables and high level discussions on unlocking subnational climate finance, table advocacy messages, and showcase the city's climate action and innovations.**

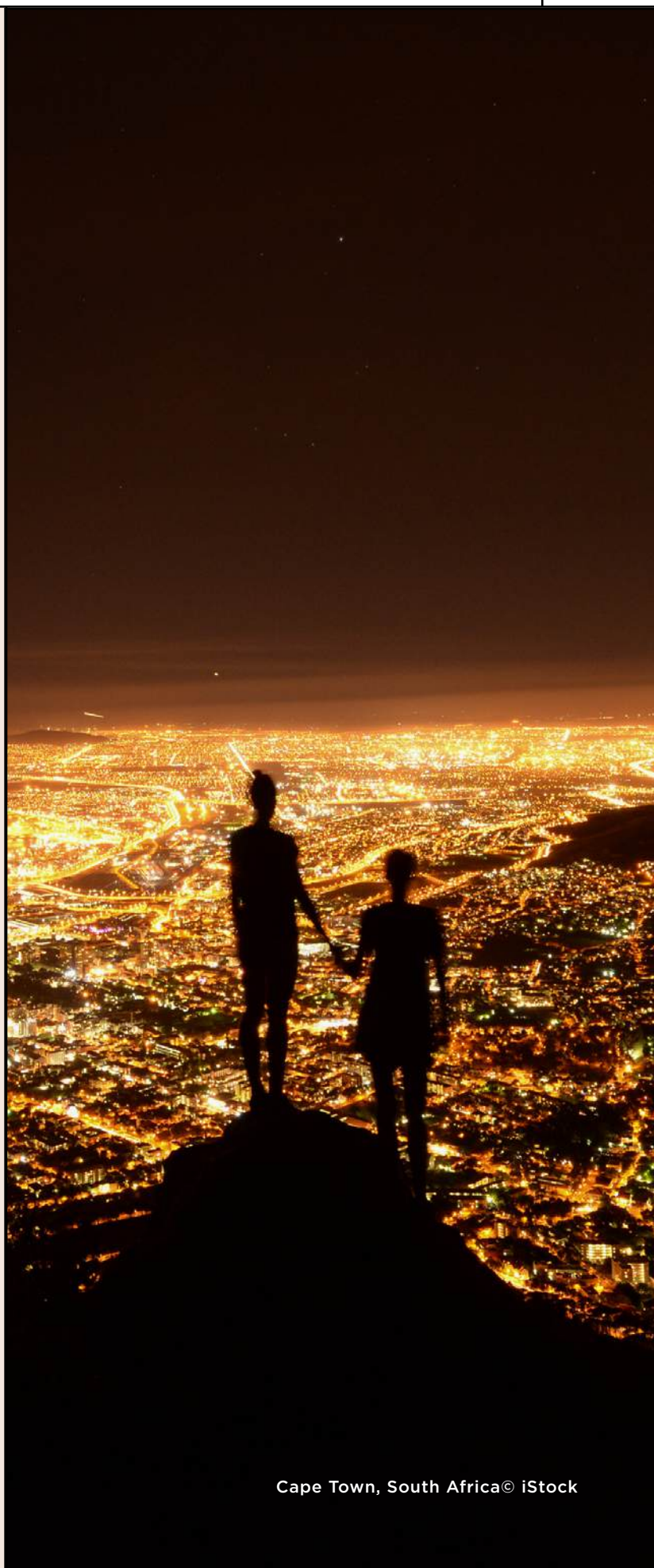
CITY HIGHLIGHT

LUANDA, ANGOLA

The Bita Water Project in Luanda, Angola, exemplifies collaboration between a national government and international institutions to improve the bankability of a municipal water infrastructure project. Using a US$ 500 million guarantee from IBRD, the Angolan government secured US$ 910 million in commercial loans to extend potable water services to 2 million residents in Luanda—executed by the city's water utility. The IBRD guarantee reduced borrowing costs, extended loan maturity to 15 years, and mitigated default risks by incorporating a cash reserve for loss protection. Additional support from the African Trade Insurance Agency and BPI France Assurance Export helped mobilize US$ 1.1 billion in total financing, demonstrating how guarantees and partnerships can unlock private investment in traditionally less attractive sectors like water infrastructure. can unlock private investment in traditionally less attractive sectors like water infrastructure.

Luanda © Unsplash

THEME 05 PROMOTE AND CALL FOR INCREASED CLIMATE FINANCE AND IMPROVED ACCESS FOR CITIES



Cape Town, South Africa© iStock

5.1 CALL ON KEY CLIMATE FINANCE PROVIDERS (MDB'S, BILATERAL FUNDERS, IFI'S, GLOBAL CLIMATE FUNDS) TO INCREASE FUNDING FORCLIMATE ACTION AND ISSUE MORE CONCESSIONAL FINANCE

To fill the large urban climate investment gap, the overall amount of climate finance needs to increase, as does concessional finance to derisk and make urban projects more attractive to financiers. Mayors can use global climate moments such as UN Climate Change Conferences (COPs) or UN Sustainable Development Goals Summits, and major urban-focused events such as the C40 World Mayors Summit, World Urban Forum (WUF) and U20 to issue collective calls to key climate finance providers for greater volumes of funding for climate action, and more concessional funding for city-led projects that target low-income areas, marginalised communities, workers, and other at-risk populations, such as letters endorsed by mayors of C40 and GCoM cities in 2024, calling for greater levels of climate finance and for MDBs to increase essential support for green, urban projects.

City networks are key to help mayors foster partnerships with neighbouring cities and municipalities, to align climate action strategies—for example where they face local climate-related risks—and align with regional objectives to leverage collective strengths. Mayors can leverage city networks to establish joint diplomatic action and collaboration, to amplify subnational voices and issue a collective call to secure more funding for green, city-led projects, influence policies, and mobilize financial support for climate action. This approach has yielded significant successes, including the inclusion of a dedicated SDG for cities in the 2030 Agenda, influencing the Paris Agreement, and establishing platforms like the Urban 20 for city engagement with the G20.

Media coverage can help reach a wider audience and build public support, and mayors can appoint Climate Ambassadors or an international affairs department to represent the city's interests on the global stage. Ambassadors can include mayors themselves, leveraging their leadership and political influence; business leaders, bringing economic and innovation perspectives; cultural figures, showcasing the city's unique identity and artistic contributions; and academic experts, providing research-based insights and policy recommendations.

KEY COLLABORATORS

LOCAL	NATIONAL	REGIONAL/GLOBAL
Neighbouring City Governments	Ministry of Finance	MDBs
Local Chambers of Commerce	Ministry of Environment	IFIs
Business Networks	Ministry of Planning and Development	Regional Climate Alliances
	National Climate Councils or Task Forces	Global Climate Funds (GCF, CIF,GEF, AF)
	National Development Banks	
	Legislative Bodies	

What Mayors Can Do

01 **Collaborate with other mayors to strategically engage top leadership of MDBs, IFIs, key bilateral donor agencies, including executive and country directors, and climate finance practice heads, to call for increased urban climate finance in their agendas and funding plans.**

02 **Engage with key global climate funds such as the Global Environment Facility (GEF), Adaptation Fund (AF), Climate Investment Funds (CIF), and Green Climate Fund (GCF) to raise additional concessional capital.**

03 **Elect climate ambassadors to advocate for the city's climate action and priorities through participation in global forums, diplomatic missions, and media events.**

COLLECTIVE CITY DIPLOMACY HIGHLIGHT

In 2022, mayors from around the world gathered in Buenos Aires to emphasize the urgent need for action on climate-related migration ahead of COP27. With climate change increasingly displacing people, mayors called for national governments to prioritize adaptation measures, urging that 50% of climate finance be allocated to adaptation efforts. The Global Mayors Task Force on Climate and Migration, led by C40 Cities and the Mayors Migration Council, was formed to address the urban impacts of climate migration, with newly joined members including the mayors of London, Amman, and São Paulo. The task force aimed to channel more resources to the Global South, where the impacts of climate change are felt most acutely.

Buenos Aires © Unsplash

CITY HIGHLIGHT

Tamil Nadu © Unsplash

TAMIL NADU STATE, INDIA

The government of Tamil Nadu state in India established a Water and Sanitation Pooled Fund (WSPF) to provide small and medium-sized urban areas access to financing (bonds disbursed as loans) for water and sanitation infrastructure. This demand-aggregated pooling approach helped spread credit risks and enabled 13 urban local bodies (ULBs) to mobilise funds from a single instrument. This way, cities in Tamil Nadu were able to avoid the high transaction costs that would have made financing for each individual city's water projects prohibitively expensive.

5.2 CALL ON NATIONAL GOVERNMENTS TO SHIFT FINANCE AND SUBSIDIES AWAY FROM POLLUTING INDUSTRIES, AND TO INCENTIVIZE GREEN INVESTMENTS

Actively engaging on the global stage at major climate convenings and events provide a platform for mayors to showcase climate leadership and garner support for urban climate action. Mayors can use these milestones to call on the Finance Ministers and Treasuries within their national governments to take greater steps to incentivise green investments, whilst also highlighting that continued financial support for fossil fuel-based activities is misaligned with a climate-safe future for all. For example C40 co-Chair and Mayor of Freetown, Yvonne Aki-Sawyerr has, alongside numerous other mayors across Global South, signed the Fossil Fuel Non-Proliferation Treaty which calls for a global just transition away from fossil fuels to an equitable renewable-powered future.

Making city climate leadership visible on the global stage also has the potential to strengthen public support for city-led climate policies, which in turn can empower city leaders to effectively implement their ambitious agendas. In addition to issuing collective call to action with other subnational leaders, mayors can use these platforms to advocate for greater climate finance for urban priorities most acute in their cities, such as when Mayor Aki-Sawyerr helped launch the Cool Capital Stack initiative at COP27 in Sharm el Sheikh, highlighting the importance of financing urban cooling solutions, which is a priority for the city.

KEY COLLABORATORS

NATIONAL	REGIONAL/GLOBAL
Ministry of Finance	Global Advocacy and Research Groups (350.org, WWF, Climate Action Network, CCFLA)
Ministry of Environment	Convening by multilateral organisations UN COPs, SDG Summits
National Development Banks	Urban-focused climate conferences e.g. C40 World Mayors Summit, World Urban Forum, U20
Parliament/Legislative Bodies	Regional city networks: African Capital Cities Sustainability Forum (ACCSF); Latin American and Caribbean Cities Network (RedLAC);
Private Sector and Startups	Regional Climate Platforms e.g. African Ministerial Conference on the Environment (AMCEN); LAC Regional Climate Change Platform (Latin America and Caribbean)
Urban Innovation Hubs and Incubators	Regional climate funds e.g. ASEAN Catalytic Green Finance Facility (ACGF)

What Mayors Can Do

01 **Use major global climate forums like UN Climate Change Conferences (COPs) and UN Sustainable Development Goals Summits, to showcase the inspiring and impactful climate action happening in their cities and highlighting financing needs**

02 **Engage with city networks and partner organisations to collectively endorse campaigns that call for a global just transition away from fossil fuels to an equitable renewable-powered future, for all**

03 **Leverage urban-focused forums like and regional platforms e.g. African Ministerial Conference on the Environment (AMCEN) to highlight the benefits of urban climate action and the imperative of greater climate finance to cities.**

04 **Participating in regional and national climate conferences is essential for mayors to advocate for urban priorities and build strong partnerships with other stakeholders, such as the ASEAN Catalytic Green Finance Facility (ACGF) and the LAC Regional Climate Change Platform of Economy and Finance Ministries.**

5.3 CALL FOR CLIMATE FINANCE DONORS TO SUPPORT THE FUND FOR LOSS AND DAMAGE AND FOR SUBNATIONAL ACCESS TO IT

The success of the Loss and Damage (L&D) Fund will be defined by whether it is fit for purpose for cities. L&D cannot successfully be addressed without responding to its growing urban dimension and nature, due to the high concentration of people and assets in cities, and unique aspects of L&D that this creates, such as climate migration and health impacts.

National governments must ensure that the Fund adequately addresses the urban dimension of L&D, including climate migration in cities, and include avenues for direct access to funding for cities.

Major climate moments and platforms present a key opportunity for mayors to highlight the benefits of urban climate action, the significant risks presented to cities should funds not be made available to help recover from urban loss and damage created by increasingly frequent and severe climate impacts (outlined at the start of the Roadmap).

Mayors can use these milestones to also call on climate finance donors to support the fund for L&D, ensure the urban dimension of L&D are adequately recognised, and that subnationals can access funding.

KEY COLLABORATORS

NATIONAL

National governments (Ministry of Finance)
Development Finance Institutions

What Mayors Can Do

01 **Use major global climate forums (COPs, UN Sustainable Development Goals Summits) to showcase the inspiring and impactful climate action happening in their cities and highlight financing needs**

02 **Make the case to support calls to climate finance donors to increase support for the fund for L&D, including a recognition of urban aspects of L&D as critical (e.g. to climate migration and health, noting urban population density), and allocation of adequate funding.**

03 **Make the case for the L&D Fund to include modalities that ensure direct access for subnational entities to secure dedicated L&D funding, supporting cities to avoid facing a repetition of existing issues to subnational climate finance when seeking to respond to L&D.**

REGIONAL HIGHLIGHT

The African Ministerial Conference on the Environment (AMCEN) held in Abidjan, Côte d'Ivoire, in September, focused on the urgent need for a "finance COP" at COP29 in Baku, Azerbaijan. African leaders pushed for the adoption of a New Collective Quantified Goal (NCQG) on climate finance, urging developed countries to mobilize at least US$ 1.3 trillion per year by 2030 for developing nations. The goal emphasizes grants and highly concessional finance, with a focus on debt sustainability and transparent accountability mechanisms. The conference highlighted the critical role of grants and concessional finance in addressing climate change impacts, particularly for adaptation and loss and damage in the Global South. Ministers also called for reforms in financing approaches by MDBs and IFIs to prevent further debt accumulation and unlock more funds for climate action.

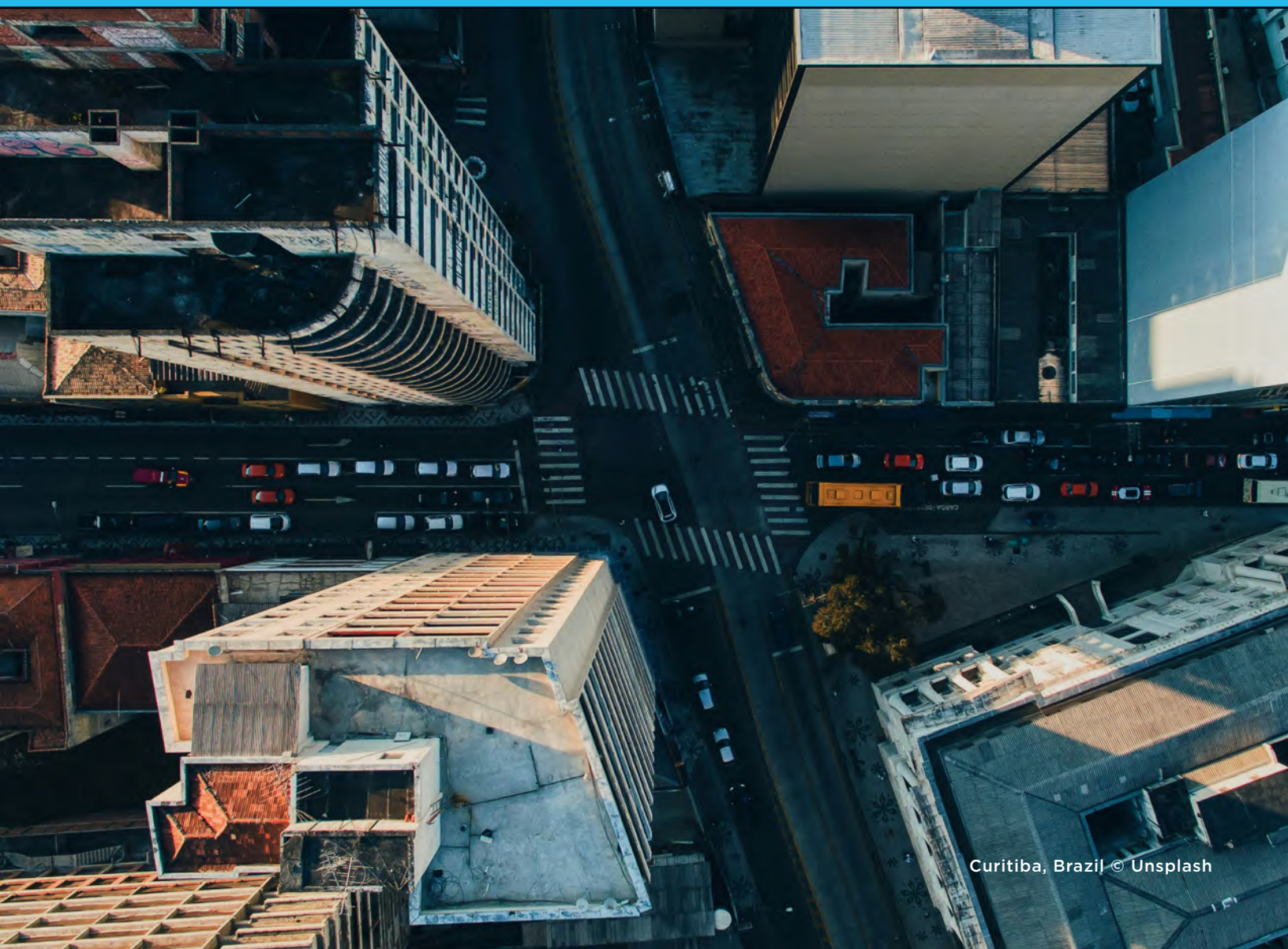
Abidjan © C40

The massive growth of urban populations across the Global South, economic dynamism and vulnerability of cities to climate risks means the urgency of climate action for cities across the Global South cannot be overstated.

Mayors occupy a unique and influential position to directly drive and advocate for greater climate finance and to ensure subnational access for the green projects and infrastructure needed to ensure cities across the Global South are resilient and positioned to grow sustainably.

By implementing the policy building blocks outlined in this Roadmap, mayors are powerful actors to foster a subnational climate finance ecosystem by embedding climate into urban fiscal policies, drive urban climate finance initiatives, and strengthen investor confidence. At the same time, they can use the advocacy messages and tactics in this Roadmap to leverage their climate leadership and engage national governments and financial actors, to call for the necessary reforms to unlock greater sustainable finance flows and ensure subnational access.

Together, with bold leadership and collective resolve, cities in the Global South can lead the way towards a fossil fuel-free, inclusive, and prosperous future for all.



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C40 CITIES

URBAN SH/FT

GLOBAL COVENANT of MAYORS for CLIMATE & ENERGY

www.c40.org/news/sustainable-finance-roadmap