



Addressing support gaps for sustainable urbanization in the NDC Partnership

GIZ Sector Project Cities, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)



ABOUT INSIGHT BRIEFS

Insight Briefs are a series of discussion papers developed by the NDC Partnership through its members and Support Unit to share insights into thematic issues based on requests received by countries and the support provided by the Partnership. The following Insight Brief provides an analysis of the city and sub-national government-related requests to the NDC Partnership and gives recommendations on how the role of cities and sub-national governments can be strengthened in the NDC Partnership.

KEY MESSAGES

- Requests from cities and subnational governments are on the rise, requiring new approaches to ensure that urban climate action is fully aligned with NDCs and broader political objectives.
- Cities and sub-national government requests are mainly for technical assistance and tend to be cross-cutting, addressing both mitigation and adaptation issues. For many of these requests, the sector is either not defined or covers more than one urban sector, including water, waste, energy, transport, and buildings. To address these requests, integrated approaches to urban development are needed.
- Urban governance and planning are critical for (1) achieving vertical and horizontal integration of climate action, and (2) supporting a just transition towards sustainable urbanization. Related requests could be identified more clearly in the k-nook database.
- One-third of requests related to cities and sub-national governments have not been supported yet by the NDC Partnership and its partners. The largest gap concerns project preparation and project-pipeline development. A lack of bankable project proposals is a key barrier for cities and sub-national governments to access finance.

1

INTRODUCTION

80%

With more than 80% of global Gross Domestic Product (GDP) originating in cities, urban areas are also the powerhouses for economic development.

Cities around the world are contributing to climate change with urban areas accounting for more than 70% of global greenhouse gas (GHG) emissions. With more than 80% of global Gross Domestic Product (GDP) originating in cities, urban areas are also the powerhouses for economic development. At the same time, people, institutions, and assets concentrated in cities are vulnerable to the effects of climate change, including flood risks and heat stress. Thus, sustainable urban development that mitigates GHG emissions and adapts to the effects of climate change has the potential to protect the climate and drive sustainable economic growth.

The Paris Agreement recognizes that cities and subnational governments are important entities for achieving global climate goals. However, they are often not involved in national climate

polycymaking and implementation, causing a lack of coordination between local activities and national plans. As a consequence, municipalities receive insufficient mandates and funds to fulfil the tasks they are charged with. Strengthening the NDC Partnership's support for cities and sub-national governments can maximise the creation and implementation of more ambitious NDCs.

To do so, we need a better understanding of the nature of requests to the NDC Partnership that relate to the sub-national level and cities. This brief presents findings from an analysis of such requests covering a sample of 2993 requests including Partnership Plans (PP), Requests for support letters (RSL), and Economic Advisory (EA) data.¹

2 FINDINGS

THEMES OF REQUESTS RELATED TO CITIES AND SUB-NATIONAL GOVERNMENTS

One in ten requests refers to cities and sub-national governments: Between January 2018 and January 2022, the NDC Partnership has received a total of 311 such requests. According to a recent analysis of the updated NDCs by UN Habitat, there has been an increase of 15% in urban content between the first and second set of NDCs (2016 and 2021). In the latest NDCs, over two-thirds of the analyzed NDCs have urban content (132 out of 157).^{2,3} It is thus likely that urban issues within NDC implementation will gain traction in the coming years as the new NDCs move towards implementation.

The geographic distribution of requests related to cities and sub-national governments is uneven: As depicted in figure one, nearly half of the requests were raised from countries in Sub-Saharan Africa (153/ 311) with Mozambique, Uganda, and Zimbabwe having the highest number of requests. This trend aligns with global urbanization trends. Urbanization on the African continent is faster than anywhere else in the world. African cities are forecasted to grow by 24 million inhabitants per year between now and 2045.⁴ The vast majority of Sub-Saharan African countries have urban content in their updated NDCs so a further increase in requests from the region can be expected.⁵ South Asian countries exhibit a strikingly low degree of city-related requests to the NDC Partnership, despite high urbanization rates. 71 out of 73 requests from the Middle East and North Africa are submitted by Jordan. Jordan tends to raise separate requests for individual issues, while other countries such as Indonesia group different issues into one.

1 Based on the NDC partnership monitoring platform, the kNook data base.

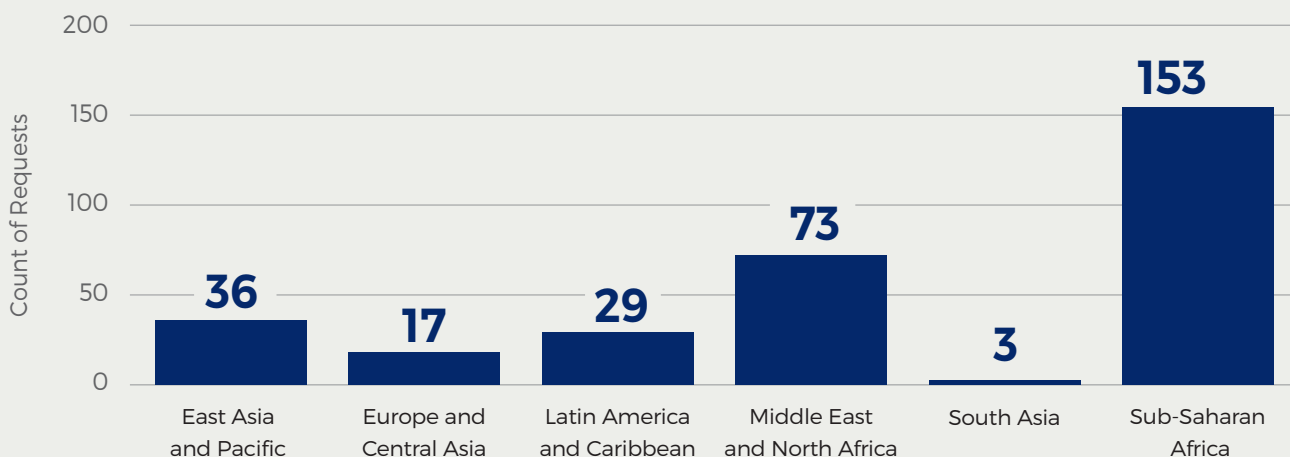
2 UN Habitat (2021) Accelerated Urban Climate Action: How do the revised Nationally Determined Contribution stack up?

3 This includes both strong and moderate urban content, referring to an explicit (strong) or implicit (moderate) mention of urban adaptation or mitigation challenges or responses in the NDC.

4 McKinsey Global Institute (2016): Lions on the move II: Realizing the potential of Africa's economies

5 UN Habitat (2021) Accelerated Urban Climate Action: How do the revised Nationally Determined Contribution stack up?

FIGURE 1: DISTRIBUTION OF REQUESTS RELATED TO CITIES AND SUB-NATIONAL GOVERNMENTS ACROSS REGIONS BETWEEN 2018-2022



Source: GIZ Sector Project Cities based on kNook



70%

of cities and sub-national government requests to the NDC Partnership for cities and urban areas reviewed are for technical assistance.

Technical Assistance is requested more frequently than project support.

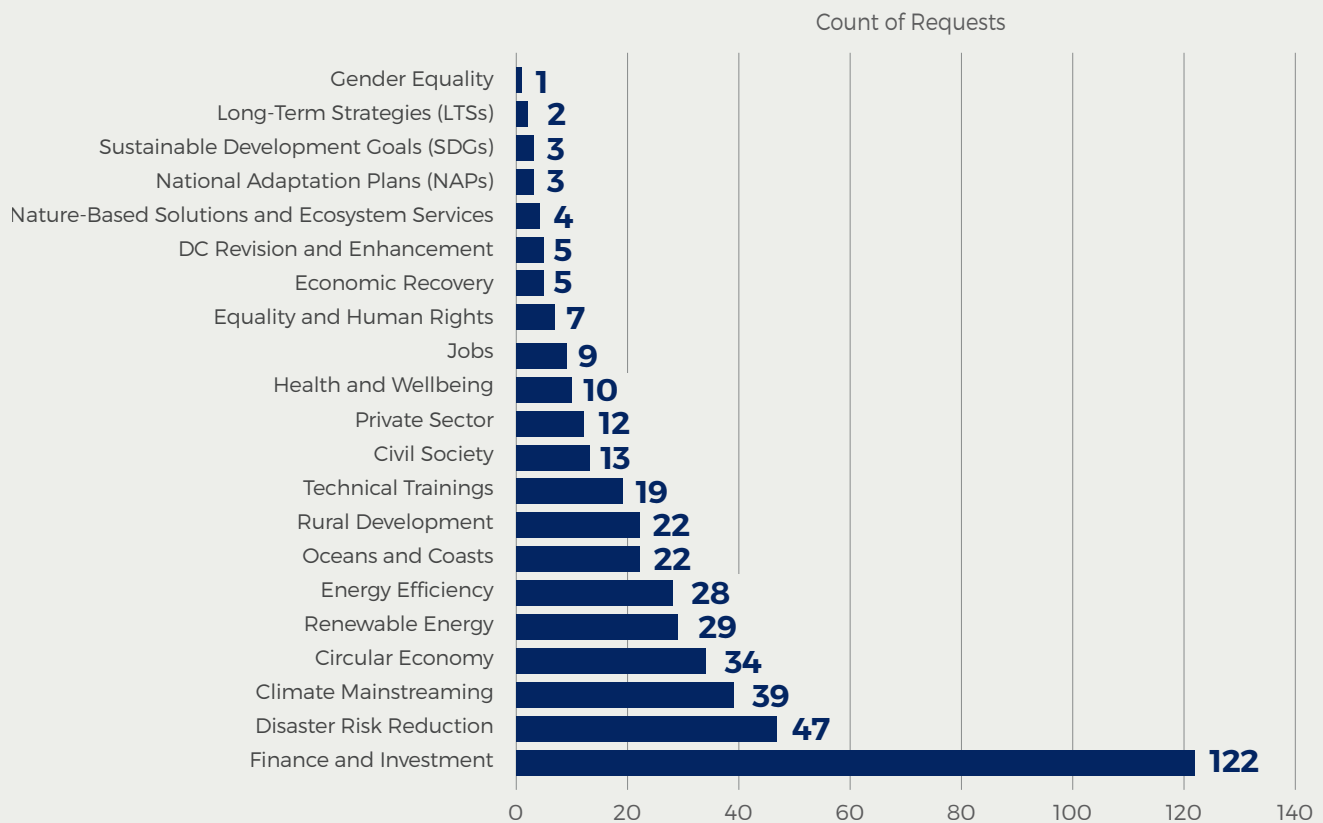
Most requests for technical assistance relate to policy, strategy and legislation, knowledge products, and monitoring and evaluation, while some relate to budgeting and investment. Budgeting and investment requests cover mostly project preparation, for example, feasibility studies. In total, 70 percent of cities and sub-national government requests to the NDC Partnership for cities and urban areas reviewed are for technical assistance. The remaining 30% relate to project support by direct investment into projects. Often these are large scale urban infrastructure developments or upgrades. Examples include the development of a mass transport system in Windhoek (Namibia) or energy-efficient street lighting in Yerevan and Gyumri (Armenia).

There is high demand for finance and investment support (122).⁶

As illustrated in figure 2, this is followed by disaster risk reduction (DRR, 47), climate mainstreaming (39), and circular economy (34). There are few requests where cities and sub-national governments are linked with global and national agendas (LTs, SDGs and NAPs) and just one on gender equality.

⁶ Finance and investment support is in high demand across all topics analyzed, not just for cities and sub-national government requests.

FIGURE 2: REQUESTS BY KEY TOPICS



Source: GIZ Sector Project Cities based on kNook

The majority of requests are cross-cutting: Requests mostly cover both climate change mitigation and adaptation (43%), while 34% focus on adaptation and 22% on mitigation separately. In the context of adaptation, the water sector is dominant. This is not surprising as flood risks due to rising sea levels and extreme weather events pose a critical threat to urban infrastructure, housing, and livelihoods. On the side of mitigation and cross-cutting requests, the waste, energy, transport, and building sectors are covered more frequently. Most city-related requests (62%) cover more than one urban sector. This points to the need for integrated urban planning and inter-related project portfolios. Refer to figure 3 for an overview of requests by sectors.

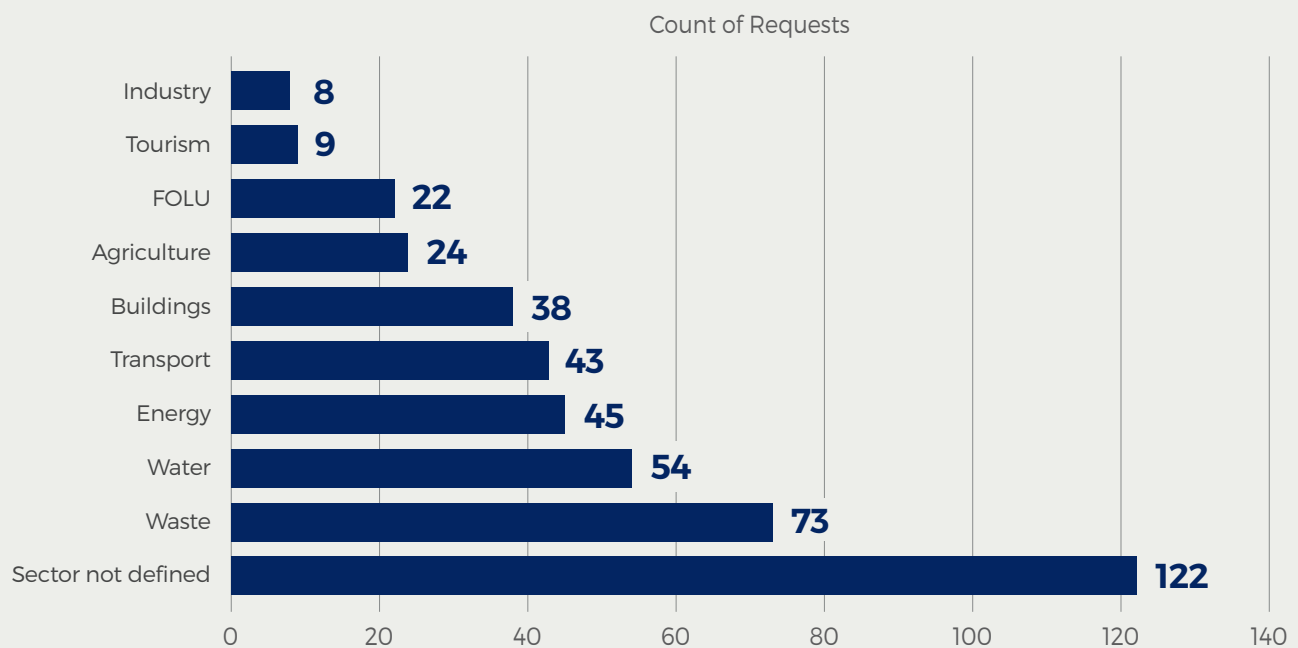
For around 40% of cities and sub-national government requests (122), the sector is not defined. While most of the sector-specific requests are on budget and investment, most of the non-sector requests concern policy-making, legislation and planning. Issues around urban planning and governance are labeled as “sector not defined”. For example, the development of local climate action plans and monitoring or capacity-development of local governments for climate-sensitive urban development. Other cross-sectoral issues critical for urban development fall into this “sector-not defined-category” as well, including Disaster Risk Reduction (DRR), gender mainstreaming, civil society, private sector engagement, and job creation.



The transport sector ranks 5th in requests submitted to the Partnership.

Transport and construction, two critical areas for sustainable urban development, seem to miss out: (1) Today, the transport sector produces 25% of global energy-related GHG emissions, which could increase to 80% by 2050. Nonetheless, as shown in Figure 3, the transport sector only ranks 5th in requests submitted to the Partnership. (2) The construction sector is responsible for 40% of all energy-related GHG emissions. Nonetheless, only one of the requests in the building sector refers to sustainable construction (Development of a model for cities in the Caribbean Island States including local capacity building materials). Also, adaptation requests in the transport and building sectors are fewer than expected, even though the damage in these sectors is linked to a loss of economic productivity and human life respectively.

FIGURE 3: URBAN SECTORS



Source: GIZ Sector Project Cities based on kNook

SUPPORT GAPS

By early 2022, one-third of cities and sub-national government requests had not been supported yet by the NDC Partnership and its partners. This is a similar rate compared to other topics that were recently analyzed, such as disaster risk reduction, where 40% were not supported. Partners that confirmed support for cities and sub-national government requests include the United Nations Development Programme (UNDP) (37), Germany (35), The World Bank (34), France (34), European Commission (24), the Food and Agriculture Organization (FAO) (24), and World Resources Institute (WRI) (20).

In Europe and Central Asia, only 41% of requests had been supported by early 2022. In Latin America and the Caribbean this is the case for 43% and in the Middle East 28%. Requests from South Asia (100% supported), East Asia and Pacific (86% supported), as well as Sub-Saharan Africa (70% supported) seem to receive more support.

Mitigation requests are less well supported (64% not supported) than adaptation (47% not supported) and cross-cutting requests (29% not supported). The activity type with the highest demand is preparing bankable projects and pipelines (83/311), where 53% are not supported.

3 ANALYSIS

Based on the findings presented above, two action areas were identified in which the NDC Partnership could strengthen sustainable urbanization aspects: (1) urban governance and planning and (2) project preparation and pipeline development.

Urban governance and planning: As mentioned above, around 40% of requests are labelled as “sector not defined”. Many requests related to urban governance and urban planning are captured in this category. Similarly, some requests related to spatial planning and land use are captured under the buildings sector. This is because there is no tag in the database that captures the requests related to urban governance and planning, which may limit the visibility of such issues for the NDC Partnership, as well as potential donors.

Strong urban governance is a vehicle for a transition towards green urban development. Local governments need to balance the needs of numerous stakeholders, including vulnerable groups, and ensure the prosperity of their ecological and economic ecosystems while also limiting their impact on climate change. The practice of urban planning supports urban governance by developing a spatial understanding of urban systems and their dependencies. This helps local governments to understand the needs and requirements of different sectors, levels of government and residents. Supporting strong urban governance systems and anchoring climate action within strategic urban planning allows for greater vertical (across levels of government) and horizontal (across sectors) integration. Due to its holistic approach, it also supports an inclusive development that leaves no one behind.

The following request from Indonesia serves as an example of an urban governance request labelled as “sector not defined”. In December 2021, the Indonesian Ministry of Environment and Forestry raised a request to the NDC Partnership to strengthen NDC implementation at the national and sub-national levels:

2	Supporting NDC Implementation
2.1	Design institution, policy and implementation in national & subnational
2.1.1	Strengthening NDC Implementation at sub-national level in all sectors, including NDC budget allocation
2.2	Progress tracking tools and monitoring on NDC in place
2.2.1	Improved operationalization of monitoring systems in support of NDC implementation at national and sub-national levels
2.3	Establish long-term strategy and access to financial resources, capacity building and technology transfer
2.3.1	Strengthened policies, instruments and coordination mechanisms for finance instruments
2.3.2	Designed Non-party stakeholder (NPS) contribution for NDC implementation

The request includes four elements that are important for urban governance: (1) expanding implementation policy to cities and sub-national governments, (2) operationalizing implementation monitoring at the local level, (3) improving conditions for financing, and (4) enabling stakeholder contributions. The first step towards increasing support for such issues could be to include a tag for “Urban Planning and Governance” in the k-Nook database to make this issue more visible.

Financing Urban Infrastructure: Preparing bankable projects and pipelines at the city or sub-national level is the most frequently requested activity type, but only half have been responded to by January 2022. The high demand for project preparation support is not surprising as it points to a key issue within sustainable urban development. One of the critical barriers hindering sustainable urban development is the insufficient access to finance for infrastructure projects in cities. Today, the investment gap for climate-friendly urban infrastructure exceeds USD1 trillion per year globally.⁷ To bridge this gap, cities require external funding, for example through international climate finance. However, one of the barriers stopping cities from accessing international climate finance is a lack of bankable projects⁸. Cities often struggle to develop finance-ready project pipelines because translating a concept into a bankable project requires a rigorous process starting with a strategic concept definition and moving through to pre-feasibility assessment and detailed feasibility evaluations.

7 In the “State of Cities Climate Finance Report” (2021), the Cities Climate Finance Leadership Alliance (CCFLA) in cooperation with the World Bank estimated the yearly global investment need for infrastructure in cities to be 4,5-5,4 trillion USD of which 1 trillion are missing each year (investment gap).

8 This is next to other key issues such as low creditworthiness and legal constraints.

In recent years, a range of Project Preparation Facilities (PPFs) has been established to address this issue. For example, the [ICLEI Transformative Actions Programme](#) and the [Cities Climate Finance Gap Fund](#) support early-stage project preparation up to the pre-feasibility phase, while the [C40 Climate Finance Facility](#) supports later stage project preparation and links projects to finance. The landscape of these PPFs is complex and difficult for cities and sub-national governments to navigate. This is where the NDC Partnership could come in.

To increase the support rate of project preparation and pipeline development requests, the NDC Partnership could take on a matchmaking role in linking requests to existing PPFs. In doing so, the NDC Partnership could work with the Cities Climate Finance Leadership Alliance ([CCFLA](#)) – a multi-level and stakeholder platform to strengthen sub-national climate finance. The CCFLA has developed a Project Preparation Resource Directory, which helps sub-national governments and stakeholders identify project preparation facilities that suit their specific needs. By joining forces with such existing initiatives, NDC Partnership could channel more international climate finance to cities.

At the political level, it could ensure that transformative project portfolios at the city level both implement and inform broader policy reforms and thus lead to more ambitious and better implemented NDCs. It can also work with national governments to secure international climate finance for cities, where cities themselves are not able to access such funds due to legal restrictions, low creditworthiness and capacity gaps in financial management.

4

RECOMMENDATIONS

- Urban governance and planning are critical for achieving vertical and horizontal integration of climate action as well as an inclusive and just transition. The NDC Partnership could improve its tracking of reporting on urban governance and planning issues to raise visibility for these topics. A first step could be to add a tag for “urban governance and urban planning” under sectors.
- The NDC Partnership could ensure that project portfolio are aligned with NDCs and broader political objectives, as well as inform more ambitious NDCs. It could also take on a match-making role of linking requests related to project preparation and pipeline development to existing Project Preparation Facilities (PPFs) and work with national governments to secure international climate finance for cities.
- The analysis points to some questions that could be explored for analysis: Why is the demand from Asia, especially South Asia, low despite high urbanisation rates? Why is the LAC region comparatively less well supported? Why is there relatively low demand for the transport and construction sector despite its high mitigation potential?



On behalf of



Federal Ministry
for Economic Cooperation
and Development

This insight brief was developed by GIZ Sector Project Cities, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)

Authors: Alexander Kleibrink (BMZ), Carolina Achilles (GIZ), Viktoria Pues (GIZ)

Photo Credit: Copyright © GIZ



NDC PARTNERSHIP SUPPORT UNIT

WASHINGTON, DC, USA OFFICE

World Resources Institute
10 G Street NE Suite 800, Washington, DC 20002, USA

Phone: +1 (202) 729-7600

Email: supportunit@ndcpartnership.org

ndcpartnership.org

BONN, GERMANY OFFICE

P.O. Box 260124, D-53153
Bonn, Germany

Phone: (49-228) 815-1000

Email: supportunit@ndcpartnership.org