U20 Bulletin

News from Ahmedabad on the 2023 G20 India

February 2023

Message

Shruti Narayan
C40 Regional Director South & West Asia

On behalf of C40, it gives me immense pleasure to bring to you this 2nd Issue of the U20 Bulletin. This Issue puts a spotlight on the U20 priority, 'Accelerating Climate Finance'. It brings forth financing approaches which are already finding success in cities around the world and in India.

Accelerating climate finance in urban areas is extremely critical to drive the action required for meeting global climate targets given cities' key role in the climate change discourse. It is estimated that cities contribute to over seventy per cent of the global CO2 emissions. At the same time, cities – where more than half of the world's population live – are also disproportionately at risk from climate change impacts. Cities in developing economies are particularly vulnerable to rising temperatures, increased frequency and intensity of extreme weather events, and the disruption of vital infrastructure such as water and energy systems. For instance, it is expected that about 675 million people in urban areas could be exposed to water scarcity by 2050 with the increase in temperatures. The Global Risk Index 2021 ranks India 7th out of 181 countries in terms of its susceptibility and vulnerability to climate change impacts. By 2030, about 590 million people, accounting for forty per cent of the population of India, are expected to live in urban areas while about seventy per cent of the buildings and infrastructure required to support this population is yet to be built. It is estimated that Indian cities require an investment of approximately USD 1.2 trillion to implement sustainable infrastructure and services over the next 20 years. This presents a dual opportunity for India to invest in new climate mitigation and adaptation infrastructure in urban areas as well as find ways to retrofit existing infrastructure and assets. Urban climate financing is one of the biggest challenges being faced by cities as they are making efforts towards climate mitigation and adaptation. Urban climate financing refers to financial mechanisms that can support cities to implement measures for reducing greenhouse gas emissions, mitigating air pollution and creating opportunities for more sustainable and resilient urban areas. For instance, it is estimated that investing in public transport can lead to a reduction in greenhouse gas emissions by up to 12% in Indian cities while investment in green buildings can save up to 20-30% of energy consumption and 30-50% of water consumption compared to conventional buildings. Currently, the majority of climate finance for cities is directed at mitigation projects in the Global South currently with only 9% of global urban climate investment dedicated to adaptation projects, despite cities being on the frontline of the climate crisis. There is a need to rapidly scale up adaptation finance in cities.

As the city level authorities responsible for planning and management of urban services, city governments and urban local bodies (ULBs) will be imperative to securing funding for climate action in cities. There is a pressing need to embed climate goals into infrastructure financing and city budgeting. At the same time, cities need to leverage innovative financing mechanisms, such as public-private partnerships, and municipal green bonds, etc. to mobilise resources for climate action initiatives. However, there remain critical barriers and gaps in terms of technical and financial expertise, creditworthiness, control over resources, among others to be able to develop and implement effective climate financing models. City agencies also have limited financial autonomy and rely heavily on state and national level public funding, which is often limited in terms of meeting local infrastructure investment requirements. These barriers can limit the cities' capacities to secure investments to implement climate mitigation and adaptation initiatives. Having said that, the strongest tool that cities have to attract more climate finance is to develop tough and ambitious, climate and nature-friendly policies and regulations. For instance, in October 2022, C40 announced record investment in climate finance for cities in the Global South – 34 city projects, across a range of sectors including mobility, buildings & energy, waste management, and nature based solutions for adaptation, will be granted access to over $1 billion for climate projects.

The scale of the crisis demands greater action and collaboration from nation-states, inter-governmental bodies and international institutions. COP27 took an important step in this direction by establishing a loss and damage fund. However, this would not nearly be enough to cover the investments required and there is so much more that cities, national governments, international organisations, civil society, and the private sector need to collectively commit to achieve climate action goals.

We hope that the U20 2023 engagements will provide the platform to facilitate these critical discussions and collaborations towards enabling Urban Climate Finance in a more holistic way.

Best Practice

How cities can encourage private sector adaptation finance

C40 Cities Climate Leadership Group
Full Article on C40 Knowledge Hub here.

In Toronto, the Eco-Roof Incentive Program has subsidised the installation of green and cool roofs since 2009.

EXPERIENCE FROM C40 cities suggests that investing in measures to adapt to worsening climate hazards tends to more than pay for itself in the long term through the potential costs avoided. However, adaptation requires significant capital up front. Globally, estimates suggest the need for annual investment of US$11 billion to US$20 billion by 2050 to protect urban infrastructure from climate risks.

Meeting this need requires private investment. Although significant amounts of private capital have been flowing into efforts to mitigate climate change, the same cannot be said for adaptation. More than three quarters of urban adaptation finance comes from the public sector, and financing for adaptation is far lower than for mitigation.

In this article, we look at how cities can encourage businesses to assess their risks and invest in adaptation, develop an enabling environment for infrastructure investments and explore private financing instruments.

Encourage businesses to reduce their own climate risks and invest in adaptation

While adaptation projects have clear social and economic benefits for a city, the cost savings and potential business opportunities can be less clear for private sector actors. To increase investment confidence, cities can:

- Build an enabling environment for companies to invest in their own adaptation. This can be done through sharing of climate risk data and knowledge with relevant stakeholders and formulating legislations, frameworks, building and land-use codes to mandate, facilitate and incentivise the adoption of adaptation measures.
- Raise awareness about locally relevant climate hazards and their expected harm to the city and its businesses. For instance, business continuity depends on the resilience of public infrastructure. Sharing of relevant information on how loss and damage to critical public infrastructure can potentially impact worker movement and productivity, transport and supply chains can help them invest in risk reduction measures.
- Clarify the business opportunities and advantages associated with adaptation investment. Demand for companies that are resilient to natural hazards or involved in providing climate-resilient solutions is expected to grow. For instance, Market segments in 20

sectors related to climate resilience were already growing 20-30% per year by 2019 and are expected to grow even faster.

◊ De-risk and subsidise these projects with public funds wherever possible, using municipal revenue to support private actors in adaptation by sharing the cost. In Toronto, for example, the Eco-Roof Incentive Program has subsidised the installation of green and cool roofs since 2009.

Build an enabling environment to secure private investment in city-led adaptation

High-impact measures to improve climate resilience on a neighbourhood- or city-wide scale, such as flood defences or water infrastructure upgrades, are major urban infrastructure projects with high up-front costs. To attract private investment in these projects, cities can work with international development finance institutions (DFIs), national governments and private actors on strategic reforms to overcome barriers associated with the city's credit, regulatory or legal environment. For instance,

◊ Strengthening its fiscal environment and credit rating

◊ Building an institutional environment for work with the private sector

◊ Working with the national government to improve the enabling environment

◊ Building a pipeline of 'bankable' projects

Explore private finance instruments

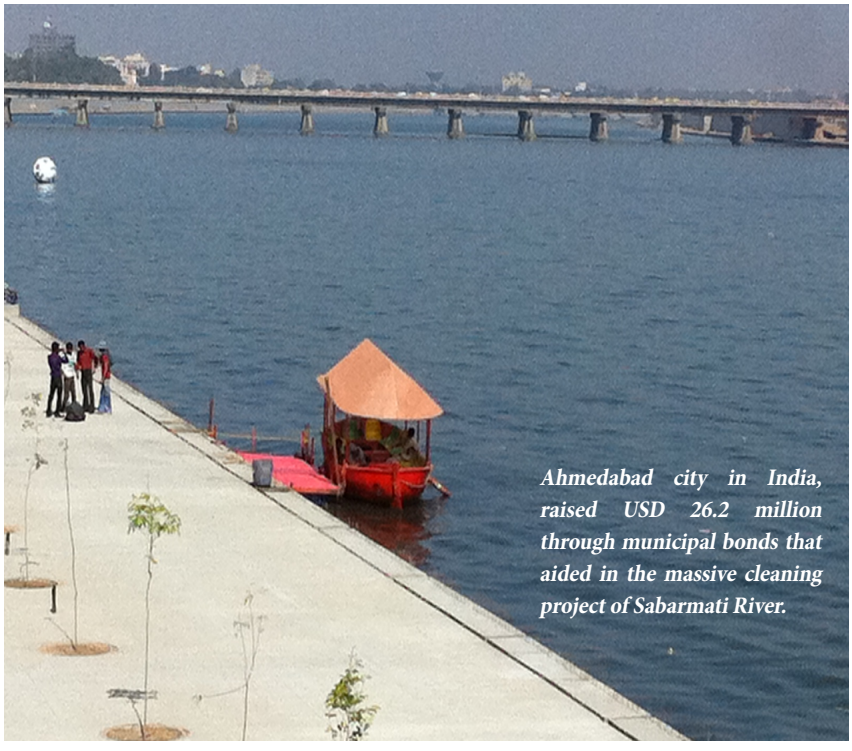
◊ A growing number of cities around the world are also experimenting with a range of private financing instruments to increase adaptation investments.

◊ Insurance. Rapid access to finance after a disaster event is vital for effective recovery. Insurance can incentivise risk reduction, if designed well and products are tied to resilience-building actions or payouts allow resilience-building upgrades. Cities can encourage the development and re-design of insurance markets as consumers of insurance, stewards of risk management and collaborators with private insurance providers. Climate Policy Initiative's Building climate resilience in cities through insurance provides detailed guidance for cities on this.

◊ Green bonds. Many cities are accessing low-cost capital for resilience measures by issuing green bonds. For instance, voters in Miami city supported the 2017 issuance of the US$400 million Miami Forever general obligation bond which was earmarked for drainage and water pumping improvements, road raising and other measures to improve resilience to coastal flooding. Ahmedabad city in India, raised around USD 26.2 million through municipal bonds that aided in the massive cleaning project of one of the most popular water bodies, Sabarmati River, in addition to other green projects connected to waste management and water supply sector. For guidance on whether green bonds are right for your city, read C40 guide here.

◊ Public-private partnerships (PPPs). PPPs typically use private capital to help fund services or infrastructure with public benefits in return for profits. They are well suited to urban infrastructure with high upfront costs and long-term returns. Bilbao city in Spain, for example, has established a PPP to fund resilience measures in an at-risk district, based on share of land ownership, which enabled the funding of measures to widen the canal, elevate the ground and build green space. Lagos in Nigeria, established the Eko Atlantic initiative, a PPP to fund a major urban development and land reclamation scheme aimed at addressing coastal erosion and supporting real-estate and commercial development. The project's coastal protection infrastructure was also funded by a Green Bond.

◊ Market-based instruments (MBIs). This is where market incentives or pricing policies are used to encourage funding for adaptation, such as taxes or regulations. Washington DC, for example, created a credit trading system whereby buildings were obliged to manage harmful stormwater, with the option to buy or sell 'stormwater retention credits' in a trading system or pay a fee to the city. Freetown has developed an innovative mechanism that tokenises trees to secure private financing for tree planting and maintenance. ■



Ahmedabad city in India, raised USD 26.2 million through municipal bonds that aided in the massive cleaning project of Sabarmati River.

Case Studies

Oslo's Climate Budget

Integrating Climate Budgeting as a Governance Framework

C40 Cities Climate Leadership Group
Full Article on C40 Knowledge Hub here.

OSLO, LIKE MANY other cities and nations, recognized the urgent need to address climate change and reduce greenhouse gas emissions to meet global climate targets. The city identified climate budgeting as one of the key measures to meet its climate targets as outlined in Oslo's Climate and Energy Strategy and hold itself accountable for its progress.

The climate budget is a relatively new concept, and Oslo was one of the first cities in the world to adopt it. By doing so, the city can better track its climate-related spending, prioritise investments in areas that will have the most significant impact on reducing emissions, and ensure that it is moving towards its climate goals.

When Oslo launched its budget in 2017, the city began tracking its carbon emissions alongside its finances. It is a pioneering approach to mainstreaming climate into decision-making processes, which the city considers to be its most important tool for achieving its climate targets.

Oslo's Climate and Energy Strategy, 2016 outlines the city's ambitious climate goals, which include a 95% reduction in emissions by 2030 compared to 2009 – in line with the 1.5°C target of the Paris Agreement. The Climate Budget was created to ensure that the city implements actions to match these ambitions, allocating carbon dioxide (CO2) cuts to relevant sectors.

The climate budget process is the responsibility of Oslo's finance department and is a fully integrated part of the regular financial budgeting process. It provides a strong signal that the city council can only approve spending plans which are consistent with Oslo's climate target. This puts climate goals at the centre of the financial budgeting process and mainstream the climate actions.

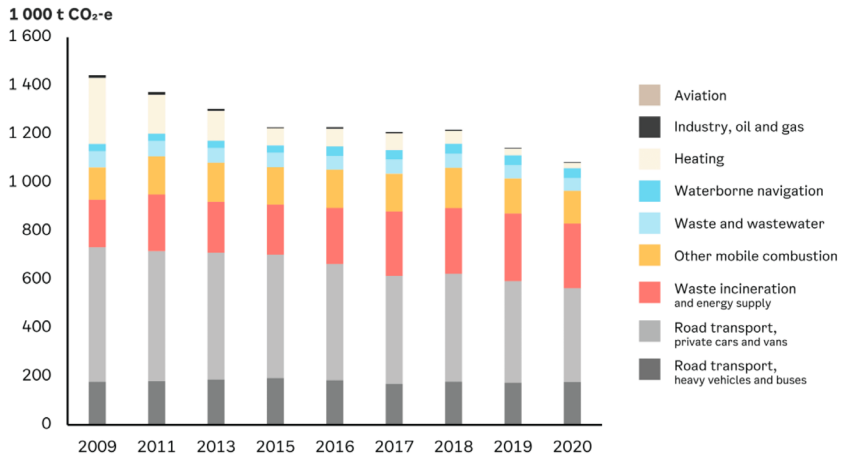
As an outcome of Oslo's innovative climate budgeting approach, there is a notable decline in its emissions, despite being one of the fastest growing cities in Europe.In 2020, GHG emissions from the waste and waste water, industry, oil and gas, aviation, heating and road transport sectors were at their lowest level since 2009. This indicates that Oslo is well on the way to reducing its emissions, yet there is a long way to go to achieve the goal of a 95% reduction by 2030.

Facilitated by the Climate Budget, Oslo is further considering carbon capture and storage from the waste incineration, EV charging infrastructure and a new zero emission zone for vehicles. The city is also working with public procurement and regulation to accelerate the transition to zero emission construction sites.

Oslo's experience suggests that climate budgeting is an excellent mechanism to demonstrate the costs and benefits of a city's climate actions and strategies. Transforming governance to mainstream climate action identifies key enablers for decision-makers to get started and make climate budgeting a reality. Firstly, it can gain a better understanding of its climate-related spending and the impact of its policies and initiatives on reducing emissions. Additionally, a climate budget document can help the city track its progress towards its climate goals, identify challenges and opportunities, and adjust its strategy accordingly. Finally, a climate budget document can serve as a communication tool to engage with stakeholders and demonstrate the city's commitment to addressing climate change. By analysing and learning from a climate budget document, a city can take a more strategic and coordinated approach to climate financing and make progress towards becoming a more sustainable and resilient community.

Climate budgeting requires involvement of all the key departments within city administration and political commitment must be engaged to achieve the intended benefits. Limited institutional capacity is one of the foremost challenges that cities need to overcome by deploying dedicated resources and building the capacity of staff involved in the process.

Oslo's City Budget is a great example of how keeping a climate budget can help cities demonstrate their commitment to addressing climate change, mobilise resources towards climate-friendly initiatives, and hold themselves accountable for their progress. Led by the Oslo city, C40's Climate Budgeting Pilot helped 11 global cities, including Mumbai in India, to build understanding about the process and benefits of the mainstreaming climate actions. ■



Oslo's Emissions and their sector-wise distribution between 2009-2020

Indore's Carbon Credits Story

An Innovative Approach towards Implementing Climate Action

Detailed Report on Indore's Carbon Credit Story by Indore Municipal Corporation here.

Biomethanation plants Indore

INDORE CITY, POPULARLY known as a key trading centre in central India and winner of "India's Cleanest City" for six years (2017-2022) in a row, began working on carbon credits in 2017. The initiative was led by the Indore Municipal Corporation (IMC), with Indore Smart City Development Limited serving as the implementing agency (ISCDL).

With emissions for the waste sector growing at a CAGR of 4.5 %, this was identified as one of the key areas of work under the project, with a potential reduction in GHG emissions of 1,20,000 tonnes per year. In the first phase, under the Verified Carbon Standard (VCS) programme, three projects were listed in the first phase - Wet Waste Management (Composting), Bio-Methanation, and Solar Energy Production - with the objective to diversify the city's revenue sources and attract more foreign investment, as well as to invest in capital-intensive, environmentally friendly projects with a long maturation period. Furthermore, the goal was to develop a thorough understanding of the global carbon market and to prepare the city government to take on such future projects on its own.

The efficient management of solid waste was a critical component of the projects registered in the first phase of the carbon trading initiative. This was made possible by the Municipal administration's efficient top-down implementation approach and increased emphasis on citizen participation. Indore residents separate municipal solid waste into six different categories at the source. Civil Society Organizations (CSOs), Community Based Associations, Waste Collectors, and Rag Pickers were also made key parts of the implementation process.

The carbon trading project's execution process, formally known as the "Carbon Credit Project Cycle," consisted of the following steps:

- ISCDL was designated as the nodal agency in charge of carrying out and monitoring the activities associated with the carbon trading project.
- Evaluation of existing carbon credit projects and identification of similar projects within the city
- Verification and registration of projects in accordance with the applicable carbon credit mechanism
- Establishing liaison with international environmental commodity agencies in order to obtain deals and good prices for the project for the sale of carbon credits related to waste management
- Maintaining the project's viability and the continued distribution of carbon credits

The process of monetizing carbon credits is complicated, and Indore ran into numerous problems. The process is capital intensive due to the higher investment in registration fees, as well as consultant and DOE fees. To navigate the complex carbon trading process, a dedicated team with sufficient experience and knowledge is required. Furthermore, there are numerous carbon credit mechanisms, such as VCS, CDM, GCC, GS, and so on, and finding an organisation or person who is knowledgeable about these is difficult. The lack of a dedicated trading platform, combined with the volatile carbon credit market, makes it difficult to estimate and sell carbon credits at a specific point in time.

Despite various obstacles, carbon credit offers numerous opportunities and benefits, including an additional source of revenue and foreign exchange without the need for additional capital investment; increased global recognition; and promotion of environmentally sustainable projects.

In 2020, after three years of work, Indore became the first city in India and South Asia to sell Carbon Credits, generating INR 69 lakh in 2020 and 8.34 crore in 2021. In 2019-20, 1,69,506 tCO2e GHG emissions were reduced. Other carbon trading projects identified in the second phase include the construction of a new wastewater treatment plant, decentralised composting, forest plastic recycling, and LED lighting. Indore is further supporting other urban local bodies on the process of obtaining credits and sharing lessons on key steps towards reducing the carbon emission while highlighting the need of proper documentation. Approximately 30 MOUs have been signed to date, and ISCDL also intends to provide consultancy services to other customer organisations through an Aggregator Business Model. ■

Past Events

U20 Inception Meeting

THE U20 CITY Sherpa Meeting was organised in the chair city of Ahmedabad on 9-10 February 2023 as the inaugural event of the U20 Engagement Group. More than 200 participants from across the world attended, including representatives and Sherpas from a total of 42 participant and observer cities. This is the largest recorded in-person participation from U20 cities since the inception of the engagement group. The event was supported by UCLG and C40 (Global Conveners of U20), the National Institute of Urban Affairs (Technical Secretariat for U20 in India) as well as other technical and logistics partners.

The event was graced by senior dignitaries from Government of India and Government of Gujarat. In his inaugural address, Shri Amitabh Kant, the G20 Sherpa emphasised the importance of sustainable urbanisation to drive economic growth and stressed the need for planned and scientifically driven growth. He urged the U20 group to provide clear, precise and actionable recommendations for the consideration of G20 leaders and assured that the G20 agenda will reflect the importance of cities in bringing about impactful global transformations.

Shri Hardeep Singh Puri, Hon'ble Union Minister of Housing and Urban Affairs, Government of India, in his virtual address highlighted India's role in leading the discourse on important global agendas and posited U20 as an opportunity for peer learning and creating a visionary roadmap that can steer the G20 agenda. Hon'ble Chief Minister of Gujarat, Shri Bhupendrabhai Patel highlighted the importance of the Sherpa meeting towards developing a consensus on the key priorities that should be foregrounded to G20 leaders. Shri Manoj Joshi, Secretary Ministry of Housing and Urban Affairs, called for reforms in urban planning & highlighted the need for financing sustainable public transportation, climate change transitions, and sustainable water & waste management.

The meeting facilitated an exchange of ideas on the possibilities of convergence between U20 and other working groups and engagement groups. Chairs of three G20 Working Groups, namely Infrastructure Working Group, Disaster Risk Reduction Working Group and Digital Economy Working Group attended and discussed common priorities for infrastructure financing, improving disaster adaptation, mitigation and response in cities, and mainstreaming digital governance. Areas of convergence with other engagement groups, particularly the role cities can play in engaging youth and creating opportunities for them, facilitating a robust startup ecosystem, and fostering innovations in the areas of environment, climate finance, water security and digital governance were discussed with the Chair of Startup 20 and representatives from Youth 20 and Think 20.

The City Sherpa of Ahmedabad, Shri Praveen Chaudhary presented six priority areas proposed by the Chair city as part of the zero-draft communique. He acknowledged the work done under previous U20 cycles and stressed on the need to move from 'intention to action' during the 6th cycle. The priority areas are

- ◊ Encouraging environmentally responsible behaviours
- ◊ Ensuring water security
- ◊ Accelerating climate finance
- ◊ Championing 'local' identity
- ◊ Reinventing frameworks for urban governance and planning
- ◊ Catalysing digital urban futures.

City delegates from the various participating and observer cities voiced their overwhelming support for all priority areas and expressed solidarity in drafting a collaborative agenda during the cycle. They also provided reflections and suggestions on the zero-draft communique and potential engagement strategy with relevant G20 member states and working groups. The Chair city announced that the Mayoral Summit where the final communique will be presented to the G20 leaders will be held on 7-8th July 2023 and shared a plan with key milestones.

On the sidelines, the event showcased the urban initiatives implemented in Ahmedabad and other cities of Gujarat including the Sabarmati riverfront development, affordable housing initiatives, BRTS and metro rail, heritage management, etc. Delegates also enjoyed the rich cultural heritage and hospitality of Ahmedabad during the cultural events, gala dinners and networking events organised by the Chair city at locations such as the Adalaj-ni-Vav, Atal bridge, Sabarmati Riverfront, Kankaria Lake and the Sabarmati Ashram. ■

Quote-Unquote

Praveen Chaudhary
Ahmedabad Sherpa

Intention without action is merely a dream. As we embark on this journey towards the Communique, let us remember that our efforts must be focused on achieving concrete outcomes. The success of this year's Communique lies not only in the words we draft, but in the actions we take to implement them. It is our responsibility to ensure that our priorities align with those of the U20, and that our efforts are politically driven. Let us work together, as City Sherpas, towards a brighter, more prosperous future for all.

Sri Haryati
Jakarta Sherpa

Climate finance cannot be tackled in isolation, it must be intertwined with development goals. Water security and sanitation measures are critical components that must be learned and shared among all stakeholders. Let us not forget that the youth are key agents of change, socialising and promoting the issue of climate change.

Hugo Salomão França
Sao Paulo, Brazil

Urban development and climate crisis require a focused and tailored approach that acknowledges the unique challenges facing each region and city. For Latin America, this means prioritising social cohesion, climate change, and social issues. National leaders must step up to the plate to overcome the new barrier of engaging mayors and federal governments in dialogue and commitments. Let us look to the U20 process and upcoming G20 presidency of Brazil as opportunities to drive progress forward.

Tomas Napolitano
Deputy Director for International Relations, Paris

The U20 meetings provide an important platform to discuss critical issues such as sustainable mobility and thermal insulation of housing in European cities. The outcomes of these discussions, translated into the communique, should be taken into account by G20 leaders and ministers to foster greater interaction with the G20 mechanism. To effectively address these issues, stakeholders must work hand in hand, with governments enabling private sector participation through norms, policies, and guidance.

Dr. Omobolaji Tajudeen Gaji
Lagos, Nigeria

Finance may be the key to unlocking Lagos; climate adaptation and mitigation plans, but let us not forget the importance of empowering youth leaders and building their capacities. With agencies like the Parks and Gardens Agency, Lagos is paving the way for innovative solutions that will make the city a better place for all

Upcoming Events

MARCH - APRIL

U20-Y20 NATIONAL YOUTH CONCLAVE

13-14 MARCH 2023
New Delhi

U20-Y20 National Youth Conclave: India's biggest youth summit that will see youth from all over the country, national leaders, experts, and innovators come together to discuss some of the pressing concerns and learn from each other on how to make cities and communities a better place to live and thrive.

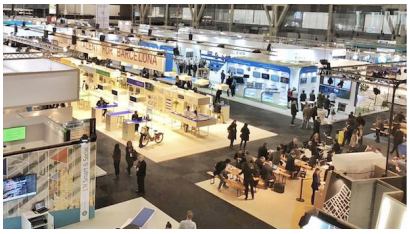
NATIONAL CONFERENCE ON CLIMATE FINANCE FOR CITIES

20 MARCH 2023
New Delhi

It will be a platform for the concerned stakeholders to deliberate on the taxonomy of green projects & how Indian cities can better attract green investments.

SMART CITY EXPO

23-24 MARCH 2023
New Delhi



URBAN CLIMATE FILM FESTIVAL

24-25 MARCH 2023
New Delhi

ASIAN CITIES SUMMIT

05-07 APRIL 2023
New Delhi

The event is one-of-its-kind in the region and focuses on bringing to the forefront cities' achievements in policy and urban infra space and discussing the most innovative ideas from the selected Asian cities.

SMART CITY EXHIBITION

20-22 APRIL 2023
New Delhi

MAINSTREAMING CLIMATE ACTION IN CITIES

21 APRIL 2023
Bengaluru

The event will include discussion amongst sector experts covering priority areas of Encouraging Environmentally Responsible Behaviors, Ensuring Water Security and Accelerating Climate Finance.

CEOS CONFERENCE ON DATA AND TECHNOLOGY

27-28 APRIL 2023
New Delhi

About the U20 Process

The U20 brings together mayors from G20 cities under a common framework and coordinates a joint position to inform the discussions of national leaders. Contributions from the U20, including the U20 Communique, are shared with the G20 Presidency and Heads of State, enhancing the role of cities as global economic and political leaders. The U20 is an independent initiative that is permanently convened by the conveners UCLG and C40. For more information, www.u20india.org

U20 Conveners

C40 CITIES

UCLG United Cities and Local Governments

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