

# The City Climate Finance Gap Fund

EIB Annual Report

2024



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## Abbreviations and acronyms

AFD	Agence Française de Développement
AIIB	Asian Infrastructure Investment Bank
AfDB	African Development Bank Group
ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
BMWK	German Federal Ministry for Economic Affairs and Climate Action
BMZ	German Federal Ministry of Economic Cooperation and Development
CAFE	City Academy on Finance and Equity
CBA	Cost Benefit Analysis
C40 CFF	C40 Cities Finance Facility
CCFLA	City Climate Finance Leadership Alliance
CoM SSA	Covenant of Mayors in Sub-Saharan Africa
CDIA	Cities Development Initiative for Asia
CoP	Community of Practice
DAC	Development Assistance Committee
DG INTRA	Directorate-General for International Partnerships
EBRD	European Bank for Reconstruction and Development
EDGE	Excellence in Design for Greater Efficiencies
EIB	European Investment Bank
EU	European Union
ETAPA EP	Empresa Pública Municipal de Telecomunicaciones, Agua Potable, Alcantarillado y Saneamiento
FICAA	Medellin - Financing Inclusive Climate Action Academy
FELICITY	Financing Energy for Low-carbon Investment – Cities Advisory Facility
GCOM	Global Covenant of Mayors for Climate and Energy
GCF	Green Climate Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH

HSC	Hamburg Sustainability Conference
ICLEI	Local Governments for Sustainability
IFI	International financial institution
IKI	Internationale Klimaschutzinitiative
KUSP II	Kenya Urban Support Program II
KfW	Kreditanstalt für Wiederaufbau
KPI	Key-Performance-Indicator
MDB	Multilateral Development Bank
MDTF	Multi-Donor Trust Fund
MEDCUC	MedCities Climate Urban Capacity Program
MENA	Middle East and North Africa
MLGP4Climate	Collaborate for Sustainable Future
NbS	Nature-based Solutions
NDF	National Development Fund
NUCA	NDBs Urban Climate Action Programme
OECD DAC	Organisation for Economic Co-operation and Development
PPF	Project preparation facility
PreP	Project Preparation Readiness Training
PHC	Primary Healthcare Centers
PEBACC+	Pacific Ecosystem-based Adaptation to Climate Change Plus
SUP	ICLEI Step-up Project
TA	Technical Assistance
ToR	Terms of Reference
TTAH	Tangier-Tetouan-Al Hoceïma
UMDF	Urban Municipal Development Fund
UN	United Nations
UNCDF	UN Capital Development Fund
UCL	University College London
WB	World Bank

## Foreword

2024 was a year of acceleration of the Gap Fund's activities, in terms of expressions of interest received, screened and approved, in addition to our increased efforts to ensure supported projects receive further assistance for project preparation and financing for implementation. As of December 2024, the Gap Fund had approved support for 105 investment projects located in 114 cities. We had also completed support for 34 investment projects.



In 2024, the EIB-GIZ Gap Fund approved support for an unprecedented number of new projects, namely 46 new projects covering 56 cities and clustered under 24 assignments. The projects to be supported include energy audits and investment plans for several public buildings, including schools, in 10 municipalities in Central Bosnia Canton. Additionally, we will support a prefeasibility study for establishing a biogas plant in Accra, and another to assess riverine encroachment and flooding impacts, along with the design of mitigation measures in Kisumu, Kenya.

With an increasing number of assignments reaching completion and three years until the end of our current implementation period, our focus has shifted to streamlining and adopting a regional and sectoral strategic approach to identify partners potentially interested in taking Gap Fund-supported projects through the next steps in the project cycle. This handover should happen as soon as possible once the Gap Fund assignment is completed.

We have started to work more systematically with partners, particularly multilateral development banks and other financial institutions but also other project preparation facilities, to develop joint pipelines of potential projects in the various regions covered by the Gap Fund. This approach is paying off and we have made strides in identifying fruitful collaboration modalities with these partners, starting from concrete project examples and building on early success.

Another key area of work in 2024 has been the set up and delivery of capacity development activities for city officials and project promoters, financial intermediaries and national and regional associations of municipalities and sectoral associations. We are confident that our broad strategic approach towards capacity development, tackling the issue from different angles, will have a positive and comprehensive impact on improving cities' opportunities to access financing for their climate action projects, even beyond the scope of the Gap Fund's activities.

Unfortunately, 2024 was another year marked by war and geopolitical and economic tensions in several geographies covered by the Gap Fund. An increased focus on national strategic interests and enhanced security could end up being detrimental to the collective efforts to fight climate change. Now more than ever, the Gap Fund's role in supporting cities and local authorities preparing robust low-carbon and resilient infrastructure projects appears essential in ensuring that their voices and priorities are not sidelined.

The Gap Fund remains fully in line with the EIB's strategic priorities, particularly the Climate Bank Roadmap. The EIB's lending policies are rooted in its commitment to upholding the goals of the Paris Agreement, and it is already exceeding its stated target for 2025 of devoting 50% of its lending to environmental sustainability and climate action.

Finally, I would like to express my gratitude for the remarkable progress achieved by the Gap Fund to date. This would not have been possible without the continued close cooperation between the EIB, the World Bank and GIZ, who together form a highly effective team. The extensive global presence of GIZ – the EIB's implementing partner for the EIB-GIZ Gap Fund – and its experience in capacity development and technical assistance complement the EIB's expertise in urban climate finance. This partnership has been instrumental in delivering assignments, starting dialogue on matchmaking and handover, upscaling potential projects and fostering cooperation between beneficiaries.

Once again, we wish to thank our donors and partners for their financial support to meet the ambitious goals that lie before us by providing cities with the means to convert their climate goals into successful projects.

Tanguy Desrousseaux  
Director, Housing, Cities and Regions  
Projects Directorate







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## Introduction

Launched in September 2020, the City Climate Finance Gap Fund is a global partnership that aims to help cities in low and middle-income countries plan, prioritise and deliver projects focused on climate change mitigation and adaptation.

This annual report summarises the progress made by the EIB-GIZ Gap Fund in 2024 in terms of screening and assessing proposals, delivering technical assistance to cities and local authorities, handing over projects to partners for follow-up technical assistance and/or financing, and developing knowledge products and outreach activities. The report further outlines the progress made in the capacity building initiatives that were launched earlier this year, highlighting key milestones and ongoing activities aimed at strengthening institutional and individual competencies. The report also provides a financial update on the use of Gap Fund resources and the outlook for the Gap Fund's activities in 2024.

Following the 2023 record year, 2024 saw unprecedented global temperatures, with an average temperature clearly exceeding 1.5°C above pre-industrial levels – the threshold set by the Paris Agreement to significantly reduce the risks and impacts of climate change. In addition to temperature, multiple global records were broken, from greenhouse gas emissions to air temperature and sea surface temperature, which resulted in a scaring frequency of extreme events worldwide, including floods, heatwaves and wildfires.

In the face of these raising threats, national and local governments, financial institutions and other entities, including the private sector, have been stepping up their pledges towards net-zero emissions. However, the current level of commitments is unlikely to be sufficient to achieve the Paris Agreement temperature goals. In addition, the lack of legally binding net-zero targets in most countries poses a risk that these commitments may not be fully achieved. According to the 2024 OECD Climate Action Monitor, only 27 countries and the European Union, representing 16% of global GHG emissions, have legally enshrined their net-zero targets.

Moreover, in the current global landscape, with escalating conflicts in a world polarized on multiple fronts, geographical tensions have also become drivers of rising emissions and environmental degradation as nations prioritize their strategic interests over collective efforts to combat climate change.

While cities are currently home to more than 50% of the global population, this figure is forecasted to rise to 68% by 2050. At the same time cities are also the centres of

economic growth, contributing to 80% of global GDP and they are responsible for 70% of global primary energy consumption and 60% of global GHG emissions. They are also particularly exposed to the effects of climate change, in the form of floods, droughts, heat and cold waves, sea level rise and saline water intrusion. Furthermore, vulnerable communities, such as people living in urban slums, the poor, women, the elderly and migrants tend to be disproportionately affected by climate change.

Against this background, cities must be at the forefront of climate action, both in terms of climate change mitigation and adaptation.

While this reality is broadly acknowledged by practitioners, decision-makers and financiers, cities and local authorities still face significant technical, financial and political constraints when preparing and implementing their climate action projects. As such, technical assistance, particularly in the early stages of the project preparation cycle is essential in ensuring that potentially transformative project ideas are effectively implemented on the ground.

The City Climate Finance Gap Fund is strategically positioned to advance ambitious climate change mitigation and adaptation initiatives. It provides a comprehensive range of technical assistance and investment preparation advice to support cities in their transition to low-carbon and resilient growth.

In 2024, 193 expressions of interest have been received and screened by the Gap Fund, 117 of which were attributed to the EIB-GIZ Gap Fund. In 2024, the EIB-GIZ Gap Fund approved 24 assignments covering 56 cities and 46 investment projects. Moreover, since the start of the Gap Fund's operations 21 assignments were completed, and 8 completed projects have been handed over to partners for further project preparation support or financing for implementation.



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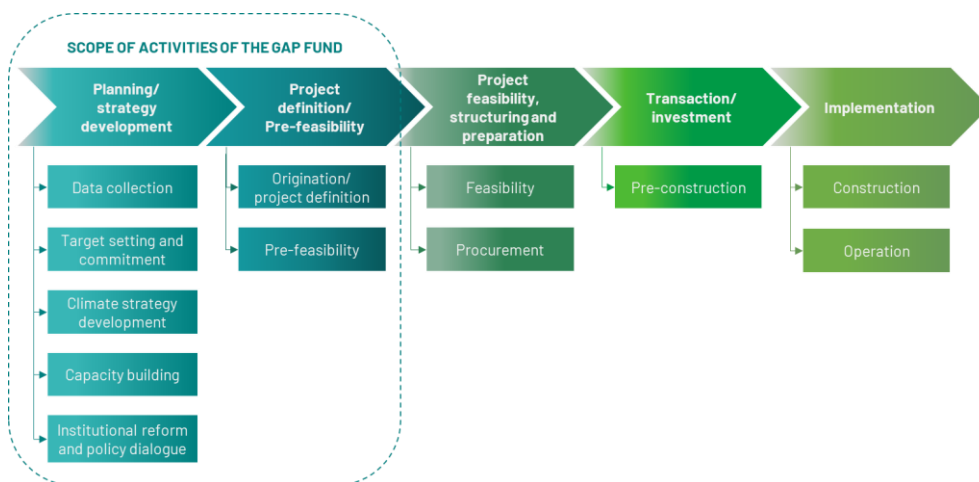
## The City Climate Finance Gap Fund

Consistently with global efforts to limit the temperature increase to 1.5° C above pre-industrial levels, the Gap Fund helps cities transition to low-carbon and climate-resilient pathways through a combination of:

- Support for the development of city climate strategies and the generation of in-depth analytics to assess the climate action and resilience potential of plans, strategies and investment programmes
- Project-concept definitions and components of pre-feasibility studies
- Support in prioritisation of investments as part of a climate strategy or investment programme
- Support for developing cities' approach to project financing
- Capacity building for low-carbon and climate-resilient urban development, initiated this year
- Potential support for filling other project preparation gaps

The EIB, in partnership with GIZ, and the World Bank jointly implement the Gap Fund through two multi-donor trust funds (MDTFs) in close cooperation with city networks and other key partners including C40, Global Covenant of Mayors for Climate and Energy (GCOME), Local Governments for Sustainability (ICLEI) and City Climate Finance Leadership Alliance (CCFLA). Although, the Gap Fund is conceived as a joint initiative, the World Bank focuses more on planning and strategy development activities while the EIB and GIZ focus on project definition and pre-feasibility.

Figure 1: Scope of activities supported by the Gap Fund



## Governance and implementation arrangements

The Gap Fund is jointly implemented by the World Bank and the EIB, the latter in partnership with GIZ. The World Bank and the EIB bring a unique mix of long-standing expertise in sustainable development, climate finance projects and urban renewal.

Each implementing agency administers a multi-donor trust fund with strong coordination between the separate World Bank and EIB secretariats under a One Gap Fund architecture related to partnerships, governance and implementation.

The One Gap Fund approach involves the following:

- Coordination mechanisms for the World Bank and the EIB to screen expressions of interest received and agree on further processing by either of the two trust funds. These decisions are taken jointly during bi-weekly meetings of the two secretariats.
- Joint outreach, communication and knowledge-sharing activities carried out in partnership with city networks and other key partners.
- A One [Gap Fund website](#) offering information on both Gap Fund multi-donor trust funds and the ability for cities to submit an expression of interest to the Gap Fund.

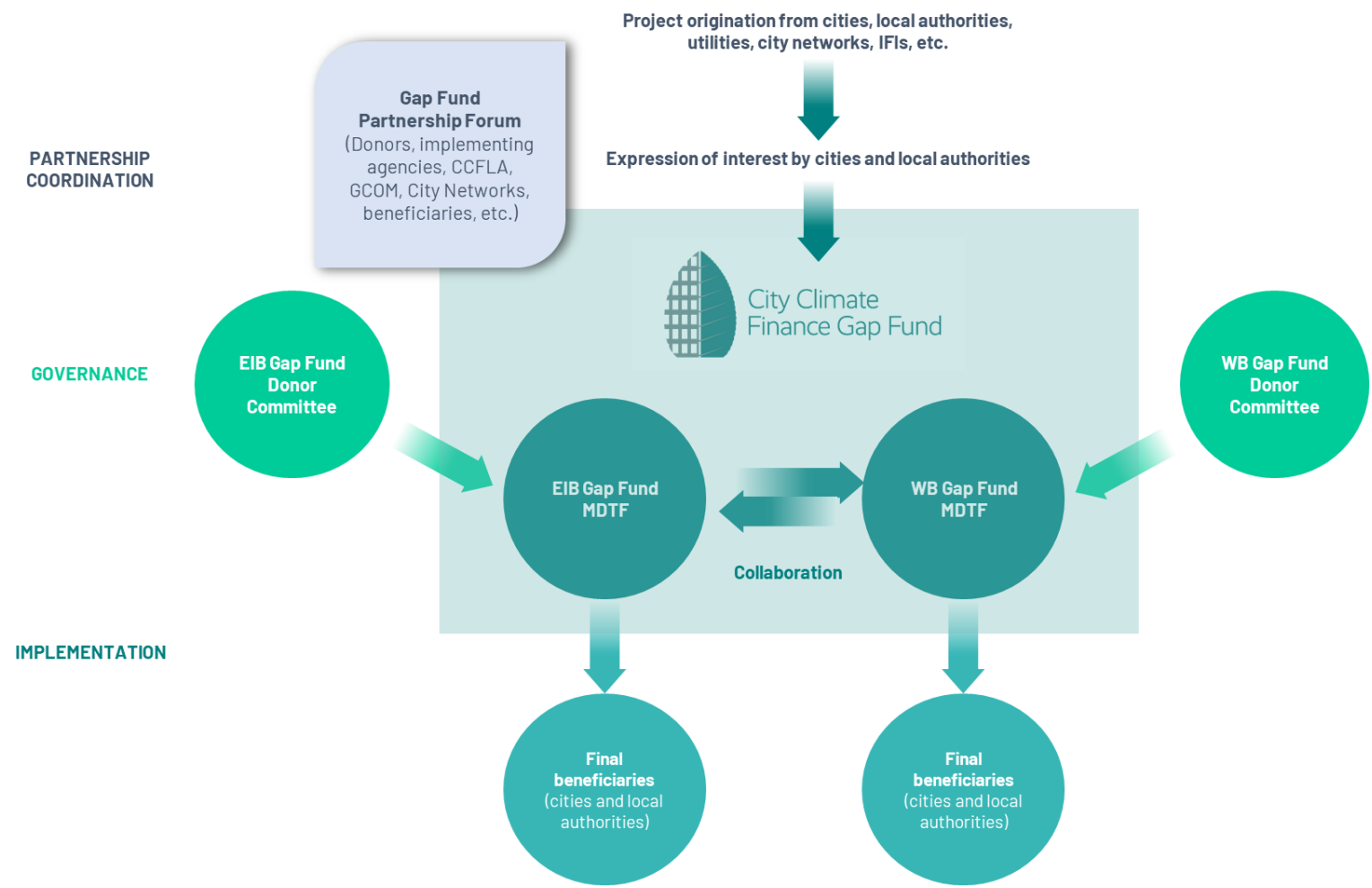
The website is hosted by the EIB and updated regularly in agreement with the World Bank and GIZ.

The Gap Fund Partnership Forum provides a platform for sharing experiences and expertise and exchanging information and ideas between key players in the city climate finance arena to inform the overall strategy and direction of the Gap Fund.

Current members of the Partnership Forum include representatives of the donors (BMWK – German Federal Ministry for Economic Affairs and Climate Action, BMZ – German Federal Ministry of Economic Cooperation and Development, and the Luxembourg Ministry of Environment, Climate and Biodiversity), GCOM, ICLEI, C40 and CCFLA.

The donors provide strategic guidance and direction to the two multi-donor trust funds through their respective Donor Committees. The Donor Committee meetings are held consecutively with cross participation from the World Bank and EIB technical secretariats acting as observers in each other's Donor Committee meetings to ensure coordination and consistency between the two trust funds. The Donor Committee meets formally once per year, while several informal meetings are held to ensure that donors are kept up to date with the progress achieved by the Gap Fund.

Figure 2: Gap Fund governance arrangements



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## The EIB Gap Fund multi-donor trust fund in 2024

This annual report provides an overview of the results undertaken by the EIB multi-donor trust fund from its inception to December 31<sup>st</sup>, 2024, with a particular focus of the activities that took place over the last year.

### Gap Fund operations








The fourth year of operation of the Gap Fund saw the highest number of expressions of interest received since inception. This increase may be attributed to the success of the Gap Fund visibility as well as the continuous efforts of city networks, expansion of strategic partnerships and overall communication and public relation, which led to more cities expressing interest in submitting their initiatives.

2024 was also a year in which the EIB-GIZ strategy for capacity development, defined during 2023, started to be deployed and significant progress was made. Moreover, matchmaking activities were also enhanced and the more streamlined approach adopted since 2023 started bearing fruit. The Gap Fund has continued engaging proactively with potential partners operating in the different regions to identify matchmaking opportunities for projects already in the pipeline, as well as identifying collaboration opportunities on projects already identified by partner organisations.

Until 2024, 6 completed projects were formally handed over to other partners for further project preparation support and/or financing for implementation. These partners include international financial institutions such as the Asian Infrastructure Investment Bank and the Asian Development Bank, project preparation facilities like the C40 Cities Finance Facility (CFF), European Union Delegations and national and municipal authorities. The handover was carried out for the cities of Mbombela (South Africa), Cuenca (Ecuador), Dhaka (Bangladesh), Naucalpan (Mexico), Xianning (China) and Santa Marta (Colombia) (for more details on matchmaking partners per project, see Table 4, p. 35).

In December 2024, a consultant was contracted by the EIB to perform a mid-term review of the mission, activities and operational efficiency of the Gap Fund, including both the EIB and the World Bank MDTFs. The assignment, expected to be completed by September 2025, will not only focus on past performance but also identify areas for improvement in the current timeframe of operations of the Gap Fund and make suggestions for its potential extension beyond 2027.

Table 1: Progress against the Gap Fund targets

Indicator	Target value	Achieved value 2024	% value as 2024	% progress and of the target achieved (7 years)
<b>Indicator 1:</b> Relevant processes and procedures have been agreed between EIB and GIZ, as well as between EIB, GIZ and the WB and are available in writing.	Processes and Procedures agreed and available in writing	Processes and Procedures agreed and available in writing	100%	 100%
<b>Indicator 2:</b> 900 Expressions of Interest are screened and completed over the 7 years Implementation Period	900 Eol to be screened and completed by 2027	656 Eol screened and completed as of 2024	73%	 73%
<b>Indicator 3:</b> 130 early stage projects are prepared after 7 years	130 Investment Projects to be completed by 2027	34 Investment Projects completed as of 2024	Total 105 Investment Projects ongoing and completed (Progress 80%)	 26%
				 80%
<b>Indicator 4:</b> 65% of projects have been taken up by PPFs, Funds, MDBs, MFIs, local and municipal authorities themselves, national governments, national promotional banks etc after 7 years	85 Investment projects taken up for further preparation support or financing (65% of the 130 investment Projects completed by 2027)	6 completed Investment Projects (out of 34) handed over as of 2024	58 out of 105 on going Investment projects confirmed and identified for hand over as of 2024 (Progress 55%)	 7%
				 55%
<b>Indicator 5.1:</b> 80 people directly supported through networking and training to address climate change or to conserve biodiversity, out of which 80% express satisfaction in an ex-post assessment	80 people directly supported through networking and training to address climate change or to conserve biodiversity, out of which 80% express satisfaction in an ex-post assessment	44 people directly supported through networking and training to address climate change or to conserve biodiversity, out of which 86% (38 people) express satisfaction in an ex-post assessment	55%	 55%
<b>Indicator 5.2:</b> 5 partner organisations (e.g. financial intermediaries, city networks and/or professional associations, bodies or similar entities) have been equipped to provide support to participating cities through training and/or advisory measures	5 partner organisations have been equipped to provide support to participating cities through training and/or advisory measures	Activities initiated mid 2024 .	7 partner organisations identified and 3 applied.	



Against this background, the Gap Fund seems to be well positioned to reach the agreed targets for the number of expressions of interest screened as well as for the number of projects supported, since the figure reported only features the ones for which the technical assistance has been completed. When adding up the completed ones and those for which the technical assistance is ongoing the total amounts to 105 projects.<sup>1</sup>

Concerning the share of projects taken up for further preparation support or financing, the Gap Fund currently stands at 7% of its final target, however, once again, this figure only considers the projects for which the Gap Fund technical assistance has been finalised, and the projects have been formally handed over to a partner organisation. The total share of projects in the portfolio for which the matchmaking has been either achieved or identified is 55%. Also, out of 8 projects that have been handed over to other partners, 6 agreements were concluded in 2024, demonstrating the positive momentum of the EIB-GIZ Gap Fund's matchmaking activities. (For more details, see Table 4).

The work on Capacity Development introduced earlier this year, measured under indicator 5.2 is ongoing and on-track. The indicator falls under two pillars. For Pillar 2, a call was concluded in 2024 for the procurement of consultants to support the capacity development of financial institutions. In the case of Pillar 3 the EIB-GIZ Gap Fund launched a call for proposals in 2024 targeting regional and national city networks worldwide. Three program submissions were received: two under review, and one was approved (Med Cities) in late 2024. The first results of the 5.2 indicator are expected in 2025.

### **Cooperation with the World Bank Gap Fund secretariat**

The cooperation arrangements between the secretariats of the World Bank and the EIB agreed with donors include a well-defined calendar of bi-monthly meetings during which expressions of interest are jointly reviewed and, if eligible, are assigned for follow-up to either the EIB or the World Bank.

These meetings also offer an opportunity to agree on which organisation will represent the Gap Fund at external events, in line with the One Gap Fund approach. This process has proven to be effective, allowing both teams to have a shared overview of the pipeline and ongoing follow-up actions. In addition, the organisations collaborate on both internal and external communications through a dedicated team, comprising members drawn from each of the secretariats.

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<sup>1</sup> In the context of the Gap Fund, an urban climate investment project is defined by the combination of a tangible urban asset (such as transport systems, stormwater infrastructure, solid waste management, or energy efficiency in public buildings), a clear climate objective (mitigation and/or adaptation), a defined implementing entity, an expected repayment source (fiscal, tariff-based, or blended), and a potential financing pathway. This definition allows for distinguishing multiple investment projects under a single technical assistance assignment. For example, a solid waste management intervention may span across multiple municipalities with distinct investments, or a public building energy efficiency program can involve various implementing agencies with technically separate projects under a common framework.

### Collaboration between the EIB and GIZ

Collaboration between the EIB and GIZ is crucial to delivering the Gap Fund's mission and achieving the targets agreed with the donors. The EIB-GIZ working processes have been revised and updated to reflect the evolving nature of the work carried out by the secretariat, and fine-tuning of processes was undertaken with respect to the use of SOURCE and its customisation as the standard EIB-GIZ tool for sharing project preparation data with relevant stakeholders.

In February 2024 a revised EIB-GIZ grant agreement was signed reflecting the increased donor contribution to the Gap Fund in 2023 by Germany and Luxembourg which made the fund meet its 100m EUR contribution objective. The amendment of the EIB-GIZ agreement included the extension of the implementation period until November 2027, an increase of the grant budget by 17.1m EUR and the inclusion of an additional stream of activities focusing on capacity development.

Because of the increased budget and scope of activities, the GIZ team within the technical secretariat grew to 7 project managers and restructured its operations based on sectoral expertise and geographical focus. This enabled a more strategic engagement with key partners per sector and world region, as well as an increasing standardization of technical assistance. In addition, a backstopping contract in the field of solid waste management was awarded to ensure the availability of on-demand technical expertise to support the work of the Gap Fund secretariat. Similar contracts are planned to be awarded in the sectors of energy, mobility, water and nature-based solutions in 2025. Further efficiency and effectiveness in delivering the Gap Fund technical assistance were gained by increasing the strategic collaborating with GIZ offices and projects worldwide, leveraging longstanding professional networks and experience.

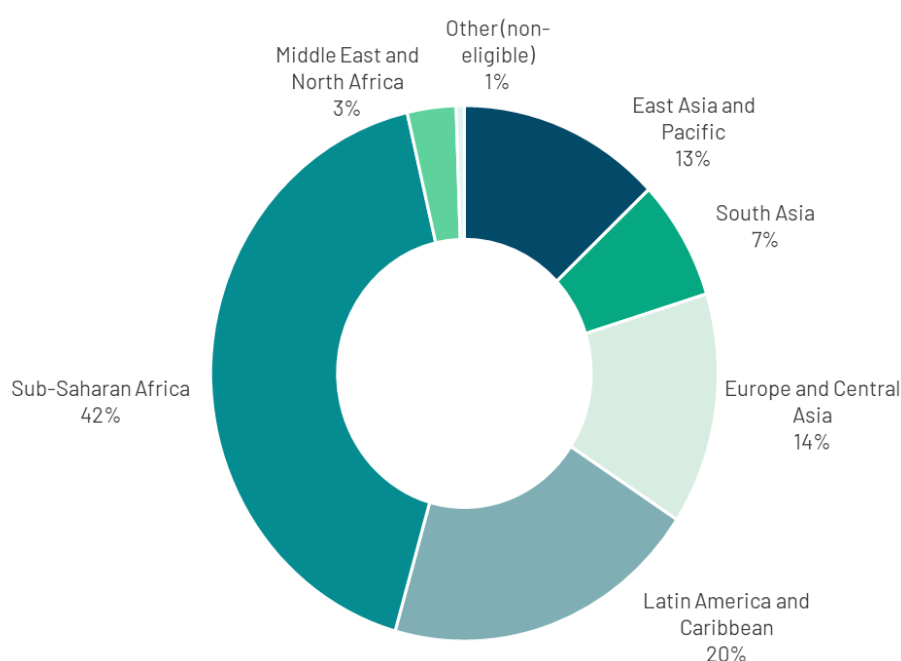
Against the background of the agreed conceptual approach towards capacity development, specific activities were identified and respective monitoring and evaluation processes developed and standardized to ensure consistent and efficient reporting across the EIB-GIZ Gap Fund. Collaboration between the EIB/GIZ Secretariat and EIB operations was strengthened through strategic meetings with the EIB staff responsible for operations at country and regional level. These enhanced matchmaking opportunities between Gap Fund-supported projects and current or future EIB operations and opened the doors towards joint pipeline development. Finally, three in-person workshops of the EIB-GIZ technical secretariat, held in January, May and December, as well as one virtual workshop in October allowed EIB and GIZ staff to take stock, reflect, jointly improve processes, and compile lessons learned.

## Delivering the Gap Fund's mission

### Providing early-stage technical assistance to cities in low- and middle-income countries

During the reporting period, a total of 193 expressions of interest were received via the Gap Fund website, amounting to a total of 656 at the end of 2024. Figure 1 below illustrates the geographical distribution of the expressions of interest received in 2024, with the Sub-Saharan Africa region having the highest representation (42%) followed by Latin America and the Caribbean (20%).

Figure 3: Geographical overview of expressions of interest received in 2024

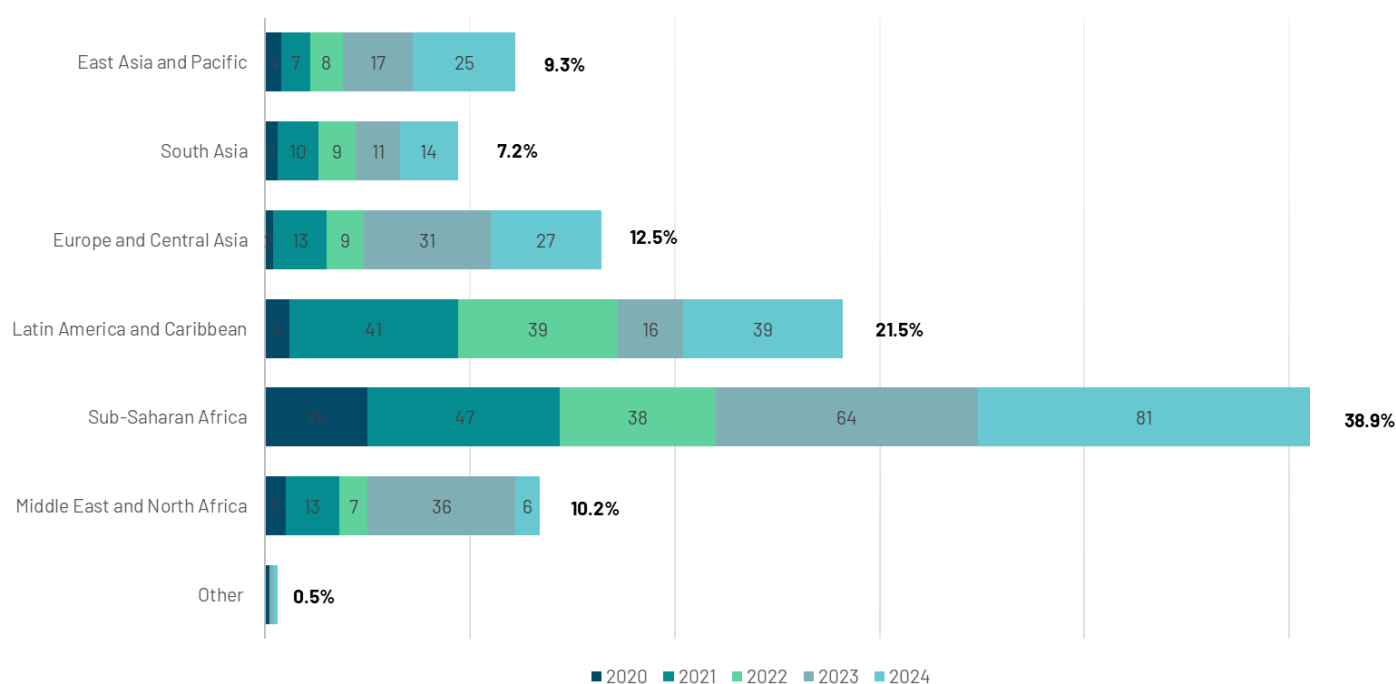


The number of expressions of interest received from different regions has fluctuated over the years. As shown in Figure 4, Sub-Saharan Africa consistently generated a highest number of expressions of interest, accounting for 38.9% of the total received throughout the Gap Fund operational period to date. This may be due to a combination of the targeted outreach performed by the Gap Fund and its partners, the scale of the needs for support from African cities, particularly secondary or tertiary cities, and the challenges they face in accessing technical assistance and financing for urban climate action projects.

Latin America and the Caribbean, while being the second highest (21.5%), saw a sharp decline in 2023. Europe and Central Asia, as well as the Middle East and North Africa, both reached their highest submission levels in 2023 – 31 and 36 expressions of interest respectively – followed by a drop in 2024. Meanwhile, South Asia (7.2%) and East Asia and the Pacific (9.3%) remained relatively stable throughout the Gap Fund

operational period. The “Other” category refers to expressions of interest that do not correspond to any country on the OECD DAC list. These fluctuations in submissions are partially linked to changes in outreach focus by the Fund and its partners, in order to achieve a balanced Gap Fund portfolio. This objective was successfully achieved in 2024, with a higher number of projects coming from regions such as Sub-Saharan Africa, East Asia and the Pacific, and South Asia, where significant efforts were made to consolidate regional partnerships

*Figure 4: Geographical overview of expressions of interest received over the years in percentage*



As illustrated in Figure 5, in 2024 the highest number of expressions of interest were received compared to previous years, indicating a continued interest in the Gap Fund and high demand for the type of support it offers. This increase may be due to the success of the activities of the Gap Fund EIB and World Bank Secretariats to improve its visibility, through an increased presence on social media, the organisation of thematic webinars and participation to high-level events, as well as the continuous efforts of city networks and expansion of strategic partnerships with other IFIs, PPFs and other actors involved in the urban-climate space.

Of the 193 EOs received and screened in 2024, 112 EOs were eligible for support. An analysis of these EOs determined that the most frequent reasons EOs were not eligible for support include: Eligibility of the applicant (40%), lack of a clear climate or urban focus at (17%), Geographical and sectoral scope (7%), lack of specific request (4%) and other reasons for ineligibility (32%).

In 2024, the EIB-GIZ Gap Fund approved 24 technical assistance assignments covering 56 cities and 46 investment projects<sup>2</sup>. During the reporting period, waste management emerged as the leading sector for approved investment projects, followed by energy.

Figure 5: Overview of expressions of interest received over the years.

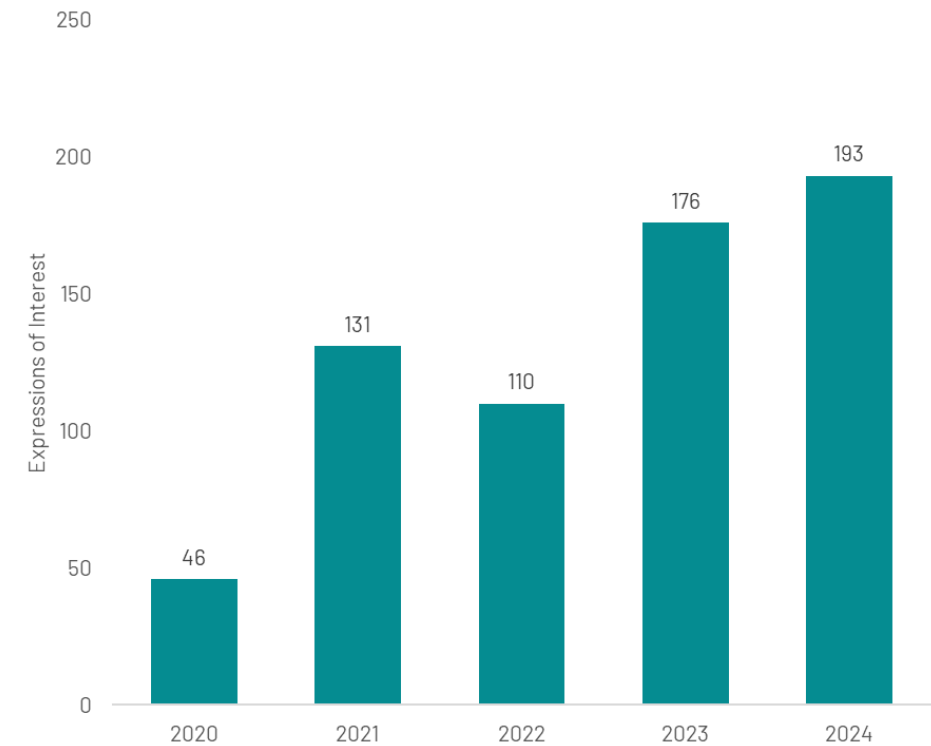
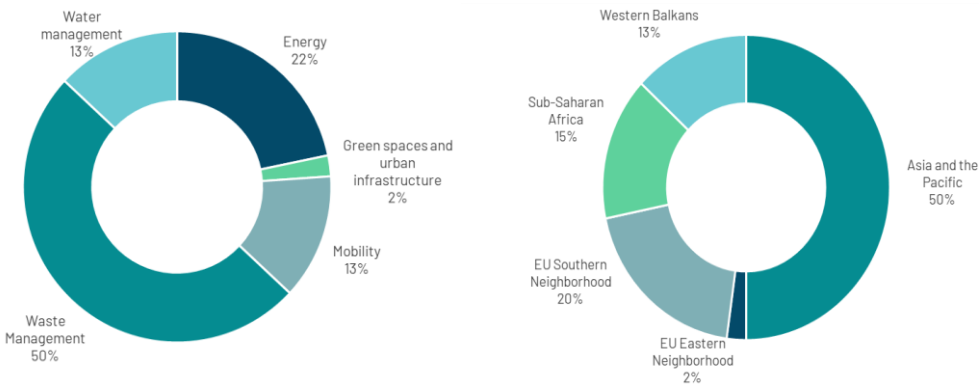


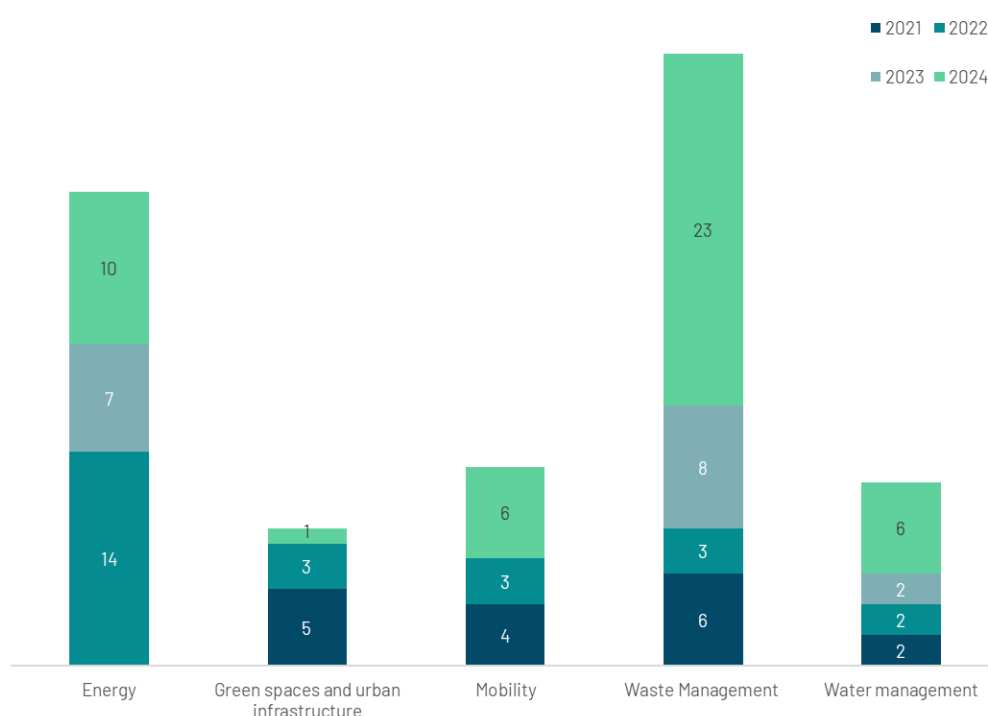
Figure 6: Sectoral and geographical distribution of investment projects approved for support in 2024



In 2024 the number of investment projects approved for support by the EIB-GZ Gap Fund also increased significantly, more than doubling compared to previous years. This is mostly due to a significant increase in multiple city projects, particularly in the waste management sector, where significant economies of scale can be achieved. By contrast, approvals of support for projects focusing on green spaces and urban infrastructure declined. Finally, the approval trend for energy projects has shown a steady trajectory over the years, while the mobility sector is slowly taking up pace.

As of December 2024, 44% of supported investment projects were in the waste management sector, followed by energy projects (27%), and water management projects at (14%). Mobility projects and green spaces and urban infrastructure projects represent a smaller share of the overall portfolio, as displayed in Figure 7 below.

Figure 7: Sectoral distribution of approved Investment projects over the years



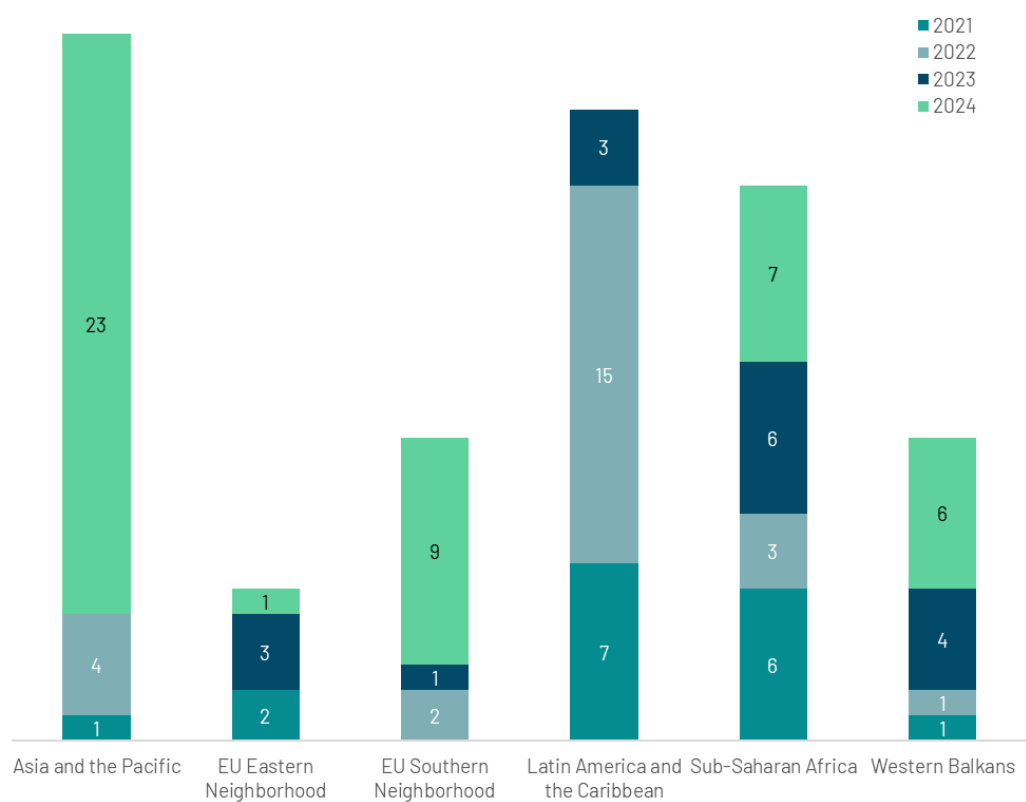
The geographical distribution of approved projects mirrors that of received expressions of interest. As such, approvals of projects in the Latin America and Caribbean region have declined compared to 2023, while a much larger number of projects from the Asia and the Pacific region was approved. Asia and the Pacific had been given particular emphasis in building the Gap Fund portfolio in 2024 due to low numbers in the early years of Gap Fund operation.

Sub-Saharan Africa maintained a relatively stable trend, while the Western Balkans showed gradual growth. Meanwhile, the EU Southern and Eastern Neighbourhood

<sup>2</sup> The difference in these figures is due to the fact that a single assignment can cover several investment projects and several cities.

regions exhibited fluctuations, with approvals varying across different years. While the EU Southern Neighbourhood has been on the rise within the Gap Fund portfolio, the EU Eastern Neighbourhoods still holds potential to be more strategically exploited, as shown in Figure 8 below.

Figure 8:Geographical distribution of approved investment projects over the years



It is interesting to notice that some regions, particularly Sub-Saharan Africa, show a significant difference between the number of expressions of interest submitted and the number of investment projects approved for support. This can be explained by the larger number of non-eligible applications, as well as their low bankability and/or limited climate action potential, due for instance to a small size of the municipalities applying to the Gap Fund and eligibility of applicants.

The technical assistance assignments approved in 2024 are detailed in Table 2 below.

Table 2: Approved assignments in 2024

City, Country	Sector	Description
<b>Shkodra, Albania</b>	Energy	Prefeasibility study on energy efficiency and refurbishment of three public schools
<b>Constantine, Algeria</b>	Mobility	Prefeasibility study for non-motorized mobility within Constantine city centre.
<b>Central Bosnia Canton (10 cities), Bosnia and Herzegovina</b>	Energy	Energy audits and investment plan for a number of public buildings, including schools, in Central Bosnia Canton
<b>Suzhou (5 cities), China</b>	Waste Management	Development of an investment programme for low-value plastic collection, sorting and recycling infrastructure in Suzhou, Zhangjiagang, Changshu, Taicang and Kunshan
<b>Accra, Ghana</b>	Waste Management	Prefeasibility study for establishing a biogas plant in Accra, aimed at assessing technical, financial, and environmental viability to support sustainable waste management and energy production.
<b>Bukittinggi, Indonesia</b>	Waste Management	Prefeasibility study for the construction of a Refuse Derived Fuel (RDF) Plant in the city of Bukittinggi, by providing waste characterization and composition study, preliminary technical design, preliminary financial and economic analysis.
<b>Jambi, Indonesia</b>	Waste Management	Prefeasibility study for the construction of an RDF Plant in the city of Jambi, by providing waste characterization and composition study, preliminary technical design, preliminary financial and economic analysis.
<b>Karnataka Region (10 cities), India</b>	Waste Management	Support 10 city-corporations in the development of Detailed Project Reports for the construction of bio-methanation plants.
<b>Jerash, Jordan</b>	Energy	Energy-Efficient lighting systems in municipal buildings
<b>Zarqa, Jordan</b>	Energy	Energy-Efficient lighting systems in municipal buildings
<b>Kisumu, Kenya</b>	Water Management	Prefeasibility study along the creek to assess the level of riverine encroachment and flooding impact and design mitigation measures including green and recreation facilities for residents



City, Country	Sector	Description
<b>Embu, Kenya</b>	Waste Management	Strengthen the service delivery for municipal solid waste management (MSWM). A prefeasibility will be developed to identify critical intervention measures in the MSWM value chain.
<b>Eldoret, Kenya</b>	Green Spaces and Urban Infrastructure	Improving the design of green parks and ensuring the expansion of urban forestry, promoting sustainable land use, reducing pollution and enhancing biodiversity.
<b>Malindi, Kenya</b>	Mobility	Improvement of an access road with storm water drainage, non-motorized transport and greening of sandpiper road
<b>Kota Bharu, Kluang, Malaysia</b> <b>Hatyai, Nakhon Si Thammarat, Thailand</b>	Waste Management	Prefeasibility studies on the construction of Integrated Resource Recovery Centres in the cities of Kota Bharu, Kluang in Malaysia and Hatyai, Nakhon Si Thammarat in Thailand.
<b>5 cities, Morocco</b>	Energy	Provide energy audits and an investment plan for 5 municipalities in the Tangier-Tetouan-Al Hoceïma region for their public lighting infrastructure. The municipalities concerned are Martil, Al Hoceima, Ouezzane, Ksar El Kebir and Anjra. The aim of the technical assistance will be to improve the cities' public lighting services in terms of energy savings, safety and quality.
<b>Chisinau, Moldova</b>	Energy	Retrofitting of 50 public buildings with energy efficiency standards, mainly kindergartens.
<b>Kumanovo, North Macedonia</b>	Water Management	Pre-feasibility study for flood risk assessment and management in the city of Kumanovo.
<b>Kratovo, North Macedonia</b>	Water Management	Concept note for wastewater collection and treatment in the city of Kratovo
<b>Kriva Palanka, North Macedonia</b>	Water Management	Concept note for flood risk assessment and management in the city of Kriva Palanka
<b>Multiple cities, Rwanda</b>	Mobility	Electrification of the intra- and inter-municipal public transport fleet operated by transport cooperatives.
<b>Prokuplje, Serbia</b>	Water management	Hydraulic modelling and conceptual design for efficient water supply systems in the city of Prokuplje
<b>Nabeul, Tunisia</b>	Water Management	Prefeasibility study for flood risks assessment and flood resilient investments in the city of Nabeul
<b>Ho Chi Minh City, Vietnam</b>	Mobility	Renewal of the bus fleet from combustion to electric buses

In 2024, a total of 44 assignments were in progress, corresponding to 71 investment projects and 78 cities around the world, while 21 assignments have been completed, as shown in Figure 9 below.

Figure 9: EIB-GIZ Gap Fund portfolio as of December 2024



As of today, technical assistance has been successfully completed for 21 assignments, encompassing 34 investment projects across 46 cities, with 7 assignments completed in 2024 (See Table 3).

Among the completed investment projects, the energy and waste management sectors have had the highest representation over the years, reflecting the strong approval trend in these areas over the operational time of the Gap Fund. Additionally, mobility investment projects were only completed in 2023.

In 2024, a total of seven assignments were completed, summarised in the table below.

*Table 3: Overview of completed technical assistance assignments*

City, Country	Sector	Main results achieved
<b>Rosario, Argentina</b>	Waste Management	<ul style="list-style-type: none"> <li>Extension of existing composting plant: Analysis of technically feasible options for dry biodigestion and the use of biogas for electricity, heat or biomethane, considering different levels of waste separation at source and the possibility of expanding the current plant in a modular fashion.</li> <li>Analysis of the economic-financial feasibility of the proposed options and identify next steps and possible sources of funding</li> </ul>
<b>Tirana, Albania</b>	Energy	<ul style="list-style-type: none"> <li>Vulnerability assessment to climate risks for Social Housing Project in the Urban Area of Tirana, Koder Kamez.</li> <li>Definition of an energy baseline and gap analysis between the EDGE standards and the baseline</li> <li>Gap analysis between the EDGE standards and the baseline.</li> <li>Definition of best-case scenario.</li> <li>Capacity building workshop in climate action.</li> </ul>
<b>Dhaka, Bangladesh</b>	Green Spaces and Urban Infrastructure	<ul style="list-style-type: none"> <li>Assessment of the present policy and regulatory framework, financial and market assessment.</li> <li>Stakeholder engagement plan and workshop</li> <li>Develop survey methodology, sampling methods and design and undertake required primary data collection.</li> <li>Detail physical feature maps and info graphs.</li> <li>Develop climate and environmental considerations, including climate risk assessments and infrastructure exposure, as well as a Climate Resilient Green Action Plan.</li> </ul>

City, Country	Sector	Main results achieved
<b>Santa Marta, Colombia</b>	Green Spaces and Urban Infrastructure	<ul style="list-style-type: none"> <li>• Identification of possible sites for a central urban forest, including analysis of the different options for ecosystem integration.</li> <li>• Economic and financial assessment of the urban forest. Analysis of possible synergy and consolidation instruments with territorial planning tools, of potential financial flows and recommendations to involve potential investors.</li> <li>• Guidelines and recommendations for the operation, maintenance, and monitoring of the urban forest.</li> <li>• Implementation of consultation workshops and training with local experts and relevant stakeholders.</li> </ul>
<b>Savusavu, Fiji</b>	Green Spaces and Urban Infrastructure	<ul style="list-style-type: none"> <li>• Contextualizing the project, including the status of the Savusavu shoreline and a stakeholder analysis.</li> <li>• Technical design of the proposed coastal protection measures and their SWOT analysis, including a stakeholder's workshop.</li> <li>• Analysis of the co-benefits of coastal protection infrastructure, including a cost-benefit analysis.</li> <li>• Report of the ownership, operation and maintenance of the business model and recommendations for upscaling and funding opportunities.</li> </ul>
<b>Gjilan and Ferizaj Regions, Kosovo</b>	Waste Management	<ul style="list-style-type: none"> <li>• Analysis of regional flows of all household waste streams, waste characterization, waste treatment options and suitable technologies.</li> <li>• Preliminary financial analysis and economic cost benefit analysis.</li> <li>• Stakeholder engagement plan.</li> </ul>
<b>Ojodu/Lagos, Nigeria</b>	Energy	<ul style="list-style-type: none"> <li>• Analysis of the current energy system of the public schools and PHCs (in Ojodu LCDA) and identify the objective and beneficiaries.</li> <li>• Cost Benefit Analysis(CBA) for installing solar PV in public schools and primary healthcare centers, analysis of the business model ownership, operation &amp; maintenance.</li> <li>• Technical recommendations for upscaling solar PV in Lagos State and identification of next steps and studies needed to facilitate upscaling.</li> </ul>

## Expanding Santa Marta's urban forests



Located in the Colombian Caribbean, Santa Marta has experienced accelerated and unplanned urban growth, leading to the loss of green areas and the fragmentation of natural habitats. Urban sprawl has led to soil degradation, water scarcity, and biodiversity loss. These issues, exacerbated by climate change, resulted in frequent heat island phenomena amongst other negative environmental impacts.

Against this backdrop, the city drew on Gap Fund support to develop a pre-feasibility study for an urban forest expansion. The project's objective was to establish and promote integrative strategies for climate change adaptation in Santa Marta through the planning and implementation of a central urban forest. Urban forests and green corridors are nature-based solutions that mitigate pollution, capture and store carbon, regulate water and microclimates, provide habitat and food for fauna, and enhance landscapes.

The TA, conducted between August 2022 and August 2024, developed a sustainable management model for establishing, maintaining, and upscaling the urban forest. The project assessed the urban forest's size and structure, engaged local stakeholders for governance enhancement, conducted an economic assessment along the meander of the Manzanares River, and developed management and financing strategies. Additionally, it proposed financing the urban forest through national royalties, linking it with the city's mobility infrastructure.

Following the Gap Fund's intervention the city has committed municipal financial resources and established cooperation with local stakeholders for the management and expansion of the urban forest.



**Estimated Investment of**  
2.45m EUR



**3,886 tons of CO<sub>2</sub>**  
sequestered in 30 years



**12,140 people** directly  
benefitted (est.)

## Protecting Savusavu's coastline



Savusavu is located on the south coast of Vanua Levu Island, Fiji, and its coastline is severely impacted by sea level rise, erosion, and extreme weather, leading to flooding and infrastructure damage. Limited space between the road and foreshore creates safety risks for pedestrians and traffic. Exposed underground conduits further endanger infrastructure and the area's sustainability.

The Gap Fund has supported the municipality of Savusavu to develop a pre-feasibility study on coastal protection along Savusavu coast, with emphasis on nature-based solutions. The pre-feasibility study included a comprehensive coastal risk assessment; identified technical design requirements of the coastal protection measures and conducted an economic benefit analysis. Importantly, workshops with stakeholders and the community were held to gather their feedback on the proposed measures.

A holistic nature-based solutions approach was used to combat shoreline erosion by dividing the area into zones and implementing tailored green and hybrid solutions. Measures included planting vetiver grass, restoring mangroves, establishing oyster reefs, and designing a nature-based solution seawall using local materials. Preliminary designs for walkways improved safe shoreline access, showcasing nature-based solution as a means to enhance resilience, infrastructure, and general community well-being.

The prefeasibility study has provided comprehensive technical information and provides a solid steppingstone for achieving coastal resilience for Savusavu's residents. It is expected that the Pacific Ecosystem-based Adaptation to Climate Change Plus (PEBACC+) program, will implement part of the proposed solutions.

€ **Estimated Investment:**  
0.32m EUR



**75,942 people** directly  
benefitted (est.)

## Fostering access to follow-up technical assistance or financing for supported projects

An essential mission of the Gap Fund is to facilitate access to follow-up technical assistance or financing for implementation for the cities benefitting from its support. As of December 2024, 12% of the overall portfolio have achieved matchmaking (completed and on-going), and potential interested partners have been identified for 40% of the portfolio<sup>3</sup>.

Figure 10: Portfolio matchmaking status

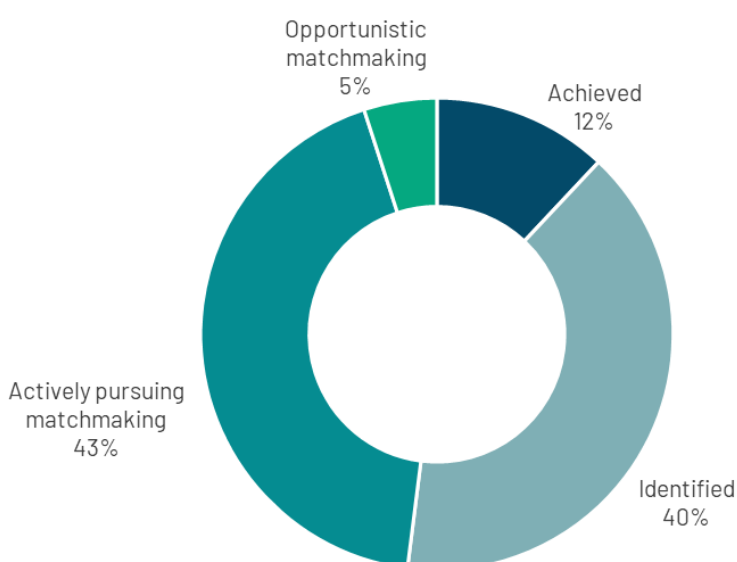


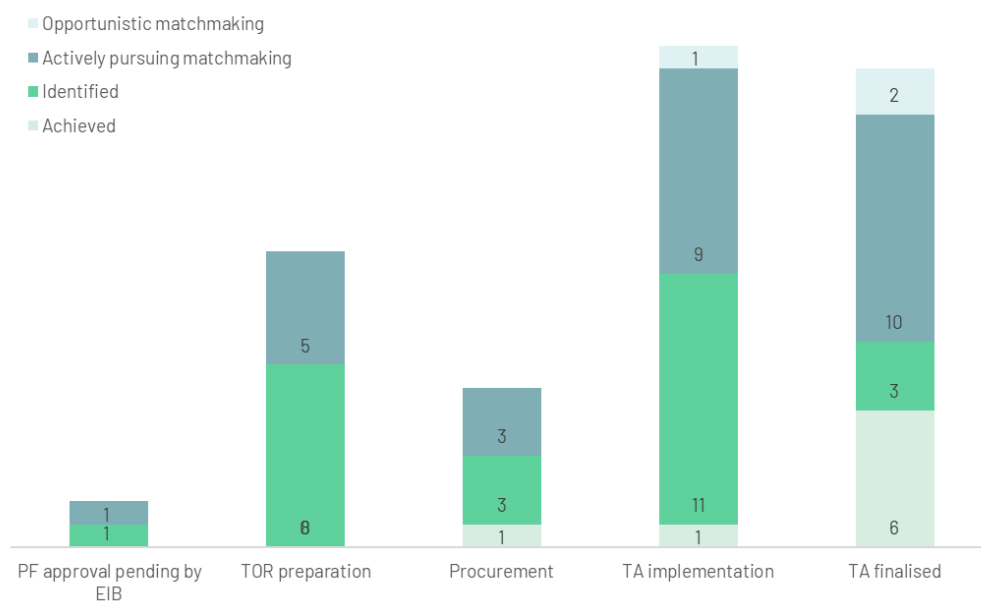
Figure 11 provides a detailed breakdown of the matchmaking status in relation to the progress status of TA. It highlights ongoing efforts to identify and secure the handover from the early stages of the assignments and related investments projects.

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<sup>3</sup> Matchmaking is considered "achieved" when an agreement has been reached and confirmed by a partner organisation which will take over the project for follow-up technical assistance or financing for implementation. By contrast "identified" is used for projects that have been assessed and recognized as potential candidates for matchmaking and handover but have not yet reached the stage of securing follow-up technical assistance or financing for implementation. The remainder of the Gap Fund's portfolio is divided between projects for which matchmaking activities are actively pursued and projects for which an "opportunistic" approach is followed. The latter refers to projects that prove difficult to hand over and are therefore included in matchmaking discussions potential partners as the opportunity arises but are not the main focus of such exchanges.



Figure 11: Matchmaking by TA progress stage



In addition, Figure 12 illustrates the handover status of projects across different categories of matchmaking partners, distinguishing between those that have been achieved and those that have been identified for further development. International Financial Institution account for the largest share of identified matchmaking and handover, highlighting their key role in project financing.

National funding and municipal budgets also play a notable role in project achieved matchmaking. Interestingly, and in contrast with the original assumptions, the handover to other project preparation facilities as a next step to technical assistance has not materialised in the fund's experiences up to date, with a couple of notable exceptions such as Mbombela, South Africa.



Figure 12: Number of investment projects per type of matchmaking partner

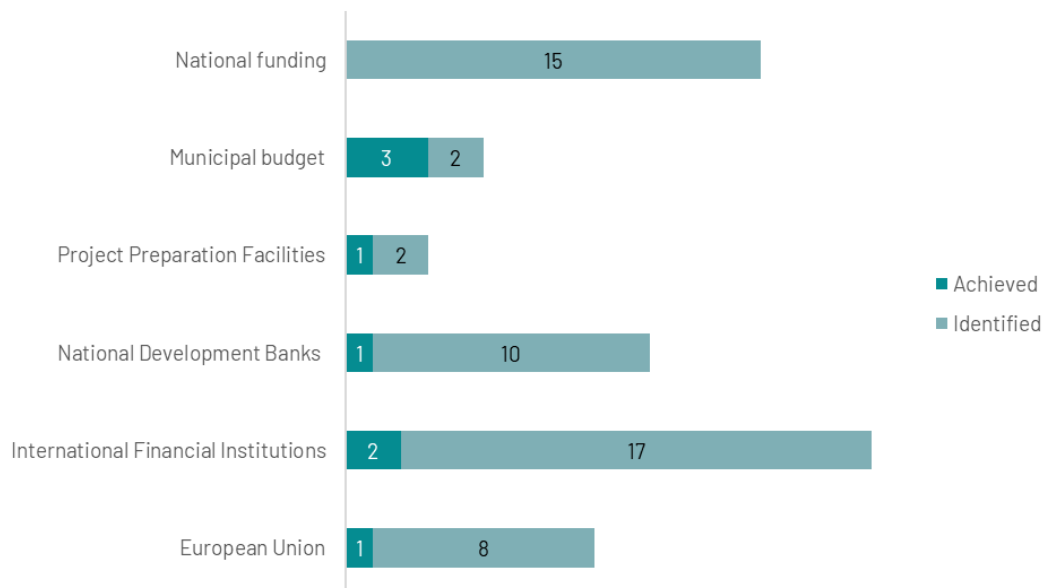


Table 4 highlights the assignments that have successfully achieved matchmaking and handover to date, in addition a few examples of projects for which a matchmaking partner has been identified but not yet confirmed.

Table 4: Projects with achieved matchmaking and examples of projects with identified matchmaking opportunities

City, Country	Sector	Matchmaking Partner	Handover Status
Buenos Aires, Argentina	Energy	Municipal own resources	Achieved
Curitiba, Brazil	Mobility	The Brazilian Development Bank (BNDES)	Achieved
Cuenca, Ecuador	Water Management	Municipal own resources	Achieved
Dhaka, Bangladesh	Green Spaces and Urban Infrastructure	Asian Infrastructure Investment Bank	Achieved
Mbombela, South Africa	Water Management	C40 Cities Finance Facility(CFF)	Achieved
Naucalpan, Mexico	Mobility	European Union Delegation	Achieved
Santa Marta, Colombia	Green Spaces and Urban Infrastructure	Municipal own resources	Achieved
Xianning, China	Mobility	Asian Development Bank	Achieved
Accra, Ghana	Water Management	Swedfund	Identified
Bogotá, Colombia	Mobility	C40 Cities Finance Facility(CFF)	Identified

City, Country	Sector	Matchmaking Partner	Handover Status
Chisinau, Moldova	Energy	European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB)	Identified
Central Canton (10 cities), Bosnia and Herzegovina	Energy	The Environmental Protection Fund of the Federation of Bosnia and Herzegovina	Identified
La Marsa, Carthage, Sidi Bou Said, Tunisia	Waste Management	European Investment Bank, Tunisia	Identified
Libreville and Port Gentil, Gabon	Water Management	European Union Delegation	Identified
Nabeul, Tunisia	Water Management	United Nations Capital Development Fund	Identified
Otjiwarongo, Namibia	Waste Management	African Development Bank	Identified
RAMCC, Argentina	Energy	Banco de Inversión y Comercio Exterior	Identified
Savusavu, Fiji	Green Spaces and Urban Infrastructure	Secretariat of the Pacific Regional Environment Programme	Identified
Constantine, Algeria	Mobility	Municipal own resources	Identified

In some cases, cities are interested in taking over projects to either finance their implementation with their own resources or to apply for funding at the national or supranational level (e.g. Green Climate Fund or EU funding).

## Improving Drinking Water Systems through hydrometeorological and climate data in Cuenca, Ecuador



The city of Cuenca faces challenges due to their highly variable rainfall patterns, exacerbated by climate change, which leads to extreme weather events affecting water quality and supply. There is a critical need for improved climate and hydrological data collection to understand and address these impacts and vulnerabilities. The existing monitoring networks are inadequate and require upgrades, while the lack of local information has hindered the integration of climate scenarios into hydrological models.

To address these challenges, the city requested support from the Gap Fund to improve drinking water management in Cuenca by strengthening local monitoring systems and generating more reliable climate and environmental data for the river basins Yanuncay, Tomebamba, Culebrillas, and Machángara.

The Technical Assistance, conducted between July 2022 and July 2023, developed a diagnosis report of the hydrometeorological and water quality monitoring networks, analyzed monitoring processes as well as technical, administrative, and institutional capacities of the project promoter Empresa Pública Municipal de Telecomunicaciones, Agua Potable, Alcantarillado y Saneamiento (ETAPA EP), applied a proven hydrological model to analyze and predict changes in the hydrological cycle, and finally suggested upgrades to improve the measurement network.

Following the Gap Fund's intervention, based on the outcomes of the study the city has acquired 11 measuring stations, leveraging a total of 230.000 USD. They have also established a publicly accessible real-time data information system, which is key to maximize the impact of collected climate and water data.

## Leveraging strategic networks and partnerships

In 2024, the Gap Fund continued to expand and deepen its strategic networks and partnerships at the global, regional, and national level as a means of delivering integrated and sustainable technical assistance in an increasingly swift and coordinated manner. Partnerships are a key element to a successful infrastructure preparation and linking to further implementation.

The range of partners include professional thematic and city networks, UN agencies, European Union (EU) Delegations and EU Member State Organisations, multilateral and national (development) banks, fellow project preparation facilities, International Climate Initiative (IKI) and GIZ worldwide portfolio, and, of course, client countries.

### Global partnerships

Gap Fund's support to climate infrastructure financing aims to complement and synergize with the efforts of other agencies and development partners, with some selected examples below:

- **Sourcing of expressions of interest:** Monthly meetings between the World Bank, EIB and GCOM allowed for leveraging GCOM's member base and regional partnerships to increase the Gap Fund outreach and provide tailored support to expression of interest development.
- **Capacity development and post-Gap Fund support:** The Gap Fund partnership with the C40 Cities Finance Facility (CFF) allows on the one hand for Gap Fund supported cities to tap into CFF offers on capacity development; on the other hand, does it contribute to a pipeline of projects ready for CFF support.
- The Gap Fund also contributed to several working groups feeding into political agenda setting, such as the Roundtable Series on *Transport infrastructure under the umbrella of the EU Global Gateway: How to support just and sustainable economic growth* in the runup to including the Hamburg Sustainability Conference (HSC). In addition, the Gap Fund took part in the 2024 CCFLA Annual Assembly and demonstrated through several partner sessions at the UN-Habitat World Urban Forum on how to foster matchmaking across the entire sustainable infrastructure project preparation cycle.

### Regional partnerships

In 2024, the EIB-GIZ Gap Fund further deepened and expanded partnerships at the regional level, with some selected examples featured below:

- Partnership with **United Nations Capital Development Fund** in Asia on joint pipeline development towards UNCDF financing products for sustainable urban investments.
- Pipeline development of urban climate projects in collaboration with the **Asian Infrastructure Investment Bank** following the successful technical assistance and matchmaking of the urban regeneration project in Dhaka, Bangladesh.
- Relationship building and joint pipeline development with the **Asian Development Bank** and the **African Development Bank**, including in-person meetings during the Africa Urban Forum and the World Urban Forum 12 (WUF 12). In consequence, Makindye, Uganda, which received Gap Fund TA support in 2022, submitted its application to the AfDB's Urban Municipal Development Fund.
- Sourcing of expressions of interest in collaboration with **GIZ** implemented regional initiatives such as Connective Cities in the MENA region, the Covenant of Mayors in Sub-Saharan Africa (CoM SSA), and Urban Act in the ASEAN region, which allowed to identify urban investment projects in countries with partially lagging Gap Fund portfolio up to now.

### Country partnerships

Country specific collaboration is active with the following partners:

- the **World Bank** in Benin, Ghana, Togo, Cameroon. In Kenya, monthly meetings are organized with the Kenya Urban Support Programme 2 (KUSP 2) task team to monitor progress on the preparation and implementation of 3 TA under the EIB-GIZ Gap Fund. In India, the EIB-GIZ Gap Fund support is expected to build a new joint collaboration between the World Bank and GIZ.
- the **European Bank for Reconstruction and Development** on the preparation for the technical assistance for energy efficiency investments in public buildings in Chisinau, Moldova, to coordinate the energy audits that will be conducted by Gap Fund and a feasibility study executed by the EBRD, leveraging a co-financing arrangement between the EBRD and the EIB. It is further in discussion for the financing of the Gap Fund supported investment project in Gjilan and Ferizaj, Kosovo, as well as for a joint pipelining in Egypt.
- **KfW** for the TA preparation in Bogor and Cirebon, Indonesia. Further region-specific collaboration is to be screened in 2025.

- the **EIB** for the TA preparation and implementation in Zenata, Morocco, and Yaoundé, Cameroon.
- the **African Development Bank** has been established for TA preparation in Senegal.
- Close collaboration and exchanges with the **EU Delegations** is ongoing in Tunisia, Gabon, Togo and Cameroon, as well as in India.
- In geographies where a Gap Fund relation and coordination with national governments, national involvement and even agreements have been set up to allow for Gap Fund TA preparation and implementation, also thanks to the support of the longstanding relations of the German Development Cooperation/GIZ country offices as well as the EIB regional and country representations. This has happened in Kazakhstan, Colombia, Tunisia, Morocco, and Gabon. In Indonesia, an Implementation Agreement was signed with the Ministry of National Development Planning (BAPPENAS) to implement the TA in the cities of Jambi, Bukittinggi, Bogor, and Cirebon.

## Communication and knowledge sharing

Communication and knowledge sharing activities are critical to achieving the Gap Fund's mission as they ensure the necessary visibility and recognition for the fund's operation and continuous political support, and facilitate the sharing and transfer of knowledge, tools, results, and best practices for an enhanced urban climate action.

The different communication channels and knowledge formats and products target a differentiated audience, ranging from the interested public all the way to professional users.

### Social media and website

The Gap Fund harnessed social media to expand its reach and connect activities to global events and conversations. In 2024, a joint WB-EIB Gap Fund LinkedIn account was created, and its content is generated by both institutions with substantial support from GIZ as well as the overall partnership network. The Gap Fund's website was also restructured, particularly the Knowledge Hub section, to improve user's accessibility.

### Events

In 2024, the Gap Fund actively participated in strategically selected high-level events and international conferences, with the aim to showcase lessons learned from city-level technical assistance and to foster collaboration, in particular, for post-Gap Fund support with other IFIs and project preparation facilities.

In September, at the first Africa Urban Forum in Addis Ababa, Ethiopia, the Gap Fund participated in two side events, along with the World Bank. In one of these events, Lusaka's mayor shared the city's challenges related to flood management, drawing on insights from Gap Fund-supported technical assistance in Lusaka, Zambia. Strategic discussions were held back-to-back with AfDB, the Africa Union Commission, UN-Habitat, the Government of Benin, the World Bank, DG INTPA of the European Commission, and the European Union Delegation in Ethiopia.

In November, during the 12th UN-Habitat World Urban Forum in Cairo, Egypt, the Gap Fund co-organized one training event as part of the ICLEI Step-Up project and one on Nature Based Solutions and adaptation in cities. In addition, the Gap Fund contributed to several partner side events, roundtables and training. Strategic discussions were held, amongst other, with ADB/Cities Development Initiative for Asia (CDIA), AfDB/Urban and Municipal Development Fund (UMDF), and AfD/IKI NUCA project.

### Webinars

The Gap Fund contributed to several webinars organized by its partners, showcasing Gap Fund-supported initiatives. These included the Multilevel Governance Platform for Climate (MLGP4Climate) Workshop on financial instruments and funding opportunities for Turkish municipalities, organized by GCoM in May, and the Strengthening Cities'

Energy-Efficient and Solar Street Lighting Projects webinar, organized by GCoM and Connective Cities in October. The latter brought together approximately 15 cities from Tunisia and West Africa.

In addition, internal knowledge sharing and outreach events addressing the GIZ global portfolio took place throughout the year and allowed for highlighting the Gap Fund supported work, including three events during the GIZ Urban October.

### **Workshops**

A two-step knowledge sharing 'City Clinic' was organized in collaboration with the University College London (UCL) and a selected range of known international experts on Nature Based solution and adaptation in cities.

The first workshop on September 18, provided a review of approaches and lessons learned and a stage for 5 Gap Fund supported cities (Campinas, Podgorica, Dhaka, Kisumu, Lusaka) focusing on adaptation to highlight their experiences and challenges. The follow up event at the WUF 12 allowed for taking the collected experiences and challenges in implementing NbS and adaptation projects in cities to a wider audience and discussion.

### **Publications**

The Gap Fund finalised the preparation of a methodology and guidelines on integrating Nature-Based Solutions into urban environments, deriving from the TA experiences in Brazil. The publication is expected to be launched and posted on the website in spring 2025. A publication on coastal protection in cities, feeding itself on the TA experience of Savusavu (Fiji), is currently under early preparation.



## Developing capacities for cities and financial intermediaries

Capacity development is crucial to enhance knowledge on climate finance and strengthening city-level technical capacities. Building on the capacity development concept and partner identification completed in 2023, in 2024 the EIB-GIZ Gap Fund focused on capacity development for project promoters, for financial intermediaries and for city and sector networks.

### Capacity development for project promoters

Project promoters benefit from the Gap Fund's capacity development activities, either through the technical assistance they receive or by participating to trainings offered by Gap Fund partners. In 2024, 12 out of the 24 assignments approved by the EIB-GIZ Gap Fund explicitly included capacity development activities to ensure that the technical assistance results in increased in-house capacity for the local authorities. Moreover, the Gap Fund Step-Up Project, launched in 2023 and implemented in collaboration with ICLEI, established regional Communities of Practice supporting 5 cities in Latin America and 6 cities in Sub-Saharan Africa. They met regularly for online peer-learning and expert inputs. In addition, two in-person regional trainings were organized:

- In April 2024, a four-day training took place in Belém, Brazil, with 9 participants from Gap Fund supported cities in Ecuador (Cuenca and Portoviejo) and Brazil (Rio de Janeiro, Palmas, Campinas). The focus was on investor engagement and Public-Private Partnerships, as well as participation in ICLEI's UrbanShift LAC Forum; and
- In September 2024, a four-day training was organized in Cape Town, South Africa, with 8 participants from 5 Gap Fund-supported cities in Tunisia (La Marsa), Uganda (Kira, Makindye, Nansana) and Kenya (Kisumu) focused on strengthening capacity for sustainable waste management.

Another training event was organized on the sidelines of World Urban Forum in November 2024, in collaboration with the Ain Shams University in Cairo. 18 city participants representing all countries involved in the Step-Up Project, namely Uganda, Morocco, Kenya, Tunisia, Brazil, and Ecuador attended the training and, in addition to a series of working sessions on public-private-people partnerships and innovative de-risking strategies, the participants were also able to share their Gap Fund experiences in a range of different side events during the World Urban Forum.

2024 also marked the beginning of a new collaboration with C40 Cities Finance Facility (CFF) to empower Gap Fund-supported cities to refine priority urban infrastructure

projects towards investment readiness and equity and inclusion. Three in person workshops were organized:

- In February 2024, eThekweni Municipality, South Africa hosted a City Academy on Finance and Equity (CAFE) with Lusaka, Zambia as Gap Fund supported city focusing on nature-based solutions.
- In June 2024, the first ever Gap Fund-CFF co-organized CAFE took place in Casablanca, Morocco and welcomed 23 delegates from 7 African and Eastern European cities working on waste management and energy efficiency investment projects under the Gap Fund. These workshops focused on concepts, approaches, and tools to plan sustainable and equitable infrastructure projects.
- In September 2024, two city officials from Salvador, Brazil, took part in the Medellin - Financing Inclusive Climate Action Academy (FICAA) organized by C40 Cities focussing on financing sustainable and equitable infrastructure projects.

*Figure 13: City Board exercise during the CAFE, Casablanca 2024*



*Source: Workshop Report - City Academy on Finance and Equity (CAFE), Casablanca. C40 CFF*

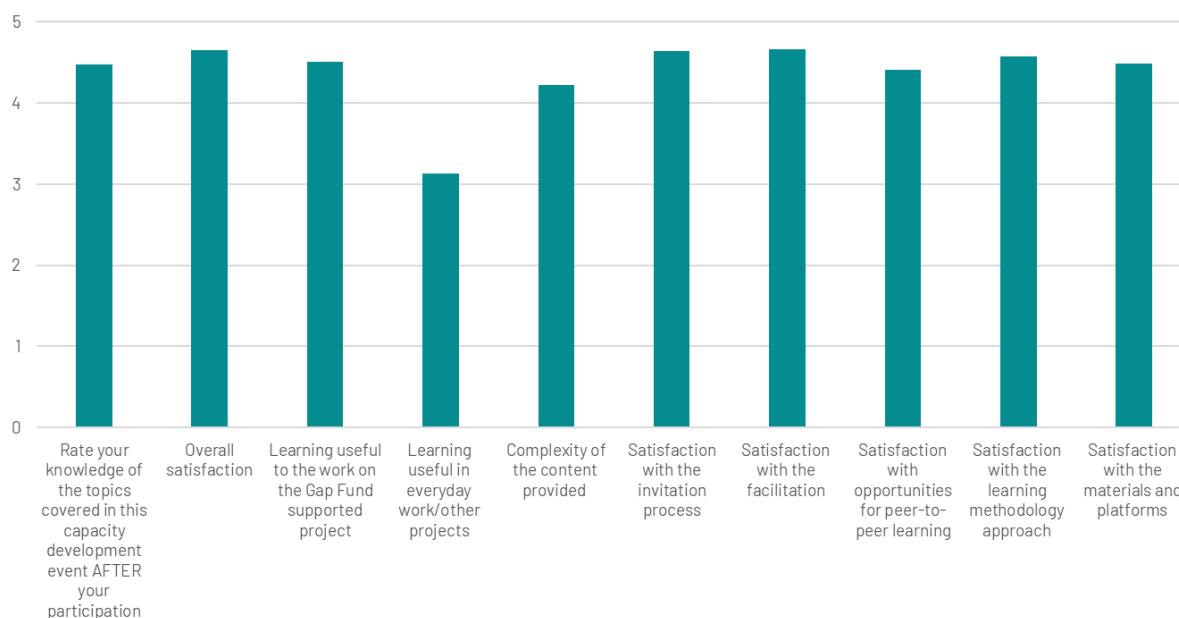
Tools also play a critical role into translating sustainable strategies into investment projects. Through the Gap Fund collaboration with C40 CFF, selected Gap Fund cities benefitted from capacity gap assessment, financial option analysis, equity and

inclusion assessments and GHG emissions IMPACT Tool. During the pilot implementation phase of the Gap Fund – C40 CFF cooperation it was seen that for certain tools an overlap can be seen with Gap Fund standard TA implementation. This will be taken into account during the second phase of this cooperation starting in 2025.

To complement in-person trainings, the EIB-GIZ Gap Fund contributed to the update and further refinement of the Project Preparation Readiness Training (PreP), a global introductory self-paced e-learning course, originally developed by FELICITY, C40 CFF and CCFLA for public officials in the Mexican and Latin-American context. The PreP objective is to equip learners on the requirements and methods for integrating sustainability into infrastructure project planning and financing, enabling them to achieve financial closure for sustainable infrastructure projects. It is targeting a global audience working in the field of municipal infrastructure, who is seeking to obtain a basic introduction to sustainability for their work context. The course will be available on GIZ learning platform *Atingi* in February 2025. The development of trainer-led regional deep dives is planned in cooperation with GIZ and IKI regional portfolio for 2025/26.

In 2024, the EIB-GIZ Gap Fund supported 44 first-time participants through capacity development training and events, reinforcing its commitment to enhancing technical expertise and fostering knowledge exchange. 86% of the participants expressed a high satisfaction level in the ex-post satisfaction survey. Moreover, participants found the knowledge gained during the events to be highly useful, not only for the implementation of the investment projects supported by the Gap Fund but also for other infrastructure initiatives led by the cities.

*Figure 14: Rating of Capacity Development Activities*



### **Capacity development for financial intermediaries:**

In addition to directly providing capacity development for city officials, the EIB-GIZ Gap Fund is aiming to support a selected group of financial intermediaries such as national and regional development/promotional banks. The focus of the technical assistance will be to enhance their capacities in financing climate resilient urban infrastructure while adhering to international climate standards, identifying related investment pipelines and developing suitable financial instruments to finance urban climate action projects.

Up to 20 selected financing institutions, already working with EIB and operating in countries that are eligible for Gap Fund support, will be able to benefit from a web-based training tool providing an introduction to international standards in financing climate infrastructure investments in an urban setting, while a minimum of 5 institutions will receive targeted support to develop adequate financing instruments and investment pipelines.

In 2024, the EIB-GIZ Gap Fund has developed terms of reference and completed the procurement process for this specific technical assistance. The selected consultant team is expected to start its activities by March 2025. Further consultations are underway with potential partners, including with the IKI NUCA program which follows a similar rationale in supporting national development banks in implementing urban climate action.

### **Capacity development for city networks, regional or national networks of municipalities or sectoral associations**

To complement the activities implemented by global city networks, the EIB-GIZ Gap Fund launched a call for proposals in 2024 targeting regional and national city networks worldwide. The objective is to strengthen the capacity of these networks to offer services to their members, enabling them to plan, implement, and access finance for climate-resilient and low-carbon infrastructure projects in an easier way.

As a result of the call for proposals, three program submissions were received. Two are currently under review, while one has been approved in late 2024 by the EIB-GIZ Gap Fund in partnership with the regional network MedCities. MedCities will implement its Climate Urban Capacity Program over a period of 18 months, starting in early 2025. The programme will focus on internal capacity development and a new service offer on project preparation and finance. Matchmaking sessions will also be organized to introduce cities to possibilities of finance and peer-to-peer sessions will allow them to share best practices.

## Conclusions and outlook for 2025

After four years of implementation, the Gap Fund has reached a maturity stage that calls for a few reflections on the progress achieved thus far.

To begin with, while the global finance and technical assistance landscape for urban climate projects is broad, it remains fragmented and difficult for local authorities to navigate. To address this, IFIs, city networks, and other stakeholders should work as a cohesive “ecosystem” to better meet cities’ diverse needs based on their size, capacity, and institutional contexts. However, institutional set ups and interfaces are complex and manifold and their linking commonly a matter of successfully building trust at personal and institutional level. Hence, it is key to invest time and effort into proving the concept of cooperation through joint pilot interventions, which can then subsequently be scaled up or replicated in other geographies. This approach has already proven successful for the Gap Fund, for instance in the case of Dhaka, Bangladesh, a successful example of matchmaking between the Gap Fund and AIB, which is now used as a basis to establish a more strategic collaboration.

Moreover, cities and local authorities’ needs go far beyond the technical assistance for the preparation of specific infrastructure projects. Many require significant, and long term, capacity development to ensure technical knowledge is effectively transferred and deployed, creating long-term sustainability for investments and further resilient urban development. Partnerships with agencies, institutions and associations offering support or already supporting cities on their capacity development journey over a longer period are therefore key for the Gap Fund, as the needs go far beyond its mission and scope of activities.

These considerations are supported by the recommendations emerging from the cities’ satisfaction surveys, which include the need to facilitate engagement with relevant government ministries, align contractual timelines with the administrative processes of territorial entities to ensure a smooth project initiation, and empower key stakeholders to better understand technological alternatives.

Additionally, considering financing options from the very beginning of the project preparation process is essential. Aligning projects with the varying requirements of public and private financiers can make or break their implementation potential and linking a project to finance is in many cases a long and resource-intensive process. Hence, in order to shorten the matchmaking process and to broaden the range of opportunities for financing urban climate investments, continuous efforts have to be undertaken to build institutional partnerships with financing institutions, share timely information about pipelines and changing strategic priorities in the various regions.

Finally, thanks to all the effort made by the EIB, World Bank and GIZ, as well as partners and donors during the past four years, the Gap Fund benefits from high visibility and recognition, as demonstrated by the large number of expressions of interest received every year. Moving forward, communication efforts should focus on sharing knowledge and lessons learned from the technical assistance provided, to provide concrete success stories and attract applications for projects that have a high potential to reach financing and implementation.

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## Progress against the reporting framework in 2024

Table 4 below shows the progress made towards the indicators agreed in the reporting framework from the start of the EIB-GIZ Gap Fund until the end of 2024.

The key performance indicators are:

- **900 expressions of interest** are screened for the whole Gap Fund.
- **130 early-stage projects**, that will contribute to greenhouse gas emission reductions and/or adaptation when implemented, have been supported by the EIB-GIZ Gap Fund.
- **65% of projects supported by the EIB-GIZ Gap Fund** are taken up for further preparation support or financing.
- **80 people directly supported** through networking and training to address climate change or to conserve biodiversity, 80% of which express satisfaction in an ex-post assessment.
- **5 partner organisations** (such as financial intermediaries, city networks and/or professional associations, bodies or similar entities) have been equipped to provide support to participating cities through training and/or advisory measures.

The qualitative indicators are listed as completed, ongoing or not started, considering their logical and chronological sequencing in the timeline of Gap Fund activities.

Table 5: Progress against the reporting framework in 2024

	Results expected by December 2027	Results achieved by December 2024
<b>Indicator 1</b>	<b>Relevant processes and procedures agreed between the EIB and GIZ, as well as between the EIB, GIZ and the World Bank, and are available in writing</b>	<b>Ongoing</b>
<b>Activities</b>	<p>1.1 Organise workflow between GIZ and the EIB, including sourcing (digital) tools</p> <p>1.2 Set up technical infrastructure (IT platform for submission of expressions of interest, database, data management system) jointly with the World Bank</p> <p>1.3 Ensure efficient coordination and communication according to the governance structure of the fund (with the Contributor's Committee, the Partnership Forum and the World Bank)</p> <p>1.4 Maintain regular contacts and cooperate with suitable partners and intermediaries such as city networks and other actors operating in the urban climate action space (e.g. GCOM, ICLEI, C40, CCFLA and others)</p> <p>1.5 Monitoring and reporting on the outputs of technical assistance (GIZ) and reporting on fund management (EIB)</p> <p>1.6 Development of lessons learnt and knowledge products for dissemination</p> <p>1.7 Conduct knowledge sharing, such as in cooperation with the Partnership Forum and the World Bank, use knowledge product in activity 1.6</p> <p>1.8 Establish and manage pools of experts for the 1) energy, 2) waste and 3) urban mobility sectors, who will provide technical assistance to the cities</p> <p>1.9 Contract and manage further short-term experts for support that cannot be provided under the pools of experts</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Completed</p> <p>Ongoing</p>
<b>Indicator 2</b>	<b>900 expressions of interest completed and screened (jointly between the EIB and the World Bank)</b>	<b>656 (193 in 2024)</b>
<b>Activities</b>	<p>2.1 Establish a detailed screening questionnaire for projects taken forward by the fund</p> <p>2.2 Define approaches to facilitate and standardise support to cities, and where possible develop standardised technical assistance packages for cities</p> <p>2.3 Identify Gap Fund-eligible projects for the fund through EIB/GIZ networks and the One Gap Fund Initiative entry process</p> <p>2.4 Support city applicants to refine and complete their expressions of interest, in collaboration with city networks, as applicable</p>	<p>Completed</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>



	Results expected by December 2027	Results achieved by December 2024
	2.5 Screen, evaluate and select projects based on their expression of interest and the formulated eligibility and selection criteria	Ongoing
<b>Indicator 3</b>	<b>130 projects that will contribute to greenhouse gas reduction and/or adaptation when implemented, supported by the EIB Gap Fund</b>	<b>34 Investment projects for which TA has been completed 71 Investment projects for which TA is ongoing Total 105 Investment Projects</b>
<b>Activities</b>	<p>3.1 Conduct a detailed needs assessment, terms of reference development for advisory services and involve technical experts</p> <p>3.2 Provide technical support to cities for the development of initial investment concept into early-stage projects ready for further preparation or feasibility-stage support</p> <p>3.3 Prepare terms of reference for further preparation support where required and in close cooperation with the relevant project preparation facility</p> <p>3.4 Support cities with small technical assistance grants for project preparation activities if considered the most appropriate way to provide support</p> <p>3.5 Support alignment with relevant municipal budget and climate and environmental strategy/agenda</p>	<p>105 needs assessments conducted since 2021</p> <p>65 approved technical assistance assignments covering 105 projects in 114 cities; 21 technical assistance assignments completed since 2021</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<b>Indicator 4</b>	<b>65% of projects supported by the Gap Fund taken up for further preparation support or financing</b>	<b>6 Investment projects completed and handed over as of 2024 (8 Investment Projects ongoing and completed) (Total 44 Investment projects achieved and confirmed)</b>
<b>Activities</b>	<p>4.1 Map existing feasibility-stage project preparation facilities, their requirements and application cycles/procedures and relationship with the fund, building on CCFLA's work</p> <p>4.2 Exchange with relevant (international) financing institutions to get a clear understanding of their investment criteria, information requirements as well as their project preparation funds to tailor matchmaking</p>	<p>Ongoing</p> <p>Ongoing</p>

	Results expected by December 2027	Results achieved by December 2024
	4.3 Facilitate matchmaking between projects (fund output) and project preparation facilities with support of partners like CCFLA, potentially facilitating the sharing of project documentation through SOURCE or other channels	Ongoing
Indicator 5.1	80 people directly supported through tailored networking and training to address climate change or to conserve biodiversity, out of which 80% express satisfaction in an ex-post assessment.	44 people directly supported out of which 86% (38 people) expressed satisfaction in an ex-post assessment
Indicator 5.2	5 partner organisations (e.g. financial intermediaries, city networks and/or professional associations, bodies or similar entities) have been equipped through tailor-made training and/or advisory measures to better appraise urban climate projects or enhance their provision of support to cities	Not started ( Initiated in 2024 and ongoing)
Activities	5.1 Define one or more capacity development approaches targeting cities, local authorities, municipal agencies, public authorities and financing intermediaries to be implemented in collaboration with suitable partners and intermediaries	Completed
	5.2 Establish appropriate collaboration structures and work with selected partners to carry out capacity development measures for relevant public stakeholders enhancing the outset conditions for preparing sustainable climate action projects at the urban level. The partnership shall promote, among other things, the exchange of good practices in public management, corporate governance, environmental and social governance, public procurement and innovative business models for climate action	Ongoing
	5.3 Optimise chances for sustainable change through capacity development measures, drawing on lessons learnt from FELICITY, JASPERS and other programmes with a relevant proven track record in capacity development	Ongoing

## Financial update

Table 6: Contribution to the EIB Gap Fund multi-donor trust fund (€ million)

	2020		2021		2022		2023		2024		Total	
	Pledged	Received	Pledged	Received	Pledged	Received	Pledged	Received	Pledged	Received	Pledged	Received
Germany – German Federal Ministry for Economic Affairs and Climate Action (formerly German Federal Ministry of Environment, Nature Conservation and Nuclear Safety	15	15	-	-	25	25	-	-	-	-	40	40
Luxembourg – Ministry of Environment, Climate and Biodiversity	8	2	-	2	-	2	-	2	-	-	8	8
<b>Total</b>		<b>17</b>		<b>2</b>		<b>27</b>		<b>2</b>				<b>48</b>

Table 7: Use of Gap Fund multi-donor trust fund resources (€ million)

Budget lines	Estimated cost 2020-2027 (€ million)	Expenditure 2020-2024 (€ million)
Implementation of technical assistance activities <sup>4</sup>	40.65	9.93
Implementation of other Gap Fund activities <sup>5</sup>	7.35	3.22
<b>Total</b>	<b>48.00</b>	<b>13.15</b>

<sup>4</sup> Including overheads, fund administration fees and other expenses.

<sup>5</sup> Including overheads, fund administration fees and other expenses.



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG  
Ministry of the Environment,  
Climate and Biodiversity



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Since its launch in 2020, the City Climate Finance Gap Fund provides technical assistance to cities in low- and middle-income countries to support the early preparation of climate-smart infrastructure projects, including energy, transport, waste, water, wastewater and nature-based solutions (NbS).