

Municipal Solid Waste Infrastructure Finance

James Alexander
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Overview

1. Why cities?
2. City finance challenges
3. Considerations for funding and financing projects
4. City examples



About C40

- Network of biggest cities in the world
- 91 cities in membership:
 - 15% of world population
 - 25% of world GDP
- Long term partner of CCAC and MSWI
- Committed to sharing knowledge and learning with a wide range of cities and partners

Deadline 2020

- Cities are major emitters of GHGs, including SLCPs from waste
- C40 research with Arup called Deadline 2020 shows the impact cities will have on success of Paris Agreement
- Business as usual scenario for GHGs cannot be allowed to happen
- Cities have to act fast!

Why cities?

- Mayoral powers to take action
- International agreements are made by governments, but will be implemented locally
- The battle against climate change will be won or lost in cities!

The financing challenge

- Finance is reported by cities as one of the biggest barriers preventing climate action
- Mayors have a strong vision and commitment to act, but need the finance to make this possible



City finance challenges

- Lack of capacity to turn ideas into projects
- Cost of project preparation
- Lack of awareness of needs of investors
- Competing priorities
- Fees and taxes set too low and not collected
- Limited powers to raise funds
- Poor creditworthiness and financial management
- Lack of certainty on revenues
- Political considerations – city and national level

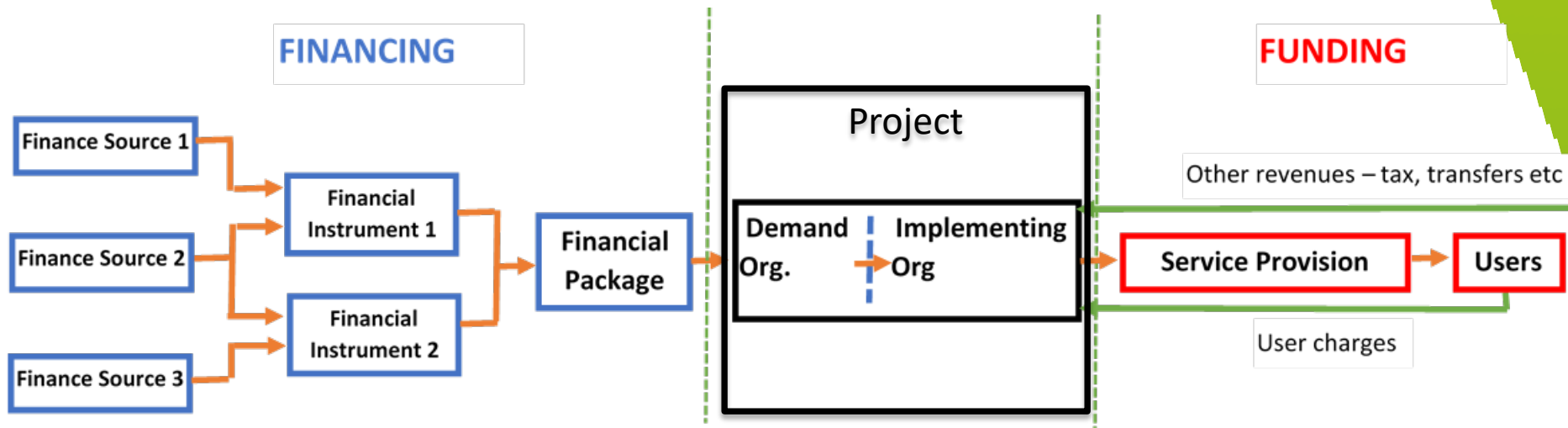


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- **Note – lack of available finance is not a challenge – there is lots of money available for well-prepared projects!**

Urban Finance and Funding

Cities must focus on both Financing and Funding:



Where will the money come from to build the project?

How will the financing be repaid once the project is in operation?

Project Financing

- Own source revenues
- Other sources of revenue
- Debt
- Equity
- Combination

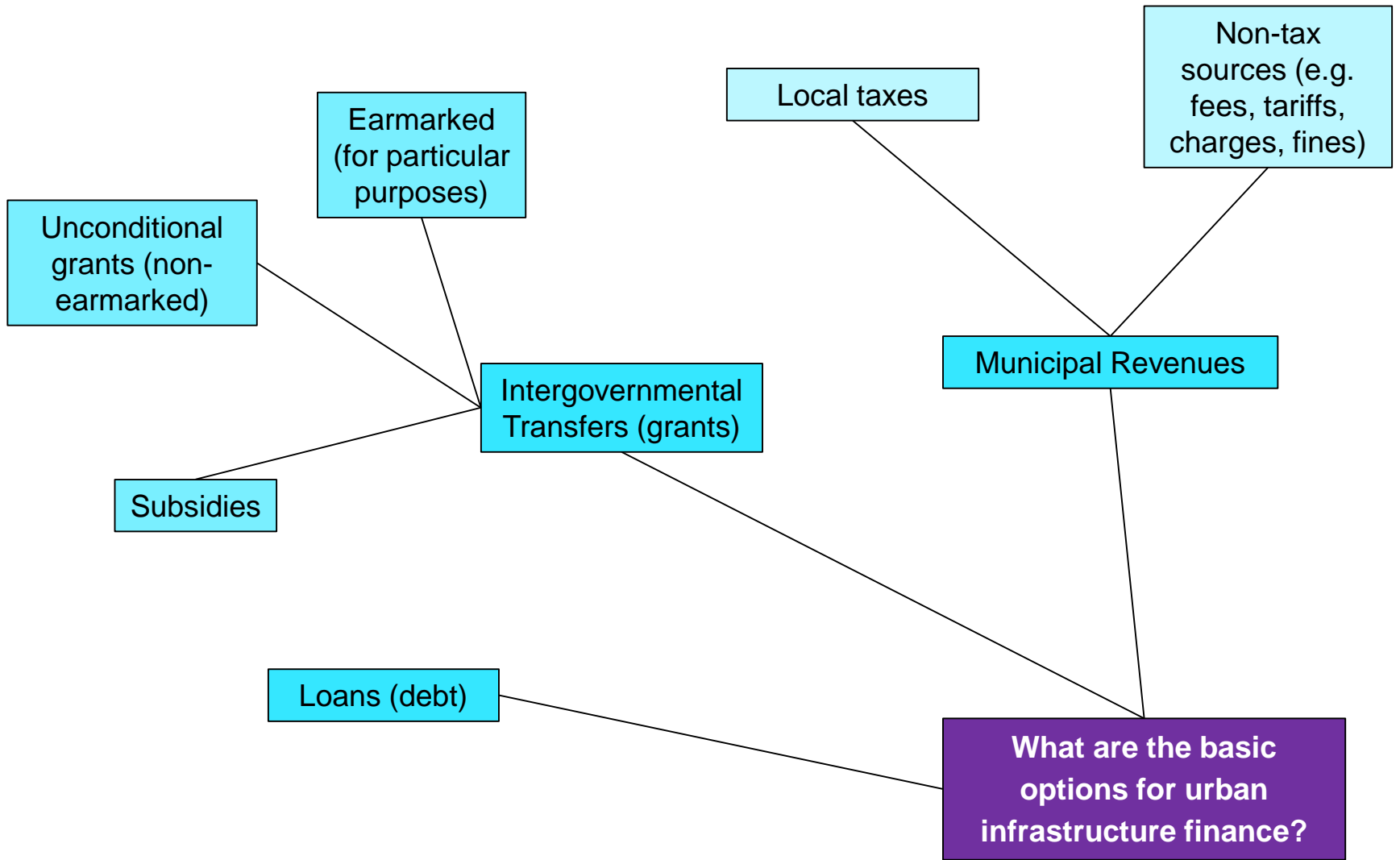
What are the basic options for urban infrastructure finance?

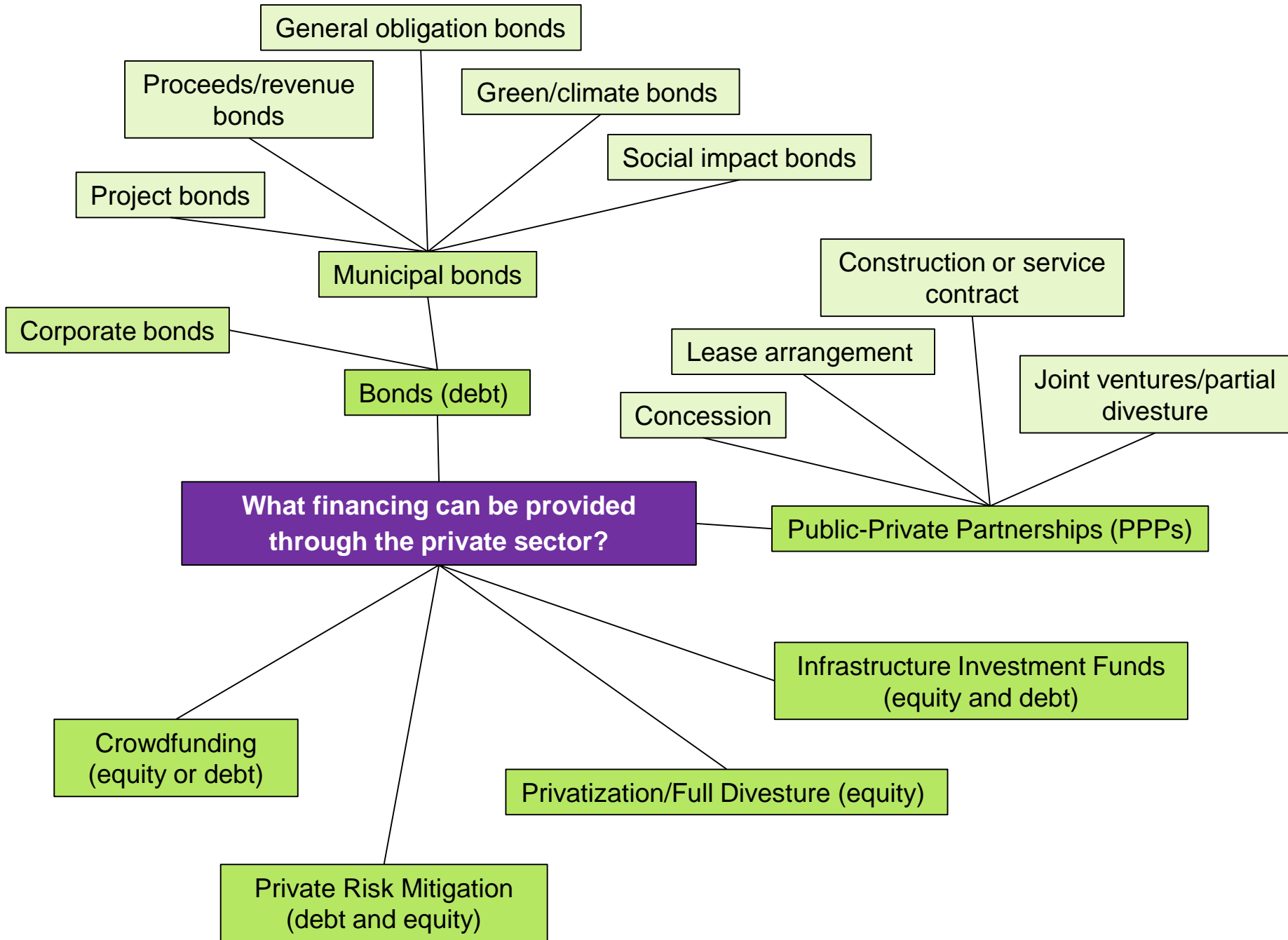
How to Finance Urban Infrastructure?

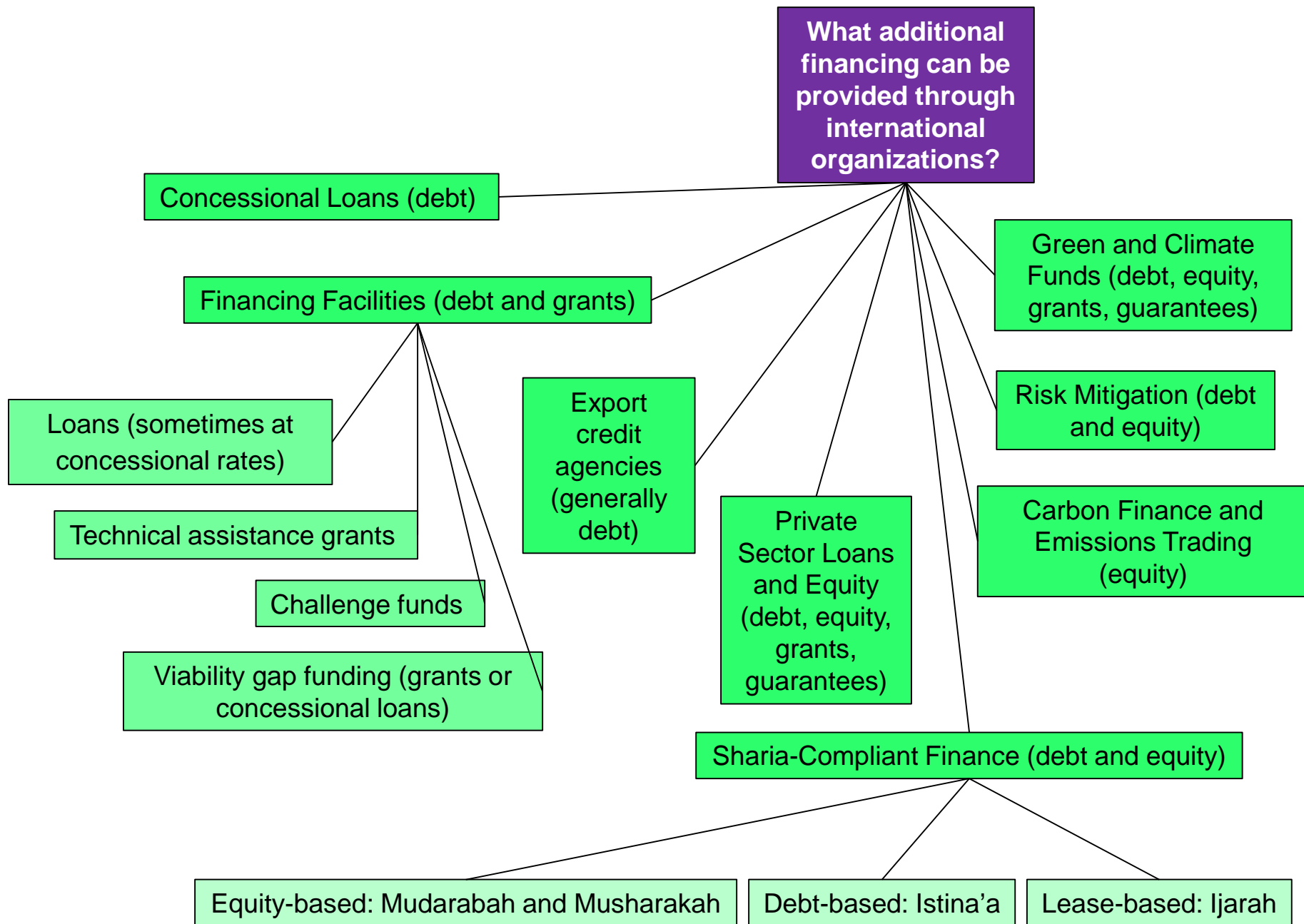
What financing can be provided through the private sector?

What additional financing can be provided through the public sector?

What additional financing can be provided through international organizations?







What additional financing can be provided through the public sector?

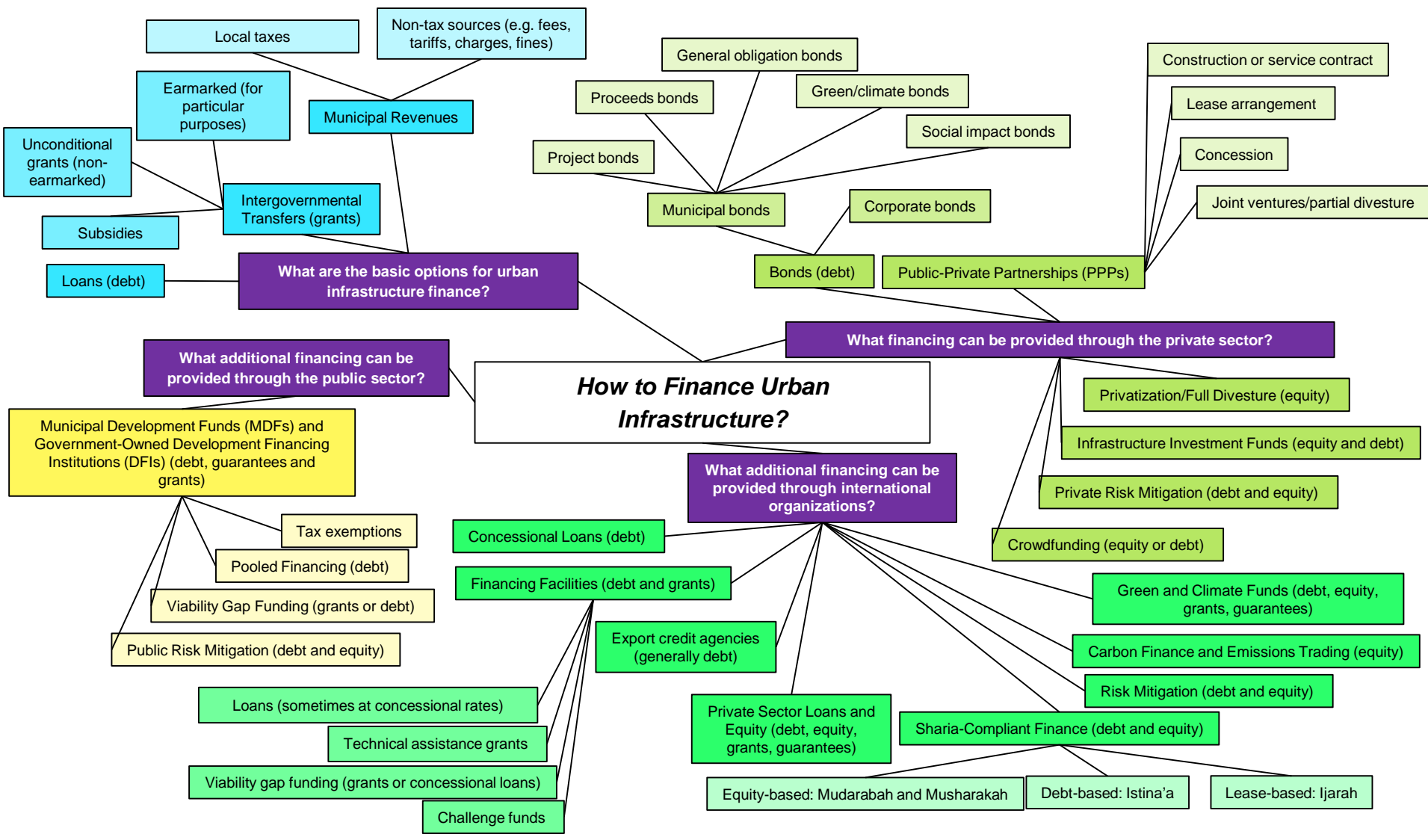
Municipal Development Funds (MDFs) and Government-Owned Development Financing Institutions (DFIs) (debt, guarantees and grants)

Tax exemptions

Pooled Financing (debt)

Viability Gap Funding (grants or debt)

Public Risk Mitigation (debt and equity)

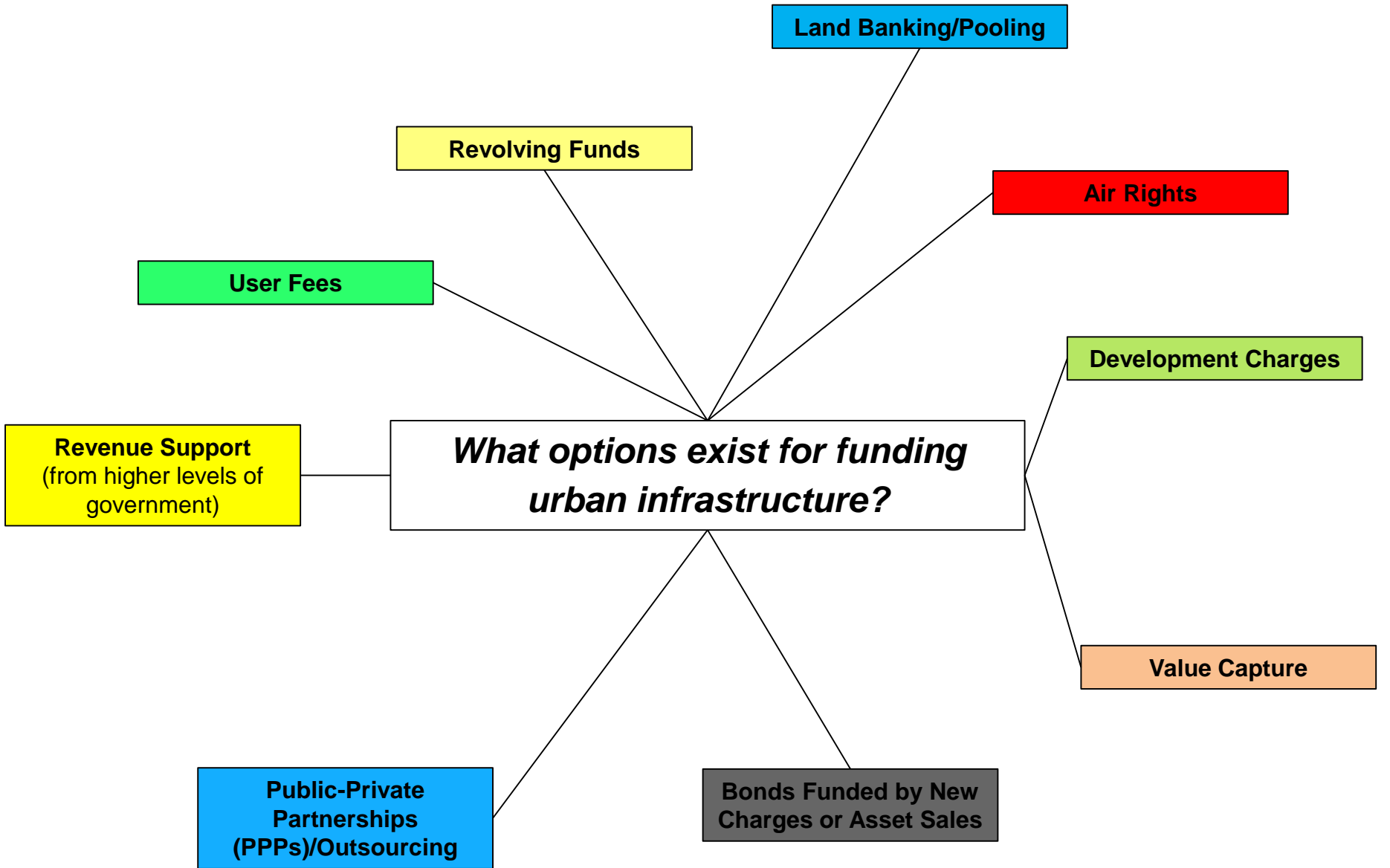


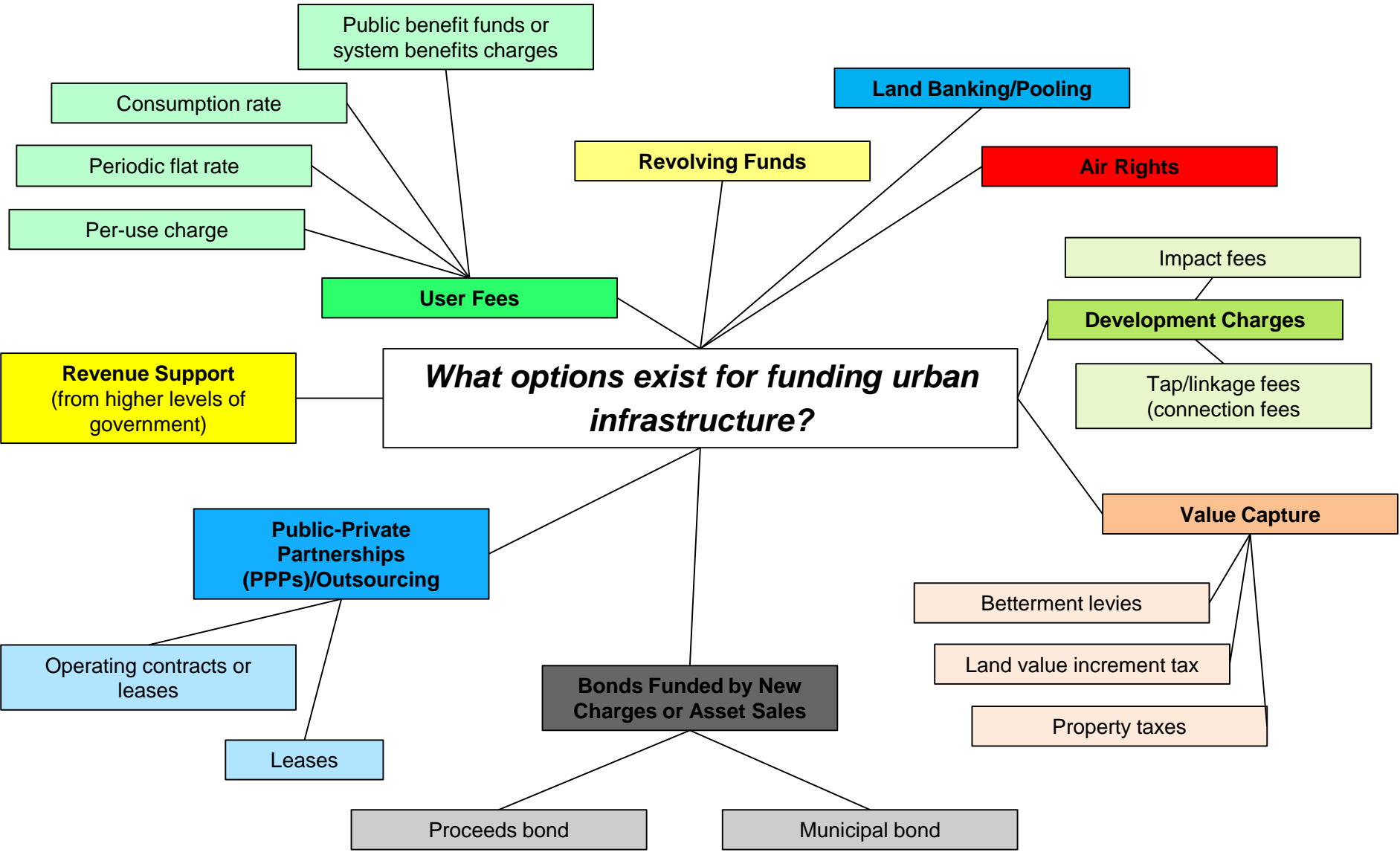


Project Funding

Three Ts of revenue raising – sustainable sources of funding for cities

- **Tariffs** (user charges)
- **Taxes**
- **Transfers** (non-repayable funds from other layers of government / other governments)





What options exist for funding urban infrastructure?

Public benefit funds or system benefits charges

Consumption rate

Periodic flat rate

Per-use charge

User Fees

Revolving Funds

Land Banking/Pooling

Air Rights

Impact fees

Development Charges

Tap/linkage fees (connection fees)

Revenue Support
(from higher levels of government)

Public-Private Partnerships (PPPs)/Outsourcing

Operating contracts or leases

Leases

Bonds Funded by New Charges or Asset Sales

Proceeds bond

Municipal bond

Value Capture

Betterment levies

Land value increment tax

Property taxes

City examples

- **Johannesburg / Mexico City** – Green bonds
- **Tokyo and Washington DC** – Trading schemes
- **Lagos** – Carbon credits
- **Cape Town** – AfD (French development agency) loans
- **South African cities** – Tax collection success
- **London / Amsterdam / Toronto** – Green funds
- **Colombian cities** – Findeter
- **São Paulo** – Land value capture
- **Boston** – Renew Boston Trust
- **Copenhagen** – Measuring societal benefits

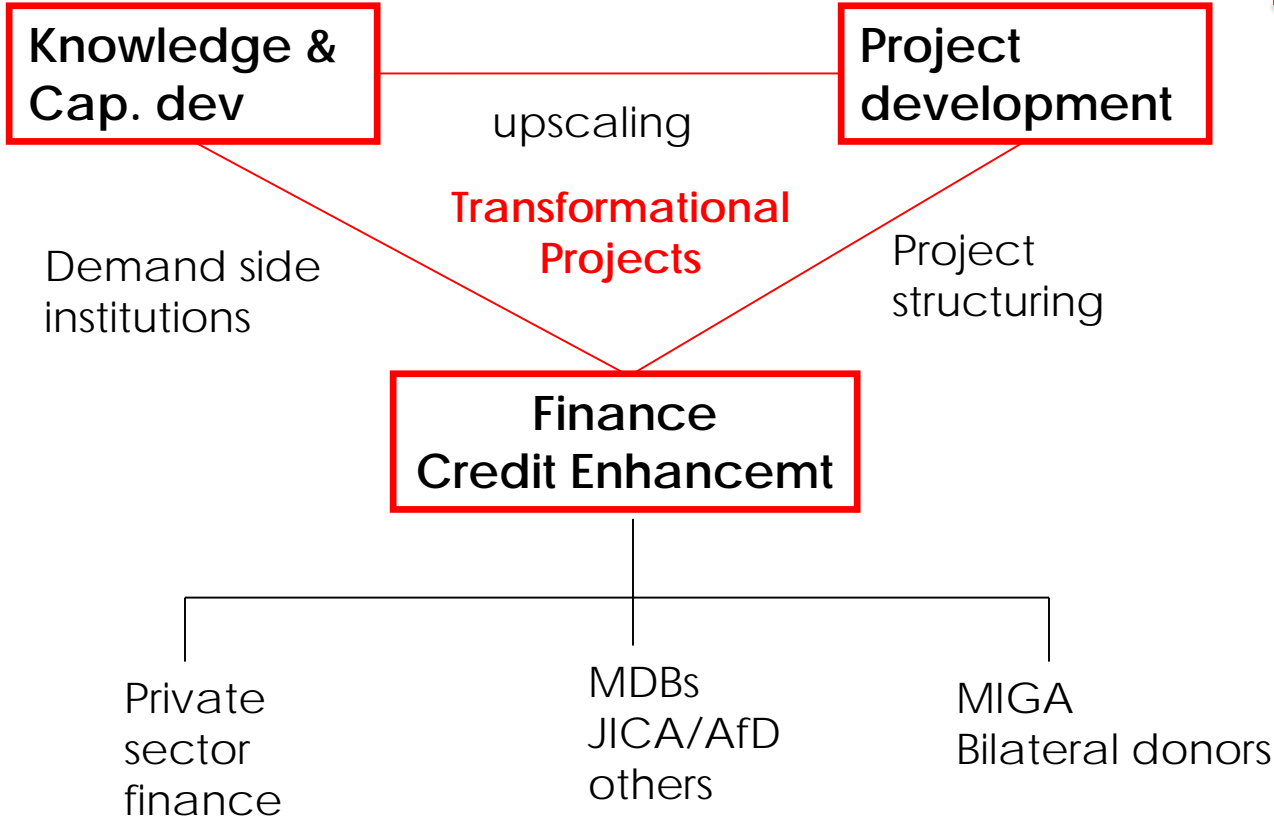


Potential support partners

NGOs – C40 / WRI, etc
Development partners, GIZ, AfD
Universities
CCAC MSWI

Project preparation facilities
C40 Cities Finance Facility, CDIA
Banks (public and private)
Infrastructure companies

} Use caution!





C40 CITIES
FINANCE
FACILITY

C40 Cities Finance Facility

- A project to support cities to prepare green infrastructure projects to the point of financing
- Partnership of C40 and GIZ in delivery
- Supported by:
 - German Federal Ministry of Economic Cooperation and Development (BMZ)
 - UK Government
 - USAID
- Currently focusing on Transport, Adaptation and Energy – looking for support to move into Waste
- Recently published guide for cities on finance available at www.c40cff.org



Thank you

James Alexander
Director, City Finance Programme, C40
Head, C40 Cities Finance Facility
jalexander@c40.org