

ALIDE 2022 General Assembly – Hybrid Session:

The role of **Subnational Development Banks** in enhancing implementation of the **urban transport strategy of the Green Climate Fund** in Latin America and the Caribbean.

MAY 19TH 2022

**Alianza de
Desarrollo**



ALIANZA DE BANCOS
SUBNACIONALES
DE DESARROLLO
DE AMÉRICA LATINA
Y EL CARIBE



in partnership with

ALIDE





Welcoming and opening remarks



Edgardo Alvarez

Secretary General

ALIDE



Welcoming and opening remarks



Emilie Maheara
Deputy Executive Director
FMDV



FMDV - The Alliance's Secretariat

A **Global Alliance of Cities & Regions** to promote financing and investments solutions for Sustainable urban transitions :

- **Multi-stakeholder dialogues** and partnerships
- **Knowledge production** and international advocacy
- **Technical assistance and operational programs** in support local and national governments, regional organizations: innovative policies and instruments, capacity building, structuring pipelines of urban investment and their connection to funding





Launched in **April 2021** as a **Finance in Common Summit (FICS) initiative** (500 PDBs), this **multi-stakeholder alliance** gathers Subnational Development Banks (mandate for subnational investment including NDBs), Development Finance Institutions, International organizations, think tanks and academia and local governments networks.

A strategic space for dialogues and partnerships with peers (SDBs) & partners (MDBs, local governments):

- Develop **financial and technical services** to finance local governments, SMEs and urban development
- **Align** procedures and portfolios with the 2030 Agenda and the Paris Agreement
- **Promote sustainable investments** through portfolios of urban projects
- Enhance the strategic role of SDBs to implement global agenda in **international fora**.



Overview and organization of the session

High-level presentations (World Bank, GCF)

Panel 1:

How to support Subnational Development Banks' (SDBs) capacities to access and channel climate funds to the subnational level to develop transport-related projects;

Panel 2:

How to foster partnerships to strengthen public and private financial intermediation at national and local levels, in particular in the transport sector



Presentation of the Alliance of SBDs in LAC and the objectives of the workshop



Arturo Ardila-Gomez

Global Lead Urban Mobility & Lead
Transport Economist
World Bank



Keynote speech



Naresh Pradhan

Senior Transport Specialist, Division of
Mitigation and Adaptation
Green Climate Fund



Panel 1 - Supporting SDBs' capacities to access and channel climate funds to the subnational level



Delia Sanchez Castillo

Director of Planning and
Evaluation
BANOBRAS



Ronny Suarez

Project Manager
ALIDE



Jone Orbea

Team Lead
UNEP ROLAC



Andrea Fernandez

Managing Director Climate
Finance, Knowledge and
Partnership
C40



BANCO NACIONAL DE OBRAS Y SERVICIOS PÚBLICOS S.N.C

Proceso de acreditación ante GCF
Preparación de nota conceptual
Mayo 19, 2022



HACIENDA
SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO



BANCO NACIONAL DE OBRAS Y SERVICIOS PÚBLICOS S.N.C



2022 *Ricardo Flores*
Año de Magón

PRECURSOR DE LA REVOLUCIÓN MEXICANA



Proceso de acreditación

Banobras como entidad de acceso directo

Objetivo de Banobras: financiar o refinanciar proyectos relacionados directa o indirectamente con inversión pública o privada en infraestructura y servicios públicos, así como con las mismas operaciones coadyuvar al fortalecimiento institucional de los gobiernos Federal, estatales y municipales, con el propósito de contribuir al desarrollo sustentable del país.

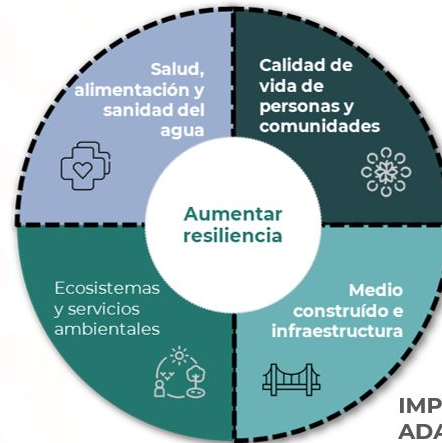
Enfoque de Inversiones GCF

1 Capacidad de gestión
Préstamos para otros actores (capital o garantías) / combinar recursos del GCF con recursos de OFIs

2 Proyectos
Medianos (USD 50-250 millones)

3 Riesgos
Categoría B

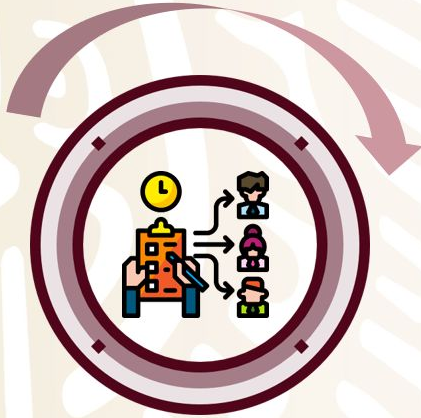
IMPACTOS ESTRATÉGICOS DE MITIGACIÓN DEL CAMBIO CLIMÁTICO



IMPACTOS ESTRATÉGICOS DE ADAPTACIÓN AL CAMBIO CLIMÁTICO

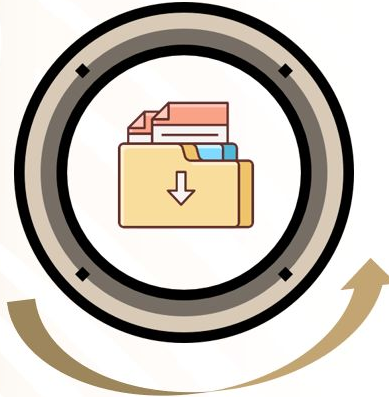
Proceso de acreditación

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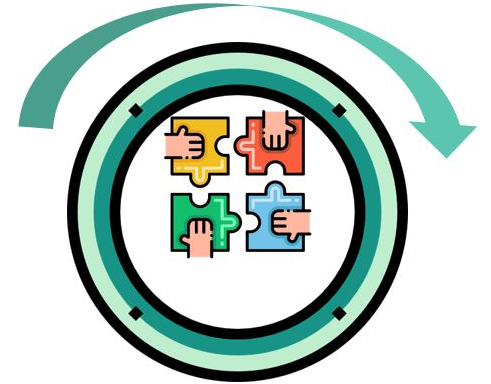
ESTRATEGIAS

- » Involucrar a todas las áreas del banco, desde el principio, desde el alto nivel
- » Es un trabajo conjunto



MECANISMOS

- » Repositorio de información
- » Organización de la información conforme a la estructura de la solicitud de acreditación



COLABORACIÓN

- » Readiness: Global Green Growth Institute (GGGI)
- » Creación de capacidades de áreas clave- cierre de brechas:
 - o Sistema de Administración de Riesgos Ambientales y Sociales (SARAS)
 - o Perspectiva de género
 - o Evaluación y monitoreo de aspectos económicos, ambientales y sociales

Coordinación: NDA-Secretaría de Hacienda y Crédito Público (SHCP) -
Programa País

Nota de concepto en revisión por GCF



Programa Transporte Eléctrico Masivo

Barreras



Falta de experiencias prediciendo rendimiento eléctrico ex ante y/o resolver temas de diseño infraestructura de recarga, entre otros.



- Capacidades de ingresos o recursos fiscales insuficientes a nivel de gobierno municipal y estatal.
- El 87,8% de los operadores de transporte son operadores individuales y sólo el 12,2% son empresas.



La NC busca acceder a recursos del GCF para impulsar la **electrificación del transporte público masivo en México**.



Co-beneficios económicos

- Autobuses eléctricos a un costo total de propiedad (TCO) 33 % más bajos que autobuses diésel.
- Generación de empleos verdes dignos.



Co-beneficios sociales

- Muertes evitadas con la mejora de la calidad del aire
- Reducción en el tiempo de viaje.
- Extensión de la red de transporte público a áreas menos conectadas



Co-beneficios ambientales

- Reducciones de GEI (1.3MTCO_{2e}) y carbono (300,000 TCN)
- Alineación de los ODS: ODS 3, 9, 11 y 13

¡Gracias!

 BanobrasMX  @Banobras_mx  banobras_mx  Banobras
gob.mx/banobras



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Año de Magón
PRECURSOR DE LA REVOLUCIÓN MEXICANA



Supporting SDBs' capacities to access and channel climate funds to the subnational level

Ronny Suárez
Project Manager
LAC-RS-015
19.5.22

READINESS & PREPARATORY SUPPORT



Proposal title:

ENHANCING CLIMATE FINANCE AND INVESTMENT IN LAC BANKING SECTOR

Country:

Argentina, Cuba, Dominican Republic, Guatemala, Paraguay, Uruguay.

National designated authority:

1. Argentina. Mr. Leandro Gorgal. National Director of Financing with International Credit Organizations. Under-Secretariat of International Financial Relations for Development, Secretariat of Strategic Affairs of the Presidency
2. Cuba. Mr. Dr. José Núñez. Deputy Director. Ministry of Science, Technology and Environment
3. Dominican Republic. Milagros De Camps. Deputy Minister of International Cooperation
4. Guatemala. Mr. Mario Roberto Rojas Espino Minister, Ministry of Environment and Natural Resources. Ministry of Environment and Natural Resources
5. Paraguay His Excellency César Oviedo Verdun, Ministry of the Environment and Sustainable Development (MADES)
6. Uruguay. Natalie Pareja, Ministry of Environment

Supporting SDBs' capacities to access and channel climate funds to the subnational level

LAC-RS-015

Activities (brief description)	Deliverables
<p>Activity 1.2.1: Conduct an analysis and characterization of climate portfolios and state of environmental and social policies and safeguards in Financial Institutions (FIs), identifying the existing supply and demand, gaps, barriers, and opportunities, with a proposed categorization, and future perspectives jointly with FELABAN – Latin American Banking Federation and/or other relevant international, regional and national entities to update and get a deeper analysis on sustainable and climate finance¹³.</p>	<p>Deliverable 1.2.1: Regional report and overview on the state of the art of climate finance in Latin America and recommendations to improve ambition and investment at scale, at regional and national scales. Final report including: a) Report of the results of the study of the state of safeguards of private banks, b) Report of status of adoption of guidelines on Environmental and Social Risks Management Framework including gender policy, in line with national/regional contexts and the GCF standards. Regional report updated and disseminated, including successful and replicable cases from participant countries. The regional report should capture the different national circumstances of participant countries.</p>
<p>Activity 1.2.2a: Analyze the experience of Development Banks (DB) as GCF Accredited entities (AEs), including the participation and support of accredited development banks for experiences exchange.</p>	<p>Deliverable 1.2.2a: One Regional assessment containing national recommendations per country useful for potential new DBs as GCF Accredited Entities and/or upgrade processes, including exchange of experiences.</p>

Supporting SDBs' capacities to access and channel climate funds to the subnational level

LAC-RS-015

Activities (brief description)	Deliverables
<p>Activity 2.4.1a: Based on activity 1.2.1, analyze and identify investment opportunities for AEs and provide recommendations for integrating FIs in the NDC implementation/ country programming process.</p>	<p>Deliverable 2.4.1a: List of prioritized regional/national investment pipeline aligned with GCF country programming and NDC process of participant countries.</p>
<p>Activity 2.4.2.a: Prepare regional analysis that includes a mapping process of legal-institutional frameworks and experiences of climate related Special Purpose Vehicles (SPVs), Public-private partnerships (PPP), Green Bonds and other large scale financial mechanisms in LAC and describes recommendations for improvement and increase scale of investment, emphasizing opportunities to advance nature-based solutions and</p>	<p>Deliverable 2.4.2.a: Regional analysis report about opportunities, impact and perspectives of SPVs, PPP and Green Bonds and other large-scale financial mechanisms in LAC and recommendations at the regional and national level, produced and socialized. Emphasizing opportunities to advance nature-based solutions and promotion of green resilient economic recovery by designing COVID-responses for urgent investments needed in priority sectors (health, food security and water),</p>

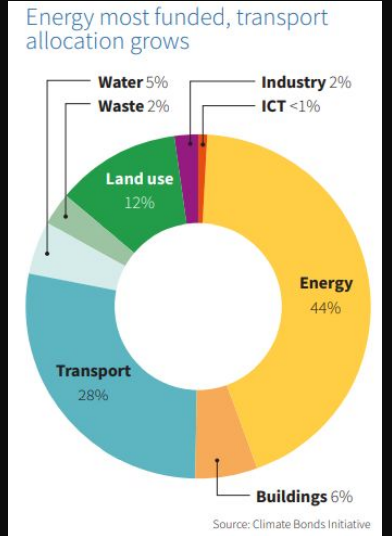
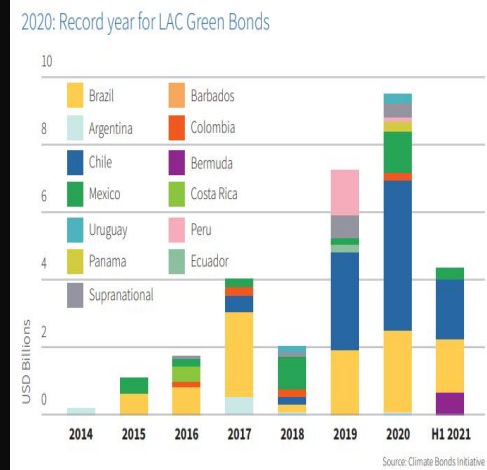
Supporting SDBs' capacities to access and channel climate funds to the subnational level

LAC-RS-015

Activities (brief description)	Deliverables
<p>Activity 2.4.2.b: Design of an innovative financial mechanism pilot and validation with correspondent NDAs based on the results under 2.4.2 a.</p>	<p>Deliverable 2.4.2.b: Innovative financial mechanism pilot. The regional pilot should capture the different national circumstances of participant countries.</p>
<p>Activity 4.1.1a: Develop and validate by the Project Board-Steering committee (PSC) prior to its submission to the GCF approval at least 2 CNs for regional bankable projects with correspondent NDAs and AEs.</p> <ul style="list-style-type: none">- Activity 2.4.1 that will prioritize a Regional/National investment portfolio will be a required input for the developing of the 2 concept notes.- Activity 1.2.1 to conduct an analysis and characterization of climate portfolios should also be considered as an input for the development of the two concept notes.	<p>Deliverable 4.1.1: 2 CNs for regional bankable projects, prioritizing green resilient economic recovery options to face the post pandemic regional scenario.</p>

Supporting SDBs' capacities to access and channel climate funds to the subnational level

LAC-RS-015



Driving demand and scaling finance for zero emission buses

Andrea Fernandez

18 May 2022

Managing Director, Climate Finance, Knowledge and Partnerships

C40 Cities Climate Leadership Group



Why zero emission buses?



Diesel buses account for 25% of black carbon emitted in cities, which has **warming impact 900 to 3,200 times that of carbon dioxide** ⁽¹⁾

E-buses reduce carbon emissions regardless of their electricity source



E-buses can help address the global air pollution crisis: 9/10 people breathe air considered unhealthy by the World Health Organization (WHO) ⁽²⁾

E-buses have potential to improve equity and wellbeing for poor and vulnerable communities



The total cost of ownership (TCO) of an e-bus can be **equal or less than that of a diesel bus**, given ongoing savings in fuel and maintenance ⁽³⁾

Notes: **1.** ICCT, "Financing the Transition to Soot-Free Urban Bus Fleets in 20 Megacities," 2017. **2.** WHO, "How air pollution is destroying our health," accessed 2019. **3.** ZEBRA, "Accelerating a market transition in Latin America: New business models for electric bus deployment," 2020

Overview of finance challenges



High capital costs of buses and charging infrastructure



A lack of municipal capacity to develop and implement bankable structures



Limited incentive and support for institutional changes that enable investments



Insufficient project bankability and availability of guarantees

The key challenge is a lack of well-structured e-bus projects that could attract investors and financiers

ZEBRA (Zero emission bus rapid-deployment accelerator) for Latin America



• **Funder and Facilitator**



• **Lead Partners**



Supporting Partners



• **Commercial Partners**



• **Government Partners**



ZEBRA Summary of Approach

3,600 e-buses in core and catalytic cities, worth USD1.6b of investment



- Guarantee **political commitment** and develop **fleet-wide deployment strategies** in leading Latin American cities (Medellín, Mexico City, Santiago, São Paulo).
- Support the **establishment of a procurement pipeline of over 3,600** e-buses in the region.



- Increase **market competition** and **product availability**.
- Establish **ZEBRA industry guidelines**.
- Monitor **real world performance** data.
- Engage **utility sector** to ensure charging infrastructure delivery.



- Secure **public commitments from leading investors** to send clear market signal.
- Establish context-specific bus models and **financial mechanisms** for zero emission bus assets worth over \$1.6 b USD.
- Design streamlined process for **mobilisation of project preparation funding**.



- Host **annual showcase event**.
- Facilitate **knowledge transfer across cities**.
- Showcase **e-bus deployments** in the region.
- Deliver **training on best practices** to utilities and financiers.



A market transition is underway in Latin America

Scale-up of electric buses across Latin America

Illustration of progress

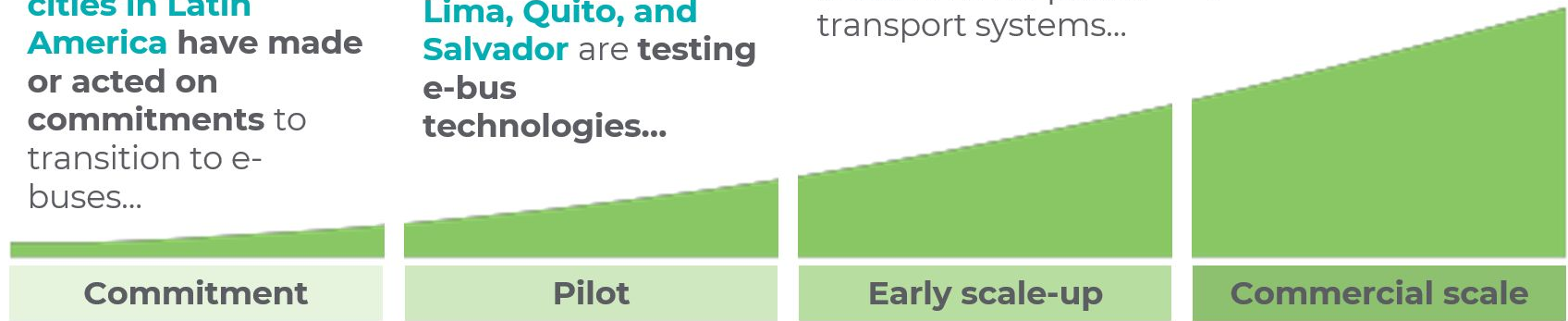
2020-2022 market expected to exceed \$1b

The 10+ largest cities in Latin America have made or acted on commitments to transition to e-buses...

...Buenos Aires, Lima, Quito, and Salvador are testing e-bus technologies...

...Medellin, Mexico City, and Sao Paulo each have **50+ e-buses** in their public transport systems...

...Santiago and Bogota are integrating up to **~6,000 e-buses** via large-scale tender processes



Electric buses are in early phase of scale-up and poised for future growth



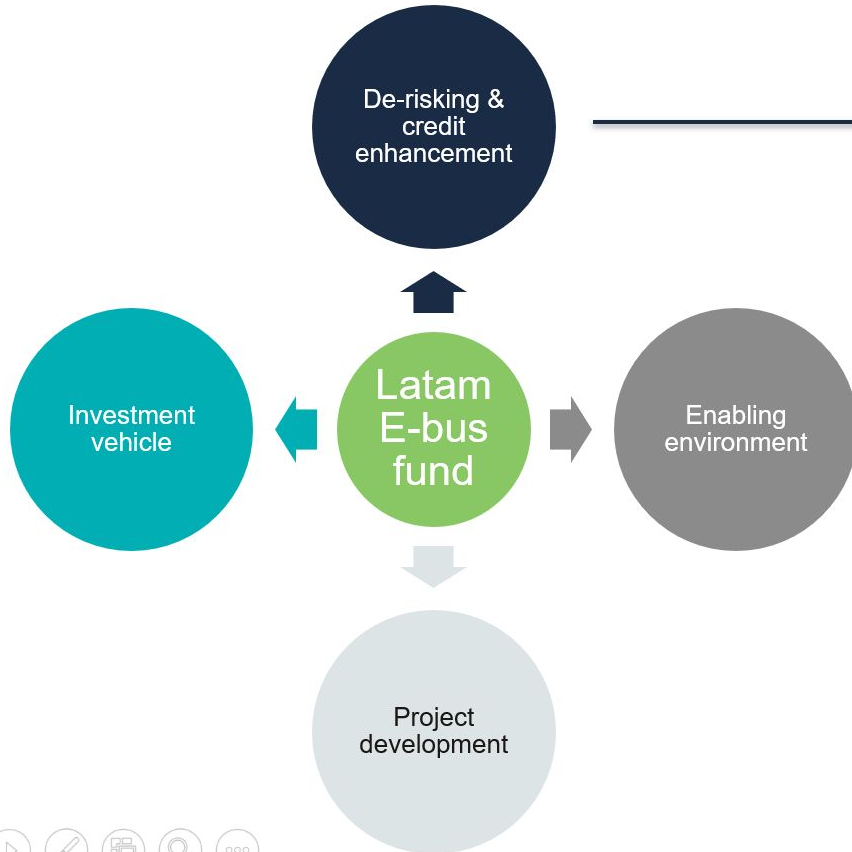
Founders & Facilitator

Lead Partners

Tracking e-buses in Latam:
www.ebusradar.org

ZERO EMISSION BUS RAPID-DEPLOYMENT ACCELERATOR (ZEBRA)

Unlocking private investment - SNDBs & GCF potential support for an E-bus fund



The fund could create a structure that can enhance municipal obligations and offer the guarantees that most cities cannot provide.

- **Enhancement mechanisms** available for projects that meet **Bankability Standards**.
- **Catalytic first-loss capital** can reduce risk by taking the most **junior equity position** in the capital structure.
- **Residual value guarantees** for bus batteries will **reduce the cost of ownership** and **incentivize** the purchase of e-buses.



Andrea Fernandez (afernandez@c40.org)

cityfinance@c40.org

GCF Regional Readiness Project

Advancing a regional approach to e-mobility in Latin America

14 countries

Argentina
Colombia
Costa Rica
Cuba
Ecuador
Dominican Republic
El Salvador
Guatemala
Honduras
México
Nicaragua
Panamá
Paraguay
Uruguay



GCF regional Readiness Project

1.

Regional capacity to assess e-mobility technology are strengthened in the context of broader climate change mitigation strategies

2.

Enabling policy and business models to scale up e-mobility adoption are identified and improved

3.

Climate finance strategies and regional pipeline strengthened



Main lessons learnt

01 ***Bridging international financing knowledge gap***

- The financial products and conditions are difficult for an environment technical officer to understand, therefore providing basic knowledge and coordination among governmental areas is fundamental.

02 ***Leveraging local financing conditions***

- At the local level, financing characteristics can differ between countries and cities, so the financing and investment proposal should be adaptable to these environments.

03 ***Coordinating and conveying with key local actors***

- Understanding the real needs is key, so project development must address the government's needs, characteristics and priority projects.

move

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1972-2022

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Panel 2 - Fostering partnerships to strengthen public & private financial intermediation at national and local levels



Francisco Demichelis
Senior Financial Sector Specialist
IDB



Valerie Isaac
Coordinator of the Environmental
Sustainability Unit
CARIBANK



Miguel Mendez
Head of Partnerships and International
Cooperation Department
CABEI



Cesar Vargas
Senior Executive - Financial
Structuring Division - Private Sector
Vice-Presidency
CAF



Thank you!

