

Spotlight on success

HIGHLIGHTS FROM THE GREEN CITIES AND INFRASTRUCTURE PROGRAMME

Building municipal capacity for climate-positive infrastructure projects in India

The Green Cities and Infrastructure Programme (GCIP) is supporting access to climate finance in India by developing a credit enhancement platform focused on financing urban infrastructure projects with long-term, positive climate impacts. The programme has also developed green guidelines for the planning and design of infrastructure projects that integrate climate risk.

India has introduced a number of green infrastructure initiatives, including e-buses, solar power and electric vehicles, with pool financing mechanisms in place to support cities to implement them.

However, the uptake has been low in smaller cities and towns. To explore why, between November 2023 and March 2024, GCIP conducted consultations with municipalities and financial institutions to understand the challenges around raising finance for these projects, such as cities' institutional or financial capacities, or their readiness level to access markets. The team aimed to understand which products had already been introduced to the market by regional governments, to analyse the reasons for their uptake – or lack of.

Credit enhancement platform

The research identified a clear need for two actions. The first is a credit enhancement platform for climate-positive projects, aimed at municipalities which are ready to access markets. GCIP defined the areas where such a platform could play a significant role, outlining models for credit enhancement depending on whether the cities were partnering with the national



A man drives a solar-charged rickshaw in India.

Photo: Avijit Ghosh, Climate Visuals Countdown.

government, private sector, donor agencies or other organisations. Several models were developed with valuable input from local and international experts. The ability to test these models on the ground and gain buy-in from local agencies who were keen to move forward with this work resulted in very robust products. It also set a roadmap for the next 12 months in terms of taking the models from pilot stage to on-the-ground implementation under Phase 2 of the Target Offer.

Green guidelines

The second action involved developing capacity for municipalities around screening and identifying climate-positive projects. The municipalities explained the challenges they face in terms of their ability to understand green projects and what might be considered “green”, “inclusive” or “resilient”. To demystify these terms, GCIP developed a set of green guidelines, with an initial focus on solid waste management and water and wastewater. These fit into wider climate taxonomies that are currently being developed by the Government of India. The guidelines can be used by sub-national governments, departments, utilities agencies and more, to screen infrastructure projects and create a pipeline to be able to access green finance.

Next steps

In Phase 2, this work is being tested in a small number of cities and with agencies at the state and national level, to identify how it can be scaled up across the country and into other sectors and institutions. This is being accompanied by capacity building efforts focused on both the financing and the green guidelines.