

## FCDO's Green Cities, Infrastructure and Energy Programme (GCIEP)

# How GCIEP is mobilising finance for climate-positive infrastructure

The financing gap required globally to tackle climate change is steadily growing. Current estimates show that over \$6.2 trillion (~6% of global GDP) is needed annually by 2030, to close the climate financing gap and support low-carbon and climate-resilient infrastructure development. By 2050, this will have risen to \$7.3 trillion.<sup>1</sup>

This challenge is particularly acute in emerging markets and developing economies, where financing is heavily reliant on constrained public sources of funding. The IMF estimates that 80-90% of the climate finance needed in emerging markets and developing economies will need to come from the private sector.<sup>2</sup>

GCIEP is a £70-million, FCDO-funded programme running from September 2023 to March 2026, with an initial business case to run for several additional years. As part of the wider UK Centre of Expertise for Green Cities, Infrastructure and Energy, it is harnessing UK expertise in urban development and infrastructure to address poverty, increase economic growth and enhance climate resilience in developing countries. An important objective of the programme is to catalyse investment in sustainable infrastructure and to improve municipal finance and public services, creating jobs and increasing productivity.

The programme provides services across sectors including transport, energy, water and waste management, and urban development. It comprises seven 'deep offers' – strategic, multi-year technical assistance (TA) programmes in Ethiopia, Ghana, Indonesia, Mozambique, Philippines, Vietnam and Zambia – and 'targeted offers', which respond to targeted national and subnational government requests for short-term technical assistance, mainly in Africa, Asia and small island developing states.

Currently, GCIEP focuses on addressing the gaps in public, private, grant and concessionary finance in order to overcome barriers to investment at scale. GCIEP is also playing a more active role in the later stages of the project finance lifecycle to optimise the use of public finance, manage risks, demonstrate viability and accelerate progress.

GCIEP enables finance to be mobilised by supporting project sponsors, including project developers and municipal governments, and supporting financiers and funders. Our technical assistance includes:

- 1. Early-stage feasibility:** Support the preparation of bankable projects via pre-feasibility studies and feasibility studies that are developing robust and commercially viable projects.
- 2. Enhancing project bankability to make them more attractive for investing:** Review of T&Cs covering climate, nature and social impact against the business case prepared for the project in question to provide allowable advisory services. Feedback on technical project criteria to make them to more attractive to financiers.
- 3. Financial analysis of pilot project,** testing assumptions made in feasibility studies as well as reviewing commercial factors such as potential revenue streams.
- 4. Investor identification and awareness:** Through road shows and other matching events, GCIEP raises awareness of projects and highlight the potential roles of key players in helping the transaction to mature. Potential investor identification at a regional and global scale to highlight possible roles of key players in transactions and unlock finance opportunities through better alignment and communication.

### There are five key barriers that GCIEP is addressing to support financing and investing in infrastructure projects:

- » Lack of prepared, high-quality, financeable infrastructure projects promoting climate resilience and green growth
- » Poor infrastructure governance, weak regulatory structures policy and institutional frameworks
- » Limited fiscal capacity and poor financial management in sub-national entities
- » Limited access to climate finance due to poor credit rating of cities
- » Limited risk appetite from international investors with deeper capital pools



<sup>1</sup> How big is the Net Zero financing gap? – Climate Policy Initiative

<sup>2</sup> IMF analysis

**GCIEP defines the mobilisation of finance or investment into four categories:**

**Catalysed**

GCIEP catalyses investment as a result of directly leading on the incubation, design and/or implementation of financing products, funds, platforms or other financial mechanisms.

**Facilitated**

GCIEP facilitates investment as a result of supporting the incubation, design and/or implementation of financing products, funds, platforms or other financial mechanisms led by other parties.

**Unlocked**

GCIEP unlocks investment into infrastructure projects as a result of providing critical support along the project development cycle.

**Reallocated**

GCIEP supports reallocation of investment from traditional, grey infrastructure to incorporate green elements.

**Credit Enhancement Platform for infrastructure in Indian cities**

GCIEP supported FCDO India to develop a Credit Enhancement Platform (CEP) that will improve the creditworthiness of climate positive infrastructure projects within municipalities and enable cities to access financial markets that were previously inaccessible through guarantees and credit enhancements. The CEP de-risks project investment, reduces the cost of financing and facilitates risk-sharing. The platform aims to do this at an aggregate level for cities, providing an uplift to project sponsors and supporting them to build a strong pipeline of projects to attract investors.

**Dar es Salaam Urban Resilience Project, Tanzania**

The Dar es Salaam Urban Resilience Project (DURP), one of the flagship initiatives of GCIEP, has been working to understand and improve the city's recycling sector. We know that the people and organisations involved are very varied, ranging from informal waste pickers to community-based organisations and non-governmental organisations to large recycling and manufacturing companies able to attract international investments. Under DURP in Tanzania, GCIEP informed the design of a solid waste management loan by providing data, analysis and recommendations to reallocate the investment. Data on food waste and recycling for the city was assessed to inform the production of the first map of formal recycling actors for the entire city.

DURP's influence extended nationally with a formal request from the Vice President's Office to review the 2025-

2030 National Solid Waste Strategy. It also developed a Green Climate Fund concept note, endorsed by the Vice President's Office and handed to the United Nations Development Programme, advancing waste solutions in Tanzania and Zanzibar.

**Supporting renewable energy procurement in Zambia**

GCIEP has supported the Government of Zambia to fast-track the procurement of solar power projects to address the acute shortage of power due to droughts. GCIEP provided support to the government to overcome three key bankability challenges: non-competitive procurement process, off-taker payment risk, and a risk allocation in project documents. This strengthened the financial sustainability of the sector by developing an optimal risk allocation structure for energy projects, recommending incentives for independent power producers and updating ZESCO's financial model.

**Supporting the city of Sekondi-Takoradi to unlock finance for flood resilience, Ghana**

GCIEP is supporting the Government of Ghana with the development of a detailed Investment Plan & Feasibility Study to unlock donor and climate funding for an integrated flood resilience approach in the port city of Sekondi-Takoradi. GCIEP's targeted support aims to accelerate the city's transition into a climate-resilient and inclusive economic centre, and to maximise the economic benefits derived from the development of the Abidjan-Lagos corridor in West Africa.

**Examples of where GCIEP is curating infrastructure investment**

GCIEP is currently catalysing sustainable infrastructure project investment in many developing countries, including India, Tanzania and Ghana.

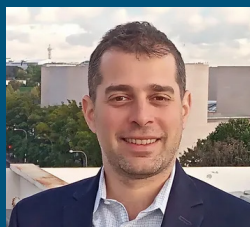
**Get in touch with our climate finance and investment team for more information and to explore collaboration and investment opportunities.**



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The UK's Green Cities, Infrastructure and Energy Programme Programme is managed by a PwC-led Alliance, including Mott MacDonald, Adam Smith International, Engineers Against Poverty and MDY Legal.

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