



CLIMATE FINANCE FOR CITIES AND BUILDINGS - A HANDBOOK FOR LOCAL GOVERNMENTS

UNITED NATIONS ENVIRONMENT PROGRAMME

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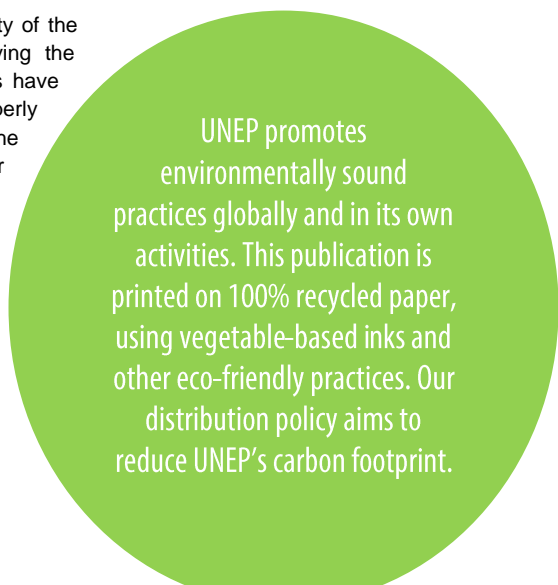
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**Climate Finance for
Cities and Buildings:
*A Handbook for Local
Governments***



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Myanmar. Photo: ENERGIES 2050

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Rabat tramway, Morocco. Photo: ENERGIES 2050

Acronyms and abbreviations

CDM	Clean Development Mechanism
CER	Certified Emission Reduction (also known as 'carbon credits')
COP	Conference of the Parties (to the UNFCCC)
CPA	Component Project Activity
DNA	Designated National Authority
DOE	Designated Operational Entity
GHG	Greenhouse gas
GI-REC	Global Initiative for Resource Efficient Cities (UNEP GI-REC)
MRV	Measurement, Reporting and Verification
NAMA	Nationally Appropriate Mitigation Actions
NMM	New Market-based Mechanism
PDD	Project Design Document
PoA	Programme of Activities
SBCI	Sustainable Buildings and Climate Initiative (UNEP - SBCI)
tCO _{2e}	Tonne of carbon dioxide equivalent
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

Executive Summary

The importance of cities in climate policy refers to the simple reality that they house the majority of the world's population and associated human activities, and that they account for approximately two-thirds of global energy use and **over 75% of energy-related greenhouse gas (GHG) emissions**. This is also true for the buildings sector, which generates up to 30% of all energy-related GHGs. At the same time, cities as well as buildings have a unique and significant emission reduction potential but, in both cases, they often lack the knowledge and financial resources necessary to act.

In the international arena, **climate finance** has become an important means to support GHG emissions mitigation projects and programmes. This being said, existing mechanisms do not specifically target local authorities, cities or building stakeholders and as a result there is a great disparity between the low proportion of climate finance projects and programmes focused on cities and buildings, compared to their GHG mitigation potential.

There is a need to adapt existing and developing mechanisms **to suit the complex built environment** and urban context, whilst building capacity to facilitate the inclusion of climate finance as a means to supporting cities' climate change strategies.

To support this, guidance is needed to help local policy makers and city managers navigate through the key climate finance mechanisms and to understand their relevance to cities and buildings, as part of wider GHG mitigation strategies and a means to access finance to support these.

In response, this Handbook has been prepared to provide local governments and other interested parties with an overview of climate finance mechanisms, both existing and in development, and their relevance to the built environment and the urban context.

The objectives of this Handbook are to help **raise awareness among local stakeholders regarding climate finance and its potential in the built environment**, given the important role that this sector has to play in climate change mitigation. It also aims to help local governments to use climate finance mechanisms as an opportunity to increase the energy performance of their district whilst creating additional revenue, improve resource efficiency and support their wider climate strategies.



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