

FELICITY - Moving the Wastewater Sector Forward in Ecuador



Project Profile



Challenge

Wastewater disposal contributes to approx. 9% of all methane emissions globally, thus considerably contributing to climate change. In Ecuador, the majority of urban wastewater is discharged into local waterbodies untreated, resulting in serious negative environmental and health impacts for inhabitants.

In the cities of Antonio Ante, Atacames and Jipijapa, more than 40% of the population is lacking access to reliable sanitation services and sewage infrastructure. Additionally, the cities lack capacity to prepare and implement adequate bankable projects.



Support

FELICITY provided advisory services and capacity development to Antonio Ante, Atacames and Jipijapa in developing the prerequisites necessary for accessing international financing for projects such as wastewater treatment plants, pumping stations, and the expansion of sewage services. Eventually, the projects will contribute not only to local improvement of sanitation and the reduction of greenhouse gas emissions, but also to the reduction of pollution in local waterbodies.



In Detail

FELICITY's support to Antonio Ante, Atacames and Jipijapa included technical studies; improvements to design; improvements to the wastewater treatment plants to reduce greenhouse gas emissions; environmental and social impact assessments; as well as financial and economic analyses (including an affordability analysis); and procurement planning. All advisory products remain in line with national requirements and international standards.



FELICITY (Financing Energy for Low carbon Investment – Cities Advisory Facility) is a project preparation facility implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and financed by the German International Climate Initiative (IKI) of the Federal Ministry for Economic Affairs and Climate Action (BMWK), between 2017-2022.

FELICITY works in close cooperation with the European Investment Bank (EIB) to support urban investment projects that significantly contribute to sustainable development and climate change mitigation. FELICITY offers technical assistance to cities in designing and structuring their infrastructure investment projects. FELICITY's support to cities has the potential to leverage EUR 541 million.

This is achieved through low-carbon project pipelining and preparation; capacity development for cities and national intermediaries such as National Development Banks (NDBs); policy recommendations on specific national framework conditions; and the development of knowledge networks for climate finance projects.



Partners

Capacity development and technical studies were carried out in cooperation with the respective city administrations; in the cases of Antonio Ante and Jipijapa this included the local utility provider. FELICITY also advised Ecuador's National Development Bank (BDE) as political partner at the national level. BDE takes the role as intermediary finance organisation channelling EIB financing to the local level. To strengthen BDE as financial intermediary, FELICITY supported it to develop a Environmental and Social Management Framework complying with EIB standards.

Lastly, FELICITY has supported the set-up of a Project Implementation Unit (PIU) in each city to ensure coherent preparation and implementation of the infrastructure projects while maintaining sustainability throughout the operation.

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Through FELICITY, small cities have put sustainability and climate change issues on our agenda.

Alexander Acebo and José Quijano
(City of Jipijapa)

Outlook and Scaling

Building upon FELICITY's support, all three cities, are in discussion with BDE and the EIB for financing. The cities of Antonio Ante and Jipijapa have already submitted their request for finance to the BDE. Once approved, the works would start immediately. The established PIUs will be actively supporting this process in the future.

The work of FELICITY had paved the way for further projects preparation across Ecuador in cooperation with BDE and EIB. As such, using the experiences with FELICITY, BDE is working with municipalities to identify and prepare an additional 20 projects on water and sanitation by 2024. These will be financed through BDE and EIB's framework loan. Additional funds are being made available by the European Commission for further technical assistance in the urban infrastructure projects across Ecuador.



Project in Numbers

- Antonio Ante – **EUR 11 million** project investment prepared
- Atacames – **EUR 5 million** project investment prepared
- Jipijapa – **EUR 35 million** project investment prepared
- Mitigating **18.000 tons** of CO2eq per year – the equivalent of 30% of methane emissions across the three cities
- More than **130.000** inhabitants will benefit from the three projects through increased sanitation standards and health improvements
- The implementation of the three projects will directly sustain approx. **80 new job posts**

FELICITY has Supported These Achievements:



Enabling Access to Climate Finance

BDE and EIB concluded a framework loan that allows smaller cities to access climate finance, totalling approx. EUR 200 million. All three projects are eligible for financing through this loan.



Enhancing Bankability

FELICITY has provided tailored support for cities to prepare documentation compliant with international financing standards. All three projects stand ready for financing with a total volume of EUR 51 million in project investment.



Developing Local Capacities

FELICITY provided trainings to more than 120 staff members of the municipal administrations, water utilities and BDE. Capacity was advanced in the fields of project preparation, climate finance, and municipal management.



Knowledge Sharing

Together with BDE, FELICITY developed guides and videos to address available financing opportunities targeting urban climate action in Ecuador. These materials were shared with all 221 municipalities across Ecuador and further municipalities in Latin America.



Contributing to Green Recovery

FELICITY supported the BDE to establish a green recovery concept that includes investment planning with a focus on combining economic recovery with sustainable development after the COVID-19 pandemic.

Contact

✉ mara.eichinger@giz.de ✉ willy.alarcon@giz.de

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