FELICITY
Financing Energy for Low-Carbon Investment - Cities Advisory Facility

Accelerating investments for low carbon cities
By 2050, the population of cities will have increased by an estimated two billion people. Already today, three-quarters of global CO₂ emissions are produced in cities, while their population suffers from air pollution, other forms of environmental degradation, and a lack of resilience. The need to act is widely acknowledged. However, the development of low-carbon infrastructure proves challenging in cities, especially in emerging and developing countries.

As a project preparation facility, FELICITY offers expertise and technical assistance to support the design and structuring of low-carbon infrastructure projects in cities from the perspective of international financiers.

FELICITY stands for Financing Energy for Low-Carbon Investment – Cities Advisory Facility. As part of this initiative, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the European Investment Bank (EIB) cooperate to support urban investment projects – as a living example of Team Europe’s global climate action. All projects are expected to reduce greenhouse gas (GHG) emissions, thereby improving the health and well-being of citizens and contributing to a just transformation of cities.
OFFERED ADVISORY SUPPORT

FELICITY aims to accelerate investments by taking a multidisciplinary and demand oriented approach. The following activities are part of our advisory support:

1. Pipelining and preparation of low-carbon investment projects in cities, in particular to assist the development of technical, financial, and economic feasibility, the procurement plan and environmental and social risk mitigation strategies.

2. Development of individual and organisational capacities in cities to prepare projects and access financing as well as targeted training and capacity development for involved financial intermediaries and relevant (sub)national stakeholders.

3. Policy recommendations on specific national framework conditions regarding low carbon investments in cities based on the barriers and opportunities identified locally.

4. Knowledge management, strengthening networks, and development of new urban climate finance mechanisms to enhance the project pipeline globally.

The EIB, one of the largest multilateral lenders for climate action, provides guidance on financing requirements and criteria as implementing partner.
ELIGIBLE INVESTMENT PROJECTS

FELICITY supports the preparation of investments in low-carbon urban infrastructure projects, which includes the following eligible project types:

**Energy:** Energy efficiency in residential and public buildings, district heating, and cooling networks or public lighting systems as well as distributed renewable energy generation and energy storage systems integrated in urban infrastructure.

**Mobility:** Modal shift from road to more sustainable transport modes, low emission vehicle fleets, associated infrastructure and non-motorised transport.

**Waste and wastewater:** Methane emission reductions and energy efficiency in solid waste management, sewer networks, or wastewater treatment.

The projects seeking support from FELICITY should have completed initial preparatory studies and relevant assessments for project development.

In the wake of COVID-19, specific focus is set on investments that contribute to economic reactivation and climate-smart development, thus promoting a green recovery.
FELICITY enables National Development Banks (NDBs) in their role as financial intermediaries for international climate finance with support in pipeline development, international financing requirements and green recovery investment strategies.

FELICITY advises national ministries on developing standards and guidelines for investment preparation and triggers exchange on the necessity and potential of low-carbon urban infrastructure preparation.
The projects in Mexico, Indonesia, Ecuador, and Brazil supported by FELICITY have an estimated investment volume of 317 million Euro and an emissions reduction potential of up to 1.98 million tCO₂eq over 15 years. This equals annual GHG emissions of about 430,000 passenger cars.

Project implementation units are established, and their capacities have been supported in all partner cities. More than 3,300 professionals have benefitted from FELICITY’s capacity development measures at the city, regional, and national levels on key project preparation and implementation challenges for low-carbon investments.

After a successful take-off, the FELICITY approach is expanding to new partner countries in Eastern Europe and Central Asia and exploring opportunities in further countries for the period beyond 2021.

At the global level, FELICITY contributed to the setup of the City Climate Finance Gap Fund, which will deliver technical assistance to early-stage projects concepts.

Furthermore, FELICITY provides manifold contributions in experience exchange and learning on taking green urban infrastructure investment projects towards implementation under the Cities Climate Finance Leadership Alliance (CCFLA) on behalf of the German government.