



Project Selection for Preparation Facilities – Lessons Learned by FELICITY –

Projects supported by FELICITY

FELICITY in a nutshell

“Financing Energy for Low-carbon Investment- Cities Advisory Facility” is an initiative of GIZ and the European Investment Bank (EIB) to support low-carbon urban infrastructure projects that have significant impact on economic development. As a project preparation facility, FELICITY offers technical assistance to cities in designing and structuring their infrastructure investment projects. FELICITY prioritizes the interest of cities and incorporates the perspective of international financiers.

Brazil

The project “**Clean and integrated public transport system**” in Florianópolis plans to renew the city’s bus fleet with (partly) hybrid and electric buses. In Porto Alegre the project “**Energy efficiency and solar energy at schools**” aims at installing PV panels at 99 municipal public schools. Surplus electricity shall be fed into the public grid. The third project is based in Curitiba and envisages the modernization and increase of energy efficiency of the municipality’s public lightning system.

Mexico

The project “**Management and energetic utilization of urban waste**” will enhance waste separation and treatment in a mechanical and biological treatment (MBT) facility in Naucalpan. Lastly, the project “**Energetic transition for public buildings**” promotes energy efficiency and the use of renewable energies in 50 public buildings in Mexico City.

Project Identification & Selection

Identifying and selecting the projects to support has been a crucial step for FELICITY.

Identification

FELICITY used its **own network and cooperation with partners** to reach potential applicants, no call for proposals was published. Depending on the situation in the respective country, the focus for an initial contact were political partners (e.g. local governments), international initiatives (e.g. ICLEI, C40) or private-sector structures.

The right timing for the first contact proved important as the allocation of annual budgets and political cycles can have high impact on project identification. Efforts to improve stakeholder’s understanding of FELICITY’s approach and potential assistance were vital to avoid expectations that could not be met by the facility.

Selection

A set of criteria was formulated to evaluate the identified projects based on direct information and third-party sources. The criteria regard the project itself (e.g. socio-economic and environmental impact), as well as the context it is set in (e.g. legal and institutional framework). The most decisive cross-cutting criterion in project selection was project maturity, as the majority of the identified projects were too early in their development to match FELICITY’s services on offer.

Overview of criteria-framework:

- Relevance for Nationally Determined Contribution (NDCs)
- City's commitment and capacities
- Climate action eligibility and GHG mitigation potential
- Additionality of TA and potential financing
- Positive socioeconomic and environmental impact
- Financial and technical viability
- Replication potential and scalability.

Project Identification: Facts & Figures

- **82 project applications** were received between October 2017 and June 2018 **without a call for proposals**;
- **€ 463 million** of the indicated investment volume was climate-related.
- **5 projects were selected** based on FELICITY's criteria, while project maturity was the most decisive criterion.
- 93% of projects contribute to a **sustainable development plan** on local or national level.
- The **waste and renewable energy sectors** account for half of the projects.
- **68% of projects** were in a development stage too early for FELICITY to provide support, and would need additional support during their early development.

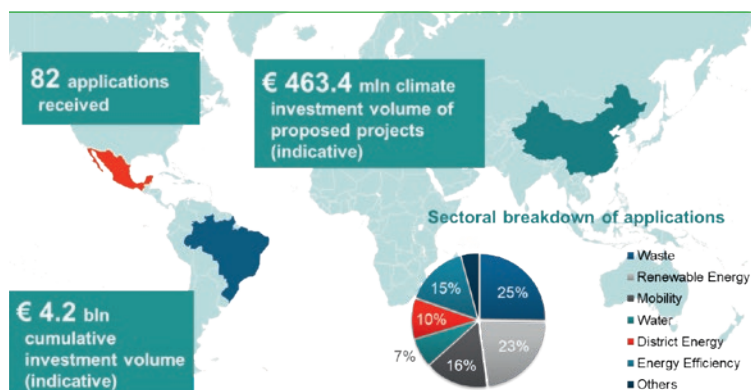
Key lessons learned

- **The need for project preparation support in the urban infrastructure sector is high**; many cities struggle to develop their infrastructure projects to a level where they become eligible for international (climate) finance.
- The main reason for non-eligibility for FELICITY was related to project maturity. Local governments search

for ways of financing their early project preparation activities, including (pre-)feasibility studies. **There is a great need for additional support to cities in planning processes as well as early project preparation.**

- Applications for support do use the scarce resources cities have available for project preparation, and project preparation facilities are many and mostly highly specialised. **A more standardized and joint approach from PPF's towards project identification would reduce the workload for project developers.**
- **Strong cooperation** between (inter)national initiatives in the urban infrastructure sectors via partnerships and networks would facilitate learning and improvement of processes, as well as allow for efficiency gains.
- **Selection criteria should be commuted clearly and transparently** to avoid the submission of a large number of ineligible applications.
- **Application forms must be available in the local language** to facilitate applications.

Project identification-aggregated numbers



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