Financing Energy for Low-carbon Investment
Cities Advisory Facility
(FELICITY)

A joint GIZ and EIB initiative

building on capacity development and finance expertise

Funded by the International Climate Initiative (IKI), the international funding instrument of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)

FELICITY: Linking projects to financing

On behalf of

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

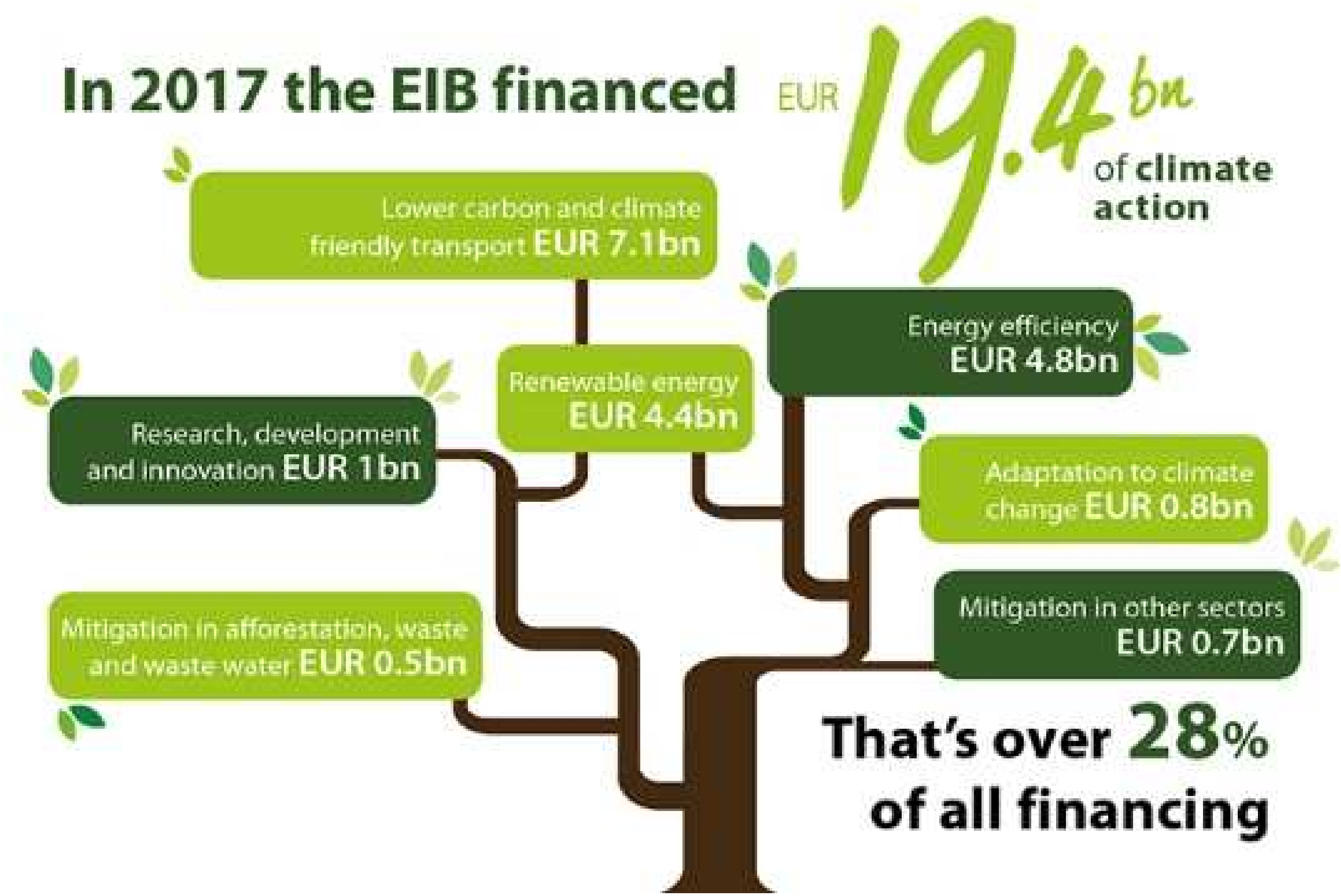
of the Federal Republic of Germany

The EIB at a glance

European Investment Bank
The EU bank

- EU's long-term lending bank set up in 1958 by the Treaty of Rome
- Largest multilateral lender and borrower in the world
- Raise funds on the international capital markets, pass on favourable borrowing conditions to clients (volume, currencies, maturities, interest rates)
- Ca 90% of lending within the EU
- Shareholders: 28 EU Member States

Climate Action in the EIB



EIB outside Europe

In 2016,

- **87 projects** outside the EU, of which **59 projects** were relevant for climate change mitigation or adaptation (signatures)
- approved financing of **EUR 8.04bn** (expected to enable total investments of EUR 19bn) of which **EUR 1.92bn** was relevant for climate change mitigation or adaptation

EIB in Asia and Latin America

challenge: identifying suitable projects

- Authorised lending volume EUR 3.4bn (2014-2020)
- Priorities:
  - **climate change** mitigation and adaptation
  - development of **social and economic infrastructure**
  - local private sector development, in particular support to SMEs

Importance of Cities

- Ca **80% of energy consumption and 75% of GHG emissions** in the urban space – showing an increasing trend
- **Urban density** presents an opportunity for innovation and services – especially in infrastructure (eg waste, transport)
- Local governments operate at the **project implementation level**
- Cities are centres of **innovation**

Complications in sub-national lending

- **Capacities** (financial and human resources) at the vel
  - Project development
  - (Local) policy and planning framework
  - Optimising GHG-mitigation and social impact
- Unfamiliarity of municipalities/local developers with **internation financing criteria**
  - Economic feasibility: costs and benefits to societ
  - Environmental and social standards
  - Procurement: non-discrimination and transp
- Restrictions at national level (e.g. fin or lo ations)
- Sub-national entities not part of I

advisory on project development and access to finance

improve capacities for preparation & implementation of projects

support improving the **regulatory environment** for sub-national financing

strengthen **global networks for** exchange & partnerships

FELICITY: Overview

GEOGRAPHIC SCOPE	(currently) Brazil, China, Mexico
RATIONALE	Closing the gap between cities' low-carbon infrastructure projects and financing: advisory, capacities, national regulation and global networks
ELIGIBLE PROJECTS	Urban infrastructure with significant impact on GHG emissions (e.g. energy, mobility, waste management, waste water)
PARTNERS	Project promoters (e.g. municipalities, state owned enterprises)
	Financial intermediaries (e.g. local (development) banks)

For further information, please contact:

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A global perspective: Investments in sustainable infrastructure

More than US$90 trillion needed for sustainable infrastructure until 2030[1]

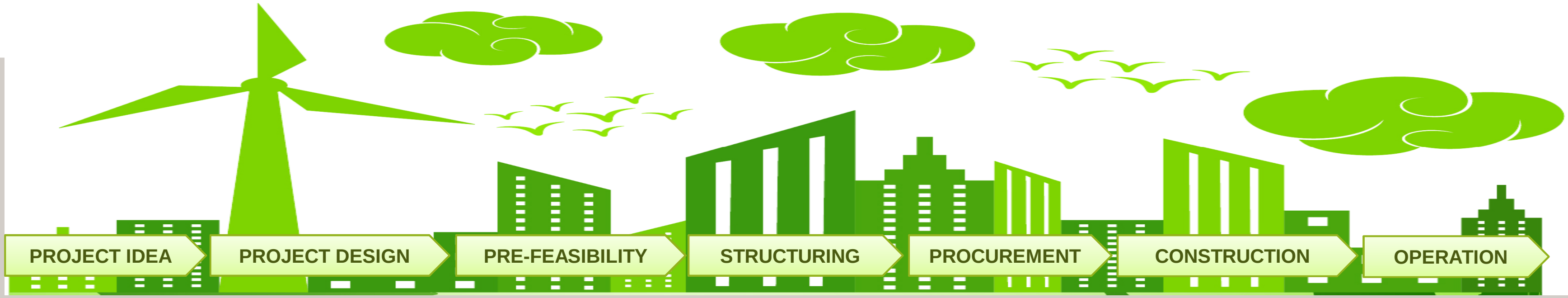
Required project preparation support of $155-310 billion per year until 2030[1]

Due to high urban emissions and urbanisation trends, cities will need the lion share of investments and project preparation support

[1]Overseas Development Institute (2016). *Finding the pipeline. Project preparation for sustainable infrastructure*

FELICITY: potential support

phases



technical assistance

UPSTREAM

- Market analysis, investment planning & prioritization
- Assessment of project documentation following EIB's requirements
- Support the development of enabling framework conditions

PREPARATION

- Amending pre-feasibility and/or feasibility studies
- Alignment with EIB's financing and documentation requirements
- Support to the establishment of implementation units

IMPLEMENTATION

- Capacity development for implementation / quality control
- Technical backstopping of contractor's work (design, standards, etc.)

outcome

HIGH-QUALITY CONCEPTS

BANKABLE PROJECTS

LOW-CARBON INFRASTRUCTURE

FELICITY: Indicative eligible technologies

FELICITY covers a variety of interventions (non-exhaustive) in different sectors

Sustainable transport

- Public transport: bus rapid transit, metro
- Electrobuses
- Charging infrastructure for electric vehicles

District heating/ cooling

- Space heating controls
- Solar thermal plants
- High efficiency co-generation for buildings

Public lighting systems

- Refurbishment and installation of LEDs
- Smart control systems

Waste & waste water treatment

- Aerobic and anaerobic systems
- Mechanical biological treatment (MBT)
- High-efficient energy recovery from solid biomass

Energy efficiency

- Metering devices
- High-efficient lighting
- Integration of renewables
- Energy storage technologies