

On behalf of:



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety

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Implemented by:



Deutsche Gesellschaft  
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# Financing Energy for Low-Carbon Investment – Cities Advisory Facility (FELICITY)

## Challenge

Cities are responsible, directly or indirectly, for more than 70% of the world's greenhouse gas emissions and, therefore, play a key role in achieving the climate goals established in the Paris Agreement and the Sustainable Development Goals. Furthermore, by 2050, it is estimated that the population of cities will grow by up to two billion people. In this regard, increase investments in climate-resilient and low-carbon urban infrastructure are urgently measures for a climate-friendly transition.

Low carbon infrastructure initiatives in cities face several challenges in accessing financial sources. Although funds are available, there is a disconnection between investment demand and access to these sources.

Among the reasons, we highlight the difficulties in structuring and designing projects by the municipalities, the restrictions on subnational financing conditions and the strict requirements of international funders due to the high standards of compliance required.

## Objective

FELICITY, Financing Energy for Low-Carbon Investment – Cities Advisory Facility, offers a bridge between cities that want to structure low-carbon projects and financial intermediaries, offering integrated technical and financial assistance. It is a joint initiative of GIZ *Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH* and the European Investment Bank (EIB).

FELICITY aims to accelerate investments through a multidisciplinary, demand-driven approach. The EIB, one of the largest multilateral finance institutions for climate action, provides guidance on funding requirements and criteria as an implementing partner.

The initiative provides specific support to local governments with the aim to improve access to the benefits provided by international climate finance lines to the subnational level, as well as support the preparation of projects, in order to improve its quality and bankability. FELICITY globally supports the preparation of investments in low carbon urban infrastructure projects, which includes the following types of eligible projects:

- **Energy:** energy efficiency projects in residential and public buildings, district heating, network cooling or street lighting systems, as well as distributed renewable energy generation and energy storage systems integrated into infrastructure.

Project Name	FELICITY Financing Energy for Low-carbon Investment— City Advisory Facility
Comissioned by	International Climate Initiative (IKI) of Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV)
Country	Brazil
Partners	Project promoters (municipalities) Financial intermediaries (subnational development banks)
Duração	2017 — 2022

- **Mobility:** modal transition to more sustainable transport systems, acquisition of low-emission vehicle fleets, associated infrastructure and non-motorized transport.
- **Waste and wastewater:** Reduction of methane emissions and energy efficiency in solid waste management, sewage networks or wastewater treatment.

Within the framework of the economic recovery arising from COVID-19, the project invested in studies aimed at overcoming the identified barriers to sustainable investment in Brazil, valuing the identified potential initiatives and towards investments that contribute to economic reactivation and climate-friendly development, thus promoting a green recovery.

## Our approach

FELICITY has four main work fronts:

- Identification of low-carbon urban infrastructure projects and support in accessing international climate finance;
- Enhancement of individual and organizational capacities in cities to prepare fundable projects, as well as targeted training and capacity building for involved financial intermediaries and relevant (sub)national stakeholders;
- Development of proposals to improve the regulatory framework for climate finance at the municipal level;
- Knowledge management, strengthening of networks and development of new urban climate finance mechanisms to improve the overall framework of projects.

## Felicity in Brazil

O FELICITY supports three projects in Brazil and cooperates with several partners in the country.

- Maringá (PR) - Modernization and energy efficiency in public lighting
- Porto Alegre (RS) - Energy Efficiency and solar energy in municipal schools
- Florianópolis (SC) - Clean and integrated Public Transport System in the Metropolitan Region of Florianópolis

Financial Institutions:

- BRDE— Regional Development Bank of the South — Support in the identification, origination and structuring of climate action projects within the scope of operations with the European Investment Bank (EIB)
- BDMG—Development Bank of Minas Gerais— Support in carrying out training and developing essential skills in project preparation and access to international funding

Political Partner

- Ministry of Mines and Energy – Support in improving energy efficiency and distributed generation policies, regulatory framework, capacities and networks, specially between cities and the federal government.

## Publications

- [Practical guide for preparing urban investments: energy efficiency and photovoltaic solar energy in public buildings](#)
- [Financing Low Carbon Infrastructure in Urban Areas in Brazil](#)
- [Green Recovery Through the Cities](#)
- [Municipal Energy Management Plan—PLAMGE](#)
- [Performance Contract Models](#)
- [Educational Booklet - Sustainability in Schools](#)
- [ANEEL's Energy Efficiency Program](#)

## Potential and legacy

FELICITY activities in Brazil can leverage additional investments in low carbon infrastructure within international climate finance through:

- Support to municipalities in the preparation of qualified projects and capacity building
- Financial Cooperation Framework established with regional development banks (seeking funding) that can be replicated and scaled up (BRDE)
- Political Cooperation Structure at Federal and State level that can raise mixed financing programs through Energy Efficiency Programs (PROCEL – Reluz)

## Perspectives and impacts

The FELICITY projects in Mexico, Indonesia, Ecuador and Brazil have an estimated investment volume of 322 million euros and an emission reduction potential of up to 1.98 million tCO<sub>2</sub>eq in 15 years.

In Brazil, the trainings reached more than 1,000 professionals in the preparation, financing and implementation of low-carbon infrastructure projects in cities. Around the world, more than 3,300 professionals have benefited from training offered by FELICITY.

On a global level, FELICITY has contributed to the configuration of the City Climate Finance Gap Fund, which will provide technical assistance to early stage projects. In addition, FELICITY contributed to exchanges of experiences and shared lessons learned on urban green infrastructure projects and urban climate investment for the implementation of the Cities Climate Finance Alliance (CCFLA).

## More information in:

[FELICITY \(giz.de\)](https://www.giz.de)

[Felicity — Português \(Brasil\) \(www.gov.br\)](http://www.gov.br)

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