

MAKING CITIES CLIMATE-FRIENDLY

Ukrainian municipalities receive advice and financial support to modernise their infrastructure.

The challenge: cities are fuelling climate change

While in 1950 less than a third of all people lived in cities, by 2015 that share had grown to more than half the global population. According to UN forecasts, the figure is set to increase further to over 65 per cent by 2050. Cities are currently responsible for two thirds of global CO2 emissions – and are grappling with serious problems such as air pollution, environmental degradation and insufficient resilience to the effects of climate change.

Although there is general acceptance that resilient, low-emission infrastructure is necessary, the processes that come with it remain a complex issue. Many cities in Eastern Europe and Central Asia have difficulty launching feasible projects and securing the necessary funding. In view of increasing urbanisation and the drastic consequences of climate change, investment in environmentally friendly urban infrastructure is essential to reduce greenhouse gas emissions and to strengthen resilience.

Our approach: support for green infrastructure

The objective of the project FELICITY II, implemented by GIZ jointly with the European Investment Bank (EIB) is to improve urban infrastructure in Eastern Europe and Central Asia and reduce CO2 emissions as a result. On behalf of the German Federal Ministry for Economic Affairs and Climate Action (BMWK) and as part of the German Government's International Climate Initiative (IKI), we are active in Ukraine, Georgia, Uzbekistan, Kazakhstan, Moldova and Armenia. In cooperation with the European Investment Bank (EIB), we are overcoming existing hurdles by promoting low-emission infrastructure projects in the urban water and wastewater sector and increasing energy efficiency in buildings.

Project name	FINANCING ENERGY FOR LOW-CARBON INVESTMENT – CITIES ADVISORY FACILITY II (FELICITY II) EASTERN PARTNERSHIP AND CENTRAL ASIA PROGRAM
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The countries we work with face similar problems in financing climate adaptation projects as well as technical challenges. We support cities and financial intermediaries by helping them to assess the technical, financial and economic feasibility of investments in urban areas. We facilitate processes and advise projects on how to reconcile financial requirements with social and environmental objectives.

We assist communities to develop feasible projects and leverage global financing opportunities. We also encourage knowledge sharing between countries and regions, thus facilitating the preparation of infrastructure projects and the creation of legal frameworks.



Our results: financing for water supply and energy efficiency

What we have achieved in Ukraine so far:

- In 2023, we supported the preparation and approval of a EUR 200 million framework loan from the EIB to restore water supplies in Ukrainian cities. This loan will now be submitted to the Ukrainian Government for signing.
- In cooperation with the EIB, we have developed a scalable pilot approach and financing mechanism totalling EUR 30 million for the renovation of residential buildings.
- Working with a platform of Ukrainian water utilities, we advised on a tariff reform in the water sector. The reform is the base for further investment in the energy-efficient modernisation of relevant infrastructure.
- Together with other International Climate Initiative projects in Ukraine, we are supporting the draft of a National Energy and Climate Plan for greater energy efficiency in the residential building sector.



Before refurbishment: The façade of a residential building in Lviv, Sychiv district, which is set to become an energy-efficient neighbourhood. A lot of energy is lost due to inadequate insulation.



An energy auditor uses a thermal camera to check heat losses in a building.



'Making reconstruction sustainable'

Through the FELICITY partnership, GIZ can give our employees further training on energy efficiency and climate resilience standards that are vital to the modernisation of our infrastructure. At the same time, it opens up opportunities for us to get finance from the EIB to implement these types of projects. In the long term, it helps us to put energy-efficient reconstruction on a sustainable footing from the outset.

Oleksandr Shkin, Director of Ukrvodokanalekologia, the Ukrainian Association of Water Supply and Sewage Companies

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