

# EBRD'S GREEN ECONOMY TRANSITION APPROACH: SCALING-UP GREEN FINANCING AND ACTION

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**European Bank**  
for Reconstruction and Development



# THE CONTEXT

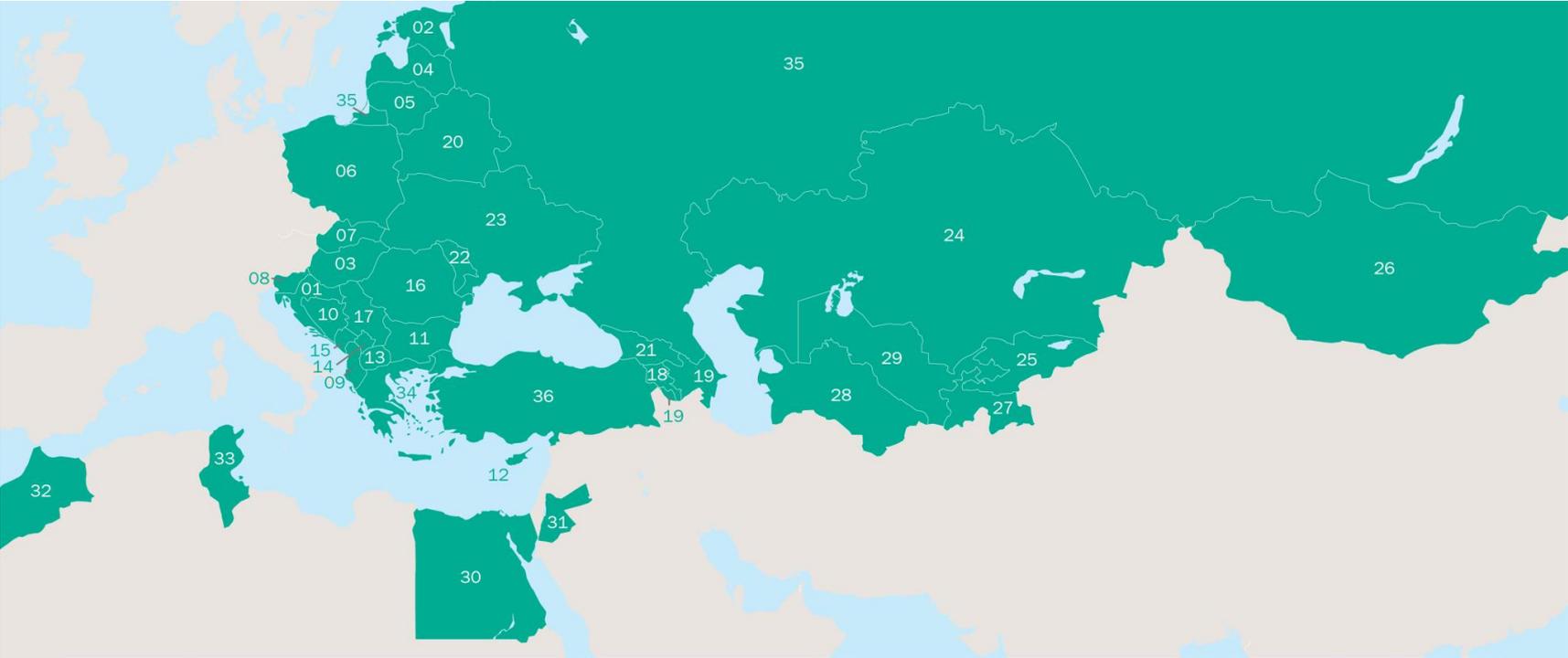
## MAINSTREAMING GREEN FINANCING AT EBRD

## CASE STUDIES

# Where the EBRD invests



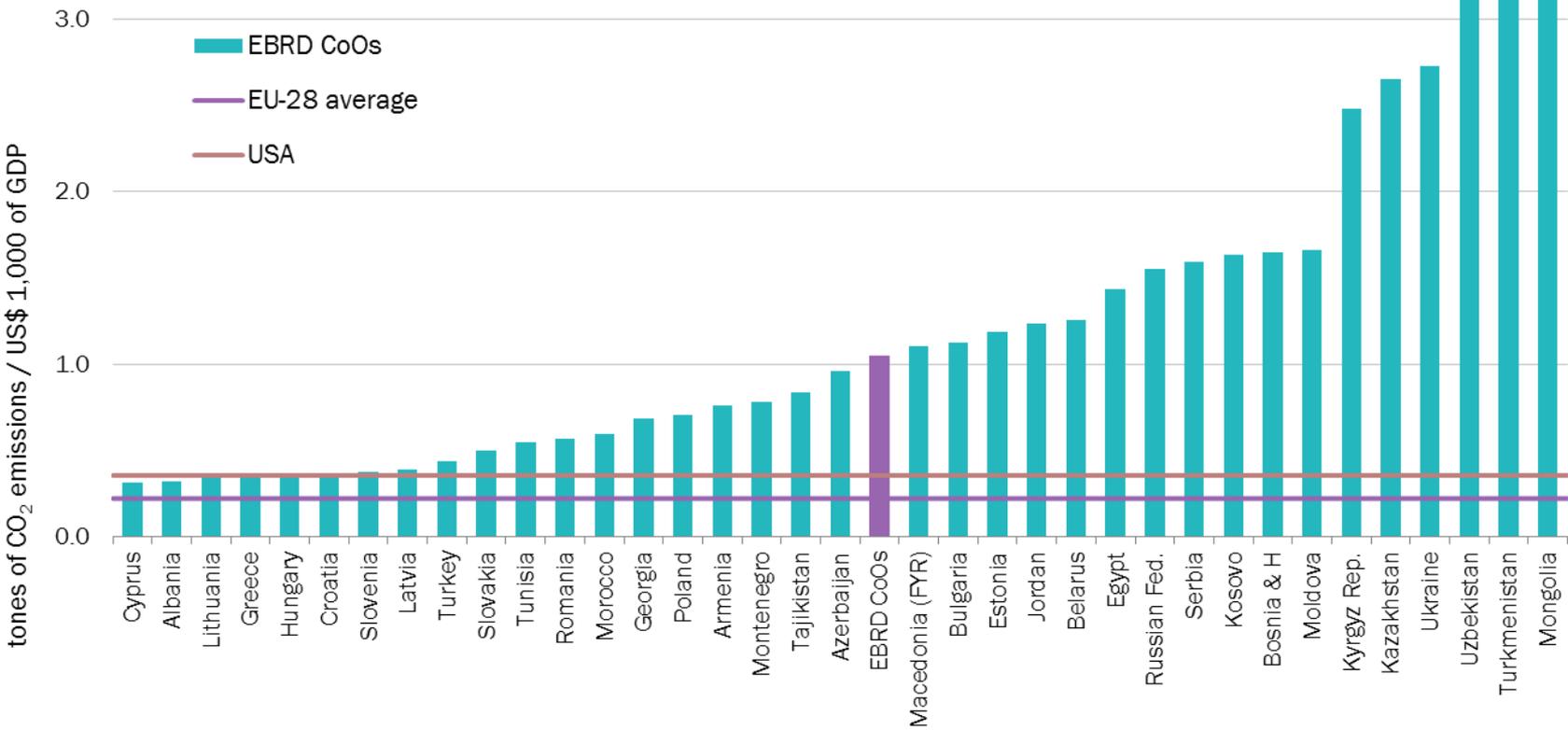
**European Bank**  
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WHERE WE INVEST					
<b>Central Europe and the Baltic states</b>	<b>South-eastern Europe</b>	<b>Eastern Europe and the Caucasus</b>	<b>Central Asia</b>	<b>Southern and eastern Mediterranean</b>	<b>34 Greece</b>
01 Croatia	09 Albania	18 Armenia	24 Kazakhstan	30 Egypt	<b>35 Russia</b>
02 Estonia	10 Bosnia and Herzegovina	19 Azerbaijan	25 Kyrgyz Republic	31 Jordan	<b>36 Turkey</b>
03 Hungary	11 Bulgaria	20 Belarus	26 Mongolia	32 Morocco	
04 Latvia	12 Cyprus	21 Georgia	27 Tajikistan	33 Tunisia	
05 Lithuania	13 FYR Macedonia	22 Moldova	28 Turkmenistan		
06 Poland	14 Kosovo	23 Ukraine	29 Uzbekistan		
07 Slovak Republic	15 Montenegro				
08 Slovenia	16 Romania				
	17 Serbia				

# Carbon intensity of EBRD economies

**CO<sub>2</sub> emission intensity of economies in the EBRD Region**



2013 energy-use related CO<sub>2</sub> emissions per unit of GDP (2005US\$ at market exchange rates) from IEA

## International context

- **COP21 Paris** : universal and ambitious agreement to limit the increase in global average temperatures to +2°C; also, “to pursue efforts” to limit to 1.5°C
- **The Sustainable Development Goals**, adopted in 2015, provided increased focus on environmental sustainability
- **G7 Summit Leader’s Declaration** in June 2015: MDBs need to maximise their capacity to deliver climate finance and to help countries transition to low carbon economies



## EBRD context

- Special mandate to foster transition to market-economies
- EBRD focus is placed at the crossroad between sustainability and market development and private sector support.
- Several EBRD economies display some of the highest energy and carbon emissions intensity levels in the world
- Existing and forecasted water stress in Central Asia and SEMED countries
- EBRD is at the forefront of efforts to channel resources from existing and emerging **global climate finance funds** to projects on the ground.

# Barriers to green economy transition

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## Credit-related risks

- high perceived credit risks
- long pay-back period, uncertain pay-off structure of investments
- commercial loans not readily available

## Information barriers

- high discount of green investments due to upfront costs rather than considering lifetime savings
- limited market availability of best available technologies

## Capacity constraints

- firms cannot identify efficiency gaps and solutions; external expertise may be costly or not available

## Policies & disincentives

- fiscal disincentives
- lack of policy reforms to support innovation, investments in resource efficiency, climate resilience

# Green Economy Transition at the EBRD

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# Green economy investments

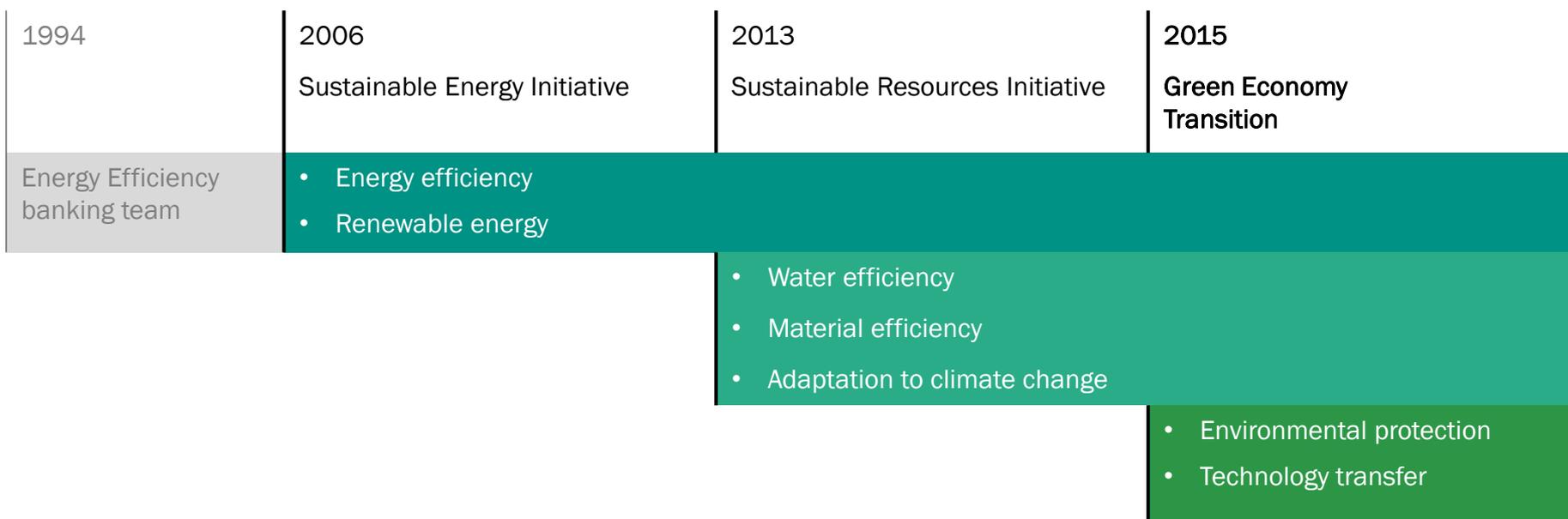
A green economy is a market economy where investments are made taking account of their environmental impact and with particular concern for the sustainable use of natural resources. Green economy projects, or project components, can be from the following areas:

- Energy efficiency
- Renewable energy
- Water efficiency
- Resilience to climate change
- Waste minimisation and materials efficiency
- Pollution control and environmental compliance

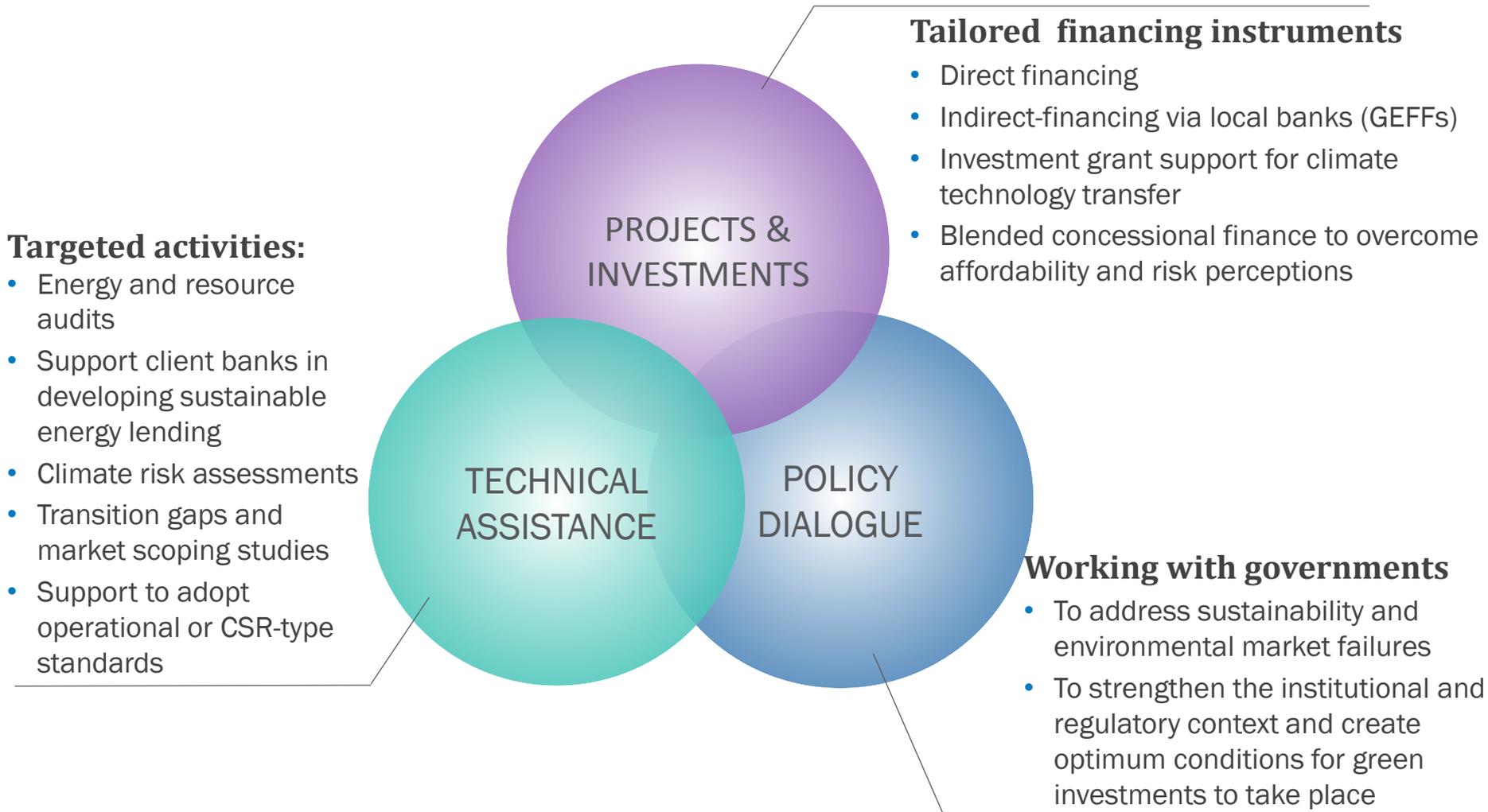


# EBRD strategies

- Since 2006 the EBRD has adopted cross-sectorial strategies:
  - **to mainstream** across the Bank's operations, and
  - **to increase** the share of Bank business represented by measures which enhance the efficient use of energy and resources (water, materials) and contribute to the mitigation of, and adaptation to, climate change.
- The **Green Economy Transition (GET)** aims to further scale up the Bank's green business, and to include new areas of activity, such as environmental protection and technology transfer.

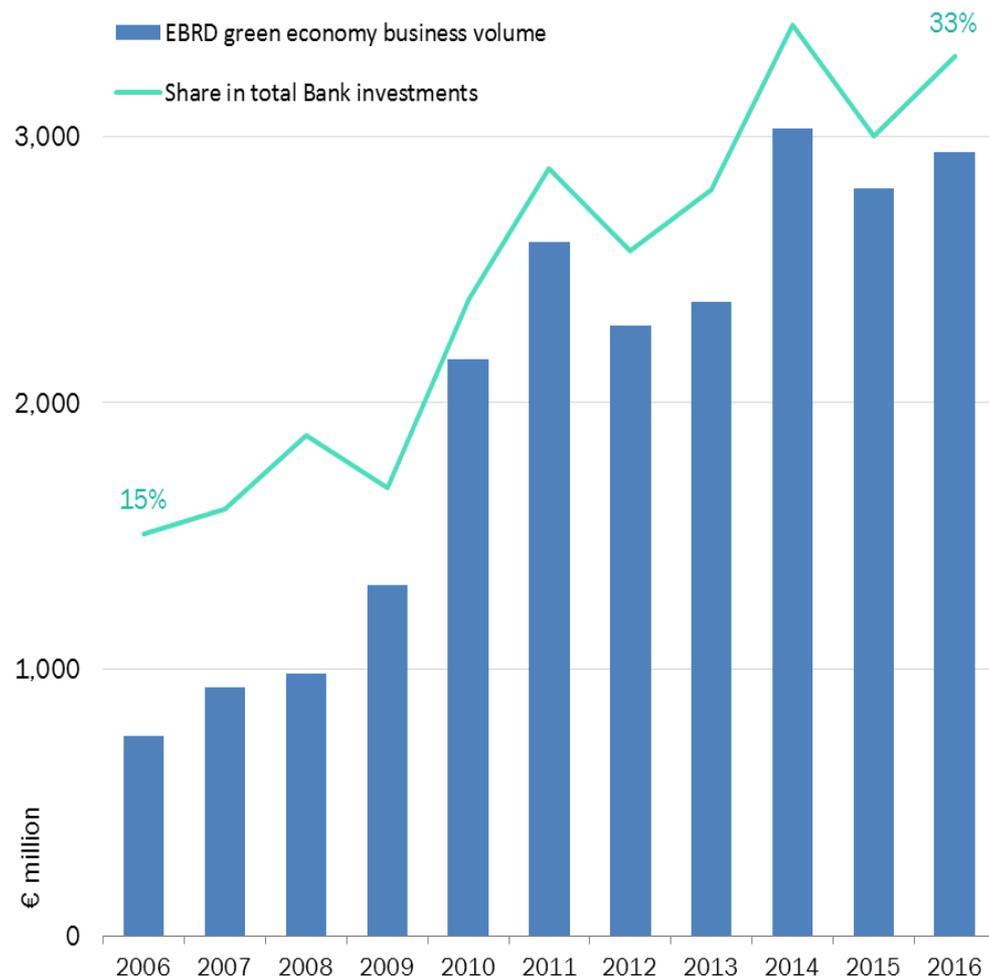


# The business model

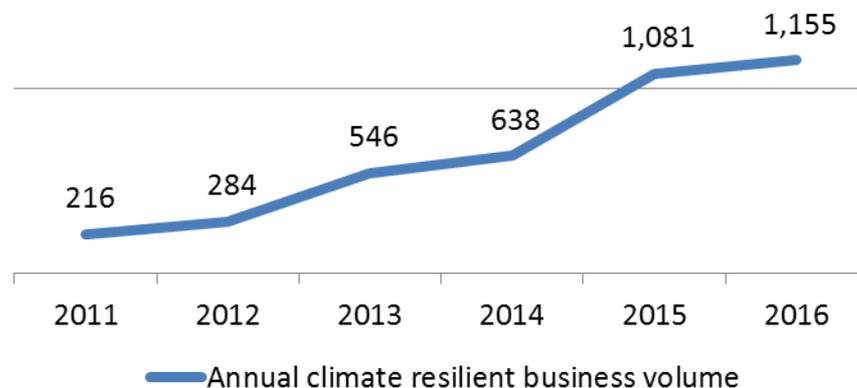
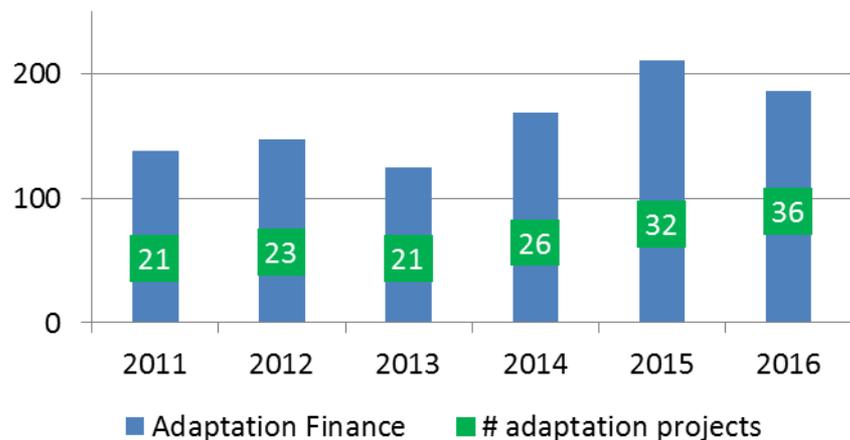


# Financing results & goals

- **€ 22.5 billion** cumulative EBRD green financing since 2006 to date
- **~ 1,300 projects** with green components, with over €110 billion total value
- **33%** share of green financing in total EBRD annual business **in 2016**, up from 15% in 2006
- **40%** target for the share of green finance in EBRD annual business by 2020



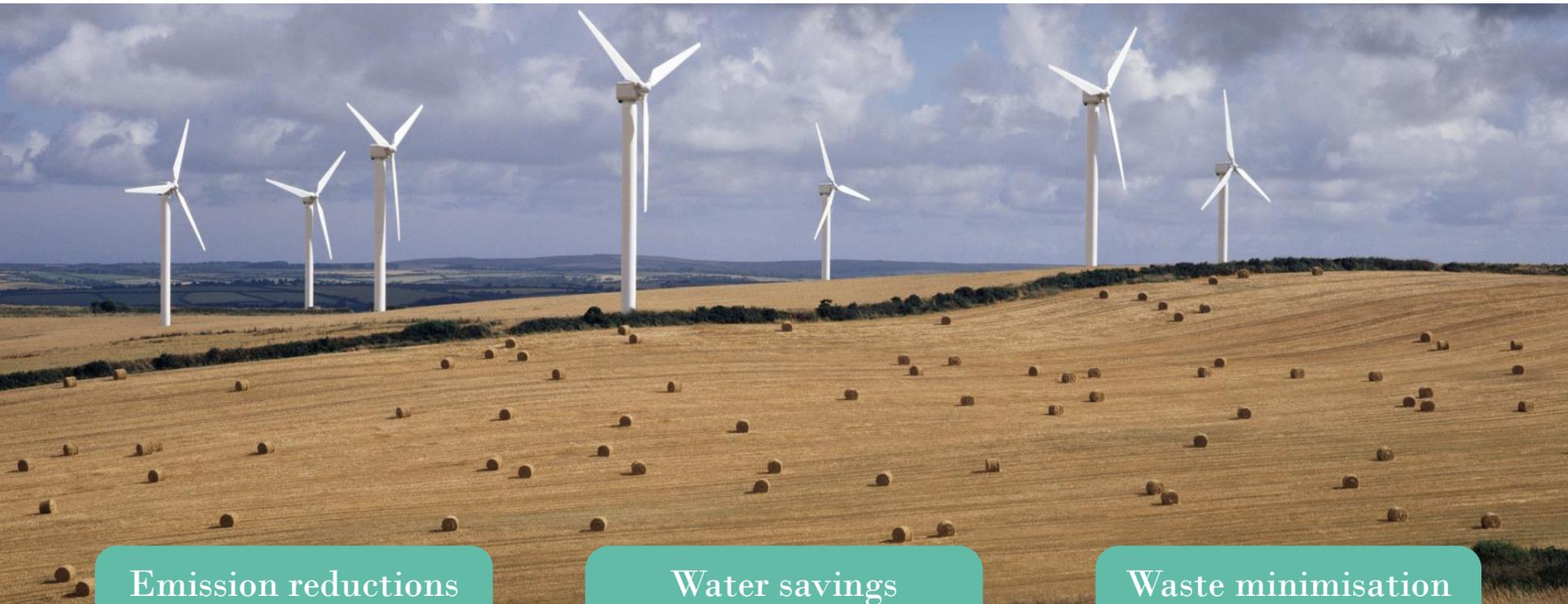
# EBRD adaptation finance



- **€976 million** dedicated GET adaptation finance since 2011
- **160 projects** signed with **€4 billion** of total ABI made more climate resilient

Central Asia	161
Central Europe and the Baltic states	44
Eastern Europe and the Caucasus	44
Russia	32
South and Eastern Mediterranean	191
South-Eastern Europe	331
Turkey	169
Regional	4
<b>Total</b>	<b>976</b>

## Results: physical impacts



Emission reductions

**85 million**

tonnes of CO<sub>2</sub>/year  
since 2006

Water savings

**70 million**

m<sup>3</sup> / yr  
since 2013

Waste minimisation

**2.3 million**

tonnes / yr  
since 2013

# Contents

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# Western Balkans Regional Energy Efficiency Programme (REEP)

- Objective: Sustainable market for energy efficiency in the Western Balkans
- Integrated approach programme managed by the EBRD
- Funded by the EU Western Balkans Investment Framework and the Western Balkans Joint Fund
- Supported by the Energy Community Secretariat



# Green Cities Framework

A **Green City** is a city which shows high environmental performance relative to established benchmarks in terms of:

- quality of environmental assets (air, water, land/soil and biodiversity),
- efficient use of resources (water, energy, land and materials) and
- mitigating and adapting to risks deriving from climate change,
- while maximising the economic and social co-benefits .

A **systematic approach** :

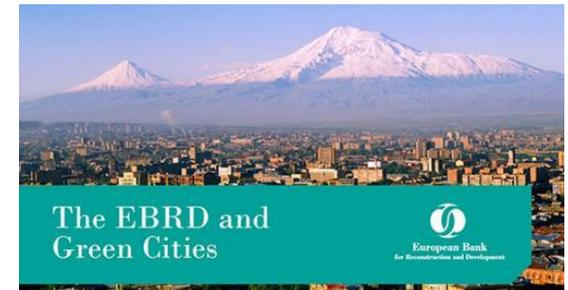
Green City Action Plans & Policy Dialogue



Green City Infrastructure Investments



Technical Assistance & Capacity Building



Building on extensive experience in Green City investments

#### What is the Green Cities Framework?

The Green Cities Framework combines strategic planning, technical assistance and donor support with EBRD finance to help cities invest in priority environmental infrastructure projects.

#### Why is the EBRD supporting Green Cities?

In 2015 the EBRD committed to scale up green finance to 40 per cent of its total business by 2020 and broaden the range of environmental projects through its Green Economy Transition approach. Given that cities are a significant source of environmental impact (local air, water pollution and waste generation), municipal investments will be a key channel for scaling up green finance.

#### What does the EBRD's Green Cities Framework offer?

Alongside EBRD finance, cities that decide to engage with the EBRD in the Framework will receive assistance:

- to develop and implement a Green Cities Action Plan or update an existing one
- with identifying investment priorities and investments in a systematic way
- to secure donor support where appropriate.

Since its inception, the EBRD has focused on financing sustainable municipal infrastructure and facilities management, investing a cumulative €6.2 billion in over 358 operations. The EBRD's team of municipal finance professionals have a strong implementation capacity with the ability to deliver results.

#### Who is eligible for the Framework?

To be eligible for the Framework, a city's population must be at least 100,000. The city must also be willing to undertake an action plan where: (a) environmental challenges are benchmarked; (b) priority areas for environmental improvement are identified; (c) environmental objectives are defined; and (d) indicative investments to meet these objectives are determined.

Green City environmental infrastructure projects will cover district heating and cooling, urban transport and street lighting, water and wastewater, solid waste and energy efficiency in public buildings.

#### Next steps

The Green Cities Framework is now up and running in Georgia and Armenia. The next phases will involve rolling it out to Moldova and then the Western Balkans, and other regions where demand and interest are confirmed.

To find out more about the EBRD's Green Cities Framework or EBRD finance, please contact:  
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Nigel Jollands (njollands@ebrd.com) or  
Lini O'Grady (logrady@ebrd.com).

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# Climate resilience infrastructure investments

## Climate resilience in roads, Bosnia & Herzegovina

### ADAPTATION COMPONENTS

- Rehabilitation & strengthening of vulnerable sections of the road network and bridges, improved bypasses, improvements of vulnerable slopes and tunnels.
- Dedicated technical assistance to Bosnian Road Agency:
  - creation of institutional framework and collaboration,
  - map of vulnerabilities with links to maintenance activities,
  - creation of Adaptation Strategy for operation and planning.



## Climate resilient port facility, Morocco

### ADAPTATION COMPONENTS

- Installation of surfacing, mechanical and electrical equipment designed to withstand projected temperature extremes (>40 degrees C)
- Installation of surface drainage design able to cope with extreme rainfall and overtopping events
- Installation of storage facilities able to withstand extreme temperatures and extreme weather events
- Adoption of Emergency Response Plan and Coastal Erosion Monitoring Scheme



# EUFIWACC Guidance on integrating climate resilience into project development and implementation

## Integrating Climate Change Information and Adaptation in Project Development

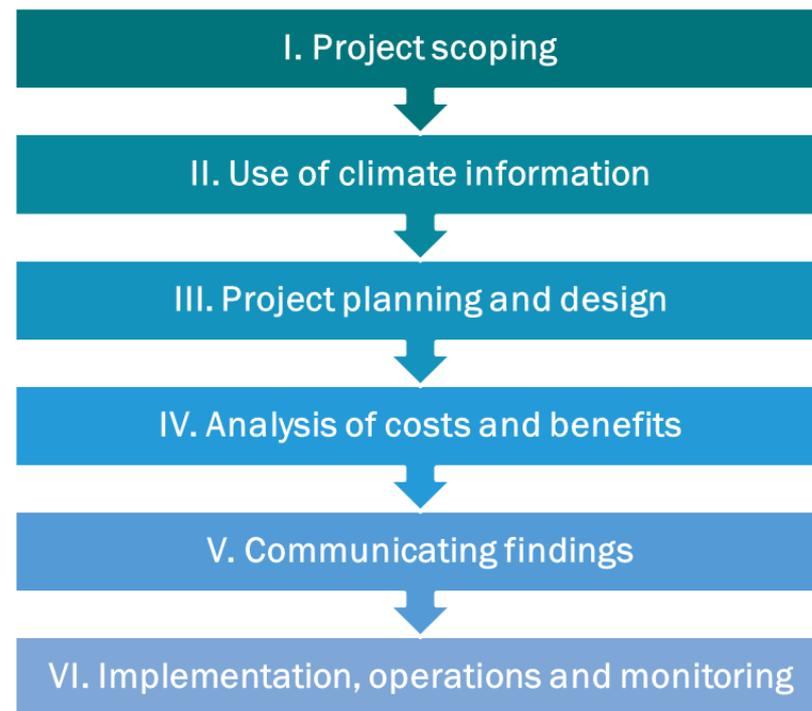
Emerging Experience from Practitioners

European Financing Institutions Working Group on Adaptation to Climate Change



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VERSION 1.0 (May 2016)



# THANK YOU

For more information:

<http://www.ebrd.com/what-we-do/sectors-and-topics/sri.html>



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