

# The EBRD's Experience in 'Green Finance'

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"Green Finance for EE: Opportunities in Russia"  
Moscow, 22 June 2017



**European Bank**  
for Reconstruction and Development



1. Introduction to the EBRD
2. The EBRD's Green Economy Transition approach and its broader context
3. Mainstreaming green financing

The EBRD is a **triple-A rated\*** bank with a capital base of €35 billion.

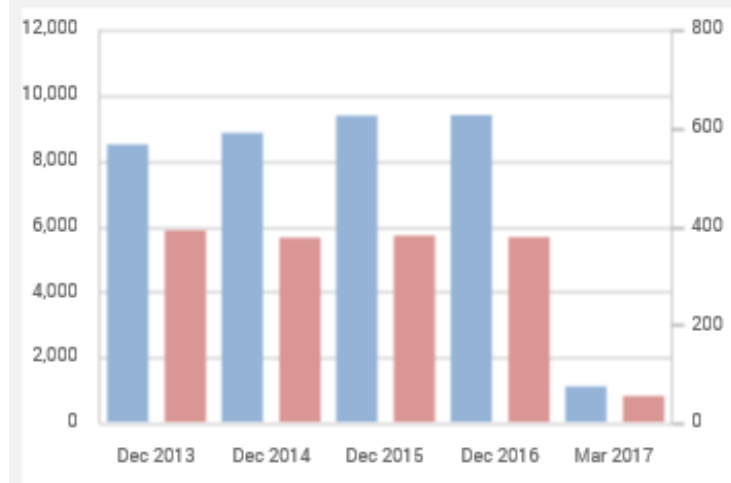
Operating in **36** countries from central Europe to central Asia, the EBRD:

- Promotes transition to market economies
- Mobilises foreign direct investment
- Improves people's lives through enhancing municipal services
- Encourages **sustainable development**

The EBRD is owned by 65 countries and two inter-governmental institutions. In January 2016, China became the 67th member of the Bank

\* From all three main rating agencies (S&P, Moody's and Fitch)

The EBRD's annual business volume and operations (EUR in million)



Note: as of March 2017



## 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 balance sheets in delivering climate finance and helping countries transition to low carbon economies
- EBRD is at the forefront of efforts to channel resources from existing and emerging global climate finance funds to projects on the ground.

## EBRD context

- **Special mandate** to foster transition to market-economies – this implies that resources are used efficiently; EBRD focus is placed at the crossroad between sustainability and market development and private sector support
- Legacy of large enterprises and utilities having developed not reflective of costs and environmental externalities
- Several EBRD economies display some of the **highest energy and carbon emissions intensity** levels in the world
- Imperative to increase **energy security**
- Existing and forecasted **water stress** in Central Asia and SEMED countries

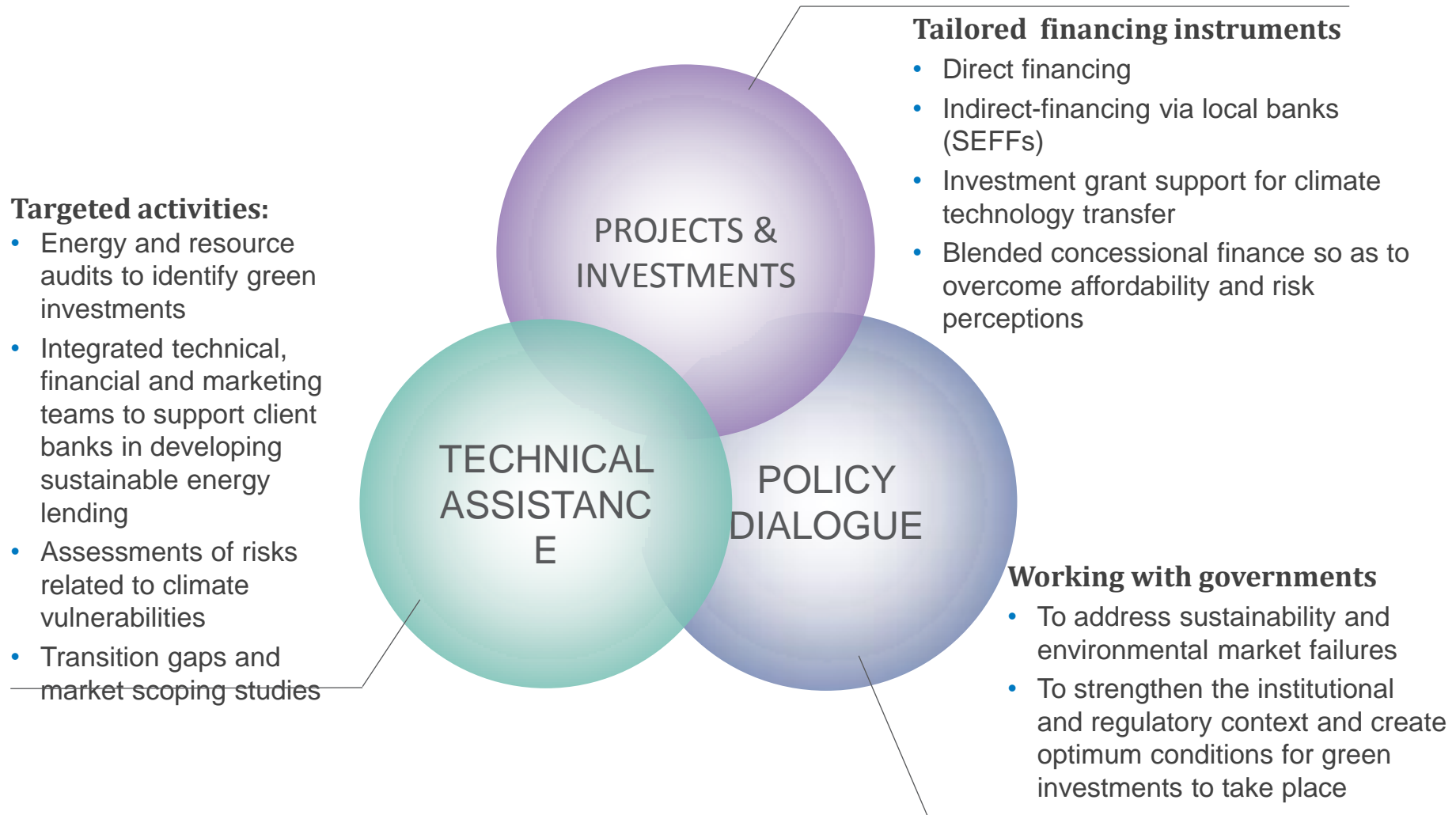
# EBRD's Green Economy Transition approach



- 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 latest strategy, 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.

1994	2006	2013	2015
Energy Efficiency banking team	<b>Sustainable Energy Initiative</b> <ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Renewable energy</li> </ul>	<b>Sustainable Resources Initiative</b> <ul style="list-style-type: none"> <li>• Water efficiency</li> <li>• Material efficiency</li> <li>• Adaptation to climate change</li> </ul>	<b>Green Economy Transition</b> <ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Technology transfer</li> </ul>

# Mainstreaming green financing: The business model



# Mainstreaming green financing: Business development tools

## RESOURCE EFFICIENCY AUDITS

Offering audits to the Bank's clients who have resource efficiency potential, to identify and prioritise resource efficiency investments based on the financial return from input cost savings.

## SUSTAINABLE ENERGY FINANCING FACILITIES

Extending credit lines to partner banks for on-lending to local projects, together with dedicated technical assistance teams who help identify and assess green investment opportunities, train up banks' staff and develop marketing activities.

## TECHNOLOGY TRANSFER SUPPORT

Identifying clients with potential to invest in higher resource efficiency technologies in early transition markets and supporting them with partial investment grants that help overcome first-mover risks and affordability barriers.

## CLIMATE VULNERABILITY ASSESSMENTS

Supporting businesses and utilities which are most exposed to future climate change impacts to identify risks and integrate adaptation measures in investment programmes.

## BLENDING OF CLIMATE FUNDS

Sourcing and structuring dedicated resources from international providers of climate finance for blended financing operations for terms appropriately matching the risk and duration profiles of green projects.

## POLICY DIALOGUE

Working with governments and authorities to environmental market failures, strengthen the institutional and regulatory context and create optimum conditions for green investments to take place.



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