

# Financing Green Transformation

Jan-Willem van de Ven , Head of Carbon Market Development

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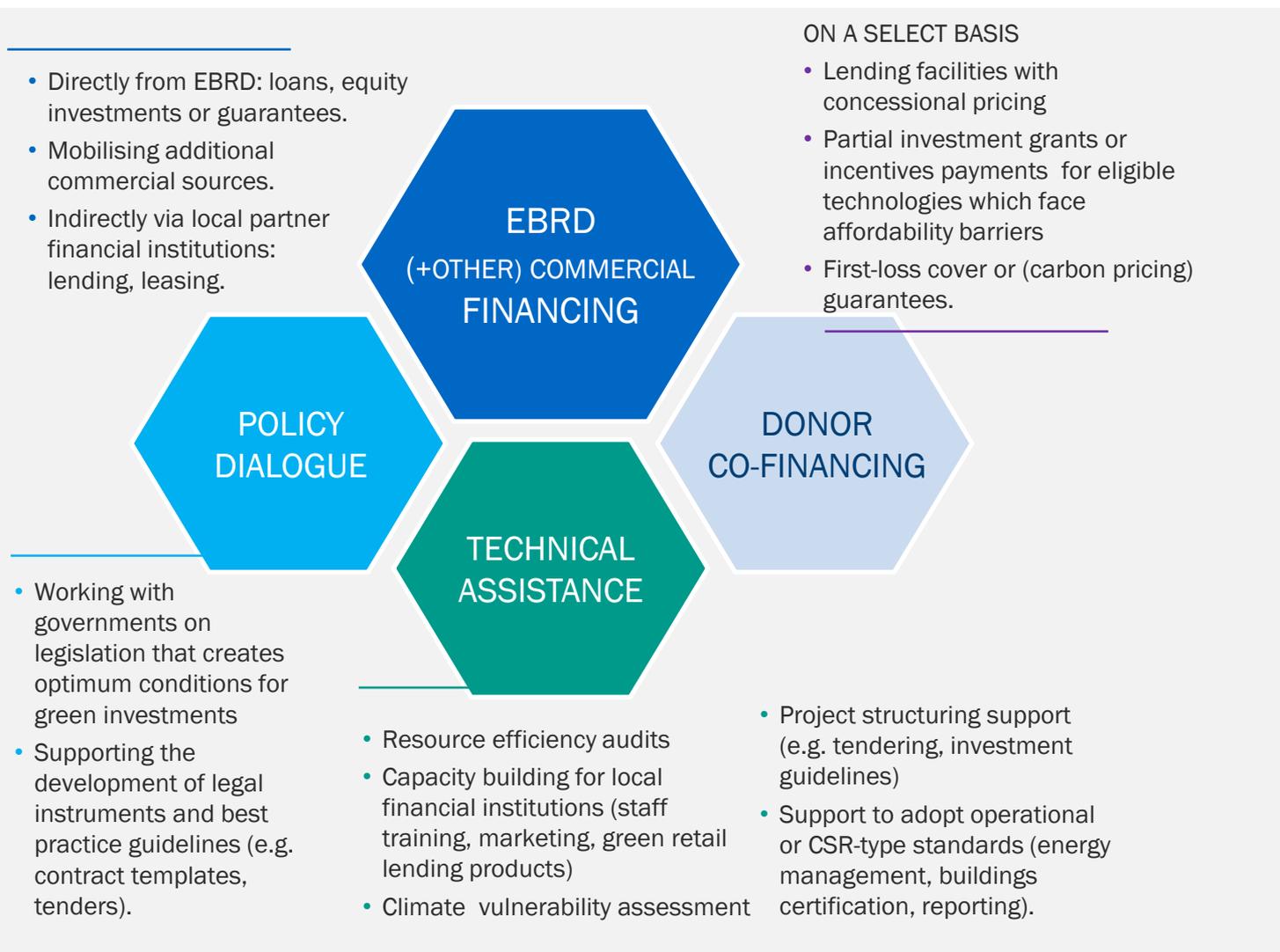


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# Mainstreaming Green Transformation through Policy and Investments



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# Innovative finance instruments



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## Energy efficiency audits (several donors)

- CAPEX investment appraisal is the essential to identify opportunities for energy efficiency improvements.

## Scale-up Green Economy Financing Facilities (several donors)

- Lowering transaction costs by automatization of technology selection through Lists of Eligible Equipment and Materials.

## FINTECC programme (Donors GEF, EU, EBRD)

- The programme aims to improve deployment rates of the best available climate technologies in markets which lag behind.

## Innovation vouchers scheme (donor: DRIVE fund/NIF)

- R&D financing support mechanism for SMEs to develop innovative resource efficient technologies. Serbia and Ukraine

## Value chain competitiveness assistance and financing

- Addressing energy and resource efficiency along product value chains is of critical importance and VCC programme assists SMEs in these chains.

## Embedding climate resilience (Donors UKAID, CIF)

- E.g. dealing with scarcer resources as a result of climate change

# INNOVATION: GEFF FROM SEFF TO GEFF

In the GEFFs, the EBRD helps the financial sector in a country to develop green financing products and services.

The established EBRD SEFF model is being transformed to a new GEFF model with TC supported by the Austrian Federal Ministry of Finance. New facilities will be branded as GEFFs.

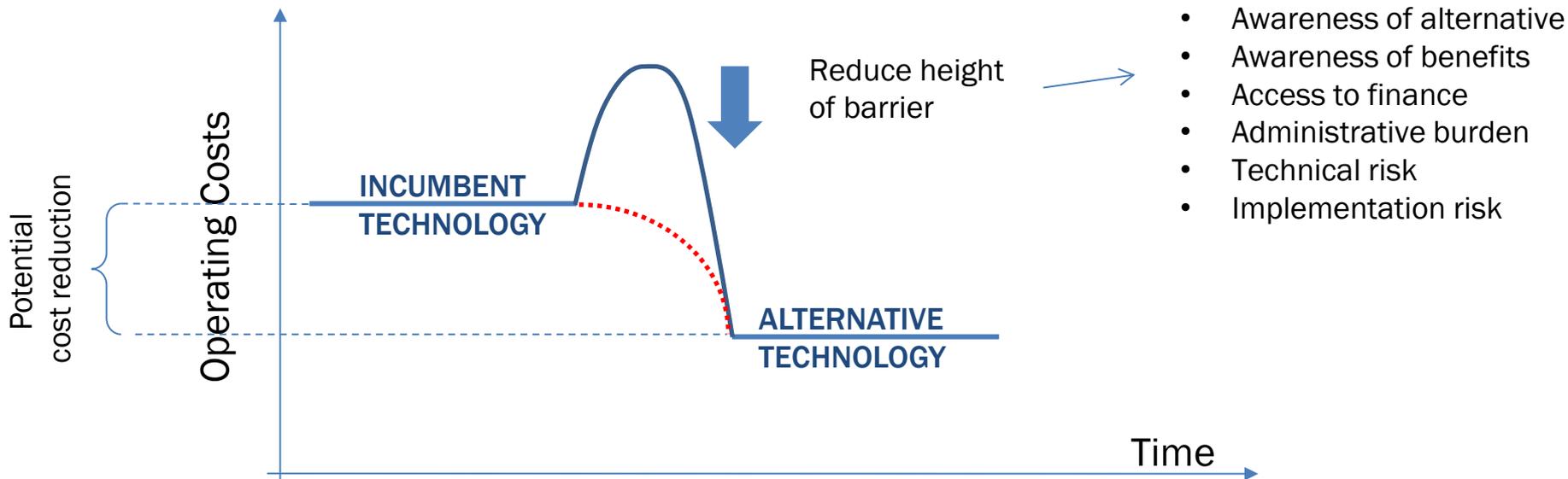
This comes from several developments:

- Recognising the challenges of green economy transition
- Implementation of a new consistent approach



Market barriers (e.g. early-mover costs, entrenched behaviour and information asymmetries), may **increase transaction costs** affecting the rate of adoption of high performance technologies.

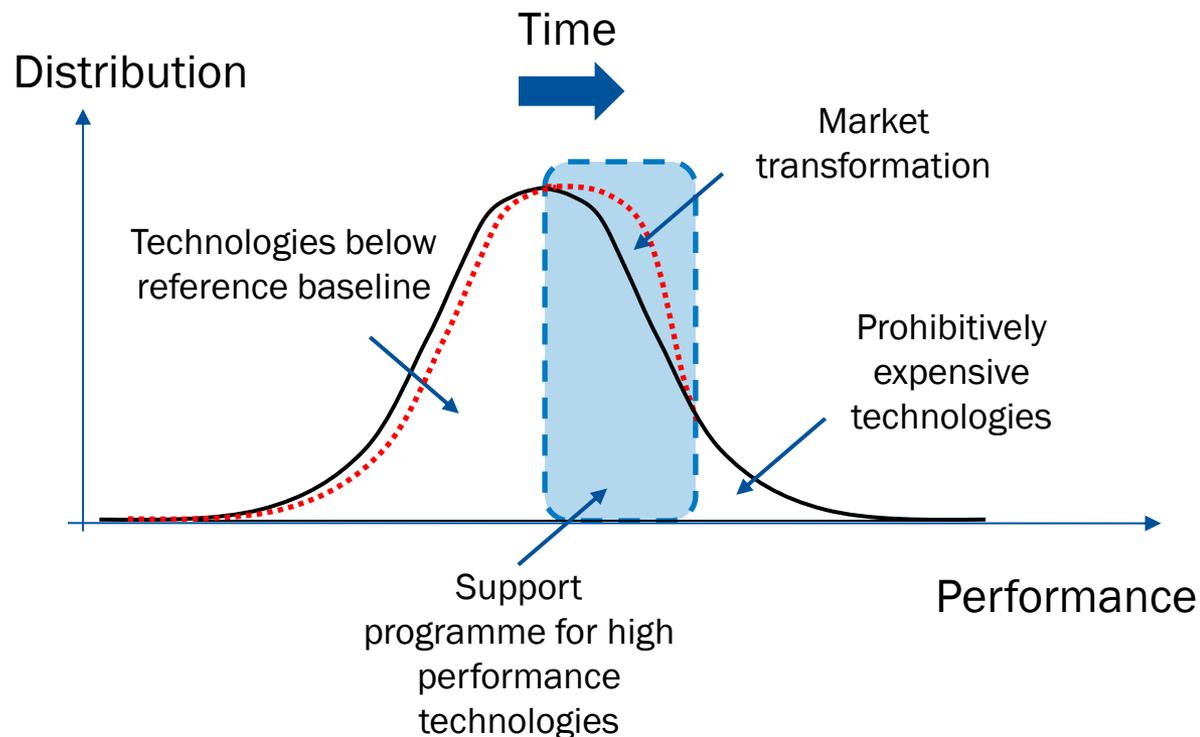
**Access to broad knowledge base** is often the greatest transaction cost to making an informed investment decision.



# INNOVATION: GEF

## EBRD GEF PERFORMANCE CRITERIA

The technical eligibility criteria of EBRD GEFs are ambitious (visibly performing beyond current market practice) to positively influence the uptake of high performance technologies. The level of ambition needs to be market appropriate to avoid promoting a market niche that is prohibitively expensive.



# Mainstreaming green financing: Results in 2006 - 2016



FINANCED

**1,200+**

projects and credit lines

>900 directly financed projects with green components, and  
>280 credit lines to local financial institutions for on-lending to smaller projects

SIGNED

**€22.2 billion**

of green financing

For projects with a total value of €1,122 billion  
In 2014-2016 green financing represented 36% of EBRD's total business, up from only 15% in 2006.

REDUCED

**84 million**

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

Emission reductions equal to twice the annual energy emissions of Sweden  
Plus annual water savings of 62 km<sup>3</sup> since 2013 equal to 2/3 Prague's water needs

# Increasing resilience to climate change via the financial sector in Tajikistan



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## PROGRAMME

Launched in 2016, ClimAdapt provides financing to enterprises and household in Tajikistan via local banks and microfinance institutions for improved water and energy use and sustainable land management measures.

EBRD financing is blended with concessional longer-term finance from the Pilot Programme for Climate Resilience, to overcome affordability barriers to action on climate resilience.

ClimAdapt has two windows: one targeting businesses, especially in the agricultural sector, and another for households.

## FINANCING STRUCTURE

EBRD credit lines	US\$ 2.5 million
Concessional credit lines from the Pilot Programme for Climate Resilience	US\$ 2.5 million
Technical assistance support from UK DFID and the EBRD ETC Fund	€ 2.25 million

## CLIMATE VULNERABILITY

Tajikistan is highly vulnerable to future changes in river runoff and glacier melt, via impacts on its agricultural sector, its hydro-based electricity system and soil erosion.

The facility impact metrics will therefore account for reduced water consumption, energy efficiency gains and reduction in soil erosion loss.



## PROJECT EXAMPLE

- Climadapt loan of 500,000 €-equivalent in local currency for the construction of a new greenhouse complex with advanced insulation and hydroponic and drip-irrigation to grow tomatoes.
- IRR of 37%, water consumption per kg yield of tomatoes is 46% below the level of the company’s existing greenhouses.