

# JUST TRANSITION: EBRD SUPPORT AND FINANCING APPROACH

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**European Bank**  
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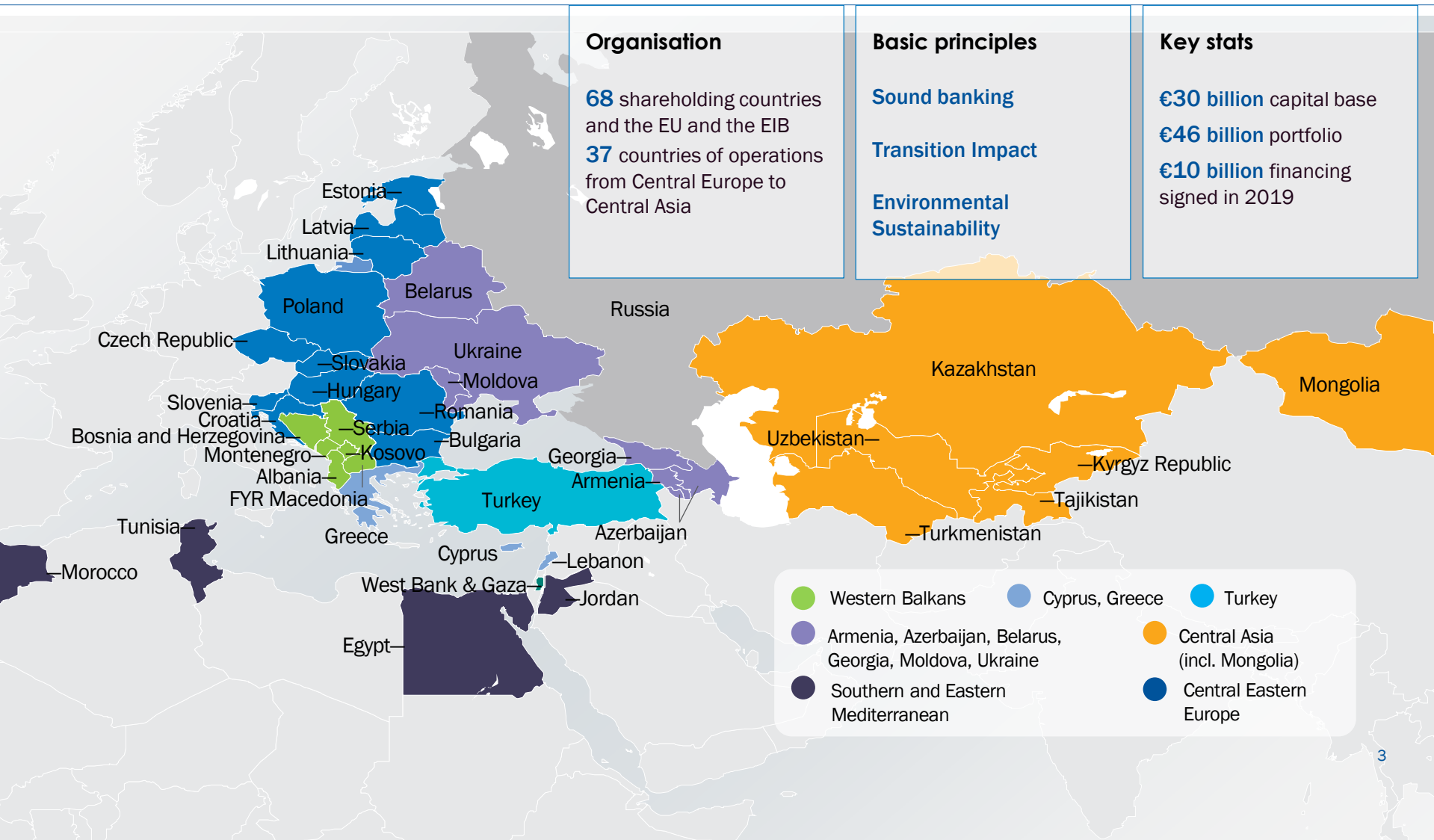
Examples of EBRD support instruments

# What is the EBRD



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| Organisation  | Basic principles   | Key stats   |
|---|--|---|
| <p><b>68</b> shareholding countries and the EU and the EIB</p> <p><b>37</b> countries of operations from Central Europe to Central Asia</p> | <p><b>Sound banking</b></p> <p><b>Transition Impact</b></p> <p><b>Environmental Sustainability</b></p> | <p><b>€30 billion</b> capital base</p> <p><b>€46 billion</b> portfolio</p> <p><b>€10 billion</b> financing signed in 2019</p> |

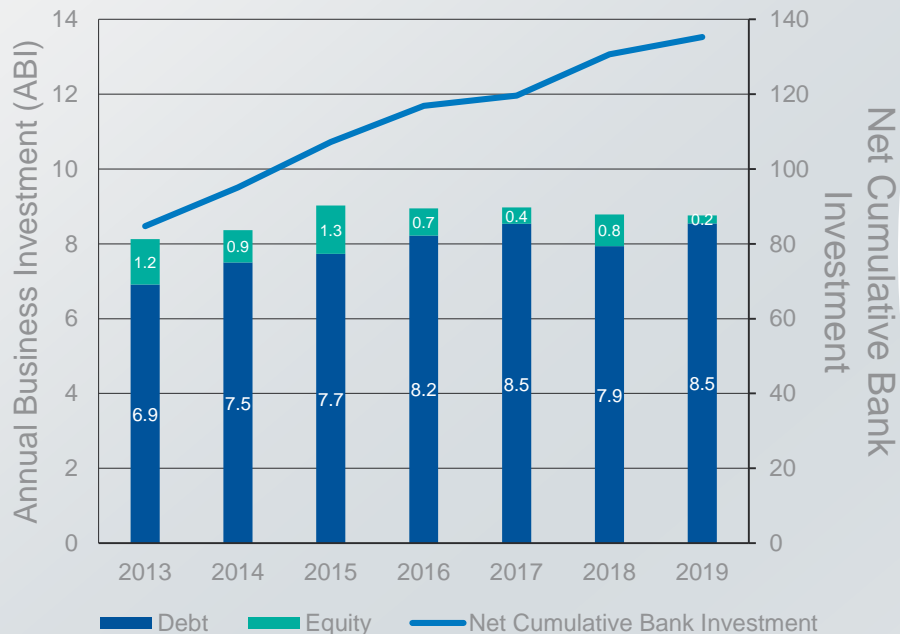


# Largest investor in the region



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Since 1991, EBRD has invested over €142 billion in more than 5,600 projects



Highest credit rating (AAA/Aaa)

€30 billion capital base

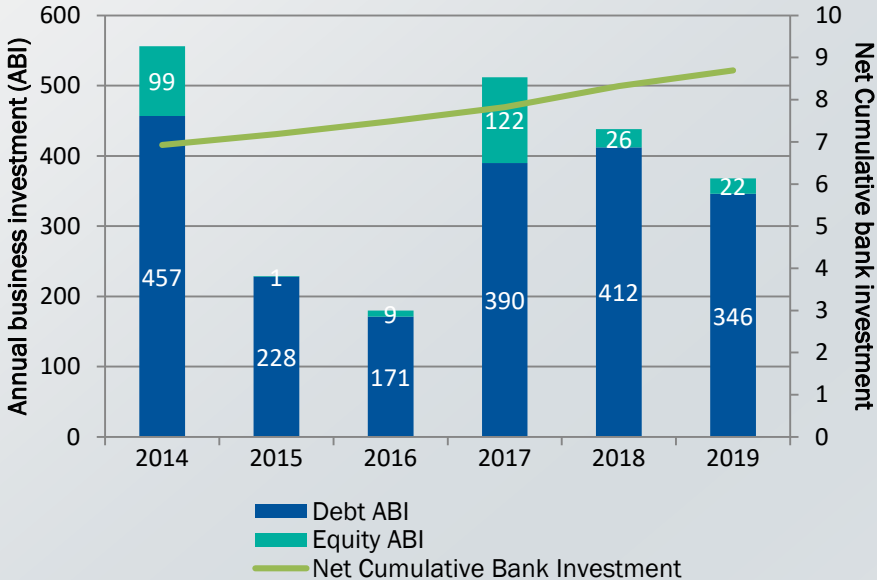
Private sector accounted for share of **75%**

Debt **85%**  
Equity **5%**  
Guarantee **10%**

## EBRD Top 10 investee countries in 2019 (€m)

|           |            |       |
|-----------|------------|-------|
| <b>1</b>  | Egypt      | 1,214 |
| <b>2</b>  | Ukraine    | 1,125 |
| <b>3</b>  | Turkey     | 1,002 |
| <b>4</b>  | Poland     | 833   |
| <b>5</b>  | Kazakhstan | 685   |
| <b>6</b>  | Greece     | 571   |
| <b>7=</b> | Uzbekistan | 517   |
| <b>7=</b> | Serbia     | 517   |
| <b>9</b>  | Belarus    | 391   |
| <b>10</b> | Romania    | 372   |

## Since 1991, EBRD invested over €8.6 billion in 444 projects in Romania



### In 2019

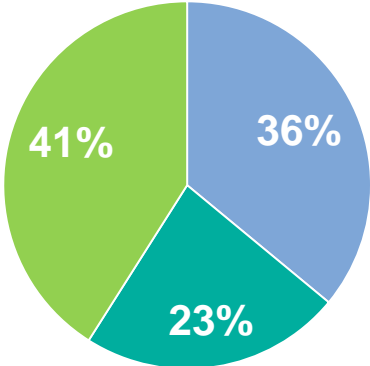
**€372**  
million

**22**  
projects

Private sector accounted for share of  
**68%**

Debt  
**79%**  
Equity  
**21%**

### Portfolio in 2019



- Sustainable Infrastructure
- Financial Institutions
- Industry, Commerce & Agribusiness

### Presence in Bucharest

# EBRD's financing instruments

Exact terms depend on specific needs and market conditions

|                | Debt  | Equity  | Guarantees   |
|----------------|---|---|--|
| Typical size   | €1 – 300 mln (average € 20 mln)   |   | Typically €50 k – €50 mln  |
| Maturity       | Typically 5-7 years<br>Up to 15 years   | Typically from 3-7 years  | 1 month to 3 years   |
| Currency/terms | Major foreign currencies or local currency; floating/fixed  |   |  |
| Approach       | Corporate loans<br>Project loans  | Minority stake (max. 35%)   | Trade Facilitation Programme with banks  |
| Structures     | <ul style="list-style-type: none"> <li>• Senior, subordinated, convertible loans or bonds</li> <li>• Project finance</li> </ul>   | <ul style="list-style-type: none"> <li>• Pure or “structured” equity</li> </ul> | <ul style="list-style-type: none"> <li>• Trade finance guarantees &amp; cash advances</li> </ul>   |
| Applications   | <ul style="list-style-type: none"> <li>• Capex for expansion/modernisation, including resource efficiency improvements</li> <li>• Ownership change: acquisition, consolidation, privatisation</li> <li>• PPPs</li> <li>• Working capital</li> </ul> |   | <ul style="list-style-type: none"> <li>• Guarantee of issuing banks in countries of operations in favour of confirming banks in the rest of the world</li> </ul> |

# Countries in which the EBRD operates remain amongst the most carbon intensive in the world

## Energy and carbon intensities of EBRD countries



### Carbon intensity

- EBRD regions' GHG emissions per capita and per US dollar of GDP are 20 per cent higher than those of comparable countries, based on similar populations and per capita incomes.
- Fifteen of the 38 EBRD CoOs have higher carbon intensity than the world average, and 10 are in the top 20. Similarly, sixteen have higher energy intensity than the world average.

# Coal-related activities across EBRD region



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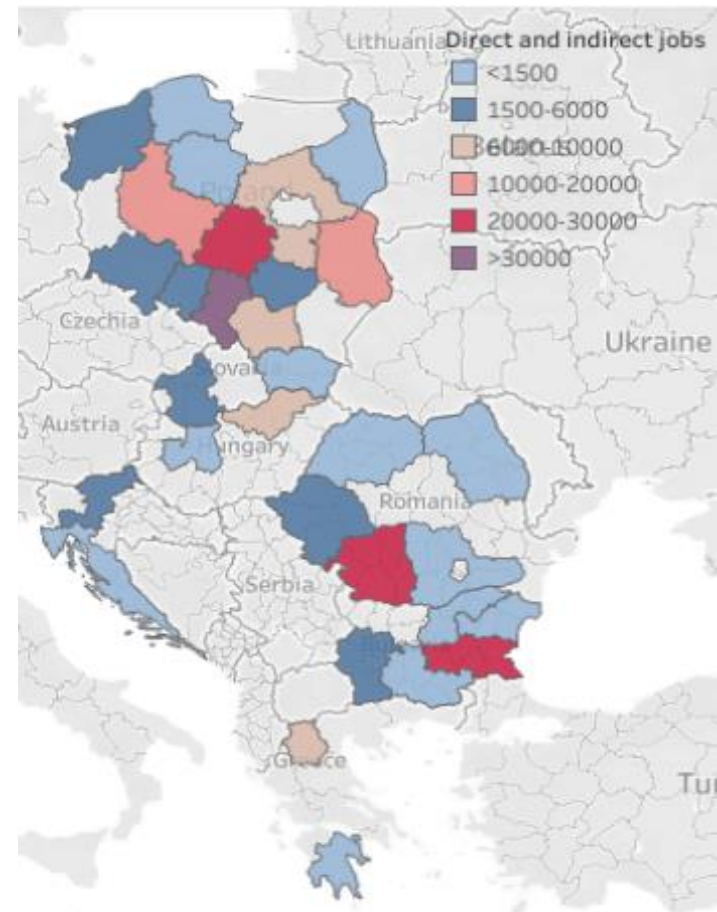
In the EBRD region as a whole, it is estimated that around **1.1 million jobs** are directly or indirectly linked to coal activities in coal-fired power plants and coal mines.

Within the **EU** potentially **90,000 job losses** could transpire (of which over 80 per cent will be in the supply chain and surrounding economy).

Similar pressures will be felt in EBRD countries **outside the EU**, due to a combination of:

- **national energy and climate targets** (e.g. in Ukraine and Kazakhstan),
- **policy alignment with the EU** (relevant for the Western Balkans),
- and/or **cost pressures** (a reality in many EBRD countries including those above).

## Coal-related jobs in the EBRD EU CoOs



**Source:** Alves Dias, P. et al., (2018) EU coal regions: opportunities and challenges ahead.

**Note:** The map depicts direct jobs (coal mines and power plants) and indirect jobs in the coal-value chain.

# EBRD Green Financing results 2006 – Q3 2020

Using business model combining financing, technical support, policy dialogue and donor resources.

FINANCED  
**2,000+**  
green projects

1,400+ directly financed green investments or projects with green components, and  
460+ credit lines to local financial institutions for on-lending to smaller projects.

SIGNED  
**€36 billion**  
of green financing

For projects with total costs of €220 billion

Since 2018 green financing has represented 37% of EBRD's total new business volume.

AVOIDED  
**100 million**  
tonnes of CO<sub>2</sub>/year

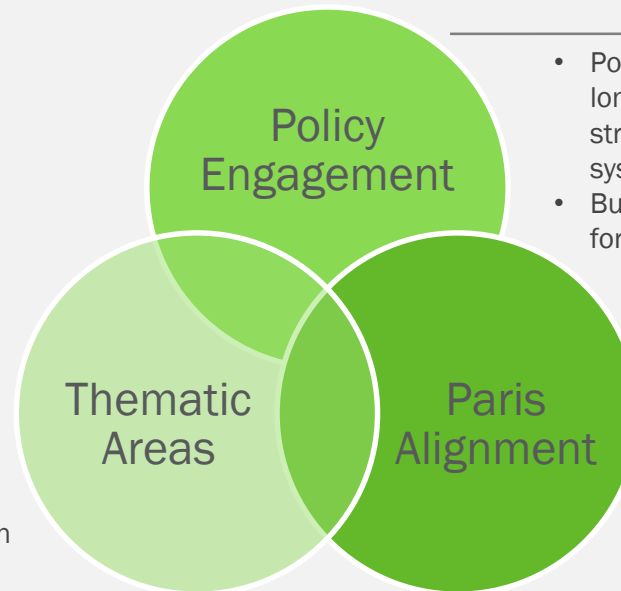
More than the annual energy use related emissions of Romania

+ since 2013 helped reduce 400 million m<sup>3</sup> in water consumed /year = more than half the annual water use of London's population.



GET aims to accelerate the transition to a green, low-carbon and resilient economy and to contribute to achieving a net zero carbon world by 2050.

Green finance ratio target of over 50% of the Bank's annual investments by 2025. At least 25 million tonnes of GHG emissions avoided over the same period.



Focus across intervention areas to increase scale and foster innovation

- Green Financial Systems
- Industrial Decarbonisation
- Sustainable Food Systems
- Energy Systems Integration
- Cities and Environmental Infrastructure
- Sustainable Connectivity
- Green Buildings
- Natural Capital

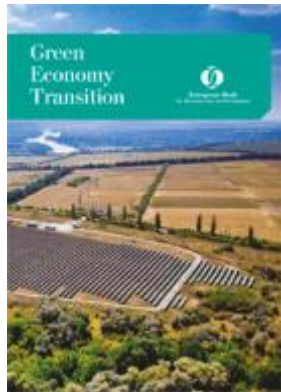
- Policy engagements that focus on long-term and low-carbon strategies and greening financial systems;
- Building capacity and awareness for climate risk management

- Screening all direct investments from 2021 to ensure they are in line with the Paris Agreement, and all others by 2023;
- Increasing capacity to support countries, regions and sectors develop low-carbon and climate resilient strategies;
- Focus on Just Transition;
- Scaling efforts to mobilise climate finance

# Just Transition Initiative to support delivery of GET



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## The EBRD just transition initiative

Sharing the benefits of a green economy transition and protecting vulnerable countries, regions and people from falling behind

June 2020



Economic Inclusion Strategy (EIS)  
2017-2021



Energy Sector Strategy  
2019-2023

As approved by the Board of Directors at their meeting of 12 December 2018



Building on its existing policy and financing activities, the EBRD will enhance its focus on just transition through three themes:



**green economy transition, alongside**



**supporting impacted workers, and**



**regional economic diversification**

- Support for ambitious climate policies and actions, to ensure that resources are provided for activities that are ‘additional’ and that indeed contribute to climate objectives
- Start by targeting pilot regions in a small number of countries, using “just transition diagnostics”. Simultaneously, pursue JT investments and policy dialogue where we can add value.
- Complement the approach of other institutions.

# How: Using EBRD's tools, and private sector, local development and green financing expertise

## Green Economy Transition

- Renewable energy, energy efficiency, and circular economy investments focused in key sectors: power, industry, transport, buildings and agriculture.
- EBRD Green Cities programme – incorporating Just Transition considerations as relevant.
- Green Economy Financing Facilities – supporting SME and supply chain development
- Strategic policy support (e.g. NDCs, fiscal impacts of climate policy).
- Supporting technical and environmental innovation in 'hard to abate sectors'.

## Supporting impacted workers

- Regional inclusion projects, supporting workers' reskilling, access to finance for SMEs, and improved access to services.
- Policy work focused on education and labour market reforms to overcome barriers such as skills mismatch.

## Regional Economic Diversification

- Support to SMEs covering:
  - Advice to Small Businesses to support SME growth.
  - SME financing through credit lines.
  - Improving business environment (e.g. legislation and standards).
- Infrastructure investments to deliver growth including through:
  - Focus on transformative projects, Public Private Partnerships.
  - EBRD Infrastructure Project Preparation Facility.
- Supporting industrial zones and parks.

## Internationally

- Leading the discussion on operationalising the JT among MDBs as part of our work on Paris Alignment.

## Within the EU Member states

- Working with the three pillars of the Just Transition Mechanism, with a particular focus on investments and InvestEU
- Contributing to, and being guided by, the territorial plans.

## In the EU neighbourhood

- Working with the EC, the World Bank, the Energy Community Secretariat and other key partners to set up a platform initiative in support of coal regions in Ukraine and Western Balkan countries.



# EXAMPLE: Supporting Greece to manage coal phase out

## Regional coal mine and power plant concentration in Greece



### Status:

- All existing coal-fired power plants to be closed by 2023 (which currently makes up around 30% of electricity supply)
- Facilities provide jobs to 7,000 people directly and are crucial to the local economy, which already experiences high unemployment.

### Response:

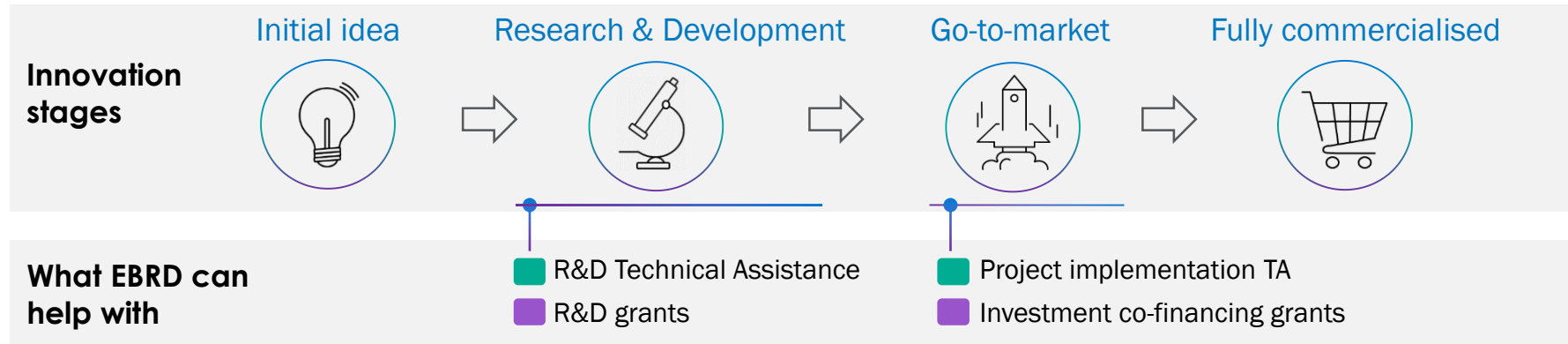
- Government has established an inter-ministerial Committee for Just Transition – with representation from national and regional governments and the electricity utility.
- Just Transition Masterplan to be finalised by end 2020 (fulfilling EU requirements for the Just Transition Fund).
- Cover not only the energy sector, but also the broader economic development of these regions.

### EBRD role:

- Liaison with national, regional and local authorities. Coordination with the EU, EIB and the World Bank.
- Number of potential areas in impacted regions currently being explored: Investments linked to energy transition (reconversion of stranded assets, new renewable energy generation, including district heating), municipal infrastructure, SME support, skills development for impacted workers and capacity building for project development.

| NUTS 2 Region | Location         | Number of jobs in coal mines | Number jobs in coal power plants | Total number of jobs |
|---------------|------------------|------------------------------|----------------------------------|----------------------|
| EL53          | Dytiki Makedonia | 4 283                        | 1 398                            | 5 681                |
| EL65          | Peloponnisos     | 636                          | 210                              | 846                  |

# SUPPORT EXAMPLE: The Green Innovation Programme



| <span style="color: green;">■</span> <b>Technical Assistance</b> |  |
|--|--|
| <b>For</b>   | <ul style="list-style-type: none"> <li>Companies of any size in any of the EU-12 countries.</li> </ul>   |
| <b>Details</b>   | <ul style="list-style-type: none"> <li>Delivered via EBRD selected consultants, or company's own innovation focused staff /by company selected consultants.</li> <li>Support in the range of approx. €30,000 – €200,000 (beneficiary expected to share in 10% of the costs).</li> </ul>  |
| <b>Examples</b>  | <ul style="list-style-type: none"> <li>Developing green innovation action plans /strategies</li> <li><b>R&amp;D support:</b> testing, prototyping, software development, patenting, intellectual property related TA, R&amp;D equipment purchase (as a max. share of TA value)</li> <li><b>Installation of new technology:</b> technical due diligence, operation and maintenance training</li> <li><b>Launching a new product:</b> certification, marketing</li> <li><b>Adopting a new business model:</b> software adaptation, training</li> <li>Investment facilitation: technical /financial due diligence, financial modelling, market /regulatory research.</li> </ul> |

| <span style="color: purple;">■</span> <b>Grant support</b> |  |
|--|--|
| <b>For</b>   | <ul style="list-style-type: none"> <li><b>SMEs or mid-caps in Bulgaria, Latvia or Romania.</b> An SME has max. 250 employees and annual turnover of max. €50m; a mid-cap has a headcount of up to 3,000 employees (also to reflect any linked or partner enterprises, e.g. controlled and/or controlling entities).</li> </ul>   |
| <b>Details</b>   | <ul style="list-style-type: none"> <li>Grants of up to €500,000 deployed to complement EBRD financing. Paid upon verification of project implementation.</li> <li>The grant share will be based on the level of innovation and the green benefits and market impacts of the project.</li> </ul>  |
| <b>Examples</b>  | <ul style="list-style-type: none"> <li><b>R&amp;D support:</b> specialised equipment for R&amp;D facilities</li> <li><b>Installation of new technology:</b> support with incremental costs relative to standard technology or associated with first-mover risks</li> <li><b>Launching a new product:</b> support with new production line, distribution /connectivity network</li> <li><b>Adopting a new business model:</b> logistics network, digital hardware network, special preparation and conversion of land /site use.</li> </ul> |

# SUPPORT EXAMPLE: Climate risk management frameworks

EBRD is scaling up support to private and public clients to systematically plan for and address climate risks and opportunities. Such planning provides bottom-up information and data to inform the just transition planning process.

## Core Elements of Recommended Climate-Related Financial Disclosures



### **Governance**

The organization's governance around climate-related risks and opportunities

### **Strategy**

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

### **Risk Management**

The processes used by the organization to identify, assess, and manage climate-related risks

### **Metrics and Targets**

The metrics and targets used to assess and manage relevant climate-related risks and opportunities



**€1 billion framework** to support cities to identify, benchmark, prioritise and invest in Green City measures to improve urban environmental performance through:



## Delivery of strategy and policy support

Green City Action Plans (GCAP)  
Policy dialogue, including Just Transition considerations as relevant



## Facilitating and stimulating Green City infrastructure investments

|                  |                            |
|------------------|----------------------------|
| Urban Transport  | Water & Wastewater         |
| District Energy  | Building Energy Efficiency |
| Solid Waste      | Street Lighting            |
| Renewable Energy | Climate Change Resilience  |



## Building capacity of city administrators and key stakeholders

# THANK YOU

## Contacts

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## Links

[More](#) about EBRD's Green Economy Transition



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