Impact on the green transition

Empowering the private sector

Impact on the green transition: empowering the private sector

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Challenges and opportunities

A faster, further-reaching green transition is needed in the Bank's countries of operation. More than 12,000 people lost their lives and €118 billion of economic losses were recorded due to extreme weather events in 1980-2023 – and that was just in the 12 EBRD economies that are EU member states.[15] Current policy commitments are clearly insufficient, and financing is falling far short of what is needed to build climate resilience, reduce emissions and protect nature.

Overcoming the challenges of the green transition presents significant opportunities. The EBRD regions can strengthen their economies, their energy security and their overall competitiveness by committing to a cleaner future. This systemic shift can create jobs, cut pollution and improve health outcomes, leading to long-term sustainable growth and making societies more resilient to potential economic and political shocks. At the centre of this is the opportunity to deliver cheaper, cleaner, more efficient and more secure energy, with many EBRD countries having the potential to become net energy exporters.

The EBRD can have an important and long-lasting impact. The Bank's mission is to make sure green investments are economically viable. To do this, we are supporting the transformation of markets, behaviours, products and processes, as well as the deployment of technologies and new skills that stimulate sustainable growth. This means combining sustained investment with policy dialogue and advisory services, and it is why we were able to achieve the results we did in 2024. Donor support from bilateral donors, the EU, climate funds and the EBRD Shareholder Special Fund (SSF)[16] have often been key enablers in these areas.

The EBRD's impact

The Bank is committed to providing green finance to support our countries of operation in achieving their goals and commitments under the Paris Agreement. All countries in which the Bank operates have signed the Paris Agreement, and all EBRD activities since 1 January 2023 have been aligned with the treaty. We committed at the start of this decade[17] to making sure at least 50 per cent of our investments would be green investments by 2025, and we exceeded this target in 2024.

EBRD activities that increased green transition impact reached record levels in 2024. We committed €9.7 billion – 58 per cent of our total investment[18] – to advancing the transition to an environmentally sustainable, low-carbon and climate-resilient economy. Nearly three-quarters of our financial commitments supported activities in the private sector, while €1.1 billion supported adaptation activities that improve climate resilience, a 190 per cent increase from 2023.

Our activities are paving the way for private-sector financing. EBRD investments and activities stimulated another €19.1 billion of private investment for green projects last year, meaning that every €1 of EBRD green finance mobilised another €2 of private finance for the green transition. This brought total green finance from the Bank and private sources to €28.8 billion – around 5 per cent of the annual green finance needed by the economies in which the EBRD invests. Donors supported 46 per cent of the Bank's green projects in 2024[19], enabling this mobilisation of private capital.

The EBRD's green impact goes well beyond its financial commitments. The Bank's investments in 2024 alone are projected to reduce emissions by 10.8 million tonnes of carbon dioxide equivalent (CO_2e) annually, comparable to removing 2.5 million petrol-powered vehicles from the road. Going back to 2006, the EBRD's activities are projected to reduce CO_2e emissions by 145 million tonnes annually – equivalent to about 7 per cent of all CO_2e emissions from our investee economies in 2022.

Projected results from 2024 investments

Renewable energy capacity installed – **7,862 MW**

Emissions cuts – **10.8 million tonnes of CO_2e/year**

Energy savings – **73.1 million GJ/year**

15. See European Environment Agency (2024).
16. Funded through the Bank's net income allocation process.
17. In our Strategic and Capital Framework (SCF) 2021-25.
18. Annual Bank Investment (ABI).
19. Including both transactional technical cooperation projects and concessional finance.

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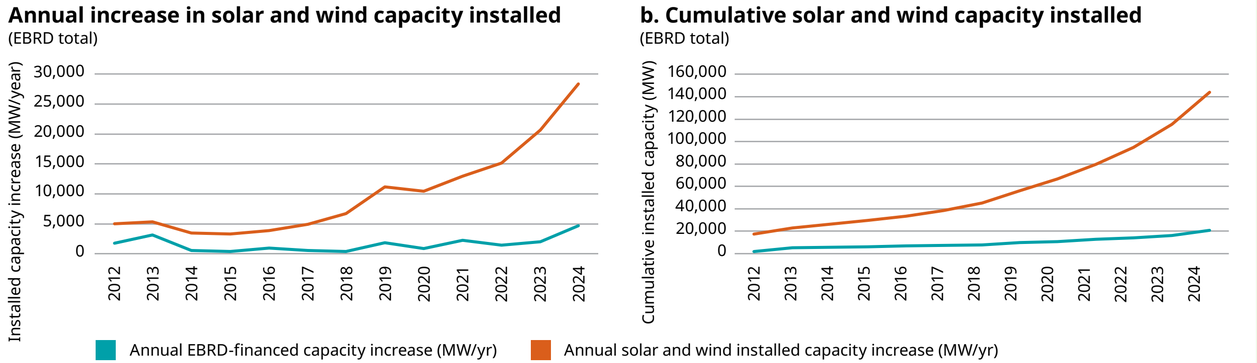
***Supporting renewable energy*:** The EBRD has made significant contributions to boosting the growth of solar and wind energy capacity in its regions (Box 3). It committed to financing nearly 8 GW of renewable energy capacity in 2024, equivalent to 90 per cent of the total power capacity of Serbia in 2023 – a big jump from 2010-21, when the Bank financed 16 GW of new renewable capacity. The EBRD's 2024 projects also supported improvements in energy efficiency that are estimated to save 73 million GJ per year, equivalent to around 80 per cent of total final energy consumption in Albania in 2023.

Overall, the EBRD supported 17 per cent of the total solar and wind capacity increases that took place in its regions in 2012-24 (Figure 8).[20] In addition to its investment activity, the Bank provides policy support to governments on conducting competitive auctions for renewable energy with the aim of driving energy prices down and improving transparency. In 2019-24, more than 7.5 GW of renewable energy capacity and at least 2.5 GWh of battery storage capacity had been awarded through auctions carried out with EBRD support.

20. EBRD calculations based on IRENA data. The calculations assume that (i) the Bank-financed renewable capacity additions were solely in solar and wind and (ii) all EBRD-financed projects are installed within two years of financing. See IRENA (2025).

Box 3
Solar and wind capacity installed in the EBRD regions in 2012-24

Figure 8. Solar and wind capacity installed



Source: IRENA, GET database and EBRD calculations.
Note: Assumes a two-year lag (EBRD finance versus actual implementation).

The lines plot capacity installations in the EBRD regions from 2012 to 2024, showing annual (left) and cumulative (right) (i) increases in solar and wind capacity, using International Renewable Energy Agency (IRENA) data (orange lines) and (ii) EBRD-financed renewable energy capacity from 2010 to 2022 (green lines), using EBRD data, which are shifted by two years to match the timeline of the former. The two-year offset between the datasets assumes a two-year lag between the time of EBRD lending and the time the capacity installed at country level appears in the market data. The EBRD-financed capacity increase figure assumes it only includes solar and wind projects.

This analysis illustrates the market transition from the early stages of solar and wind investment, when the EBRD financed a significant share of the annual increases in installed capacity across its investee economies to support market creation. However, as the renewables market has grown, the EBRD has financed a smaller share of solar and wind capacity, both annually and cumulatively, and investors have increasingly needed less EBRD financing to invest in these technologies.

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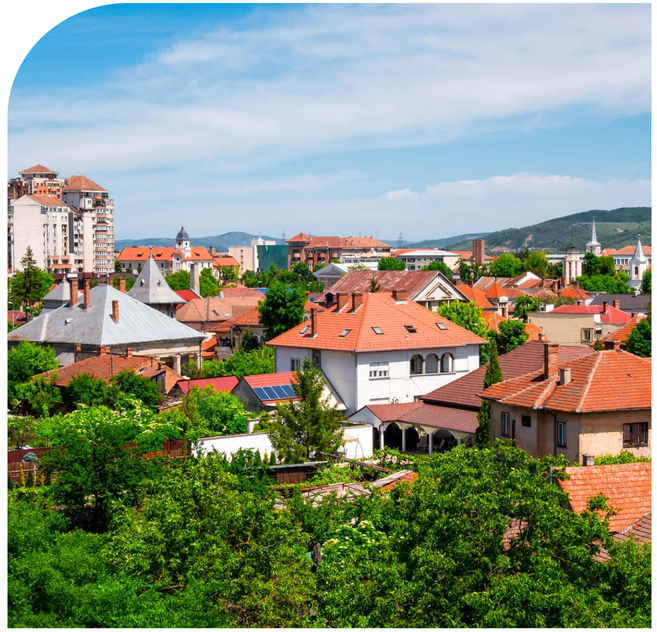
***Developing Green Cities*:** The Bank's Green Cities programme supports more than 50 cities in developing Green City Action Plans (GCAPs), which identify policy solutions and infrastructure investments to address their most pressing environmental challenges. Ten cities completed development of their GCAPs in 2024, including Istanbul and Cairo, bringing the total number to 46.

The EBRD also signed 17 projects under the Green Cities programme in 2024, taking its cumulative Green Cities investments to €3.1 billion. These investments included electric bus fleets, retrofitting buildings (including with renewable energy solutions) and updating infrastructure for water supply and the management of wastewater and solid waste. An estimated 76 million people across the EBRD regions (15 per cent of the total population) live in cities that have benefited from the Green Cities programme.

***Financial sector and transition planning*:** The financial sector plays an important role in the green transition by providing capital and encouraging its clients to adopt sustainable practices. The EBRD's Green Economy Financing Facilities (GEFFs) see the Bank work with more than 190 partner financial institutions (PFIs) to funnel funding into the economies where it operates. So far, these PFIs have received €6 billion of EBRD loans that have been lent on to 230,000 small businesses and homeowners to finance energy-efficiency and renewable energy technologies.

The Bank also supports PFIs in various countries that want to develop transition plans. These have included Armenia, the Kyrgyz Republic, Serbia and Tajikistan – where the EBRD is working with all of its PFIs in this regard – and Türkiye, where PFIs receiving transition-planning support account for 64 per cent of the Turkish banking sector by assets. For more information on the Bank's impact in the financial sector, see the preceding chapter on capital markets.



Results achieved since 2016

46 Green City Action Plans
developed, covering 76 million people

Results achieved since 2022

63 partner financial institutions
supported on climate transition planning

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Green focus area 1
Policy support for renewables

Investments in renewable energy are crucial to meeting the objectives of the climate transition and energy security in our countries of operation. At the 28th United Nations Climate Change Conference (COP28) in 2023, countries committed to tripling the world's installed renewable energy generation capacity to at least 11,000 GW by 2030. Meeting this goal will require an increase in annual investment in renewable power generation – in addition to energy-efficiency and infrastructure investments – to US$ 1.3 trillion (€1.25 trillion) by 2030, from US$ 486 billion (€456 billion) in 2022.[21]

Total renewable capacity in the EBRD regions was around 212 GW in 2023, equating to 39 per cent of their total power capacity and 5.5 per cent of all renewable capacity installed globally, according to calculations using IRENA data.[22] Applying crude assumptions based on the EBRD regions' share of global GDP (5 per cent) and population (6.7 per cent), they will need around US$ 78 billion of annual investment in renewables by 2030 to meet the COP28 commitment. This large financing gap can only be bridged by creating a market environment that encourages the private sector to invest.

Barriers must be broken down to scale up investment in renewables. In some EBRD economies, renewables are nascent technologies or are constrained by gaps in legal and regulatory frameworks. The Bank tackles this in two main ways: (i) deploying finance to help demonstrate the viability of renewables; and (ii) supporting countries in creating regulatory and institutional frameworks that can encourage companies to scale up renewables. Through our Renewable Energy Programme, we tailor our support to the specific market context of each country by undertaking two types of activity:

1. Helping design and implement renewable energy auctions that attract the private sector. This fosters greater competition, which lowers renewables costs and minimises the risk of non-delivery on contracts. The Bank also helps prepare tender documentation, provides technical, financial and legal assistance during the evaluation of bids, and designs the auction process. A clear objective is to ensure that auctions are replicable, and there is a focus on capacity building to lay the foundations for future auctions.
2. Working with policymakers to close gaps in legislation and regulations, and to support broader energy sector reforms. This includes supporting changes to primary and secondary legislation, helping set up new regulatory institutions and advising governments on designing liberalised electricity markets.

The EBRD has so far supported auctions in nine countries that could mobilise more than €10 billion in private capital. These auctions were the first of their kind in their host nations:

- First renewable energy auction – Albania, Azerbaijan, Bulgaria, Moldova, Romania and Serbia
- First solar energy auction – Egypt
- First wind energy auction – Uzbekistan
- First site-selected wind energy auction – Kazakhstan.

As well as awarding more than 7.5 GW of renewable generation capacity, carrying out these auctions is creating mechanisms that will enable their success to be repeated. A total of five projects with combined capacity of about 690 MW have already reached financial close for a total investment value of €800 million. The Bank is currently supporting auctions for a further 6.5 GW of renewable energy capacity.

These auctions are creating the cheapest power sources in many of these countries. In Albania, the Bank's Renewable Energy Programme supported an auction that achieved the lowest price in the Western Balkans for solar photovoltaic (PV) energy (€24.89/MWh), for 140 MW of capacity.[23] Similarly, in Uzbekistan, the Bank supported an auction that achieved the lowest onshore wind power price in Central Asia (US$ 25.6/MWh, or €23.2/MWh) for 100 MW of capacity.[24]

21. See COP28 Presidency, IRENA and Global Renewables Alliance (2023).
22. See IRENA (2025).
23. See Voltalia (2023).
24. EBRD calculations, assuming per capita electricity consumption of 1,800 kWh per year, an average household size of five people and a capacity factor of 45 per cent.

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Helping the private sector to power Serbia's renewables rollout

The EBRD helped Serbia create a framework for achieving its renewable energy goals. This started with supporting legislative reforms designed to accelerate the rollout of renewable energy. The Bank provided advice on amending a law on the use of renewable energy sources. The changes were adopted in March 2023 and have enabled faster integration of new renewable capacity into the power system. They also ensured grid reliability and stability were preserved during this period of change, and mitigated the costs associated with volatile renewable energy generation.

This resulted in Serbia establishing a three-year plan to deploy 1.3 GW of renewables through competitive auctions by 2025. This is critical in a country where coal accounted for 66 per cent of electricity generation in 2022.

The Bank also supported Serbia in designing auctions to achieve its renewables target. The country's Ministry of Mining and Energy determined the maximum bid prices for the auctions and set up a contract-for-difference scheme to support the private sector. This gave winning bidders a guaranteed strike price for the electricity they would generate, reducing market risks and making renewable energy projects more viable for financing.

The first auction was launched in June 2023 to award a support scheme for 400 MW of wind power and 50 MW of solar PV projects. The auction was not just successful but was oversubscribed. Awarding the entire available quota for wind and PV will lead to an overall renewable capacity addition of around 575 MW, which will effectively double Serbia's green energy capacity.

Following the success of the first auction, a second auction was launched in November 2024 to support 300 MW of wind power and 124.8 MW of solar PV.

These auctions are encouraging flows of private capital. Two projects awarded in the first round of auctions secured financing. In March 2024, the EBRD and Erste Bank approved parallel loans of €45.7 million each to Enlight to finance the construction of the 94 MW Pupin wind farm, mobilising a total of €118.3 million from the private sector. Once commissioned, Pupin will be capable of supplying green electricity to more than 40,000 households, equivalent to a medium-sized city such as Zrenjanin.

The second project was financed without EBRD involvement and mobilised an estimated €239.3 million entirely from the private sector. Masdar and the Taaleri SolarWind III Fund, with Erste Bank and Unicredit Bank Serbia providing non-recourse project financing, reached financial close for the 150 MW Čibuk 2 wind farm in September 2024. Once commissioned, Čibuk 2 will be able to power around 62,000 homes.

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Green focus area 2
Making cities greener

There is an urgent need for climate action at city level. Cities generate more than 70 per cent of global CO_2 emissions and bear the brunt of climate impacts.[25]

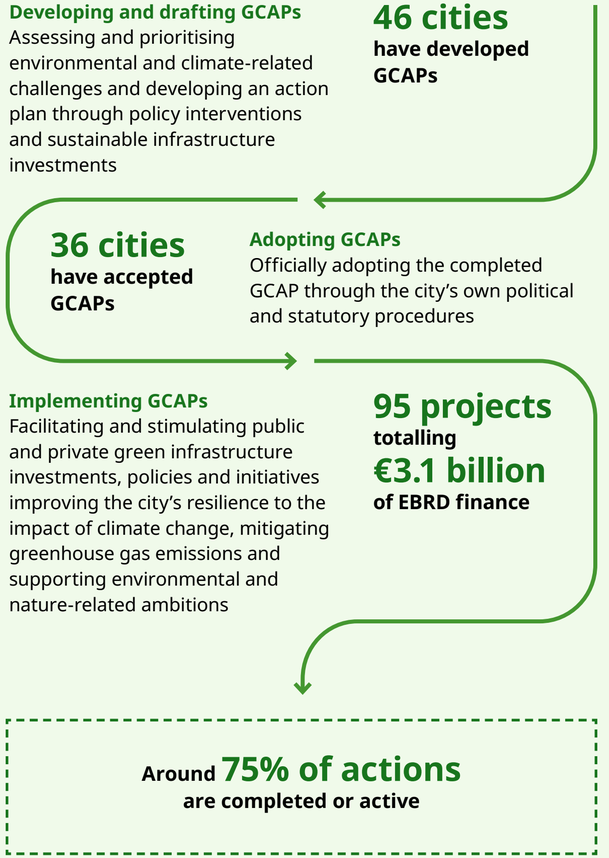
This is why the EBRD launched its Green Cities programme in 2016. It is designed to help municipalities identify environmental challenges and address them with sustainable infrastructure investments and policy measures. The programme also helps local authorities to promote digitalisation through the adoption of "smart" technologies.

Green City Action Plans must engage all stakeholders. Translating GCAPs into concrete action requires buy-in across the board. Municipal officials, civil society, private and public companies, non-governmental organisations and utilities must all be involved. To date, 46 cities have developed GCAPs, including 10 in 2024. These plans are not only improving environmental performance, but also advancing gender equality by addressing barriers to green jobs, promoting women's leadership in climate action and ensuring that urban sustainability projects are accessible to all.

The EBRD enables green infrastructure investments. Once cities have identified the sustainable infrastructure investments they need in their GCAPs, the Bank helps secure the funding. The stakeholder engagement process is key in mobilising the required private capital, and it encourages further investment by connecting potential funders to possible projects and investment opportunities.

There are now 95 investments in the Green Cities portfolio, including 17 made in 2024. Investments under the programme to date total €3.1 billion and span all municipal infrastructure sectors, including electric buses, water supply and wastewater management, building retrofits and other energy-efficiency and renewable energy solutions. They are projected to reduce CO_2 emissions by almost 5 million tonnes a year, equivalent to taking more than 1 million internal combustion engine cars off the road each year.[26]

Figure 9: The Green Cities programme



25. See Lwasa et al. (2022).
26. See EBRD Green Cities (2025).

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Supporting Canton Sarajevo

Canton Sarajevo joined EBRD Green Cities in 2017 and is delivering tangible results. It adopted a GCAP in 2021, outlining seven priority challenges and 49 actions to be taken, and an EBRD impact assessment analysed its performance. As of Q2 2024, one-third of the actions were having a noticeable impact. The EBRD has committed €115 million to supporting these actions, of which more than 65 per cent has been disbursed to date.

Improved public transport, energy efficiency and water management. These are among the headline results of the EBRD Green Cities programme in Canton Sarajevo. The assessment shows that new trolleybus and tram fleets, plus tramline reconstruction, have boosted ridership. Energy-efficiency upgrades in public buildings have lowered energy demand, noise levels and occupant illness rates. With EBRD support, the canton has also rehabilitated much of its water supply network, ensuring reliable service.

There are numerous opportunities for further action. The assessment showed that while use of public transport has increased, it remains lower than in comparable cities, which may be due in part to safety concerns, particularly among women.[27] Improvements in air quality and CO_2 emissions have also been moderate, reflecting continued reliance on private vehicles. This means there remains significant potential for further action to promote sustainable mobility and reduce air pollution.

Key lessons to learn from Sarajevo. Sarajevo's GCAP experience underscores the value of advanced monitoring (such as Earth observations) to respond quickly to emerging issues. Broader stakeholder engagement has been proven to bolster GCAP uptake, while greater coordination with other international organisations avoids resource inefficiencies. Targeting renovations that can boost energy efficiency in residential buildings (while difficult due to multiple ownership structures and approval processes) could further amplify positive outcomes.

27. See Bankwatch Network and Sarajevo Open Centre (2023).