European Bank
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Independent Evaluation Department

THEMATIC EVALUATION

“Facing the heat”

How to deepen EBRD’s green transition impact

Annexes to the Evaluation of the EBRD’s Green Economy Transition Approach (2021-2025)

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Abbreviations

ABI	Annual Bank Investment
CAS	Central Asia
CDP	Corporate Development Programme
CEB	Central Europe and Baltics
CoO	Country of Operations
CSD	Climate Strategy and Delivery
EE	Energy efficiency
EEC	Eastern Europe and Caucasus
EU	European Union
FOPIP	Financial and Operational Performance Improvement Programme
GC	Green Cities
GCAP	Green City Action Plan
GCF	Green Climate Fund
GCO	Green City Officer
GET	Green Economy Transition
GFR	Green Finance Roadmap
GHG	Greenhouse Gas
GrCF	Green Cities Framework
GrCF2	Second Green Cities Framework
GrCP	Green Cities Programme
ICLEI	Local Governments for Sustainability (NGO)
MEI	Municipal and Environmental Infrastructure
NCBI	Net Cumulative Bank Investment
NDC	Nationally Determined Contributions
OECD	Organisation for Economic Co-operation and Development
OL	Operational Leader
PPP	Public Private Partnership
PSC	Public Service Contract
PSP	Private sector participation
RO	Resident office
RVA	Risk and Vulnerability Assessment
SCF	Strategic and Capital Framework
SECAP	Sustainable Energy and Climate Action Plan
SEE	South-Eastern Europe
SEM	Southern and Eastern Mediterranean, SEMED
SI3P	Sustainable Infrastructure Policy and Project Preparation (EBRD)
SIG	Sustainable Infrastructure Group (EBRD)
SMA	Smart Maturity Assessment
SO	Sub-operation
TC	Technical Cooperation
TI	Transition Impact
ToC	Theory of Change
ToR	Terms of Reference
TQ	Transition Quality
TRK	Türkiye
URP	Unfunded Risk Participation

1. Comparison with other MDBs

This section is written with the purpose of comparing the EBRD's GET 2.1 Approach against the climate change strategies and action plans of other MDBs. Points of comparison include (i) their planned green finance commitments or targets, (ii) their strategic approaches including priority areas and (iii) their corporate climate reporting

The primary distinction of EBRD compared to other institutions is its focus on green economy financing, rather than climate finance. Other MDBs like ADB, AfDB, IDBG, ISDB, AIIB, WBG, and NDB use "climate finance" to set strategies and targets. CEB also uses climate finance but without a specific target.

Unlike these MDBs, EIB uses a broader definition that includes environmental sustainability financing, committing to increase its annual financing for climate action and environmental sustainability to 50% by 2025. EIB's approach is driven by the EU Green Deal and follows the evolving EU Taxonomy Regulation. As green financing areas, 10 of its 12 focus areas are driven directly by the EU Green Deal. EBRD's GET 2.1 also adheres, for the most part, to the EU Taxonomy for Sustainable Finance's six objectives in the determination of GET-eligible projects.

Both EBRD and EIB use a broader definition beyond climate finance, even though they follow the Joint MDB Methodology of Climate Finance Tracking, where climate finance is a subset.

1.1. Other MDBs' green commitments

Most MDBs set similar financing targets or annual commitment targets for climate finance. Some MDBs further define separate goals/targets for mitigation and adaptation financing while EBRD only has an aggregate target for GET financing.

Table 1: MDBs' Climate Change Commitments

Organisation	Climate Change Commitments as Defined by Climate Action Plans or Strategies
ADB	• At least 75% of committed operations to support climate change mitigation and adaptation • Climate finance from own resources to reach US$80 billion between 2019-30. • Reaching US$100 billion in climate finance by 2030. Source Document(s): Strategy 2030, ADB Corporate Results Framework 2019 – 2024.)
AfDB	• Committing 40% of annual Bank finance to climate change. Adaptation finance will represent at minimum half of total annual climate finance approvals • Mobilising US$25 billion in climate finance between 2020 to 2025, prioritising adaptation. Source Document(s): Climate Change and Green Growth Strategic Framework: Operationalising Africa's Voice - Action Plan 2021-2025, Climate Change and Green Growth Strategic Framework: Projecting Africa's Voice Strategy 2021 - 2030
AIIB	• At least 50 percent of its annual financing approvals to climate finance by 2025 • All new investments are already aligned with the Paris Agreement Source Document(s): AIIB Climate Action Plan (2023), AIIB Corporate Strategy
EBRD	• 50% green financing by 2025 (GET Share to ABI) • Reducing net GHG emissions by 22.5 to 40 million tonnes by 2025

Organisation	Climate Change Commitments as Defined by Climate Action Plans or Strategies
	Source Document(s): Green Economy Transition Approach 2021-2025
EIB	• Increasing support for climate action and environmental sustainability to over 50% of operations by 2025 • €1 trillion in investments by 2030 for a climate-neutral economy • All EIB financing has been aligned with the Paris Agreement goals • Adaptation Plan – Adaptation finance will increase to 15% of climate finance by 2025. Source Document(s): The EIB Group Climate Bank Roadmap 2021-2025, EIB Climate Adaptation Plan
CEB	• Although CEB tracks climate finance consistently with the Common Principles adopted by MDBs and International Development Finance Club (IDFC), it does not set any climate finance targets as the Bank does not generally provide financing in sectors where significant mitigation or adaptation benefits can be achieved, due to its social mandate Source Document(s): Paris Alignment Framework and Roadmap

IDBG	• More than 30% of approvals (as a percentage of all financial commitments) to climate finance annually.
	• IDB Group published a new impact framework, accompanying its scorecard, that sets institutional performance targets. In this context, they also want to achieve:
	  ○ US$25 billion finance for climate adaptation
	  ○ US$50 billion direct third-party financing deployed
	Source Document(s): Inter-American Development Bank Group Climate Change Action Plan 2021-2025

ISDB	• 35% of overall annual lending (measured by volume of financing) by 2025 to climate finance Source Document(s): Climate Action Plan 2020-2025, Climate Change Policy (2019)
NDB	• The NDB does not have a climate strategy. In its general strategy document 2022-26, NDB plans 40% of approvals will focus on climate mitigation and adaptation. Source Document(s): The New Development Bank General Strategy for 2022-2026: Scaling up Development Finance for a Sustainable Future
WBG	• 35% climate finance across the WBG for 2021–2025, with at least 50% of IDA and IBRD climate finance focused on adaptation to reduce vulnerability • Devoting 45% of WBG annual financing to climate-related projects for the fiscal year than runs between 1 July 2024 and 30 June 2025. • Aligning its financing with the Paris Agreement, targeting full alignment for all new World Bank operations by July 2023 and for IFC and MIGA by July 2025, starting alignment at the concept stage before the July 2023 deadline Source Document(s): The World Bank Group's Environment Strategy 2012-2022, World Bank Group Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development

1.2. Other MDBs strategic approaches

Most MDBs have a similar approach to climate change with a wide overlap in thematic areas. This may be because they base their strategies around the MDBs' building blocks approach to Paris alignment, devised by the Joint MDB Working Group on Paris Alignment.

EBRD is unique in its private-sector oriented systemic approach. However, other MDB strategies also stress the importance of creating markets and mobilizing the private sector to gain access to additional funds for climate change mitigation and adaptation.

Most MDBs either have standalone strategies listing specific actions for the implementation phase, and/or separate action plans for their climate strategies. Most MDBs either feature a detailed list of actions in their climate change strategies or have action plans to detail what will

be done during the implementation period. While GET 2.1. also features some aspirational actions, these are more high-level and scattered across the strategy.

Table 2: Summary Table of MDB Approaches

Organisation	Climate Change Approach and Focus Areas
ADB	ADB mainstreams climate operations via the increased use of programmatic financing modalities such as policy-based and results-based lending, and utilizes development programmes to create an enabling environment, **especially for the private sector**. ADB notes that it will offer its countries comprehensive climate solutions **upstream (strategic engagement for enhanced policy frameworks, midstream (embedding climate action in core institutions and national systems), and downstream (high-quality operations and implementation).** ADB notes that the delivery of its strategy will focus on **integrated climate-smart planning and technology, inclusive and climate-smart socioeconomic development, climate-smart infrastructure, biodiversity, agrifood systems and nature-based climate solutions, and green and blue climate finance.** The Climate Change Operational Framework is accompanied by the ADB Climate Change Action Plan, which includes a detailed list of climate actions to be implemented with target dates in the appendix. Source Document(s): Climate Change Action Plan, 2023–2030; Climate Change Operational Framework 2017–2030: Enhanced Actions for Low Greenhouse Gas Emissions and Climate-Resilient Development
AfDB	The AfDB's focus is on four key pillars: 1) Adaptation, 2) Mitigation, 3) Finance, and 4) Enabling Environment for climate action. Additionally, it emphasizes four cross-cutting areas: **Transitioning to green growth, promoting gender, youth, and social inclusion, encouraging private sector development, and ensuring a robust and resilient recovery.** The Climate Change and Green Growth Strategic Framework features a Theory of Change and a detailed plan of actions. The Climate Change Action Plan provides a more detailed roadmap for implementing the strategy in the short to medium term, specifying targets and timelines. Source Document(s): Climate Change and Green Growth Strategic Framework: Operationalising Africa's Voice - Action Plan 2021-2025, Climate Change and Green Growth Strategic Framework: Projecting Africa's Voice Strategy 2021 - 2030
AIIB	AIIB's climate action plan includes three main components. The first, **"Net Zero,"** focuses on supporting **renewable energy, grid systems, electrification, and energy efficiency** through investments, partnerships with local financial institutions, and public-private collaborations. The second component, **"Climate Adaptation and Resilience,"** emphasizes integrating climate risks into project design, enhancing urban adaptation, and financing **water sector and resource management**. The third component, **"Nature and Biodiversity,"** aims to finance **nature-based solutions, integrate them into infrastructure, support forest conservation, and explore market-based instruments like carbon markets and natural capital valuation.** Source Document: AIIB Climate Action Plan (2023)
EBRD	EBRD emphasises a systematic approach towards climate change. This includes implementing a policy framework that is in line with international agreements, enhanced country policy work, and a focus on the thematic areas of **energy efficiency, climate adaptation and resilience, green financial systems, energy systems, industrial decarbonisation, sustainable food systems, natural capital, cities and environmental infrastructure, sustainable connectivity and green buildings.** Source Document: Green Economy Transition Approach 2021-2025
EIB	EIB's Climate Roadmap features four pillars: Accelerating the transition through green finance; ensuring a just transition with support for affected regions and communities; supporting Paris-aligned projects for low GHG emissions and climate resilience; and building strategic coherence with robust policy and transparency. Focus areas for green financing include **building greater resilience to climate change, making homes energy-efficient, promoting clean energy, smarter and sustainable transport, striving for greener industry, eliminating pollution, protecting nature, farm to fark, sustainable cities and regions, greening the financial system, leading the green change globally.** EIB's strategy is articulated through EU commitments and the EU Green Deal (as much as the SDGs). 10 of its 12 focus areas are driven directly from the Grean Deal. Cohesion and Just Transition is also a strong focus. The Roadmap does not feature a detailed action plan but does list immediate next steps and a plan of actions to be undertaken.

	Source Document: The EIB Group Climate Bank Roadmap 2021-2025
CEB	As the sole multilateral development bank with a distinct social mandate, CEB's Paris Alignment Framework and Roadmap embraces a people-centred approach to the **people-planet-prosperity equation**. Rather than signaling a strategic shift, the document clarifies how Paris Alignment will be implemented within the Bank. **CEB's conceptual framework acknowledges the influence of social factors, policies, and investments**—which are central to the CEB's mission—on climate outcomes, as well as the effects of climate change, policies, and actions on social inclusion. *Source Document: Paris Alignment Framework and Roadmap*
IDBG	The IADB's climate strategy, based on MDB building blocks, includes policy support, mitigation, adaptation, climate finance, reporting, and internal activities. Key actions involve **supporting effective climate policies, decarbonization technologies, financing schemes, resilient agriculture, and SMEs, as well as focusing on the blue economy.** Sector-specific priorities include **infrastructure, territorial approaches for disaster risk management and development, and enhancing social inclusion and reducing inequality.** In addition to focusing on the green economy, it is possible to see that IADB's approach also includes the blue economy, especially emphasizing the vulnerability of Small Island Developing States. IADB's Disaster and Climate Change Risk Assessment methodology is regarded by the institution as a flagship and unique approach.[1] It does not feature a Theory of Change but does entail a detailed list of actions to be implemented during the period specified by the document. Source Document: Inter-American Development Bank Group Climate Change Action Plan 2021-2025
ISDB	**ISDB has a four-pillar strategy for climate action.** The entail integrating climate considerations into operations; promoting climate resilience through sectoral interventions, policy-level actions, and tailored financial support; boosting support for member countries' green economy transition by increasing investments and TA in areas like renewable energy, energy efficiency, low-carbon transport, climate-smart agriculture, sustainable trade, green private sector investment and innovative technologies like battery storage and carbon capture, and leveraging additional climate resources through innovative products, off-balance sheet mobilization (e.g., private sector, philanthropy), and specialized financing or trust funds.ISDB places its Reverse Linkage Programme as a unique model of South-South Cooperation.[2] Source Document: Climate Action Plan 2020-2025
NDB	The New Development Bank does not have a climate strategy or a climate action plan. Its general strategy document articulates a vision that also includes climate action. The specific areas the strategy focuses on include: **Clean Energy and Energy Efficiency, Transport Infrastructure, Environmental Protection, Water and Sanitation, Social Infrastructure, and Digital Infrastructure with cross-cutting considerations around climate change & disaster resilience, technology integration, and inclusiveness.** Source Document: The New Development Bank General Strategy for 2022-2026: Scaling up Development Finance for a Sustainable Future
WBG	The World Bank Group's Climate Change Action Plan for 2021–2025 focuses on three main areas: aligning financial flows with the Paris Agreement, increasing climate finance, and developing robust analytical tools like Country Climate and Development Reports; **prioritizing transitions in five key systems such as energy, agriculture, cities, transport, and manufacturing**; and financing support through enhancing public resources, mobilizing private capital, and providing concessional finance. Beyond just a green economy focus, WBG also prioritizes the blue economy. Source Document(s): World Bank Group Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development

1.3. Other MDBs corporate green reporting

In addition to their climate finance strategies and action plans, most MDB corporate scorecards or results frameworks also feature outcome-oriented climate indicators. Beyond the composite

[1] IDB's DCCRA methodology is a resource-allocation mechanism based on risk levels, ensuring practical integration of disaster and climate change considerations.
[2] IsDB's Reverse Linkages program connects member countries (MCs) with expertise to those seeking similar knowledge and technology. It aims to share best practices, enhance capacity, and foster South-South cooperation to tackle shared development challenges, including climate change.

scores for transition qualities, ETI, and PTI, EBRD reports on two other indicators: green economy transition as a percentage of ABI and gender-tagged operations as a percentage of operations.

The indicators of Green Economy Transition as a % of ABI and Gender Tagged Operations as a % of Total Operations are output-level indicators, but they are noted under Transition Impact. This is while other institutions such as those in the matrix table below have a variety of impact indicators in the green thematic area and beyond.

Organisation	Coverage of Green Indicators in the Corporate Scorecard or Results Framework
ADB	ADB tracks its performance at the "people", "planet", "prosperity" nexus. As its main "planet" results indicators, ADB tracks: Net annual greenhouse gas emissions (tCO_2e/year, achievement rate), Installed renewable energy capacity (megawatts, achievement rate), People with strengthened climate and disaster resilience (number, achievement rate), People with strengthened food and nutrition security (number, achievement rate), Terrestrial, aquatic, and atmospheric areas conserved, restored, enhanced and/or under sustainable management (hectares, achievement rate). While these are at the results level, there are also other green strategic and operational indicators (i.e. tracking the level of climate finance – disaggregated by the type of finance). Other thematic areas also track green-associated indicators. Source Document: ADB Corporate Results Framework 2025-2030
AfDB	Climate change and climate finance are integrated across various levels of the results framework and aligned with the dimensions of the High 5 priorities. For instance, the "Light Up Africa" priority incorporates numerous Level 1 and Level 2 indicators focused on access to energy. The "Feed Africa" priority includes Level 2 indicators such as "Land with improved water management (thousand ha)." The "Improve the Quality of Life for the People of Africa" priority encompasses indicators related to access to safely managed drinking water and sanitation services. Additionally, cross-cutting priorities address climate change through two specific indicators: "Production efficiency (kg CO_2 emissions per constant 2010 $ of GDP)" and "Resilience to water shocks (index)". Beyond Level 2, there is a subset of Level 3 indicators under the title of "mainstreaming gender and climate change priorities", which encompass "operations with satisfactory environmental/social risk mitigation measures", "new operations with climate-informed design". At RMF Level 4, the direct financial commitment to climate action is captured through the indicator: "Climate-related Bank commitments ($ billions)". This approach aims to ensure that climate change and climate finance are systematically embedded across strategic priorities, operational metrics, and financial commitments. Source Document: African Development Bank Results Framework
EBRD	As green economy transition is among EBRD's core strategic priorities, the scorecard should reflect the level of importance assigned. EBRD scorecard reflects this through two indicators: the green TQ composite indicator ("Environmentally sustainable, green economies") and "Green Economy Transition (% ABI)". Aside from the TQ composite score, the volume of operations does not constitute an outcome or impact-level indicator. Source Document: Strategy Implementation Plan 2024 - 2026
EIB	The EIB Group Operational Plan of 2024 – 2026 features EIB Group indicators. These are grouped into impact and additionality indicators (even though some of these are arguably output-level financial indicators), financial sustainability indicators, and "the way we work" indicators. One level of tracking is at the level of the EIB Group. In this level, the additionality and impact indicators track % of Group Signatures in Climate Action and Environmental Sustainability. At the EIB Group level, "the way we work" indicators include CO_2 reductions of the Group's internal organisation. The same categories are also tracked for EIB Performance. The additionality and impact indicators for EIB performance include EIB activities in "Sustainable Cities and Regions", and "Sustainable Energy and Natural Resources". EIB also has a monitoring indicator on EIB climate finance in adaptation. Unlike the other MDBs listed in this table, the EIB group also does not feature a detailed breakdown of climate outcome indicators. Source Document: EIB Group Operational Plan 2024 - 2026
IDBG	The IDB Group Corporate Results Framework is centred around three challenges and three cross-cutting issues (which they pose as their six priorities). The prioritised challenges are: Social Inclusion and Equality, Productivity and Innovation, Economic Integration. In parallel, the results framework prioritises the following cross-cutting issues: Gender Equality and Diversity, Climate Change and

	Environmental Sustainability, Institutional Capacity and Rule of Law. The Results Framework has three levels (Level 1 – regional progress, Level 2- Results, Level 3- Operational and Organisational) Level 2 indicators for the theme of Climate Change and Environmental Sustainability constitute the green indicators. Most are at the output level but there are also two outcome level indicators. Output: Emissions avoided (annual tons CO_2 equivalent), Installed power generation capacity from renewable sources (MW), and Value of investments in resilient and/or low-carbon infrastructure ($) Outcome: Beneficiaries of enhanced disaster and climate change resilience (#), Habitat that is sustainably managed using ecosystem-based approaches (hectares) Other priority areas also have "green-adjacent" indicators around sanitation, access to energy, improved farming practices. Level 3 also tracks some green indicators in terms of strategic alignment around the number of projects and investment volumes. Source Document: IDBG Group Corporate Results Framework
ISDB	ISDB tracks its results in four levels: Development progress in member countries (1), development results of the Bank's operations (2), organisational effectiveness (3 & 4). Development results indicators have two pillars; pillar 1 is "Green, Resilient, and Sustainable Infrastructure". This is tracked for agricultural and rural development, sustainable transport, clean and renewable energy, and water, sanitation and urban development through a mix of output and outcome indicators. Pillar 2 is human capital development, which also has climate-related indicators. Source Document: Development Effectiveness Report 2023
WBG	A liveable planet is one of the three core vision items of the corporate scorecard, and a separate theme with three outcome areas in itself (green and blue planet, and resilient populations; inclusive and equitable water and sanitation services; sustainable food systems). Outside of this thematic area i.e. under infrastructure, there is the outcome area of affordable, reliable, and sustainable energy for all. These themes feature outcome indicators such as: "the number of people directly benefitting from improved climate risk management and increased climate resilience due to eligible investments" in multiple layers of granularity. All in all, there are numerous climate change and green indicators that are disaggregated by gender, region, country, income group, and other relevant categories where appropriate. Source Document: World Bank Group Scorecard (FY24-30)

2. Review of GET Methodological Process

Scope of the Analysis and Key Messages

This analysis addresses the following questions, as part of the wider evaluation of GET 2.1:

- How credible and robust is the Bank's GET methodology for defining green finance, and how does it align with the MDB methodology? For areas not covered by the MDB methodology, does EBRD's additional guidance follow best practices?
- How robust is the Bank's methodology for forecasting ex-ante green benefits?
- How has the Bank's methodology been applied in practice?

Key Message 1: EBRD's 2024 GET methodology for climate mitigation is strongly aligned with the MDB joint approach although:

- EBRD's 2024 GET methodology aligns with the MDB joint approach, but the alignment of the GET handbook with MDB refinancing and scope 3 emissions treatment is unclear.
- Additional sectoral guidance is insufficient, particularly for energy efficiency projects, leading to inconsistent eligibility assessments.
- Some projects lacked sufficient information to confirm eligibility.

Key Message 2: GHG calculations for emission reductions were of varying quality and sometimes unverifiable.

- Emission reduction calculations vary in quality and are often unverifiable, risking misclassification and greenwashing.
- EBRD reports on emission reductions but not absolute emissions, misaligning with MDB Common Approach and peers like EIB.

Key Message 3: EBRD's 2024 GET methodology for adaptation is aligned with the high-level principles in **the MDB joint approach**

- The Bank's new (2024) methodology for climate adaptation provides greater clarity on proportional attribution to fill gaps in the MDB joint approach.
- The GET Handbook references using Climate Resilience Outcomes to Project Value ratio. This approach[3] does not appear to be used by any other MDB.
- Approach of other MDBs to proportional classifications ranges from no information to highly specific qualifying components (AfDB). EBRD level of specificity is appropriate in this context, if the methodology and logic are well articulated.

[3] i.e. use of CRO ratios (to either project value or total project outcomes)

Scope of the Analysis and Key Messages

- The technical credibility of the climate adaptation finance analysis in practice has been variable.

Key Message 4: In common with peers, EBRD approach to other environmental finance could be further developed

- EBRD has published its approach to nature, including financing nature but this is not reflected in the current GET Handbook. Nor are the MDB Common Principles for tracking nature-positive finance.
- For other environmental projects where an "improvement" or "reduction" is required, additional guidance on the quantum of improvement is not given. These projects are a small proportion of GET overall but could be perceived as having a "lower bar" for qualification as GET compared to other categories (i.e. mitigation and adaptation)

Key Message 5: the GET Handbook outlines an intention to adopt and apply external methodologies and taxonomies for GET finance attribution and impact assessment, but it is not clear how this is to be applied

- No further detail is given on which and how other taxonomies will be considered in the assessment of GET eligibility. There are examples of peers incorporating the EU taxonomy criteria in their climate finance methodologies alongside the MDB CPs for mitigation.
- The GET handbook partially references the EU Taxonomy categories but does not apply the Technical Screening Criteria or elaborate how DNSH criteria are applied, although it is assumed that Paris Alignment assessments and the Bank's existing ESS Policy will cover much of this.
- Further, the GET Strategy and Handbook, and other assessments appear to provide no driver for maximising the environmental benefits of projects, meaning that opportunities to increase environmental benefits may be lost

2.1. Stock taking of the "GET methodology"

This section involved a review of the GET handbook, GET handbook annexes, and associated documents. This section considers whether the MDB methodology has been transferred to GET completely, and whether EBRD offers additional guidance where the MDB methodology leaves room for interpretation.

2.1.1. Mitigation

Common Principles (CP) for Climate Mitigation Finance Tracking

The GET Handbook and associated Annexes scope is much broader than the CPs for mitigation, but the intention is that the CPs are fully incorporated. Currently in their fourth iteration, the CPs for mitigation provide overarching principles for climate mitigation finance tracking. The CPs leave some areas for interpretation[4] by individual institutions, depending on their circumstances.

2.1.2. Adaptation

MDB methodology transferred to EBRD GET

The GET Handbook of 2024 generally reflects the MDB Joint Methodology for Tracking Climate Change Adaptation and its respective revisions, with some variation. In 2022, revisions to the MDB Joint methodology for tracking climate change adaptation finance[5] (referred to in this document as 'Joint Methodology') were published and in 2023 revisions to the MDB Common Principles for Climate Change Adaptation Finance Tracking (to better reflect the revisions to the methodology) were published.

The GET handbook uses a different framework to categorise the three types of projects identified in the MDB joint methodology. It uses two categories: adapted[6] and enabled adaptation[7]. However, it clearly maps these against the MDB joint methodology.

Additional guidance in line with best practice

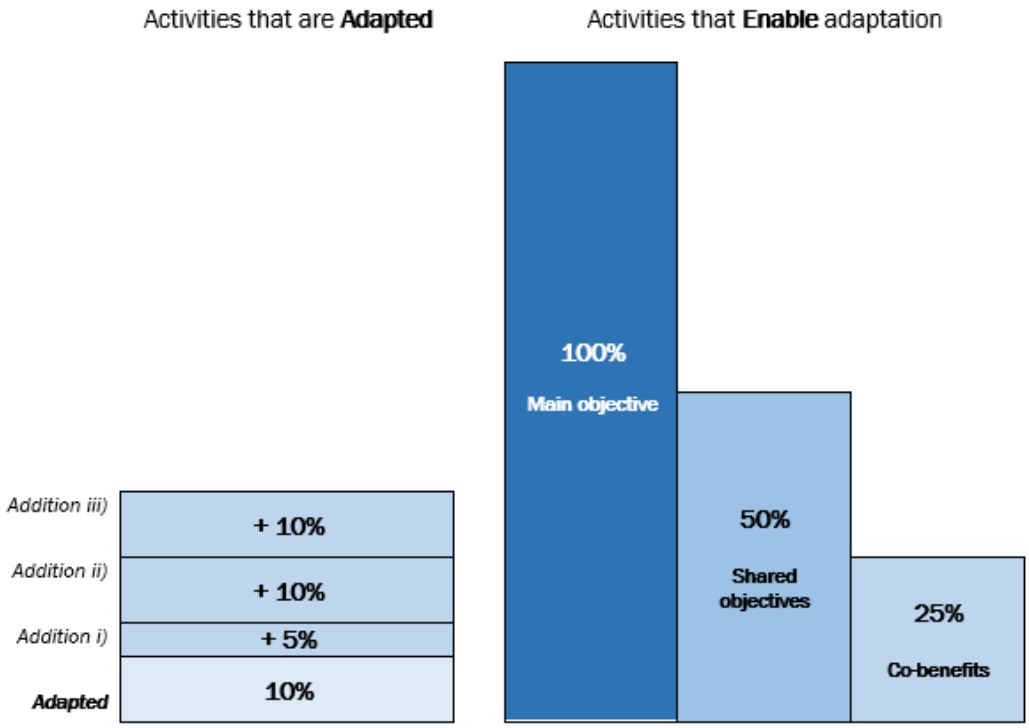
The joint methodology has no detail on how to assign incremental or proportional climate adaptation finance attributions for projects and states the process may be informed by a range of credible sources.[8] There is no established or published best practice on this in the sector, and MDBs are developing their own approach.

The GET handbook Step 4 guidance sets standard proportional attribution across both project categories, which are shown in Figure 1 below. Proportional attribution applies to all projects

[4] "Recognising that institutions may wish to set specific quantitative thresholds according to individual mandates and specific circumstances in the areas of their operation, or apply thresholds set in other standards or taxonomies, no fixed quantitative requirements are established".
[5] https://www.eib.org/en/publications/20220242-mdbs-joint-methodology-for-tracking-climate-change-adaptation-finance
[6] Activities that integrate measures to manage physical climate risks and ensure that the project's intended objectives are realised despite these risks. Corresponds to type 1 of the MDB methodology.
[7] Activities that directly reduce physical climate risk and build adaptive capacity of the system. Corresponds to Type 2 (activities that have shared objectives of adaptation and development) and Type 3 (activities that enable adaptation).
[8] including assessments of the cost of adaptation in similar operations or expert knowledge on the relevant sectoral practice, together with information on the assumptions and calculations used

except the subset of the 'activities which enable adaptation' category, where adaptation is the primary objective (Type 3 under the joint approach), which is attributed as 100% aligned. To date, EBRD has classified very few projects via this methodology.

Figure 1: GET adaptation finance shares per adaptation category and type (Figure A4.1.4 from GET Handbook 2024)



Addition i) Where the project documentation demonstrates that a dedicated climate risk and vulnerability assessment has been undertaken, referencing relevant international standards and guidance, going beyond the level of assessment that the Bank routinely carries out (either stand-alone or integrated into other project preparation documents).

Addition ii). Where the client has shown a commitment to assess and manage physical climate risks on an ongoing basis (using tools such as Corporate Climate Governance, climate risk monitoring and response plans, flexible adaptation approaches, and so on) and this commitment is reflected in project documentation.

Addition iii). Where the activity delivers significant Climate Resilience Outcome(s) (for example, a Climate Resilience Outcome to Total Project Value ratio of 10 per cent or greater) that have been identified, quantified and valorised

The percentages assigned to the three types of addition in the adapted category (5%, 10% and 10%, respectively) appear arbitrary. The wording for additions 1 and 2 that does not align with standard approaches to anticipating increasing impact and the approach to addition 3 (valorised climate resilience outcomes as a ration to the total project value) which is not well explained.

Addition 1 allows for a higher attribution (5%) based on a CRVA being undertaken, apparently on the basis that this would indicate a higher level of assessment than that routinely carried out by EBRD. A technically a higher attribution should align with a higher level of 'adaptation' and therefore be linked to the results of the CRVA rather than the existence of a CRVA. Additionally, CRVA (or other form of physical climate risk assessment) is now part of good practice project preparation (Due Diligence, Pre and Full Feasibility studies, SOBC or OBC and increasing Duty of Care) for infrastructure projects (amongst other sectors).

The same argument applies for Addition 2 (10%) where the client shows a commitment to assess and manage physical climate risk on an ongoing basis. As mentioned above, a higher attribution should align with a higher level of 'adaptation' in a project and, therefore, be more strongly linked to actual adaptations made, rather than the existence of commitments.

The percentages assigned to the types in the Enable adaptation category are technically valid; however, they immediately appear to prompt some challenges for implementation. These include the identification of 'system wide co-benefits', a relatively complex concept defined only through a single sentence footnote.[9]

The approach used in this methodology sets the percentage attributions for addition i), ii), and iii) based loosely on historical climate adaptation finance allocations for projects that meet the criteria. Notwithstanding that for many categories there are limited external or sector references, a methodology more strongly based on analysis of actual project outcomes compared with EBRD estimates would be a more valid approach.

Reviews undertaken for Section 3 below indicate that the previous percentage estimates (during the period 2019-22) were set by establishing a ratio between the valorised CRO and the TPV. This is a unique approach that is not generally applied by any other MDB or development partner, likely because none are valorising climate resilience outcomes in this way. This approach is also a significant shift from the incremental approach that was the foundation of climate change adaptation calculation by MDBs in previous decades and still influences many attempts to shift to proportional allocations.

The methodology document does commit that proportional GET adaptation finance percentages will be reviewed periodically after two years of implementation.

2.1.3. Environment

MDB guidance focuses on climate mitigation and adaptation only; not currently covering finance allocated for other environmental purposes. EBRD therefore has chosen to categorise other environmental activities in line with the EU Taxonomy.[10] A positive list of eligible measures and additional guidance are given in the GET Handbook.

Many of the EBRD criteria require an "improvement", "benefits" or similar compared to a baseline scenario. These are not quantified, and there is no additional guidance provided to give clarity around how much of an improvement is or how big a reduction in a pollutant is needed to qualify.

At COP28 in 2023, the MDBs, including the EBRD, agreed on a set of common principles for tracking nature-positive finance, which are expected to help guide the development and

[9] One of the examples of this concept on page 67 (Solar PV and wind projects in water-scarce contexts, which reduce the reliance on water-intensive energy production and save water as a co-benefit) has the potential to be generally applied without reference to the specific footnoted guidance document.
[10] Namely, sustainable use and protection of water and marine resources, resource efficiency and transition to a circular economy (acknowledging that some projects in this category could also have climate mitigation benefits), pollution prevention and control, protection and restoration of biodiversity and ecosystems.

implementation of their respective technical frameworks and internal methodologies[11]. In addition, in 2023, EBRD launched its approach to Nature.

While the 2024 GET Handbook and related annexes do not contain guidance on screening and tracking nature-positive finance in line with these Common Principles or EBRD's publicly disclosed approach to nature, inclusion of this in future iterations of the Handbook will help.

2.1.4. Alignment with other Taxonomies

Annex 7 of the GET Handbook states that the Bank will apply external and widely recognized methodologies and taxonomies for GET finance attribution and impact assessment, and external disclosure and reporting frameworks. No further detail is given about, for example on, how other taxonomies will be considered in the assessment of GET eligibility and how EBRD will ensure that reporting of climate finance will align with the MDB CPs.

In the projects reviewed by the evaluation team, there were examples in the projects reviewed of eligibility being based on a regional taxonomy, where alignment with MDB CPs for mitigation was not explicitly demonstrated (see for example Brisa Tyres GET).

Annex 7 recognises the EU Taxonomy as being relevant and states that "the revised GET Handbook is aligned with the EU Taxonomy in terms of categorisation". However, it appears the alignment is only in the category names, and it is not clear how the approach and guidance for environmental classification align with the core intention or Technical Screening Criteria (TSC) of the Taxonomy.

2.2. The practical application of the GET methodology

This section involves review of application of a selection of EBRD investments with part or all of the EBRD investment designated as GET finance. It considers whether the designation of GET was reasonable and justified considering the MDB methodology; including the percentages or amount assigned. It also delves into the ex-ante calculations of environmental benefits.

2.2.1. Mitigation

GET eligibility and percentage GET finance

A sample of projects was reviewed to better understand how the GET methodology had been applied to assess GET eligibility and alignment with the CPs on mitigation. The review, which was not conducted on the basis of random sampling and so is not representative of the wider portfolio, highlighted that in most cases projects were in line with GET Handbook as well as the CPs for mitigation. However, there were examples where there was insufficient information on the use of proceeds to determine whether eligibility criteria had been met.

Ex ante calculation of environmental benefits

[11] https://www.ebrd.com/documents/environment/mdb-common-principles-to-nature-positive-finance-tracking.pdf

For mitigation, this refers to ex ante calculation of GHG emission reductions and can be considered as the difference between baseline emissions (before an intervention) and project emissions (after an intervention). Both the GET handbook and the CPs for mitigation refer to the IFI Framework for a Harmonised Approach to GHG Accounting. This document includes a number of requirements to be documented in GHG calculations[12] as well as principles[13] to underpin robust calculations. Below includes a review against these standards.

Box 1: A review of GHG emission reduction calculations

Information on methodological choices, assumptions and boundary are not generally included. While for common project types (e.g. grid connected renewable energy), this is not problematic as methodologies and baseline are well understood, for more innovative and uncommon project types, additional information would help to justify choices made.

Absolute emissions and relative emissions (emission reductions) are generally included and disaggregated by scope.

While calculations can generally be regarded as complete, examples were found of omissions which had not been documented and justified e.g. exclusion of upstream scope 3 emissions for natural gas for a fuel switch project (which are required to be included under both CPs for mitigation and recognised methodologies e.g. UNFCCC CDM).

Transparency around calculations was often poor. From documents reviewed: Many spreadsheet calculations included hard coded numbers, calculations included values with no reference for them or details of the source of data, and many calculations did not explain the assumptions made or justifications for these assumptions.

There was an inconsistent approach to pro-rating emissions e.g. for EBRD share of financing.

2.2.2. Adaptation

The observations are based on a review of the available project documentation which may not have represented the totality of assessments undertaken. Importantly, the methodology for climate adaptation finance calculation changed significantly between the 2019 GET handbook and the 2024 GET handbook.

[12] Including information about methodological choices and assumptions with a brief description of the assessment boundary, and absolute emissions disaggregated by scope and relative emissions , calculated as the difference between the project emissions and baseline emissions

[13] Completeness. That GHG emissions are estimated for all relevant investment projects, categories of sources, and gases within the chosen assessment boundary. Specific exclusions are documented and justified.
Transparency. That all relevant assumptions, methodological choices, references to the accounting methodologies and data sources are documented. Materiality. The principle of materiality can indicate whether to include or omit certain data or information based on whether its inclusion is needed to represent adequately the sources of emissions included in the assessment boundary or to inform decision making process.

The project reviewed are not expected to align with the revised 2024 methodology, which is significantly expanded. However, they have been analysed in the context of both methodologies so that potential future issues under the revised methodology can be identified.

Box 2: Analysis of Adaptation Finance Rationales and Calculations

General observations:

- The three-step MDB joint methodology approach for climate adaptation requires certain links to be clearly made between the project design and the climate adaptation context and response. **In many instances (particularly dual use), these links were made only in the GET information tables and not in the core project descriptions and documents.**
- **When Climate Risk Assessments had been undertaken and were available, they were of a very high standard** and, on at least one occasion, used detailed analysis, reflecting emerging new practices, to calculate the valorised CRO.
- **However, the actual nature of Climate Adaptation responses contained in the CRA and referred to in Green Annexes were sometimes prolific but usually quite general** and were reliant on the client to be applied during the technical or detailed design stage.

Specific Observations:

- **A number of project classifications are based fully or partially on design changes made for physical climate impacts found to impact asset function and lifecycle.** For built infrastructure projects (i.e. road construction), there may be some uncertainty over whether this constitutes 'adaptation' or standard design due diligence.
- **Transport projects relied heavily on avoided road maintenance and resurfacing costs as the core climate resilience outcome to valorise CRO.** Using 'avoided costs' to account for climate adaptation finance is unusual amongst MDBs, but is generally aligned with a shift from incremental to proportional attribution.
- **The strong focus on private sector appears to create unique situation where the receptor of the risk in a green assessment or climate risk assessment is the company operations and profit,** rather than the asset, environment and community as would be considered by other MDBs. This was particularly the case where EBRD had not supported a risk assessment and instead relied on client risk assessment systems.
- **Relatively high climate adaptation attributions of road transport projects could be benchmarked** (e.g., 24% in the case of a motorway where the climate-related risk assessments were not applicable).

2.3. Stock taking of other IFIs' and other private sector institutions' green international standards

2.3.1. Mitigation

Determining Green Finance

All MDBs use the CPs for mitigation, as do many other organisations, including European DFIs, to track their climate finance activities. There are examples of MDBs and DFIs going beyond the CPs to incorporate other policies (e.g. around fossil fuel financing) and to clarify parts of the CPs. For example,

Table 3: Examples of application of MDB CPs for mitigation by MDBs and DFIs

EIB	Alignment with the EU taxonomy for certain sectors and project types means that greater granularity for determining eligibility is possible (e.g. for certain industrial processes and manufacturing)
BII	Climate finance methodology[14] "follows the MDBs and IDFC Common Principles for Climate Change Mitigation and Adaptation Finance Tracking" But states that an investment would not count as climate finance if it supports excluded activities as outlined in their Fossil Fuel Policy, and Paris mis-aligned investments as determined by their Fossil Fuel Policy and investment-specific Paris alignment guidance.
FMO	Green Methodology[15] includes: • Pre-approved green Agri certifications - these certifications have been assessed on certain criteria before being included in the green definitions. The IDFC-MDB definition on agriculture does not explicitly mentions certifications, but the principles underlying these certifications. • Transmission and Distribution systems without a direct linkage to an investment in Renewable Energy (RE) production.

In the private sector, the taxonomy developed by the Climate Bonds Initiative[16] is a rigorous global standard for sustainable debt. There are areas of convergence between the CBI standard and GET approach, although in general the CBI standard provides more granularity.

Table 4: Comparison of GET approach with CBI standard for certain sectors

GET approach	CBI standard
New buildings, non-EU applicable standards such as BREEAM 'good', LEED 'silver', EDGE 'standard', and other equivalent green certifications.	**Residential buildings:** LEED Gold or Platinum together with 30% improvement above the levels in ASHRAE 90.1. EDGE certified for developing countries only.
Hydropower: The net environmental benefit of greenfield hydropower projects will be estimated by taking into consideration the environmental impacts of the project as well as a baseline scenario for achieving the same economic output. A hydropower scheme qualifies for GET if it emits significantly less than a thermal power plant with the same capacity over the first 10 years of operation.	**Hydropower:** A hydropower facility in operation before 2020 is eligible if it has either: A power density > 5W/m2; OR GHG emissions intensity < 100g CO_2e/kWh. A hydropower facility commencing operation in 2020 or after is eligible if it has either: A power density > 10W/m2; OR GHG emissions intensity < 50g CO_2e/kWh.

[14] Our-approach-to-assessing-reporting-tracking-climate-finance_BII.pdf
[15] FMO | annual and interim reports
[16] The Standard | Climate Bonds Initiative

Calculating climate benefits

For mitigation, the key indicator used by EBRD to estimate environmental benefits ex ante is GHG emission reductions in terms of CO_2 equivalent. This metric is widely used and is outlined in the MDB Common Approach for Measuring Climate Results.

Two points of differentiation is the emphasis on absolute emissions, and pro-rating forecasts relative to financing. The EBRD does report absolute emissions as part of TCFD reporting, but it is not used within discussion on GET results apart from this. In comparison, the EIB, for example, repots on absolute emissions for all projects with emissions above a threshold. The EBRD does not pro-rate forecasts; in comparison, the EIB and BII both pro-rate according to their financing.

2.3.2. Adaptation

Like EBRD, all MDBs use the high-level guidance in the MDB joint methodology for climate change adaptation. This has also been adopted by some DFIs such as FMO. Whilst using the same methodology, approaches have varied across investment portfolios.

Other institutions focused on private sector finance have aligned with green taxonomies such as the EU taxonomy and increasingly, adaptation and resilience specific private sector frameworks such as those developed through Global Adaptation and Resilience Investment Working Group (GARI)[17] which seeks to assist investors to identify climate resilient investments.

Table 5 summarises the approaches of a number of institutions and makes some comparison to the EBRD approach.

Table 5: Examples of approaches to classify adaptation finance by other MDBs and DFIs

Institution	Approach	Comparison/relevance to EBRD
EIB	The First Delegated Act on Climate Change Mitigation and Adaptation and complementary taxonomy (henceforth referred to EU Taxonomy) is the main source document. For activities not covered in the EU Taxonomy, the source documents are the following: the MDB adaptation finance tracking methodology, the MDB-IDFC Common Principles on Adaptation Finance Tracking and the final report of the Technical Expert Group on Sustainable Finance EIB established activities on a sector basis under for 'adapted activities' and 'activities enabling adaptation' based on the EU Taxonomy. No proportional methodology available publicly.	Similarly challenged to increase adaptation finance with the private sector. Uses the highly detailed and technically strong (defines adaptation in several subsectors) EU taxonomy to categorise projects that are adapted and enable adaptation by requiring alignment to the programming standards established.
ADB	Aligned entirely to the MDB Joint approach. No set methodology/framework for defining how Type 2 (adapted) project proportional allocations are calculated. A detailed CRA and Climate Finance assessment with technical basis for proportional allocations is included as part of board approval.	Public sector focus, with a portfolio strongly aligned to adaptation. Does not attempt (publicly) to detail guidance for proportionality.

[17] A private sector, private investor-led initiative that was announced at Paris COP21 in conjunction with the UN Secretary General's Climate Resilience Initiative. The working group brings together private and public sector investors, bankers, lenders and other stakeholders to assess, mobilize and catalyze action and investment.

Institution	Approach	Comparison/relevance to EBRD
	Principles have been adopted to increase Type 2 classifications and proportions informed by national or regional adaptation challenges and priorities, based on robust climate risk assessments of target systems, supporting outputs that enable transformational adaptation, applying indicators to track resilience outcomes, and aligned with the joint MDB climate adaptation finance accounting methodology.	Focused on integrating principles across business processes to achieve more and better Type 2 (100% CF aligned) projects. ADB publishes their project list and allocations of Adaptation and Mitigation and proportions.
AfDB	Applies the Joint MDB approach through a process of disaggregating adaptation activities through 'data granularity' This involves dissecting projects into main components and comparing to specifying eligible activities 'Qualifying project elements' which have been established for 11 sectors (up to 8 sub-sectors within each). Good development practice on its own does not qualify for climate finance because it is represents business-as-usual; therefore it may be necessary to explain why the project elements go beyond good development practice. Substantial back end technical work specifies each QPE's vulnerability, adaptation intent, linkage, non-qualifying elements and included costs. Inherently automating the climate adaptation alignment requirements of the MDB Joint approach. This approach is used to eliminate the need to calculate the additional cost incurred for "climate-proofing," or the incremental cost that transforms a project element from non-qualifying to qualifying.	Uses an activity disaggregation approach to proportional allocations. Provides extensive technical sector -specific guidance on qualifying project elements and focus areas for climate adaptation investment. Requires project specific data for ex-post evidence of resilience benefits.
World Bank	Does not publicise their methodology beyond reference to the MDB joint approach. Uses their Country Climate Change and Development Reports to form a baseline and establish impactful and transformative climate adaptation programming and sectoral investment priorities at a national level. IFC (World Bank Group) heavily references the Green Bond Principles as well as the EU taxonomy of EU sourced finance.	N/A for World Bank due to lack of publication of detailed methodologies. The private sector-focused IFC relies heavily on private sector tools and the EU taxonomy.
BII	Uses MDB Joint approach but does not provide specific guidance on proportional allocations. Has a Climate Impact Playbook that heavily on private sector focused climate adaptation initiatives such as Climate Resilience Investments in Solutions Principles, Adaptation SME Accelerator Project Adaptation Solutions Taxonomy, Tailwind Taxonomy for Climate Adaptation and Resilience Activities. Uniquely applies use of turnover approach to climate adaptation finance classifications. Specifically requires maladaptation risk investigation, and similarly to EBRD requires adaptation and resilience benefits to be quantified. Has identified intersections between climate adaptation and trade deals/goods identifying a number of trade categories which are adaptation related and allowing for others analysis with same approach.	Private sector focused and uses tools and guidance specifically designed for climate adaptation in private sector.

There are a range of emerging tools and organisations aiming to provide technical guidance for climate adaptation for private sector finance. These include the EU Taxonomy, Global Adaptation and Resilience Investment Working Group[18], the Climate Bonds Initiative, and Adaptation and Resilience Investors Collaborative[19].

EBRD could incorporate elements of these tools to increase detail in technical guidance, and therefore likely the quality and quantity of climate adaptation classified projects; and help to overcome the challenges of attracting private sector finance for climate adaptation investments

2.3.3. Environment

Not all MDBs and DFIs define broader "green" finance beyond climate finance.

Table 6: Examples of MDBs and DFIs that define broad green finance beyond climate

EIB[20]	Refers to the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486) developed under the Taxonomy Regulation (Regulation (EU) 2020/852). For activities and sectors located outside the European Union, the EIB will, in general, apply substantial contribution technical screening criteria from the Environmental Delegated Act. In some cases, however, the criteria will need to be adapted locally, while still following the principles of the taxonomy. For sectors that are non taxonomy-eligible, interim criteria defining substantial contribution for these objectives have been established
FMO[21]	"Other footprint" activities are those "that do not directly target climate change mitigation or adaptation yet have a positive impact on the environment including water treatment, waste management and biodiversity conservation"

2.4. Other Taxonomies

While the EU taxonomy is the most well-known, there are other taxonomies implemented, planned and under development in the EBRD countries of operation. These include:

- Mongolia (taxonomy published in 2019)
- Armenia ("Developing Green Taxonomy in Armenia" project launched as a preliminary step towards constructing its own national taxonomy)
- Türkiye (currently working on its development process scheduled to be concluded at the end of 2026)

[18] A private sector-led initiative focused on integrating climate adaptation and resilience into investment strategies. Aims to help investors assess and integrate physical climate risks into portfolios; explores financial models such as resilience bonds, insurance mechanisms, and blended finance to support adaptation; and works to unlock commercial opportunities in climate resilience (e.g., flood-resistant infrastructure, drought-resilient crops).
[19] ARIC is a coalition of development banks and private investors aiming to increase private sector investment in climate adaptation and resilience. It mobilizes investment in climate resilience, addresses the underfunding of adaptation by increasing private sector participation, facilitates new models for public private collaboration and specifies the sectors with high adaptation needs.
[20] European Investment Bank Climate Action and Environmental Sustainability - List of eligible sectors and eligibility criteria
[21] FMO | annual and interim reports, Green Methodology

3. Green Financial Systems in Türkiye

3.1. Overview

3.1.1. Case study selection rationale

Green Financial Systems in Türkiye was chosen as a case study given the high level of GET financing as well as wider policy developments in this area. Türkiye receives more GET financing than any other EBRD country, and within Türkiye, Green Financial Systems is 41% of GET financing, totalling €1,995 million between 2021-24. This provides a good foundation for understanding outcomes from the Bank's engagement.

In addition, the policy and regulatory context for green finance has been evolving in Türkiye, providing a policy dimension to this case study. Combined with the large volume of GET financing as well as TC that the EBRD had provided in this space in Türkiye made this case study a priority.

3.1.2. Background and context

During the GET 2.1 period, Türkiye has adopted new targets and regulations in the green policy space. Türkiye's new climate ambitions require a significant scale-up of green finance. The country has ratified the Paris Agreement and adopted a Green Deal Action Plan in 2021, committing to a 41% reduction in its emissions compared to a business-as-usual scenario by 2030. Türkiye is currently working on introducing a green assets ratio in the banking sector and a green taxonomy. The country is also planning on piloting an Emissions Trading System. It is estimated that to meet its NDC commitments, Türkiye needs a significant scale-up of green financing (ODI estimates this at US$500 billion).[22] Moreover, there are estimates that US$108 billion investments will be needed to meet Türkiye's 2035 solar and wind energy targets.[23] While there are recent official policy commitments in this area, the country's environmental performance and targets are still rated as "critically insufficient" by the Climate Action Tracker.[24] Türkiye lags behind most EBRD economies in terms of its ATQ Green ranking.

Box 3: Green Finance Policy Space and Developments in Turkiye

Enabling Environment for Sustainable and Green Finance

- The Banking Association of Turkiye introduced the **Sustainability Guidelines for the Banking Sector** in 2014, which was revised in 2021 to include climate change and financial inclusion considerations.
- In 2020, Capital Markets Board (CMB) **issued the Sustainability Principles Compliance Framework.**

[22] Financing the climate transition in Türkiye: five key takeaways | ODI: Think change
[23] Turkey aims to quadruple wind and solar energy capacity by 2035 | Reuters
[24] Türkiye | Climate Action Tracker

Box 3: Green Finance Policy Space and Developments in Turkiye

- In 2021, Banking Regulation & Supervision Agency (BRSA) published **the Guidance on Loan Origination and Monitoring Processes**, detailing ESG requirements and risks as well as providing guidance on environmentally sustainable lending.
- Banking Regulation & Supervision Agency (BRSA) has drafted a regulation to establish a **"green assets ratio".** The ratio regulation will include a small-sized **taxonomy** set, which includes technical screening criteria and minimum social safeguards.
- Turkiye is planning on piloting an **Emissions Trading System (ETS)** to regulate industrial carbon emissions. This will also be accompanied by a National Green Taxonomy as a subsequent step. Turkiye already has a voluntary carbon market and a functioning emissions **Monitoring Reporting and Verification (MRV) system** in place.

Sources: SBF Network, Turkey Country Progress Report; ODI, Financing the Green Transition in Turkiye; The World Bank, Unlocking Green Finance in Turkiye; EBRD's Turkiye Green Policy Script; BRSA, 2022-2025 Sustainable Banking Strategic Plan

After the initiation of GET 2.1, EBRD supported Turkish PFIs mainly through TurSEFF, the Green Economy Financing Facility (GEFF), and the Trade Facilitation Programme (TFP); combining medium and long-term investment financing with short-term trade finance. Approximately 10% of the portfolio under the Green Financial Systems GET Code in Türkiye was from TurSEFF (approx. €204 million), 48% was from the TFP (€985 million), and 2% was from the Green and Sustainability Bond Framework (€44 million – Project Crystal). 38% of projects by GET finance volume (approximately €762 million) was via GEFF credit lines. TFP works as a short-term unfunded trade finance instruments for the exports, imports or local distribution of GET-compliant technologies and services. Thus, the main long-term investment finance transmission channel under this GET-code during the GET 2.1 period was via the Green Economy Financing Facilities.

Box 4: Green Financial Systems Transmission Channels in Türkiye under GET 2.1

TurSEFF (Phase III): TurSEFF, which phased out later in 2021, was the first EBRD facility in Türkiye to support private sector energy efficiency and renewable energy investments, focusing on SMEs. Phase III of TurSEFF (2016-21) had a diversified portfolio and extended beyond SMEs, but the blended finance element of earlier phases was eliminated.

Turkiye GEFF (Phase I): After TurSEFF, GEFF Phase I allocated €500 million for green economy investments (mostly in renewable energy and energy efficiency) and included €21.5 million of concessional finance under the Clean Technology Fund for PFIs (banks and leasing companies) undertaking corporate climate governance improvements. GEFF I also had a TA element via STANTEC, a facility consultant overseeing operations.

Turkiye GEFF (Phase II): GEFF Phase II started in 2024 with €750 million earmarked for the type of activities covered by GEFF I as well as broader areas like sustainable agriculture, tourism, blue economy, and nature-positive investments, and included policy dialogue with BRSA.

Box 4: Green Financial Systems Transmission Channels in Türkiye under GET 2.1

Trade Facilitation Programme: 48% of the portfolio (€975 million of GET financing) between 2021-24 under this GET code stems from TFP. Green TFP is used towards financing the exports and imports of GET-compliant technologies and equipment.

Green and Sustainability Bond Framework: The Green Financial Systems portfolio in Turkiye also included Project Crystal under the Green & Sustainability Bond Framework for the issuance of such a bond by QNB Finansbank, with approximately €44 million in financing.

Transmission channels include medium to long-term investment finance via GEFF (formerly TurSEFF) with little concessionality and the issuance of a green and/or sustainability bond, coupled with short-term trade finance. As part of GEFF, this is complemented with TA and Policy Dialogue to build the capacity of the Turkish banking sector stakeholders for mainstreaming the green transition.

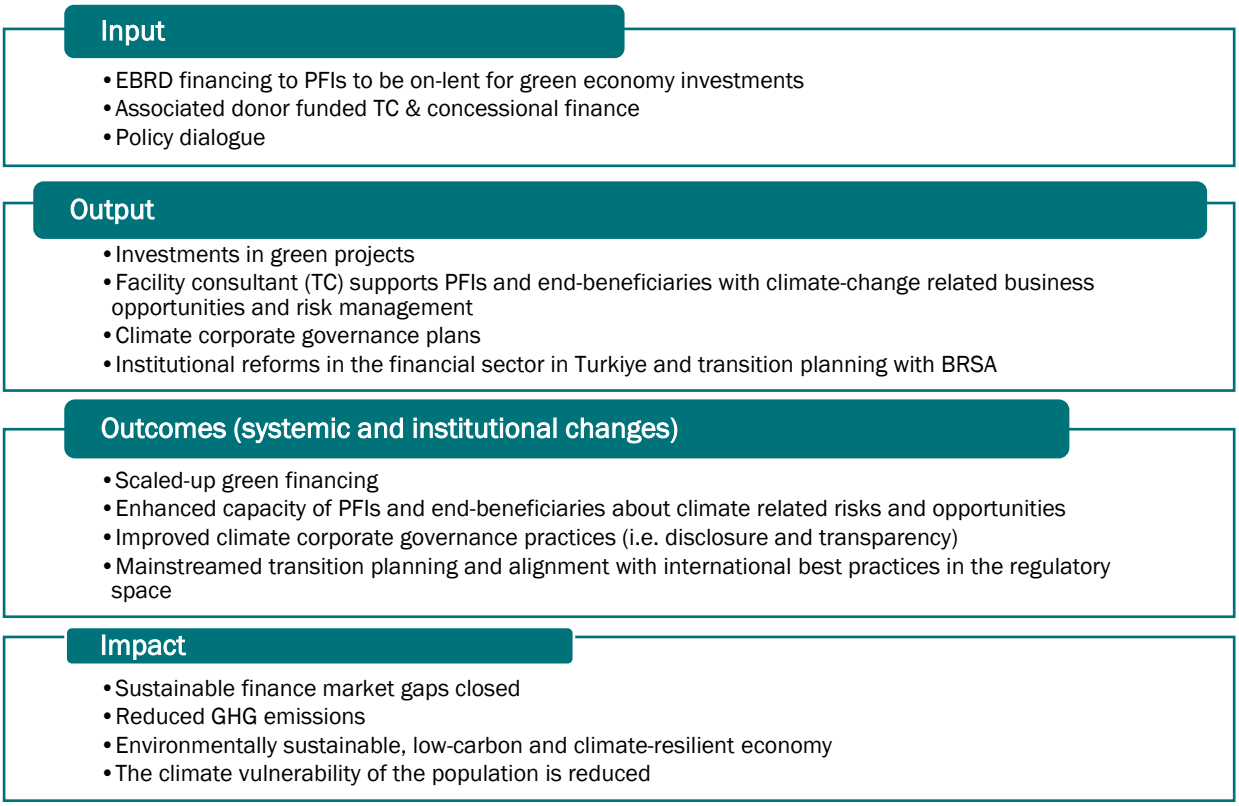
3.2. Developing a Theory of Change for greening the financial sector in Türkiye

IEvD developed a preliminary Theory of Change for the EBRD's GET investments in Türkiye, based on documentation and interviews with clients. This Theory of Change was used as the basis for assessing the Bank's contribution at outcome level, which was the focus of this exercise – how and where it had supported systemic and institutional change.

Extrapolating from the Theory of Change, two key questions that this case study tried to address included:

- Did the EBRD's engagement cause PFIs to incrementally scale up their green financing, and if so, how?
- Did PFIs demonstrate increased understanding of climate related risk and climate corporate governance, and how did that understanding translate into operational processes?

Figure 2: IEvD Extrapolation of the GEFF Theory Change in Türkiye (excluding gender / just transition elements)



3.2.1. Did the EBRD's engagement cause PFIs to incrementally scale up their green financing, and if so, how?

Although this would be a key part of the Theory of Change, one initial observation is that this was not the focus of the Bank's monitoring or data collection. The EBRD had not collected baseline levels of green financing provided by PFIs prior to EBRD projects starting, nor had it tracked how green financing patterns changed.

Two data points which are collected by the Bank and used as a demonstration of impact are confirmation on EBRD's use of proceeds going to green sub-assets, and the scaling up of the Bank's own GET financing in Türkiye. These are both positive datapoints, but they are not sufficient to demonstrate that PFIs are incrementally increasing lending; in neither case does it demonstrate that PFIs are scaling up green financing beyond their pre-existing business model.

Most of the interviewed Partner Financial Institutions (PFIs) indicated that they were already financing renewable energy and energy efficiency projects aligned with GET. However, interviews with PFIs confirmed with data triangulation did highlight some mechanisms by which the EBRD was having an incremental impact on green financing provided by PFIs.

The clearest change was through its green technology selector, loan requirements and verification processes, EBRD introduced a system to identify and label green financing among its partner financial institutions in Türkiye. Where EBRD clearly played a key role is in enhancing the ability of PFIs to identify green projects within their portfolios, as well as streamlining the

assessment of energy efficiency investments. This process was highly additional; because of the limited disclosure requirements in the Turkish banking system, most banks did not have a system in place to mark their financing as "green". The Green Technology Selector proved instrumental in this process by centralising information on eligible technologies and optimizing energy efficiency calculations, thereby reducing transaction costs and administrative burdens. Additionally, EBRD contributed to establishing clear definitions and metrics for green financing.

There are still two inherent assumptions that underpin the hypothesis that supporting the introduction of processes to help identify and label green financing with the EBRD use of proceeds leads to expanding green financing in the future. First, if PFIs already have a system in place, the EBRD's input is not likely to be additional. As mentioned above, this was broadly not the case in Türkiye, with the exception of TSKB, a private bank with a development mandate.

Second, there is an assumption around the extent to which PFIs incorporate the EBRD's green finance lending criteria into their internal processes. If PFIs only apply these processes to EBRD facilities, or effectively outsource the identification process to the GEFF facility consultants, then it appears unlikely that this will lead to sustainable, incremental increases in green financing

One mechanism through which EBRD was able to incentivize PFIs to scale up green finance was by offering more favourable loan conditions during a time of macroeconomic volatility. This stemmed from the changing domestic context rather than an inherent pricing advantage of GEFF (most PFIs noted that there is no pricing benefit of GEFF loans). EBRD was able to provide financing during a period of global and domestic macroeconomic turmoil (December 2021 to June 2023) when the economy suffered from the sustained effects of the pandemic, an unorthodox monetary and fiscal policy, high rates of inflation, currency depreciation, and a resulting loss in investor confidence.[25] EBRD was able to provide liquidity during this time and financing was additional in terms of the longer tenures it offered, but this additionality was highly dependent on the changing domestic context. Given the market reaction to recent unrest in Türkiye, longer-term financing is likely to be an important incentive for PFIs going forward.

Box 5: Access to long-term financing can drive adoption of green financing

One client interviewed by IEvD described how their entry point to green financing was motivated by wanting to access longer-term financing available through EBRD: "For us, it started with the practical funding question. We could not find longer-term financing from elsewhere, and EBRD said it was only available if we set out how we would invest in sustainability".

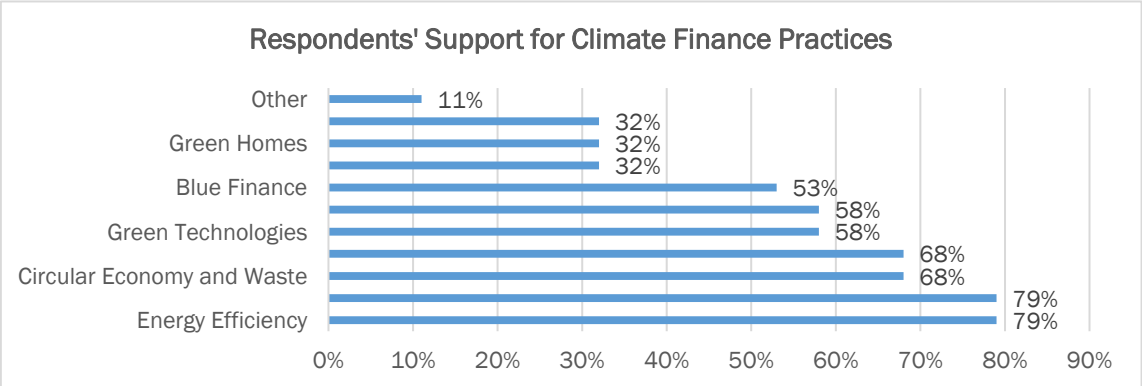
IFIs also have a regulatory advantage, which PFIs highlighted helped in terms of influencing financing flows. Turkish banks face a limit of 1% credit growth in foreign currency loans. However, loans from IFIs are exempt from this limit.

[25] Turkiye Country Diagnostic, 2024.

One mechanism which was not used to directly scale green financing was concessional financing. Unlike TurSEFF, Türkiye GEFF and GEFF II did not incorporate a direct concessional component to induce demand[26]. Interviewees emphasized the need for concessional elements to scale financing in emerging or more challenging areas. Unlike areas with more available bank financing such as renewable energy (representing 5% of all loans in the Turkish banking industry), sectors like agriculture, tourism, blue and circular economies, and municipal services face barriers such as limited access to affordable financing, long payback periods, and perceived investment risks. Interviewees doubted that under Turkiye GEFF 2, which had extended the programme's scope to cover these areas, there would be significant financing without a concessional component.

Box 6: Turkish Banking Association Sectoral Outlook Survey

The Turkish Banking Association's 2023 Report includes a sustainability survey that 19 member banks responded to, with 90% of responding member banks adopting a sustainable finance approach, including green and social financing.



Sources: https://www.tbb.org.tr/en/pdf/faaliyetler/116/5314

Overall, it is difficult to draw firm conclusions on the extent to which the EBRD's engagement incrementally increased the green financing provided by PFIs. There is no data available on how green financing levels changed, and within interviews PFIs gave a mixed response to whether the Bank's engagement had increased green financing. What was clear was that for most PFIs the EBRD's engagement had helped provide them with the tools and processes (as well as the requirement) to identify green sub-assets. This provides a plausible foundation for the Bank's engagement driving longer-term sustainable increases in green financing.

[26] Türkiye GEFF included €21.5 million in concessional finance to PFIs working on Climate Corporate Governance and apply the key measures in the TCFD Gap Analysis. €7.1 million was earmarked for Technical Cooperation with the facility consultant, to which the clients also contributed. Türkiye GEFF II offers €9.6 million in donor funding for this, with the clients also contributing.

3.2.2. Did PFIs demonstrate increased understanding of climate related risk and climate corporate governance, and how did that understanding translate into operational processes?

Most PFIs noted that working with EBRD helped raise their awareness on green finance and energy efficiency, and improve their processes overall towards best practice. EBRD was easily accessible, with the availability of its local presence through its residents office and provided guidance on such issues. Moreover, it also brought other stakeholders together during dedicated joint workshops and conferences, which was appreciated by PFIs. STANTEC, the facility consultant, provided trainings and capacity building for PFIs.

Box 7: Continuing to strengthen the Green Technology Selector

While the Green Technology Selector was helpful in identifying energy efficient technologies, there is a need for frequent updates for the inclusion of other relevant and new technologies. The interviewees mentioned cases where banks and leasing companies identified green projects that were out of the scope of the green technology selector. In such cases, PFIs actively tried to have the alternative equipment included. EBRD would be open to this. Yet, PFIs noted the additional workload and time required for this; increasing the time to loan disbursement. Multiple PFIs suggested this process should be streamlined, for instance by collecting such equipment requests from all PFIs periodically and updating the GTS to encompass other green technologies in the market. The diversity of technologies in the selector may also help with financing new and innovative areas.

While the approval process with the facility consultant elongated loan processes, PFIs noted the benefits of working with STANTEC and EBRD. STANTEC provided workshops and capacity building for PFIs, increased awareness on green finance and energy efficiency, helped originate some projects, conducted customer visits for verification purposes, and was accessible for banking teams; helping check technical criteria and risks. However, one PFI highlighted that overreliance on STANTEC for environmental technical assessments may limit their future capacity to perform such assessments independently, raising sustainability concerns. Other PFIs mentioned the need to hire internal engineering teams but noted that since other loan requirements are less technically extensive compared to EBRD's, these teams would only work on EBRD loans, raising cost efficiency questions.

Interviewed PFIs noted that while EBRD financing helped improve their capacity of assessing and identifying green finance, they experienced challenges with meeting EBRD's loan reporting requirements due to the lower capacity of their sub-borrowers (often SMEs) to produce the required data. SMEs had limited resources and capacity to produce the necessary documentation and data to report on their environmental performance. The Turkish financial system also did not have disclosure requirements at the time. There is a need to streamline documentation processes and boost the capacity of sub-borrowers in this regard.

In terms of the Climate Corporate Governance component of GEFF, some of the interviewed PFIs already had advanced or were improving their Climate Corporate Governance practices. In this

regard, it was hard for these banks to attribute Climate Corporate Governance improvements directly to EBRD. Interviewed PFIs were also at different stages of the Climate Corporate Governance programme. In general, there was some confusion among interviewed PFIs on what this programme was or how it would be used; raising questions on the use of concessional financing for this component.

In terms of Policy Dialogue, EBRD actively supported the drafting of Türkiye's green asset ratio regulation. This is yet to be enacted. Once it is put in place, EBRD's support will be important for partnership-building and contributing to know-how regarding best practices. When the green assets ratio is put in place, the first phase will not include public disclosures of the banks' performance vis-à-vis the GAR. However, the plan is to move towards public disclosures which will enable the confirmation of impact and the greening of the banks' balance sheets. Currently, the state of the disclosure requirements in Türkiye makes it hard to confirm the impact of EBRD's interventions using publicly available data.

4. Industrial Decarbonisation in Türkiye

4.1. Overview

4.1.1. Case study selection rationale

Previous IEvD evaluations had not covered the EBRD's engagement in industrial decarbonisation. Given the growing importance of this area, a case study examining this thematic area was prioritised to generate insights and lessons.

Industrial Decarbonisation in Türkiye was chosen as a case study given the potential effects of the European Carbon Border Adjustment Mechanism in Türkiye, the EBRD's corresponding policy dialogue initiatives in this area (primarily support for industry low-carbon pathways), and the relatively high levels of financing in country. Across the portfolio, industrial decarbonisation is still a small share by volume of financing. However, Türkiye was the single largest recipient of industrial decarbonisation GET finance, at €434 million. The Bank has also launched sector-level low-carbon pathways in Türkiye, which partially responds to requirements that Turkish industry will face to decarbonise following the implementation of CBAM.

From the policy perspective, IEvD recognises that this is an ongoing process in Türkiye, and it is not possible at this point to examine the outcomes from the EBRD's policy dialogue engagement. Instead, recognising the learning-focused perspective of this case study, IEvD focused on three questions:

- What created the enabling conditions for the EBRD to provide support in this area?
- How did the Bank's financing promote industrial decarbonisation?
- Based on the current evidence available, how effective was the Bank's policy engagement?

4.1.2. Backgrond and context

As the EU's fifth largest trading partner, Türkiye is susceptible to the impacts of CBAM, given that its exports to the EU include carbon-intensive goods such as steel, aluminium, cement, and non-green electricity. Starting in 2026, Turkish companies will be required to purchase CBAM certificates to account for their greenhouse gas emissions. According to a 2021 EBRD study, the cost of CBAM to Türkiye could range from €138 million in 2027 to €2.6 billion in 2032 if a domestic emissions trading system is not established.[27] In parallel, Türkiye plans to pilot an Emissions Trading Scheme, supported by an existing Monitoring Reporting and Verification System and a voluntary carbon market.

[2727] EBRD (2021b), Implications of the EU Carbon Border Adjustment Mechanism for Turkey, London. Available at: https://www.ebrd.com/news/2021/52urkish-exporters-could-face-steep-extra-costs-under-new-eucarbon-rules.htm

Box 8: European Union Carbon Border Adjustment Mechanism

The EU's Carbon Border Adjustment Mechanism (CBAM) is designed to ensure that goods imported from outside the EU account for the same carbon costs to prevent carbon leakage. CBAM currently covers: Cement, Iron and steel, Aluminium, Ammonia and nitrogen-based fertilizers, Electricticity, and Hydrogen sectors.

Importers purchase CBAM certificates reflecting the carbon emissions from their goods and similar pricing to the EU Emissions Trading System (ETS). If the country has its own ETS or carbon pricing, this goes towards reducing CBAM liabilities. While 2023 and 2025 was the transitional phase for CBAM entailing disclosure requirements regarding carbon emissions without a need for payments, 2026 will oversee the full launch of the system with CBAM certificates.

Source: Carbon Border Adjustment Mechanism (CBAM): EU's initiative to combat carbon leakage | EU Chemicals Platform

EBRD is actively supporting industrial decarbonisation in Türkiye through various initiatives beyond financing. Throughout 2022-23, the EBRD has been developing low-carbon pathways for hard-to-abate sectors such as steel, aluminium, cement, and fertilizer to influence long-term policy reform, including alleviating the impact of the Carbon Border Adjustment Mechanism (CBAM). The EBRD has also supported the Turkish government in establishing an Emissions Trading System (ETS) and assessing potential linkage with the EU ETS. Additionally, the EBRD has assessed the role of carbon markets in achieving net-zero targets through Voluntary Carbon Markets and participation in Article 6 of the Paris Agreement. Another main initiative in this area is the launch of the Türkiye Industrial Decarbonisation Investment Platform (TIDIP), which aims to mobilise US$5 billion in investments by 2030. The EBRD is spearheading this initiative with the support of the World Bank Group and International Finance Corporation. The platform will expand to include sectors like glass, ceramics, and chemicals, leveraging lessons from previous EBRD-supported projects to deliver a comprehensive approach to green investments.

Box 9: EBRD's support for decarbonisation in Türkiye

EBRD supports decarbonisation in Turkiye through investments, technical cooperation and policy dialogue initiatives.

EBRD has provided €325 million in financing to 10 decarbonisation projects between 2021 and 2024. These were for purposes such as moving the production line to more environmently-friendly products, transforming production facilities to reduce emissions and increase energy and resource intensity, more sustainable raw material procurement, supporting the development and implementation of ESG related KPIs, and renewable energy investments within the facilities. Instruments used include risk sharing tools such as the Risk Sharing Framework and syndicated loans, the Direct Financing Framework and standalone senior debt, and Supply Chain Finance.

Additionality of the loans are noted to stem from resource mobilisation (syndication), standard setting (for all), innovative financing mechanisms (RSF), more reasonable financing terms (noted for DFF and other standalone transactions), and filling supply chain funding gaps.

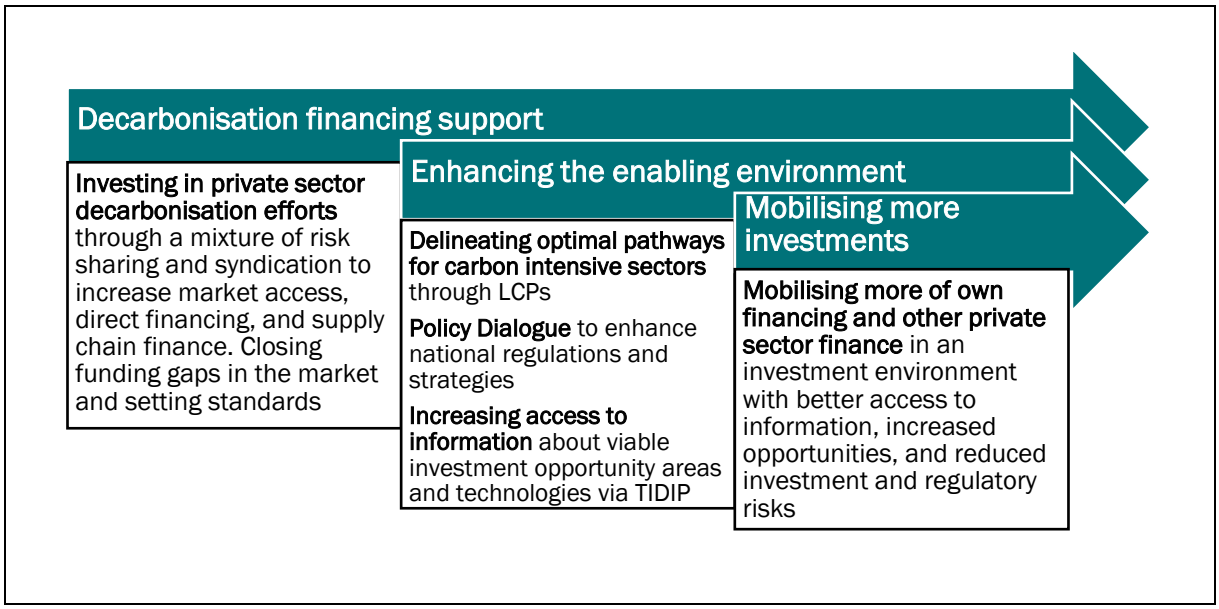
These efforts are combined with other strategic initiatives such as:

Low Carbon Pathways (LCPs): EBRD, with the assistance of its TA consultants, helped develop LCPs for the steel, aliminium, cement, and fertilizer sectors in Turkiye. LCPs function as progressive decarbonisation roadmaps. LCPs evaluate the mitigation potential for Turkish industry, identify necessary enabling policies and actions, and outline the financial and economic conditions required for successful implementation.[28]

Policy Dialogue: In addition, according to the Turkiye Green Policy Script of 2024, EBRD has also provided policy dialogue on related areas in Turkiye such as supporting the government with the establishment of an ETS, an assessment of the role of carbon markets to reach net zero, and an international carbon markets implementation strategy in Turkiye (as seen on TCRS).

Türkiye Industrial Decarbonisation Investment Platform (TIDIP): TIDIP supports the implementation of the above LCPs. It is a country-owned platform established with the support of EBRD, the World Bank and IFC. TIDIP aims to identity priority technology solutions in these sectors, facilitate match-making and provide clear market signals, offer advisory services on regulatory and policy frameworks, and support companies in integrating climate and sustainability considerations. Operationalisation is expected by Q4 2025 according to EBRD's TC database. TIDIP aims to mobilise US$5 billion in investments by 2030, resulting in the reduction 20 million tonnes of CO_2 emissions annually.[29] The platform will be extended to cover glass, ceramics, and chemicals in the future.

[28] As explained by TCRS
[29] Türkiye launches industrial decarbonisation investment platform



4.2. What created the enabling conditions for the EBRD to provide support in this area?

Central to both the EBRD's financing and the policy dialogue was the role of CBAM. CBAM created a clear incentive for companies to examine how to decarbonise their production. As a result, Turkish industries faced a strong, immediate motivation to invest in cleaner technologies and adopt lower-carbon practices, creating demand for both technical expertise and green financing—areas where the EBRD was strategically positioned to provide effective support. At the policy level, CBAM also generated political pressure for macro-level strategies for affected sectors, as demonstrated by the fact that the EBRD's low-carbon pathways examined 4 of 7 sectors covered under CBAM. The EBRD's internal expertise, connections, and history of providing finance in this area in Türkiye were also all conducive components. However, the opportunity for scaling up support and for engaging in policy dialogue was effectively opened up by CBAM, rather than by an initiative of the EBRD. In this sense, the EBRD's engagement within industrial decarbonisation in Türkiye was responsive, and not necessarily a set of activities that could be easily generalised and scaled up elsewhere.

4.3. How did the Bank's financing promote industrial decarbonisation?

The financial additionality of EBRD loans stemmed from the need for long-term financing during a time of macroeconomic volatility. EBRD's financing provided additional budget for sustainable changes in clients' production lines under such constraints. The availability of financing between 2021 and 2023 was constrained due to the domestic context. EBRD's financing was not provided on significantly better terms than the market, but EBRD was able to provide long-term financing at a time when commercial banks were reluctant to do so. For instance, an interviewed client detailed how they already had ideas for high-CAPEX projects to increase the sustainability of their

production lines that EBRD financing made possible to implement. Another client noted that sustainability is not usually a part of their budget plan, therefore, IFI financing provides the extra sustainability-linked budget incentivising such changes as well as the R&D processes required for sustainable product lines. The same client noted that they initiated a "sustainability task force", as a result of EBRD financing.

> "In 2023, it was very hard to find financing from commercial banks due to macroeconomic fluctuations. EBRD and IFC were the best options at the time."

Yet, interviewed clients noted that the main draw of EBRD's financing in this area is its non-financial additionality. Clients emphasised the non -financial additionality of working with EBRD on decarbonisation, given the EBRD's importance in setting standards for supply chain management and compliance processes. One client suggested that they could finance their projects via Euro bonds on similar terms, but EBRD's non-financial additionality was among the primary areas for consideration as it provided reputational benefits, higher market access and facilitated syndication processes. The clients noted that EBRD helped develop their capacity with ESG processes, and raised awareness about different green technological options.

> *"EBRD's involvement is more than just financing; it sets a benchmark both inside and outside [EBRD client]."*

There was some evidence of a relationship between the EBRD's financing and policy dialogue engagement, albeit weak. Two clients had been involved in the development of Low Carbon Pathways as industry stakeholders, but there was no clear evidence that EBRD financing induced involvement.

Implementation of decarbonisation projects is still largely ongoing, making it challenging to assess whether expected environmental outcomes have been achieved. Nevertheless, from the clients that IEvD engaged with, it was clear that the EBRD had played a role in advancing their decarbonisation agenda, and that the EBRD was perceived as a trusted partner going forward on this topic.

4.4. Based on the current evidence available, how effective was the Bank's policy engagement?

For the Low-Carbon Pathways, the EBRD was critical for stakeholder engagement and partnership building among both public and private counterparts as well as providing the required sectoral expertise via project consultants. The consultants contracted by the EBRD held alignment meetings, conducted site visits to relevant companies, and held workshops to discuss relevant technologies with industry players. EBRD also helped with modelling different scenarios within these sectors; Consultants found an optimum roadmap that Türkiye can have in these sectors to decarbonise. This was one of the first projects of its kind, with EBRD providing a new line of service.

> "When we started the project with the steel industry players, the industry was not ready at all. The process began with raising awareness, followed by developing strategies, action plans, and feasibility studies for specific projects, implementing them, and then monitoring progress. Most companies were initially at the awareness phase. Through project meetings and consultations, we played an important role in informing and guiding stakeholders."

Yet, there were also coordination challenges. Involved counterparts pointed out issues with data flow from the ministries and the need for more inter and intra-ministry cooperation. Meanwhile, on the Ministry side, while the Ministry appreciated EBRD's expertise and assistance in bringing together different stakeholders, they highlighted problems related to information flow from the consultants i.e. maintaining the record of documents produced by the consultants for future organisational learning and the need to follow protocols. Steel sector LCP, as the first LCP, experienced the most process-related challenges. However, subsequent LCPs benefitted from this earlier experience and went through a smoother coordination process. The outcomes from this policy dialogue engagement are still ongoing. On the policy side, there have not yet been any formal changes to policy (i.e. changes to legislation or regulation) as a result of the development of the Low-Carbon Pathways. TIDIP has been launched internally, but is yet to be operationalised during the period of this evaluation.

However, one encouraging sign was the ownership that IEvD observed in the Turkish Ministry of Industry of the Low-Carbon pathways. This was the EBRD's intention and provides some confidence that this will continue to be emphasised by the Ministry going forward.

The main expectation from the Ministry and other stakeholders is that the Low Carbon Pathways and TIDIP will be operationalised towards mobilising financing towards the identified areas. The Low Carbon Pathways projects identified investment needs, opportunities, and potential financial demands for low-carbon technologies. It is expected that LCPs and TIDIP, as the platform where they are embedded, will induce the flow of financing towards the identified areas.

5. Egypt Case Study

5.1. Context

In the period 2010 to 2024, Egypt transformed from an energy-deficient country into prospective regional energy hub attracting investments in renewable energy. The renewable energy contribution in FY2011/2012 represented only 9.5% (14,938 GWh) of the total electricity generated, which increased to about 12% in FY2022/2023.

Rising electricity demand put increasing pressure on the Government of Egypt to prioritize investments in power generation. At the same time, unsustainable energy subsidies further fueled demand and contributed to macroeconomic imbalances. The combined effect of rising demand, limited generation investment, and structural inefficiencies led to severe power shortages—culminating in a 5,300 MW deficit in 2014 corresponding to around one eighth of Egypt's installed energy capacity. Frequent blackouts led to economic disruptions and public dissatisfaction.

In response, the Government of Egypt (GoE) launched a sweeping energy reform agenda focused on improving energy security, diversifying the energy mix, and attracting private investment. As a first step, the Ministry of Electricity announced a five-year program (2014/15-18/19) to eliminate energy subsidies entirely and to encourage energy savings. In 2014, the government-initiated energy subsidy reforms and sought foreign investment in power generation. As a second step, energy supplies are to be diversified. Egypt's Integrated Sustainable Energy Strategy (ISES) to 2035[30], specifies the following fuel mix target for electricity generation in 2034/2035 (approved scenario 4B): 34% coal, 19.9% oil and natural gas, 8.8% nuclear, 14.6% wind, 11.8% solar photovoltaic (PV), 7.6% concentrated solar power (CSP), and 3.2% hydropower. A third step is a transition to clean and renewable energy sources, which has been coupled with encouraging private sector investments through net metering for small-to-medium scale projects, feed-in-tariffs, auctions, and other schemes.

A supportive legal and regulatory framework (anchored in the Renewable Energy Law 2014, Electricity Law 2015, and updated Investment and Environmental Laws) accompanied by incentives enabled private sector engagement (Box 10).

Box 10: Enabling private sector participation in renewable energy generation in Egypt

Feed-in Tariff (FiT) programme. Divided into two regulatory rounds:

- **FiT Round 1 (2014):** Under the scheme, the electricity transmission company and the distribution companies are committed to purchase all power from eligible solar and wind plants through 20-25 years PPAs. The tariff rates are differentiated by system size, with

[30] ISES is currently undergoing an update to align with the country's evolving clean energy transition goals to scale up the contribution of renewable energy in energy mix to 60% in 2040 and reduce dependance on fossil fuels (i.e. coal target and other traditional sources).

Box 10: Enabling private sector participation in renewable energy generation in Egypt

tariffs of USDcent 14.34 per kWh for solar energy projects between 20-50 MW and range of USDcent 4.6 – 11.48 per kWh for wind energy projects with operation hours ranging from 2,500 to 5,000 or more. However, the program ran into a roadblock when projects failed to reach financial closure in the summer of 2016 amid the foreign exchange shortage and unfavorable arbitration arrangements, leading lenders to wait for conditions to improve.

- **FiT Round 2 (Benban Solar Park 2016):** New tariffs to be applicable as of 28 October 2016 for a period of one year for solar projects, and one year and half for wind projects. During such periods, the developers are required to reach their financial closure. The tariffs in this FiT round were significantly lower for utility-scale projects at USDcent 8.40 per kWh for solar energy projects between 20-50 MW and range of USDcent 4 - 7.96 per kWh for wind energy projects with operation hours ranging from 2,500 to 5,000 or more. The reason for tariff reduction is to account for changes in the assumptions on lending conditions, technology cost and the exchange rate. A standard form template for the PPA has announced by the government with the review of international financial institutions and the State Counsel.

Competitive Bidding and Auctions. Competitive bidding involves **government-issued tenders** to private-sector companies to build, own, and operate (BOO) renewable energy power stations and sell the generated electricity to EETC at the terms and prices agreed between the EETC and the investor delivering lower prices. Auctions allow **private sector developers** to compete for renewable energy contracts by offering the **lowest possible tariff per kilowatt-hour (kWh).** Egypt has used **Reverse Auctions**, where bidders compete to offer the lowest price for power supply. An example is the **200 MW Kom Ombo solar plant,** which set some of the lowest electricity prices in Egypt. Furthermore, direct negotiations by the government with investors is also followed for specific projects.

Private-to-Private Model (P2P). Under this scheme, independent power producers can enter bilateral purchase agreements with eligible consumers "private-to-private" (P2P). The EETC and distribution companies must facilitate direct electricity sales while charging a grid access fee (wheeling charge). Private renewable energy producers are granted transparent and non-discriminatory grid access, but they bear interconnection costs. EETC and distribution companies must either purchase the generated electricity or compensate producers under a take-or-pay arrangement if transmission is not possible. The first phase of this model has been commenced in 2021, with EBRD's support.

The evolution of EBRD's support. Government launched an aggressive program to attract private investors to the renewable generation through the Benban program in 2017, which was structured around a feed-in-tariff approach and supported by DFIs including EBRD. Standardized contracts (including arbitration clauses) and lot structuring attracted over 30 investors.

In 2019, EBRD financed several projects through competitive auction-based schemes, such as the Lekela Wind BOO 250 MW wind farm in Ras Ghareb (Gulf of Suez).

The Bank's assistance to Kom Ombo started in 2018 when it supported EETC in conducting the auction itself. In 2021, the Bank supported the Kom Ombo 200 MW solar PV project, developed by ACWA Power. A year later, in 2022, EBRD backed Project Octopus Green Bond, benefiting Scatec Solar ASA, with re-financing secured against six operational solar projects in Benban. That same year, EBRD also facilitated a private-to-private bilateral agreement through TAQA PV.

In 2024, the Bank approved a €165 million loan to the Egyptian Electricity Transmission Company (EETC) to support grid infrastructure enhancements under the Energy Pillar of the Nexus Water-Food-Energy (NWFE) initiative, the flagship Egypt initiative at COP27[31]. Additionally, several projects under the 10 GW renewable energy program, including the Gulf of Suez Wind Farm by Hassan Allam Utilities, received funding within the NWFE framework.

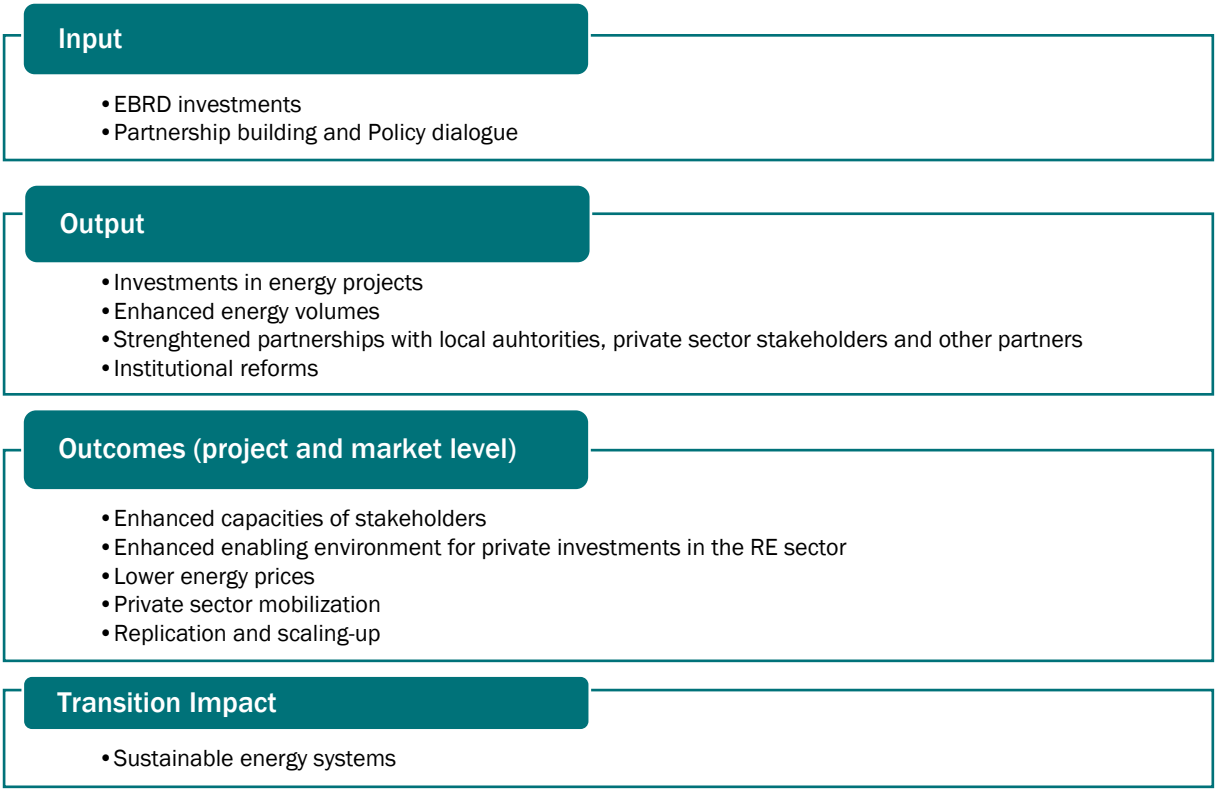
Despite these gains, challenges persist. Long-term local financing remains constrained, reinforcing the critical role of DFIs. External shocks, including currency devaluations, COVID-19, the Ukraine war, and Red Sea disruptions, have stressed the economy and energy sector. Fuel and gas shortages caused widespread blackouts during the heatwaves in 2024, grid remains a bottleneck for more renewable energy capacity.

Egypt is committed to sustainable energy driven by private sector investment, and complementary additional policy reform and international partnerships. Realizing its potential as a green energy producer depends on overcoming financing and infrastructure gaps while scaling renewable and hydrogen capacity.

EBRD played an important role in the above context. The Bank has invested €1.4 billion in Egypt's energy sector between 2014–2024, including €1.3 billion in energy supply of which €1 billion in renewable energy generation[32]. This positions EBRD ahead of other DFIs such as IFC, whose current energy portfolio stands at ~US$400 million.

[31] MOIC website Ministry of International Cooperation - NWFE and interviews by the evaluation team
[32] IEvD elaboration from EBRD internal databases.

5.2. Theory of change



5.3. Key Findings

To what extent the EBRD's activities have contributed to advance Egypt's transition to green electricity producer?

The EBRD's integrated approach—combining investments, policy reform support, and institutional strengthening, including through informal dialogue between EBRD specialist and local stakeholders —has proven effective in advancing Egypt's efforts to transition to a private investment dominated renewable electricity generation.

This approach was both timely and highly relevant to the country's needs as it faced an increasing demand for energy, even as certain shocks were about to hit the country. EBRD entered Egypt's energy sector early, in 2013 at a time when other DFIs avoided to be engaged due the political instability, with a sovereign loan for conversion of thermal power plants from single cycle to combined cycle. This pioneering role during a period of uncertainty earned the Bank strong appreciation from the Egyptian government and positioned it as a key partner in the country's energy reform efforts.

EBRD's flexibility and responsiveness made it a key partner in driving Egypt's renewable electricity transition. Egypt undertook a systematic evolution in its renewable electricity policies, moving purposefully from a more expensive and limited FIT approach to tenders and more

recently direct contracting. The EBRD not only successfully aligned with this evolving approach, but also actively supported the transition through a range of tools, from informal consultations on contracting structures to financing actual investments. This approach, coupled with EBRD's participation as an anchor lender, helped mitigating key risks, made projects more attractive to investors and fueled their confidence, as evidenced by Egypt's second solar feed-in tariff round in 2017.

EBRD's support to the standardization of project structuring with the PPA templates, and the following Build-Own-Operate scheme models , set a benchmark for future RE projects and catalyze further investment. In large-scale schemes like the Benban solar park, the EBRD's role went beyond funding. It worked with partners and authorities to craft bankable frameworks through the development of PPAs which included international arbitration.

The standardisation of PPA templates was done through the technical assistance on the design and implementation of the Kom Ombo 200 MW solar PV project. This is the first solar PV project that was competitively tendered. The Bank supported the authorities (specifically, EETC) through a comprehensive technical assistance package on the implementation of the tender, including the development of contracts such as the PPA. These templates (as well as some wind-specific documents from other sources) were then also used for plants such as Lekela. This assistance was delivered via a consortium of consultants (contracted by the EBRD) that was headed by Synergy Consulting

EBRD has expanded and adapted its approach to address less visible but essential aspects of renewable electricity generation, notably by shifting from support for private sector investments to funding the transmission grid to deliver that power which is anticipated to emerge as a constraint in the future. In 2024, the Bank provided a €165 million loan to the Egyptian Electricity Transmission Company (EETC) to support critical grid infrastructure upgrades under the Energy Pillar of the Nexus Water-Food-Energy (NWFE) initiative. EBRD contributed to the development of this strategic policy, launched at COP 27, in coordination with the Egyptian government. Given the government's budgetary constraints, EBRD is also working to support them in exploring ways to attract private capital to grid investments.

These investments are closely aligned with Egypt's national energy security objectives, as outlined in the EBRD's country strategy, which prioritizes the expansion of cleaner fuels and renewables to enhance economic competitiveness. In a context where 94.6% of the country's energy supply and 87.8% of its power generation are still derived from fossil fuels sources (IEA, online)[33], the Bank's support has contributed meaningfully to diversifying the energy mix and strengthening supply.

Innovation and flexibility have been features of EBRD's renewable energy portfolio. The Bank deployed a range of financing mechanisms to crowd in private capital, including equity bridge loans, green bonds, and credit enhancement facilities. For instance, Project Octopus Bond involved a US$135 million green bond subscription, while Project Octopus CEF included a US$30

[33] International Energy Agency (IEA), Energy Statistics Data, online. Egypt - Countries & Regions - IEA.

million credit enhancement facility. The Kom Ombo EBL supported the development of a 200 MW solar plant.

EBRD's agility in responding to government needs and its streamlined procurement processes have given it an edge over other development finance institutions. Its support in areas such as Engineering, Procurement, Construction bidding and consultant recruitment has helped accelerate project implementation.

The Bank's investments in solar energy have demonstrated strong expected and actual impact. All 14 EBRD-financed solar projects had high impact ambitions at approval, with most receiving an "excellent" Expected Transition Impact (ETI) score of 80. These projects have either successfully met or are on a strong path to achieving their intended outcomes, with most obtaining a strong Portfolio Transition Impact (PTI) monitoring score of 150.

EBRD has also supported Egypt's resilience by addressing grid bottlenecks and improving capacity to integrate renewable energy. By supporting the government in strengthening the electricity grid, the Bank is helping to integrate greater volumes of renewable energy and improve overall system efficiency. This includes addressing infrastructure bottlenecks through projects such as the €2 million upgrade of the Cairo Substation and broader initiatives under the NWFE Energy Pillar. These efforts are especially critical in light of challenges such as the 2024 natural gas shortage and a summer marked by extreme heat waves that drove up electricity demand.

Recognizing public funding constraints, EBRD is also assisting the government in exploring private-to-private investment models for grid development. These include mechanisms such as dedicated grid tie-ins for independent power producers and tariff supplements to incentivize private financing. If successful, such models could unlock new financing streams for grid infrastructure while removing a key barrier to further private investment in renewable energy.

Moving forward, EBRD support to REG will also help reduce Egypt's dependence on imported LNG and the uncertainties that presents notably on price. Increasing RE capacity reduces the opportunity cost of domestic gas consumption, freeing it up for export or higher-value industrial use, improving both security and fiscal health.

The EBRD's investments in renewable energy were strategically complemented by active policy engagement and strong partnerships at the country level. Beyond financing, the Bank provided significant non-financial additionality.

The EBRD developed trusted relationships with key actors in Egypt's energy landscape, including private investors, government institutions such as the Ministry of Electricity and Renewable Energy (MoERE) and EETC, as well as other development finance institutions (DFIs). Its continuous presence in Egypt through its Resident Office enabled sustained influence, including informal advisory support (e.g. on the development of PPAs and P2Ps), and allowed it to function effectively as a go-between for the government and the private sector.

The Bank has played and continues to play a leadership role in Egypt's green energy transition. Interviews conducted as part of the evaluation highlighted EBRD's reputation as a constructive facilitator of private investment, trusted by both the government and private developers. From the

perspective of the private sector, the Bank is generally seen as a reliable partner that not only structures financing for large-scale projects but also builds market confidence. Its dual role, as lender and catalyzer of additional capital, has helped address implementation barriers, including currency conversion challenges and risk-sharing for innovative models like private-to-private renewable energy transactions.

While the EBRD is generally seen a trusted partner, some stakeholders noted areas where greater clarity and consistency could enhance its effectiveness. For instance, EBRD's application of environmental and social standards in complex contexts, such as land acquisition for wind projects requiring specific locations, was occasionally perceived as challenging. Similar considerations arose in pooled renewable energy projects designed to achieve more competitive offtake arrangements.

The Bank's role in enabling hard currency financing (in particular USD) and risk-mitigation mechanisms has increased investor confidence. EBRD's was effective in addressing systemic risks and supporting project bankability in a challenging macroeconomic environment. Amidst significant foreign currency shortages, the Bank facilitated access to USD through its investments with the private sector. There is limited USD funding by local financial institutions in Egypt and it is less attractive in comparison to EBRD. Furthermore, EBRD facilitated dialogue with government authorities, enabling the timely conversion of EGP to USD to meet financial commitments. This ensured smooth project execution and sustainability by addressing the exchange rate and currency convertibility risks, especially during periods of macroeconomic volatility.

EBRD's strategic policy engagement with Egypt's energy stakeholders strengthened the effectiveness of its support by providing value beyond financing. In addition to the standardization of the PPA templates and the NWFE policy mentioned above, EBRD supported the regulator in designing wheeling fee structures and operational arrangements, which would allow private to private projects without government participation as the off-taker.

Moreover, the Bank provided advisory inputs to the development and launch of Egypt's green hydrogen strategy. Both signed MOU in 2022, then the strategy which put the country on the international market as Egypt's targets 5-8% of share of the green hydrogen global market. The Bank also supported in the implementation of Egypt's program on hydrogen. It organized several meetings with the government of Egypt and the private sector. About 27 MOUs and 15 framework agreements have been signed. The support to Egypt's green hydrogen ambitions positioned the country as a regional energy hub with diversified, resilient sources of income helping to set the foundation for green economy transition.

Some public institutions pointed to gaps in EBRD's technical cooperation and institutional support. While the Bank delivered targeted assistance—such as workshops, gap analyses on PV battery systems, stakeholders expressed a desire for more systematic and sustained engagement.

Looking ahead, public actors highlight the need for more support on regulatory reform and capacity building to match growing energy demand. For Egypt to maintain momentum in its green energy transition, adaptive regulation will be essential. This includes updating RE policies,

refining BOO models, and revising PPAs to reflect current market and macroeconomic conditions. Strengthening alignment between grid development, procurement frameworks, and financial systems with climate goals will require both technical assistance and institutional capacity building.

EBRD's partnerships with other IFIs further amplified its impact. Its collaboration with IFC led to a centralized negotiation framework for sustainable tariffs and guarantees in Benban, setting a replicable model that helped establish the Egyptian off-taker's reliability. Similarly, cooperation with the Green Climate Fund (GCF) facilitated the mobilization of US$700 million in private investment and a US$150 million GCF grant.

Concessional finance has been critical in lowering the costs of renewable electricity projects in Egypt, particularly given high capital costs and low government-set tariffs. Private investors and EBRD highlight its role in crowding in investment and enabling technologies like solar PV with battery storage that are not yet commercially viable. Despite macroeconomic challenges, including EGP devaluation, concessional finance has helped keep projects moving forward.

EBRD has used its ability to include concessional funds in its financing package as a competitive advantage over other DFIs. EBRD's ability to mobilize concessional financing (such as GCF) has helped private investors to tender lower tariff proposals to the government. It appears that the removal of concessional funding would not prevent the preparation of bankable projects, albeit at potentially higher tariff levels than the most recent ones. However, the removal of DFI funding would represent a major hurdle to further private investment in RE given the lack of affordable/viable financing options of the debt.

Project developers and commercial lenders continue to see DFI participation and similar cover (e.g., from Export Credit Agencies) as necessary to attract financing from international lenders given notably the long tenors required for renewable power generation projects. Without this DFI participation, it is uncertain (and arguably unlikely) that project developers could mobilize the loans needed to fund these renewable energy projects (which typically have debt to equity ratios of about 80:20, i.e. are funded primarily through debt), especially given the limitations of the domestic financial markets.

Concessional financing mobilized by the EBRD (and other DFIs) has seemed more to be helpful in reducing the tariffs being proffered by developers to Egypt than necessary to assuring project financial viability and bankability. This has enabled project developers to offer the lower prices sought by the government and may have inadvertently contributed to misperceptions regarding the low level of prices the private sector can consistently deliver.

Concessional financing has also been useful in advancing currently less bankable technologies, such as battery storage for solar production. This should enable the development and expansion of these types of associated technologies which are currently not financially bankable on their own. Over the medium to longer-term, this should also increase GoE's appetite for renewable generation as it enables this type of power production to become more predictable and secure (e.g., improving delivery capacity of variable solar and wind generation through the use of energy storage technologies).

EBRD has been very successful at mobilizing concessional finance as part of its proposals.. Some stakeholders have raised concerns that concessional finance has become a precondition for project proposals and that EBRD has been overly aggressive in marketing its ability to mobilize such financing.

To what extent the EBRD's activities contributed to mobilizing private finance for strengthening Egypt's green activities in the energy sector?

EBRD played a catalytic role in advancing renewable energy and increasing and diversifying the number of actors in the renewable power generation sector.

The Bank had a major impact in setting the groundwork for future private investment in renewable generation by crowding-in private investors. EBRD financed 16 of 32 projects of the Benban Solar Park under FiT Round 2. The initiative attracted global investors and set Egypt as a regional renewable energy hub. Benban added over 1.5 GW of clean capacity to the grid. This not only met growing electricity demand but reduced the risk of blackouts and improved overall system reliability helping Egypt face a variety of possible economic and other shocks.

EBRD built on the success of the Benban project and fostered private investors' appetite and willingness to invest in Egypt as reflected in the massive increase in the size of projects and accompanying private investment since 2016 and Benban. Benban was followed up by a series of subsequent even larger investment programs based on competitive bidding and more recently [first-in] approaches, which have not only enabled Egypt to attract larger investments for more MW, but also to lower prices (including notably lower than the FIT Benban price).

One notable example is the partnership with the Egyptian Electricity Transmission Company (EETC), where EBRD facilitated competitive bidding for IPPs in solar projects, and the recruitment of consultants. Following the success of the Benban project, Egypt held several auctions which were site-specific (the first auction was the Gulf of Suez 1 wind project completed in 2017, and the second auction was led by ACWA Power in 2018 where EBRD funded the recruitment of a consulting firm for technical assistance to EETC until financial close of the project in 2022. The documentation for the 2018 ACWA solar project was reviewed and finalized with EBRD.

The credibility and template provided by EBRD's involvement had a crowding-in effect: it mobilised co-financiers and paved the way for additional private capital, exemplified by Egypt's first green project bond in 2022 – a US$334.5 million issuance backed by Benban solar plants – which the EBRD helped structure and credit-enhance to tap international institutional investors. The pioneering approach by the EBRD de-risks renewable projects, created replicable models for future solar and wind investments, and ultimately leveraged public financing to crowd in far greater sums of commercial finance from banks and capital markets.

The strong track record of successful renewable energy transactions—particularly through public-private partnerships backed by DFIs—has had a significant demonstration effect. Private investors, often risk-averse and inclined to follow proven models, were encouraged by the viability and bankability of early deals. The same applies to DFIs, who were reassured not only by their own successes but also by the momentum generated by peer institutions, leading to greater

competition and more client-friendly offerings. This cascading effect of confidence and replication was also evident in the Government of Egypt's evolving strategy. The success of the Feed-in Tariff, which attracted a broad pool of participants, gave the Government the confidence to shift toward more ambitious competitive tendering—driving down prices through increased private sector competition.

EBRD's involvement in private-to-private investment (TAQA PV) was critical in ensuring the project could proceed in USD. This project created a pathway for following projects to be able to secure financing through local banks with tariffs structured in local currency. Private-to-private investment is seen as very positive since it avoids grid and tariff subsidy complications.

EBRD has also been willing to provide sought after equity support to domestic investors, helping to catalyse further private investment. This has supported the development of domestic private investors, who are expected to become increasingly important investors in the green transition. Not only does it support Egypt, the EBRD's willingness to fund equity gives it a comparative advantage as compared to other DFIs while providing another financial instruments to support private investment. Domestic investors also require EBRD and DFIs financing to complement their proposed equity investments. This reveals in part that the issue is in some ways more a question of financing terms than risk mitigation (NB, Egyptian Government has maintained a strong track record of payments, notwithstanding some delays at times).

Today, Egypt's Private to Private model attracts strong international consortia alongside local investors.

5.4. Advancing Egypt's Renewable Energy Transition: Key Priorities moving forward

Egypt's energy transition requires targeted reforms, stronger partnerships, and innovative financing to unlock private investment and strengthen energy security, especially with respect to private investment in renewable electricity production. The following priorities have emerged from stakeholder insights during the interviews:

Update PPAs to better reflect current market conditions enabling risk-sharing, local currency invoicing, and better investor terms. EETC seeks EBRD's support to revise the PPA, particularly for solar PV and battery storage. Private-to-private models are gaining momentum and require further regulatory support and capacity building[34].

Mobilize grid investment. Expand grid capacity through innovative models that attract private sector participation in transmission upgrades, energy storage, and regional interconnections.

Improve financial instruments. FX volatility and high local interest rates are major barriers. EBRD is encouraged to offer local currency loans at competitive rates, longer-term structures and equity

[34] The first phase of the P2P scheme was completed and led to the approval of P2P rules. The second phase is ongoing at the time of writing and will lead to the implementation of the first wave of large-scale P2P projects. Capacity building of the authorities (including EETC) is included within the scope of EBRD's work and workshop with EETC that took place in April 2025.

bridge loans, support for local banks to participate in RE deals. Stakeholders note that while EBRD plays a key role, its financing terms remain relatively high.

Target concessional finance strategically to high-risk or innovative areas—such as storage, green hydrogen, and E&S measures.

Support local supply chains and innovation. Boost domestic manufacturing of RE components and support local developers. Invest in R&D for green hydrogen, desalination, and EVs to reduce costs and increase local resilience.

Further strengthen technical cooperation and policy support. Public stakeholders request stronger EBRD engagement in policy reform and institutional capacity building, beyond project finance. Greater support is needed on procurement, regulatory frameworks, and grid stability.

. **Improved coordination** among DFIs to strengthen the financing.

6. External Viewpoint Note

External Viewpoint Note Summary of the IEvD's Evaluation of EBRD's Green Economy Transition (GET) 2.1

[Jacquelin Ligot, Green/climate and development finance expert]

Jacquelin Ligot has over 30 years of experience in green/climate/sustainable, infrastructure, development and municipal finance; Experience in building and managing multi-cultural teams.

Worked in over 50 countries, notably in EU-27, China, India, Pakistan, MENA, Russia, Ukraine, South and South-East Asia, and about 20 Sub-Saharan African countries.Non-executive directorships of various companies in both developed and emerging markets.

As an external viewpoint to IEvD's evaluation of the EBRD's GET 2.1 Approach, I found the report to be a valuable and timely reflection on the Bank's progress toward its green ambitions. The evaluation is clearly structured, evidence-informed, and focused on answering three well-articulated evaluative questions related to the strategy's design, implementation, and outcomes.

My comments were intended to support the refinement of the report and encourage a deeper reflection on what it would take for the EBRD to shift from tracking green finance to delivering green transformation. While I broadly endorse the report's conclusions and appreciate its analytical balance, there are some areas where I believe the evaluation could have gone deeper and farther in its recommendations — particularly around the operationalisation of systemic change.

A. Strengths of the IEvD Report

1. Clarity, Focus, and Structure

The evaluation is clearly written and logically organised. Its framing questions — on the relevance, effectiveness, and results of GET 2.1 — are appropriate and well-executed. Conclusions are generally supported by the evidence base, and recommendations are presented in a concise and action-oriented manner.

2. Recognition of Conceptual and Operational Gaps

The report correctly identifies some of the key limitations of GET 2.1. In particular, it highlights the absence of a Theory of Change (ToC), the lack of clearly defined end outcomes (other than GHG emission reductions), and the disconnection between the ambition of "systemic change" and the tools actually used to achieve it. These critiques are fundamental and speak to a deeper need for EBRD to evolve from a financing-driven model toward a more transformational and catalytic role whereby impact rather than financial commitments (ABI) is the metric of ultimate success.

3. Sound Critique of Metrics and Methodology

The evaluation raises important concerns about the robustness of current metrics, especially the GHG reduction estimates and private finance mobilisation figures. It rightly notes the inflationary potential of these indicators and the risk of over-attributing outcomes to EBRD interventions. Moreover, the report's attention to the GET/Green TI conflation is a welcome contribution to a long-standing methodological ambiguity that deserves to be addressed.

4. Emphasis on Policy Dialogue and Technical Cooperation

The report appropriately recognises that policy dialogue and technical cooperation (TC) are central to the Bank's ability to influence systemic outcomes. While the report does not fully unpack the conditions under which these instruments are most effective, it nonetheless provides a foundation for future evaluations to explore this more deeply.

B. Areas for Further Analysis and Strengthening

There are several areas where I recommended more ambitious or precise analysis for the EBRD to consider:

1. Operationalising Systemic Change

The concept of "systemic change" remains underdeveloped in the GET 2.1 strategy. While the report identifies the gap between ambition and execution, it stops short of defining what systemic change should look like in the EBRD context. I recommend that the IEvD and Bank management engage more directly with relevant literature and sister organisations (e.g., other MDBs, the OECD, or climate funds) to articulate the necessary features of a systemic approach — such as market transformation, institutional reform, behaviour change, and long-term structural decarbonisation pathways.

An important step would be for the future iteration of GET to be underpinned by a Theory of Change (perhaps broken down by main sub-sector and main region) that links instruments (e.g., investment, policy dialogue, capacity building) to systemic outcomes, with appropriate assumptions and risks made explicit.

2. Limitations of the GET Ratio and Green TI

GET delivery, as currently tracked, is primarily measured by the GET ratio and associated ABI. These metrics are useful for internal management but say little about the long-term or transformative impact of EBRD's activities. I recommend the development of alternative indicators — for example, measures of "market transformation". Similarly, the current Green Transition Impact (TI) methodology is poorly aligned with systemic ambitions. It is largely focused on short-term use-of-proceeds logic and does not adequately assess the structural contribution of projects to low-carbon or climate-resilient transitions. A future re-design of the TI (and linkage to the Assessment of Transition Qualities (ATQ) methodology) framework is warranted.

3. Institutional Architecture and Capacity

While the report mentions improvements in internal organisation — such as the establishment of the Climate Strategy and Delivery (CSD) department — it does not explore whether the current institutional arrangements are fit for delivering transformational outcomes. In particular, the alignment between CSD, ESD, and the Impact department could be further assessed, as could the robustness of data flows, learning mechanisms, and staff incentives.

4. Improving the Credibility of Impact Data

The evaluation rightly notes that ex ante impact estimates — particularly on GHG emissions and private finance mobilisation — can overstate actual outcomes. However, it could go further by exploring how ex post corrections (such as disbursement-adjusted GHG metrics or revised PIM methodology) might enhance the credibility of the Bank's reported performance.

5. Neglect of Adaptation and Portfolio Imbalances

The declining share of adaptation finance within the GET portfolio is noted but not treated with the urgency it deserves. Given the growing climate risks faced by many EBRD countries of operation, and the international emphasis on balanced mitigation-adaptation funding, this trend should be interrogated more deeply. I recommend that the Bank undertake a more substantive assessment of adaptation needs, barriers to scaling, and operational entry points.

6. Collaboration with Other DFIs

Lastly, the role of multilateral collaboration is somewhat underexplored in the report. Many of the systemic changes required to support the green transition — such as carbon pricing, power sector reform, or fossil subsidy removal — are likely to require collective donor action. The evaluation could touch more directly on how EBRD engages with other MDBs and bilateral donors to align strategies, co-finance programmes, and jointly influence reform trajectories, so as to achieve the systemic change that is key to deep decarbonization in line with the goals of the Paris Agreement.