

6. Donor support and partnerships



Donor governments and partners make a vital contribution to the EBRD's work by providing funds that act as a catalyst for the Bank's investments and other activities. A large community of donors is backing the EBRD with more resources than ever before, a sign of support for the Bank and its model of sustainable and inclusive development led by the private sector. More details can be found in this chapter.

Donors

The need for donor support in the EBRD regions during the Covid-19 pandemic underscores the importance of the Bank's longstanding partnership with the international donor community.

In 2021, donors provided €684 million to support the EBRD's investments, advisory, capacity building, investment climate reform and policy dialogue in the form of grants and concessional finance. During the year, in its role as fund manager, the Bank mobilised an additional €75 million for EBRD-managed funds open to other development entities and development finance institutions. Grounded in a shared vision for the future, the Bank hopes to bolster its partnerships with donors over the 2021-25 strategic period.

Bilateral donors

In 2021, bilateral donors continued to play a critical role, enabling the Bank to have a substantial impact on a range of sectors. Outcomes include significantly reduced carbon emissions and energy use, access to clean water for millions of people, vital connectivity infrastructure, local capital markets and support for thousands of small enterprises, including businesses led by women, refugees and young people.

Bilateral donors continue to support key climate policy dialogue, including on renewable energy auctions, sectoral reform and climate corporate governance.

High-Impact Partnership on Climate Action

The EBRD's High-Impact Partnership on Climate Action was launched at COP26. This is the Bank's first multi-donor partnership tackling climate change and environmental degradation. Its primary objectives are to unleash investments and solutions that reduce or prevent greenhouse gas emissions, strengthen resilience, reduce vulnerability to climate change and protect the environment.

The partnership builds on a unique business model combining the EBRD's and other commercial financing with concessional financing, policy engagement and technical assistance, and acts as a conduit to unlock the right market conditions, mobilise co-financing and attract the private sector. It is a pioneering effort by the EBRD and was developed in collaboration with Austria, Finland, the Netherlands, Switzerland, the Taiwan International Cooperation and Development Fund (ICDF) and the United Kingdom.

In line with the Bank's GET approach, the partnership will work in eight thematic areas, including energy systems, sustainable food systems, green financial systems, cities and environmental infrastructure and natural capital. Five cross-cutting themes will include climate adaptation and resilience, just transition, and gender and economic inclusion.

Climate Investment Funds (CIF)

The CIF is a multilateral fund that aims to accelerate climate action in developing countries through transformational action on clean technology, energy access, climate resilience and sustainable forests. To date, the CIF has supported more than 90 EBRD endeavours in areas such as renewable energy, energy efficiency, climate change adaptation, green cities and agribusiness in countries such as Armenia, Jordan, Kazakhstan, the Kyrgyz Republic, Morocco, Tajikistan, Turkey and Ukraine. Highlights in 2021 included:

- US\$ 2.25 million in additional financing was committed to the GEFF in the context of the CIF Scaling up Renewable Energy Programme (SREP). These donor funds will support about US\$ 12 million of EBRD dedicated climate adaptation and mitigation financing as part of a US\$ 37 million regional facility in Armenia. The loans, channelled through participating financial institutions including banks, microfinance and leasing companies, will target private-sector sub-borrowers seeking to invest in small-scale renewable power and heat technologies, in line with the EBRD's GET approach and the objectives of the SREP. Donor and EBRD funds are expected to result in 28 MW of installed power capacity and the successful implementation of a net-metering framework in Armenia. The facility is also committed to promoting gender equality and seeks to enable both women and men to benefit equally from loans for small-scale renewable energy installations.
- The CIF, together with its MDB partners, is currently in the process of rolling out its new Renewable Energy Integration (REI) Program. In this context, the EBRD remains committed to supporting countries such as Ukraine develop more flexible and resilient energy systems through solutions that can accelerate the uptake of the best technological combinations. The REI Program works by developing national and regional investment plans that address both policy and market barriers preventing further penetration of renewable energies into the grid.

European Union (EU)

The EU is a key EBRD partner and remains at the forefront of international efforts to address climate change and biodiversity challenges. The EU and the EBRD share a common objective: to create systemic change with a view to meeting international climate targets, for example, through joint action on sustainable finance principles, frameworks, regulation and financing instruments. In 2021, out of €291 million provided by the EU, €93.5 million was marked as GET. In addition, the EBRD signed an agreement to co-invest €500 million from the government of Greece's allocation from the EU Recovery and Resilience Facility, of which at least €192.50 million would be co-invested along with EBRD resources in activities that support climate or environmental objectives.

Partnering with the EU

The EBRD works to support the EU in its development of landmark policies, green financing mechanisms and industrial strategies. In 2021, this included:

- contributing to the [International Platform for Sustainable Finance](#), which is working towards international approaches on green taxonomies, transition finance and other climate and sustainable finance frameworks and approaches
- supporting the EU in international climate policy discussions, for example, by endorsing the [Global Methane Pledge](#) signed at COP 26 by the US President, the European Commission President and other world leaders
- collaborating with the European Commission and other development finance institutions to develop a set of common climate finance priorities and approaches for the [Western Balkans Investment Framework](#)
- cooperating with the EU on industry initiatives and investments for [batteries](#), [bio-based industries](#), [clean hydrogen](#), [energy efficiency financing](#), [energy-intensive industries](#) and [raw materials](#)
- collaborating with the EU on the topic of just transition and partnering on technical assistance programmes in a number of economies across the EBRD regions that need to transition away from heavy reliance on coal and other fossil fuels in their energy mix.

Global Environment Facility (GEF)

The [GEF](#) is a multilateral fund tackling global environmental issues, including climate change, international waters, chemicals and waste. The EBRD has been an implementing agency of the GEF for more than a decade. In that time, the GEF has provided the EBRD with grant co-financing, grants for technical assistance and concessional finance to support the Bank's efforts in addressing climate change and environmental degradation.

The GEF's support has been critical to the Bank's activities, including the regional FINTECC programme, delivering water resilience in Central Asia, resource efficiency and green finance in Kazakhstan, and depollution in Tunisia.

EBRD first circular-economy programme and early work on e-mobility

Circular economy

In 2021, the Bank launched the *Circular Economy Regional Initiative* in Turkey and the Western Balkans. It will support private-sector investments, particularly by SMEs implementing innovative and resource-efficient technologies and adopting circular business models. The programme will improve the management of raw materials during the full life cycle of products, divert waste from landfill and the marine environment, and reduce or avoid GHG emissions through innovative technologies and circular practices. It will also increase competitiveness, promote innovation and boost economic growth. An innovative pricing mechanism provides interest rate discounts based on implementation milestones linked to circular technologies and business strategies.

The GEF is funding the programme to the tune of US\$ 13.76 million, blended with EBRD financing of about US\$ 140 million and technical cooperation funding of US\$ 1 million from the [Austrian](#) Federal Ministry of Finance.

E-mobility

At COP26 in Glasgow, the EBRD took part in the launch of the [Global Electric Mobility Programme](#), funded by the GEF. The programme brings together a range of international organisations, including the EBRD, UN Environment, the International Energy Agency and the Asian Development Bank. It aims to overcome common barriers to the development of e-mobility and create the conditions for scaling up investments through knowledge sharing, capacity building and policy engagement with stakeholders, including technology and service providers. As part of its commitment to the programme, the EBRD is building a regional platform to support the transition to e-mobility in the economies where it works.

Green Climate Fund (GCF)

The EBRD developed a close partnership with the GCF from its inception. From Morocco to Mongolia, and from Egypt to Tajikistan, GCF funds act as a catalyst for investments that drive climate change mitigation and adaptation. Highlights in 2021 included:

The Green Energy Financing Facilities programme

The EBRD approved an additional US\$ 497 million for the next phase of its successful large-scale partnership with the GCF. This will support thousands of individual investments in technologies that reduce emissions and enhance resilience to climate change. Some US\$ 373 million will come from the Bank's ordinary resources, with the equivalent of up to US\$ 124 million of concessional financing provided by the GCF. The new extension will help maintain momentum and continue scaling up gender-responsive green financing. It is estimated that the latest extension will avoid 800,000 tonnes per year of CO₂ emissions, equivalent to retiring 125 MW of coal-fired electricity generation capacity.

As of end of 2021, more than 30 GCF Green Energy Financing Facility transactions had been signed, for a total value of about US\$ 500 million, comprising about US\$ 380 million from the Bank's ordinary resources and US\$ 120 million from the GCF.

High-impact programme for the corporate sector

The EBRD and the GCF launched the new US\$ 1.01 billion "high-impact programme for the corporate sector" in August 2021. It combines US\$ 252.5 million of concessional finance from the GCF with US\$ 757.5 million from the EBRD and other co-financiers, with an additional US\$ 5.53 million from the GCF and US\$ 1.36 million from the EBRD for technical assistance and policy dialogue. It will promote the uptake of low-carbon technologies in the industrial sector.

The programme is the GCF's first at-scale engagement in the sector. It has been designed to facilitate a transformational shift within the energy-intensive industries, agribusinesses and mining sectors of Armenia, Jordan, Kazakhstan, Morocco, Serbia, Tunisia and Uzbekistan. The programme is expected to avoid more than 1.7 million tCO₂e emissions over the lifetime of the underlying investments.

Knowledge-sharing partnerships

The EBRD works with partners to develop standards and methodologies and it engages with a range of initiatives to foster knowledge sharing. The EBRD continued to engage with the **Mainstreaming Climate in Financial Institutions Initiative**, a network of public and private banks, working to integrate climate into the institutions' governance, strategy, risk assessments and financing activities. It is an observer to the **Network for Greening the Financial System (NGFS)** and contributed to the update of the guidance on climate and environmental risks in financial supervision.

The EBRD is one of the founding members of the **NDC Partnership** and has been representing the regional development banks in the Steering Committee since 2021. Since becoming a Steering Committee member, the Bank was also invited, together with Rwanda, as Champions for the Finance Taskforce to develop a finance strategy that supports the partnership's 2021-25 work programme. Alongside many other implementing partners, the EBRD provides assistance to countries in enhancing and implementing its NDCs and LTSs.

The Bank has been actively involved with the **EU Sustainable Finance Platform** in the development of the technical work supporting the EU taxonomy on sustainable finance. The EBRD also worked closely with its partner MDBs in developing joint approaches for Paris alignment, nature conservation and occupational health and safety.

Special environmental programmes: the E5P and NDEP

The EBRD has a global reputation for its work in challenging economies and complex environments, including areas where nuclear safety is of concern. This is why donors and other international financial institutions asked the Bank to manage, on their behalf, two multilateral funds created to address environmental, nuclear safety and climate change challenges in eastern Europe. The [Northern Dimension Environmental Partnership \(NDEP\) Support Fund, a €348 million multi-donor fund](#), is a flagship initiative within the context of the EU Northern Dimension. It helps finance nuclear safety improvements and environmental projects, focusing mainly on wastewater treatment projects in north-west Russia and Belarus* that will benefit the Baltic and Barents Seas region. The EBRD is also fund manager of the [Eastern Europe Energy Efficiency and Environment Partnership \(E5P\)](#), bolstering resilient municipal infrastructure in the public sector to help cut global emissions and support the post-Covid-19 recovery. The [E5P](#) is a €265 million fund, which works alongside other MDBs to support environmental and energy-efficiency projects in the EU Eastern Partnership region.

The renovation of district heating networks is the E5P's main sectoral priority, with a focus on Ukraine and Moldova. E5P grants are often used to finance individual heating stations and new monitoring systems to allow users to control how much heat they use, depending on their needs. Consequently, people living in residential buildings or the owners of public buildings, such as schools, hospitals and kindergartens, can reduce their energy consumption by up to 30 per cent, allowing them to save money and cut CO₂ emissions. As of 2021, the E5P had extended grants worth more than €26 million to the Ukrainian cities of Zhytomyr, Ternopil, Lviv, Lutsk and Dnipro, where close to 1,000 individual heating substations have been installed. Such efforts promote policy dialogue and support Ukraine's NDC goals, as well as other reforms in areas such as energy tariffs.



Note: * The EBRD made no investments in new projects in Russia during 2021, in accordance with the 2014 guidance from a majority of Directors not to engage in new business in the country. The EBRD has not invested in new projects in Belarus in recent times, following the disputed 2020 presidential election in that country. In April 2022, the EBRD Board of Governors formally suspended access by both Russia and Belarus to EBRD resources.