

## 4. Climate action, donor support and partnerships

### 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 2020, donors provided €589 million to support the EBRD's operations and policy dialogue activities in the form of grants, loans and risk-mitigation instruments. During the year, in its role as fund manager, the Bank mobilised an additional €75 million to 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

Bilateral donors have enabled the Bank to deliver significant impact across a range of sectors. Outcomes have included significantly reduced carbon emissions and energy use, access to clean water for millions, vital connectivity infrastructure, such as roads, local capital markets and support for thousands of small enterprises, including businesses led by women, refugees and youths.

While the share of funding from bilateral donors has declined slightly over the past five years, the economies where the Bank invests have become important donors in their own right.

#### Climate Investment Funds (CIF)

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

In 2020, the EBRD secured CIF support for the following investment facilities:

- Turkey Climate Corporate Governance Financing Facility (Climate Stars), which will support the Turkish corporate and financial sectors in integrating climate change into their approach to corporate governance and to deliver over 11 million tCO<sub>2</sub>e in emission reductions over the lifetime of the underlying investments
- Turkey and Ukraine Green Cities Programme, which will avoid over 3 million tCO<sub>2</sub>e in GHG emissions over the lifetime of the underlying green cities investments.

### European Union (EU)

The EU is a key EBRD partner and has long been at the forefront of international efforts to address climate change. The EU Green Deal shares many strategic priorities with the EBRD's GET 2021-25 approach, for example, in driving progress on upgrading the energy efficiency of housing. In 2020, new contributions from the EU in support of EBRD green activities totalled €254 million, consisting of grants and risk-sharing mechanisms. One of these contributions was a second unfunded guarantee facility, which includes up to €75 million in risk coverage for loans to green projects in buildings, industry and infrastructure in the EU Neighbourhood countries.

The Regional Energy Efficiency Programme for the Western Balkans (REEP) is a key EU-funded programme and the main instrument used to support the implementation of the EU Renovation Wave in the region. It is also an example of strong donor cooperation, combining grant contributions from the EU and several other donors with EBRD and KfW financing to support targeted policy dialogue, technical assistance and sustainable energy investments across sectors. From 2013 to 2020, donor contributions to REEP totalled €104.7 million, helping leverage €377 million of EBRD and €135 million of KfW investment. REEP has also supported the drafting of 62 pieces of legislation, of which 34 regulations have been formally adopted so far. The eight transactions supported by REEP in 2020 included €11 million in credit facilities signed with partner banks in Albania, Montenegro and North Macedonia. These banks will on-lend to residential energy-efficiency projects that are expected to deliver energy savings of around 22,000 MWh per year and to avoid over 7,500 tonnes of CO<sub>2</sub> per year.

### Global Environment Facility (GEF)

The GEF is a multilateral fund addressing global environmental issues including climate change, international waters, chemicals and waste. The EBRD has been an implementing agency of the GEF for over 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.

### Green Climate Fund (GCF)

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

In 2020, the GCF Board approved the EBRD's [High Climate Impact Programme for the Corporate Sector](#). This is the GCF's first large-scale investment to promote the uptake of low-carbon technologies in the industrial sector. It is designed to support the transformation of energy-intensive industries, agribusinesses and the mining sector in Armenia, Jordan, Kazakhstan, Morocco, Serbia, Tunisia and Uzbekistan. It also seeks to stimulate change in corporate governance, including by making climate change considerations integral to all decisions. The programme is expected to avoid over 17 million tCO<sub>2</sub>e of emissions over the lifetime of the underlying investments.

## Special environmental programmes: the NDEP and the E5P

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 us to manage, on their behalf, two multilateral funds created to address environmental, nuclear safety and climate change challenges in eastern Europe. As fund managers of the [Northern Dimension Environmental Partnership \(NDEP\)](#) and the [Eastern Europe Energy Efficiency and Environment Partnership \(E5P\)](#) since their inception, the EBRD actively seeks new contributions and new project opportunities for both programmes, which also drive the reform agenda and policy engagement.

In 2020, both the NDEP and the E5P focused on bolstering resilient municipal infrastructure in the public sector, which will be key to eastern Europe's post-Covid-19 recovery. E5P, a €235 million fund, works alongside other investors to support environmental and energy efficiency projects in the EU Eastern Partnership region. The NDEP, a €348 million multi-donor fund, is a flagship initiative within the EU Northern Dimension concept. It helps finance nuclear safety improvements and environmental projects focusing on wastewater treatment, solid-waste management and energy efficiency projects in the north-west of Russia and Belarus to benefit the Baltic and Barents Seas region. The fund is also co-financing investment projects to reduce black carbon pollution in the Arctic region.

## The Northern Dimension Environmental Partnership

**The Lepse ship**



**Murmansk, Russia**

The sixth and final shipment of spent nuclear fuel assemblies was taken from the Lepse in July. The Lepse is a former Soviet service ship for the icebreaker fleet, taken out of service in 1988 and moored in Murmansk. It held 639 damaged and distorted spent nuclear fuel assemblies, which were a radiological hazard for the region. In September 2012, the vessel was moved to the Nerpa shipyard for dismantling and fuel removal using specialist facilities funded by the NDEP.

**Loan:** NDEP grant of €54 million

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## The Eastern Europe Energy Efficiency and Environment Partnership

**Electric buses**



**Batumi, Georgia**

Georgia's first electric bus fleet arrived in Batumi in October. The eight buses, financed by the EBRD and the E5P, will provide cleaner, more reliable transport with easier access for the elderly, disabled and parents with pushchairs. The project is part of the [EBRD Green Cities](#) programme.

**Loan:** E5P grant of €1.5 million

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## Knowledge-sharing partnerships

The EBRD works with partners to develop standards and methodologies to further green investments and make them widely available. Resources include:

- **policy guidelines developed to help countries design effective energy efficiency funding mechanisms.** In July 2020, the EBRD and the Energy Community Secretariat issued joint [Policy Guidelines](#) to help decision-makers design and establish effective financing mechanisms to boost energy efficiency investments.
- **launch of the EBRD's Green Finance Academy.** The EBRD Green Finance Academy is an online training programme offering interactive learning modules for commercial banks joining the GEF programme. It covers a range of issues from green finance opportunities, sectoral green finance, gender-responsive finance and marketing from retail, corporate and SME banking perspectives.
- **digital tools enabling public-sector procurement officers to select greener, more energy-efficient goods.** Designed using the Ukrainian government's existing procurement system, ProZorro, and with interested municipalities and the country's central purchasing body, these tools are built on the latest environmental standards.
- **continued support for Climate Action in Financial Institutions.** The EBRD continued to engage with this network of public and private banks, working to integrate climate into the institutions' governance, strategy, risk assessments and financing activities. By 2020, the number of members had grown to 51, including around 30 commercial and public banks operating in economies where the EBRD invests.
- **climate risk handbook for supervisors, disseminating best practice.** The EBRD provided input to the Guide for Supervisors published by the Central Banks and Supervisors Network for Greening the Financial System (NGFS). [The guide](#) issues recommendations for NGFS members on the development of environment and climate risk management in the financial sector.

## Partnering with the EU

The EBRD works to support the EU in its development of landmark policies, green financing mechanisms and industrial strategies. In 2020, this included:

- contributing to the Technical Expert Group on Sustainable Finance (TEG), whose recommendations helped shape the green investment guidance of the EU's Sustainable Finance Taxonomy and Green Bond Standard
- supporting the EU in fostering international climate policy discussions, for example, through the [International Platform on Sustainable Finance \(ISPF\)](#)
- cooperating with the EU on industry initiatives for [batteries](#), [bio-based industries](#), [clean hydrogen](#), [energy efficiency financing](#), [energy-intensive industries](#) and [raw materials](#)
- collaborating with the Directorate-General (DG) Research and Innovation of the European Commission and the European Investment Bank to develop a common categorisation system for the circular economy
- joining platforms to assist businesses and people in coal regions to meet challenges arising from the transition to low-carbon economies.