

## 2. Green policy and investments



### Renewable energy

The most significant global decarbonisation objective remains to reduce the world's reliance on unabated hydrocarbons from 80 per cent of the current energy supply to zero-emission alternatives by 2050. The EBRD has an impressive track record in this area, having financed more than 18 GW of renewable energy capacity since 2006, more than 2 GW of it in the first nine months of 2022. Activities to support renewable energy focus on systemic and regulatory transformation, enabling successful renewable auctions. The Bank is currently engaged in such activities in 14 countries, including Albania, Egypt, Kazakhstan and Uzbekistan.

Highlights in 2022 included the EBRD's arrangement of two syndicated loans worth a combined US\$ 520 million (€487 million) to help construct and put into operation two wind power plants, with a total installed capacity of 1 GW, in Uzbekistan. The financing is the EBRD's largest renewable energy project to date across its regions. The Bank also supported the construction of Poland's biggest solar photovoltaic (PV) plant with a PLN 212 million (€45.3 million) loan. The Zwartowo plant will have total capacity of up to 285.6 MWp and is expected to lead to carbon dioxide (CO<sub>2</sub>) emissions savings of at least 138,000 tonnes per year.

#### Renewable energy in Egypt

In 2017, the EBRD took a major step forward in supporting the rollout of renewable energy in Egypt when it helped finance the development of Egypt's first solar park, the largest in Africa: the 1.5 GW Benban complex. The Bank went on to finance many more megawatts of renewable power and help the Egyptian Electricity Transmission Company implement the country's first competitive auction for utility-scale solar PV capacity.

In 2022, the EBRD supported the [first private green bond issuance in Egypt](#) and the southern and eastern Mediterranean (SEMED) region, backed by six Scatec ASA-owned solar power plants in Benban. The Bank also helped finance the Scatec Fertiglobe 100 MW green hydrogen project, the first of its scale in Africa, which is set to produce 12,000 tons of green hydrogen per year. In addition, recent financing to Global Energy (TAQA Arabia) will help expand the private-to-private renewables segment.

Because of their longstanding relationship, in 2022 Egypt named the EBRD its lead partner on the energy pillar of its Nexus Water-Food-Energy (NWFE-EP) initiative. Launched at the COP27 climate conference in Sharm El-Sheikh, the NWFE-EP combines financing and systemic market transformation through the retirement of 5 GW of inefficient fossil fuel power capacity by 2025 and the deployment of 10 GW of solar and wind energy by 2028.

The NWFE-EP is expected to unlock US\$ 10 billion (€9.4 billion) in private investment to support the deployment of renewable energy. It also aims to mobilise more than €500 million in technical assistance, grants and concessional loans from donors and international financial institutions to address critical bottlenecks, including a strengthening of the grid.

The EBRD will support a just transition by helping the Egyptian Electricity Holding Company and related stakeholders manage the impacts of decarbonisation through redeployment and re-skilling programmes. To facilitate this, a career-guidance digital application will help link affected workers and skills with available jobs. The Bank will also assist local businesses in developing green technologies and services.

The NWFE-EP addresses two of the most common issues that prevent countries from transitioning away from fossil fuels: strengthening the energy grid to absorb new capacity and supporting a just transition for affected workers.

### Corporate climate governance

The alignment of the EBRD's activities with the objectives of the Paris Agreement will affect how the Bank engages with clients and what investments it chooses to make. In 2022, the EBRD launched its [Corporate Climate Governance Facility](#) to help clients improve their corporate climate governance. It supports companies by:

- developing credible transition plans to define priority actions related to climate-related governance, disclosure and investments, setting them on a path towards decarbonisation
- building capacity, tools and processes to help them understand and manage climate-related risks and opportunities and disclose information to regulators, lenders and investors using best-practice frameworks
- unlocking finance for green investments by connecting companies to sources of finance, including the EBRD, and supporting them in accessing capital markets, for example, through [green and sustainability bonds](#).

### Decarbonising transport

Transport is a catalyst for economic development. For that growth to be sustainable, however, it also needs to be greener and more resilient to the impacts of climate change. Through its activities and projects, the EBRD supports a sustainable, low-carbon and innovative approach across the sector. Highlights of 2022 include:

- An investment of €19.2 million in Morocco's [first green infrastructure bond](#), issued by rail operator Office National des Chemins de Fer du Maroc (ONCF).
- [The enhanced climate resilience of ports](#) along Morocco's Atlantic coastline, with a €40 million loan to Agence Nationale des Ports (ANP). A technical capacity package will support a working group, comprising key sector stakeholders, to facilitate climate-aware decision-making and better environmental standards for ANP.
- A loan enabling [Abou Ghaly Motors](#) (AGM), a leading transport provider in Egypt, to purchase [250 range-extended electric vehicles](#) for its taxi services, in a boost for the development of the country's e-mobility sector.
- Financing for Turkish logistics service provider Netlog's [acquisition of electric vehicles](#). Netlog aims to become the first business-to-consumer operator in Türkiye to deliver half of its shipments via zero-emission vehicles.
- EBRD Green Cities projects in Cairo, where a [sovereign loan](#) will finance the rehabilitation and upgrade of the metro system, and in Istanbul, where an [extension to a 2019 loan facility](#) will finance the construction of the Goztepe-Atasehir-Umraniye metro line. A total of six urban transport projects were signed under the Green Cities Framework in 2022, with a total value of €1 billion.
- A [€100 million loan](#) to finance the construction of a third deep-water container terminal in Poland's port of Gdansk on the Baltic Sea. The project will incorporate the latest energy-efficient technologies. While the first ships are expected by the end of 2024, completion is scheduled for 2025.
- Financing for the [upgrade of the rail network](#) between Belgrade and Niš. This will improve the safety, capacity, speed and reliability of passenger and freight services, allowing a significant modal shift to rail as a low-carbon-intensity sector.

## EBRD Green Cities

[EBRD Green Cities](#) strives to build a better and more sustainable future for cities and their residents. The programme identifies cities' environmental challenges and connects them with sustainable infrastructure investments and policy measures. It also helps city authorities to promote gender equality in their green economy transition, helping them identify and respond to the barriers women face in accessing urban infrastructure services and green jobs.

One of the programme's central components is the [Green City Action Plan \(GCAP\)](#), whereby a city's environmental challenges are systematically assessed, prioritised and addressed. Workshops and consultations with local stakeholders, including civil-society organisations (CSOs), academic institutions and business associations, are conducted as part of the process. Since the programme was launched in 2016, more than 90,000 stakeholders have been consulted for GCAPs that have been completed or are currently under development.

To date, EBRD Green Cities has financed 80 green and sustainable infrastructure projects in more than 50 cities, totalling €2.3 billion. Investments have included electric buses, the retrofit of buildings and other measures to improve energy efficiency and localised renewable solutions. The estimated emissions reduction totals 4,459 kilotonnes annually, equivalent to the removal of 969,335 cars from the road each year.

Programme highlights of 2022 include:

- Six cities completed their GCAPs (Almaty, Dushanbe, Warsaw, Wałbrzych, Khmelnytskyi and Split), three cities approved a GCAP (Varna, Almaty and Wałbrzych), seven cities started the GCAP development process (Bishkek, Medias, Timisoara, Gaziantep, Brcko, Ganja and 6 October City) and four new cities joined the Green Cities network (Mostar, Brcko, Agadir and Bucharest).
- Sixteen projects were signed, totalling €762.7 million. They will result in a total estimated annual reduction in emissions of 3,174 tonnes a year, equivalent to taking 689,982 cars off the road annually.
- A gender equality component was included in all of the new GCAPs, as well as in 88 per cent of Green Cities projects.
- The programme is now also focusing on energy resilience, including renewables and district energy grids. In December 2022, the Bank signed a solar district heating project to introduce a renewable energy source in Pristina. It will connect neighbourhoods not currently served by the existing network, replacing individual heating systems using solid fuel and greenhouse gas (GHG)-intensive lignite.
- The annual EBRD Green Cities conference in October highlighted the role that cities and the private sector can play in supporting energy resilience.

### EBRD Green Cities projects in 2022 included:

Bosnia and Herzegovina	Tajikistan	Morocco
An EBRD loan of up to €17 million to support the purchase and implementation of a new tram fleet and a traffic management system for Sarajevo. This is the city's seventh project under the EBRD Green Cities framework. It will lead to CO <sub>2</sub> reductions of 68.6 kilotonnes per year.	The first-ever <a href="#">green taxi project</a> was financed by the EBRD in Dushanbe. A €17 million package will support the purchase of 100 electric vehicles and 30 charging stations. The project, which is part of the city's GCAP, will result in a CO <sub>2</sub> e reduction of 1.2 kilotonnes per year.	The EBRD backed the country's <a href="#">first green municipal bond issue</a> . The proceeds will help the city of Agadir to implement its ongoing urban development programme, focusing on green and inclusive infrastructure projects. It will support the creation of Morocco's domestic municipal bond market and will result in a CO <sub>2</sub> e reduction of 114.8 kilotonnes a year.

## Case study: Water projects in Central Asia



The EBRD partners with donors and municipalities to promote access to clean drinking water, effective wastewater treatment and more sustainable water resource management in the economies where it operates. Effective and holistic water resource management safeguards resources and protects the natural environment. In the face of climate change, water-based climate adaptation strategies can also protect communities and build resilience for entire economies.

Over the course of 2022, the EBRD rolled out water projects across the regions in which it operates, including several in Central Asia. A project in the Kyrgyz Republic will focus on building new and rehabilitating existing irrigation water infrastructure. It will provide significant social benefits and farming opportunities to 14,300 rural residents, as well as opportunities for women and young people. It will further contribute to expanding arable irrigated land, which will help strengthen the country's food security. Water conveyance losses are expected to decrease by 15.3 million m<sup>3</sup> per year, electricity consumption by 5.2 million kWh per year and CO<sub>2</sub> emissions by 700 tonnes a year.

A project in Tajikistan, meanwhile, will finance the rehabilitation of water and sewage networks, the construction of energy-efficient pumps and the modernisation of wastewater infrastructure. More than 100,000 people in Kulob, the country's fourth-largest city, will benefit from improved access to clean water and safe sewage services. Water losses should be reduced by up to 35 per cent, or 3 million m<sup>3</sup>, annually. Institutional improvements are also expected through the consolidation of smaller utilities, the adoption of new tariff methodology and the development of public-service contracts.

Tajikistan's district of Fayzobod will also benefit from an EBRD project to support the rehabilitation of water and wastewater infrastructure. The initiative will bring an uninterrupted water supply to 13 neighbouring communities with a combined population of around 33,000. The project will result in the reduction of water losses by up to 200,000 m<sup>3</sup> annually and will increase the volume of wastewater treated by over 150,000 m<sup>3</sup> annually. The project also envisages the adoption of new tariff methodology and the development of public-service contracts, as well as policies to prevent GBVH in the workplace.

## Strategic policy support

To scale up climate finance, the private sector needs clarity on the strategic direction of the economy and certainty on the stability of key regulatory decisions. The EBRD helps develop economy-wide and sector-specific policies that highlight the investment and technological needs of the private sector.

In 2022, the Bank completed or engaged in more than 10 economy-wide policy support activities, such as supporting Türkiye, Kazakhstan and Uzbekistan in developing their long-term strategies (LTSs). The Bank is also helping six countries, including Serbia, Egypt and Türkiye, to enhance or implement their nationally determined contributions (NDCs). The EBRD is committed to resuming support for Ukraine on the implementation of its NDC as soon as conditions allow. The Bank is also helping to develop carbon markets and other Article 6 instruments of the Paris Agreement in countries such as Georgia and Uzbekistan.

At the sectoral level, the EBRD brings together regulatory and industry stakeholders to formulate low-carbon pathways and roadmaps. These strategic plans develop carbon budgets or use international best practices to provide sector-specific policy, technology and investment recommendations. The Bank has engaged with more than 15 countries in sectors such as power, cement, buildings, steel and fertiliser. For example, in Uzbekistan, the EBRD supported the government in developing a low-carbon pathway for the electricity sector. This includes a data-driven scenario analysis to increase its 2030 renewable energy commitment from 8 GW to 12 GW of installed capacity. The EBRD has also been supporting the development of low-carbon pathways for the steel, aluminum, cement and fertiliser sectors in Türkiye. These provide technical input and inform the development of the country's economy-wide LTS.