

34 per cent of EBRD's annual investment in 2014 provided for sustainable energy and climate finance

The EBRD's engagement in support of sustainable energy has passed a new milestone: for the first time the Bank's investments in renewables overtook those for thermal power generation. This illustrates the EBRD's commitment to both types of energy generation in order to strengthen sustainable energy.

Between 2006 and the end of 2014, the EBRD invested €16.4 billion in sustainable energy and climate change projects under the framework of the Sustainable Energy Initiative. Financing for renewable energy generation represented roughly 23 per cent or approximately €4 billion.

Meanwhile, the Bank's investments in the overall power sector over the same period amounted to €9.8 billion. Of this total, €3.65 billion were invested in thermal power generation. This included the rehabilitation of existing infrastructure and investments in gas fired power plants, which support the further expansion of renewable energy as flexible back-up generation.

With these results the EBRD has become the largest renewable energy investor in the regions where it operates, and in many countries the Bank has pioneered the use of renewable energy resources.

The EBRD is combining financial instruments with technical cooperation and policy dialogue. The Sustainable Energy Initiative, launched in 2006 and expanded in 2013, aims to mainstream sustainable energy financing throughout the Bank's projects. The percentage of EBRD financing for sustainable energy has grown from 15% in 2005 to 34% in 2014. The EBRD can directly support single projects or engage under specialised facilities. The Sustainable Energy Financing Facilities (SEFFs) allow us to assist local partner financial institutions in developing their sustainable energy business lines and reaching out to smaller-scale projects. To date, the EBRD has launched SEFFs in 22 countries and offered SEFF credit lines to over 100 local partner financial institutions.

In a next step the EBRD is now bringing together efforts to improve water efficiency, water use optimisation and climate change resilience together under the Sustainable Resource Initiative (SRI) and integrate all those aspects into the Bank's financing activities.

Investment needs in refurbishment and expansion of water and sewage infrastructure are large across the EBRD, and efficiency in energy and water use is at the heart of such projects.

In response, for example the EBRD introduced a lending framework for local water and sewage municipal companies in Romania, offering the commercial co-financing needed to

access EU Cohesion Funds for extensive upgrades of pipe networks and wastewater treatment plants. These investments help reduce water losses and energy consumption, improve sanitation standards to EU standards and require municipal companies to operate on a more commercial, cost-recovery basis.

Since 2010, 22 loans have been signed under this framework, totaling over €200 million and enabling companies to access €1.9 billion of EU Cohesion Funds.

In the industrial sector, the EBRD is able to support energy and resources efficiency and on-site renewable generation either directly or via the SEFFs. Recently the Bank helped a beverage producer in the Kyrgyz Republic with financing worth €7 million to completely rebuild a factory, using highly-advanced insulation materials. As a next step the factory was fitted with energy efficient production facilities such as steam boilers, CO2 capturing technology and an advanced energy management system.

Meanwhile, in the energy sector the EBRD continues to finance a number of landmark transactions. In June we financed the first commercial-scale solar park and first privately owned renewable energy generator in Kazakhstan. The Burnoye Solar Plant is co-financed by the EBRD and the Clean Technology Fund (CTF) with loans of well over €80 million. In July last year we financed a US\$50 million loan to fund the first phase of the modernisation of the Qairokkum hydropower plant, the EBRD's largest project in Tajikistan to date and one of the largest in the country's energy sector ever.

On the generation side the EBRD arranged a US\$ 250 million syndicated loan for a state-of-the art combined cycle gas-fired power plant in Turkey which will significantly reduce fuel costs for each kWh of electricity produced. The power this plant will produce is expected to replace more carbon-intensive energy generation and lead to an annual CO2 emission reduction of over 1,825,000 tonnes.

Total number of projects financed under the Sustainable Energy Initiative is estimated to reduce carbon dioxide emissions by some 69 million tonnes of CO2 annually, when completed – this is comparable to the annual CO2 emissions of Romania.

The EBRD is playing a key role in helping to deliver private sector finance to achieve global climate goals and will be bringing its expertise to the COP21 Sustainable Innovation Forum in Paris later this year. In 2014, 34 per cent of the EBRD's €8.9 billion investment was in the sustainable energy and climate change area.

source: ebrd.com