Delivering on our strategic priorities

Supporting the transition to a green, low-carbon economy

Galvanising private-sector finance in pursuit of climate-finance goals

The EBRD maintained its pioneering role in driving private-sector finance towards climate action in 2023. It used a business model that combines investment with policy support to mobilise the funding needed to help close a huge global gap in climate finance.

The Bank focused strongly on supporting the development of “country sector platforms” to create the kind of regulatory backdrops against which climate finance and technical assistance can be most effective.

The key driver remained support for systemic transformation, as economies in the EBRD regions moved towards their own specific climate goals.

The Bank’s GET finance hit a new record of €6.5 billion for the year. It mobilised a further €1.67 billion from other investors for green projects.

GET financing accounted for 50 per cent of total EBRD investment in 2023, the third time in a row that the Bank has hit its 2025 goal of devoting at least half of its annual funding to the green economy transition. This was achieved in a year when the Bank ramped up support for Ukraine with significant non-green liquidity finance.

It continued to emphasise the development of renewable energy sources, with the aim of accelerating the path to a low-carbon future for its regions by turning megawatts of installed renewable capacity into gigawatts.

Total investment in the Green Economy Transition (GET) in 2023:

€6.5 billion[15]

GET activities as a percentage of 2023 ABI:

50%

Finance in 2023 for climate mitigation:

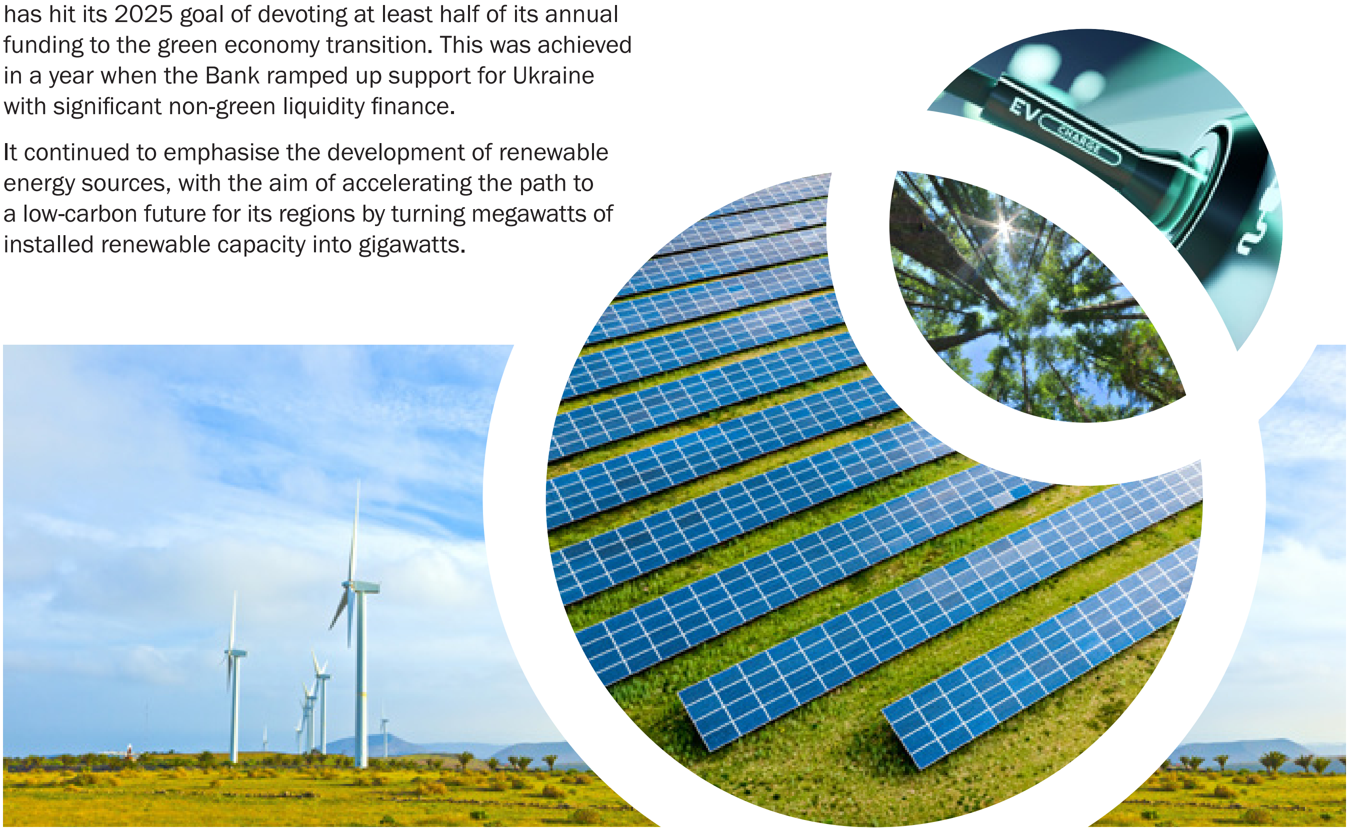
€6.2 billion

Finance in 2023 for climate adaptation:

€372 million

Finance for other environmental activities during the year:

€918 million



15 The numbers for mitigation, adaptation and other environmental activities add up to more than €6.5 billion as some projects have multiple benefits.

Scaling up renewables was a primary focus of the Bank's new Energy Sector Strategy that was published at the end of the year. The strategy also underlined the need to deliver resilient, efficient and inclusive energy systems that are adapted to climate change, increase energy efficiency and promote an inclusive and just transition.

The year was a milestone in the EBRD's climate finance journey. All of the EBRD's activities from the start of 2023 were aligned with the goals of the 2015 Paris Agreement on climate change, and the Bank made further progress on Paris alignment during the year.

A "holistic" platform response to climate challenge

In 2023 the EBRD advanced its "country sector platform" approach, aiming to maximise its impact by blending country ownership of climate programmes with a combination of finance and policy support, as well as concessional funding and technical assistance.

The standout example of this approach is the Bank's role in the donor-supported[16] energy pillar of Egypt's Nexus on Water, Food and Energy (NWFE), an ambitious plan unveiled in 2022 to develop new renewable capacity and retire inefficient oil- and gas-fuelled power capacity.

In April 2023 the EBRD launched its first project under the NWFE, an EBRD/Green Climate Fund loan for Africa's largest wind farm, a new plant in Egypt's Gulf of Suez area, which is expected to reduce CO_2 emissions by around 1 million tonnes per year.

The EBRD is also mobilising technical assistance – including a just transition approach and a decommissioning master plan – for the permanent closure of twelve thermal power plants, and an action plan to develop green supply chains.

In addition, it will seek technical support and funding under the NWFE for grid strengthening and support for Egypt in achieving the targets in its updated Nationally Determined Contribution, the country's commitments under the 2015 Paris Agreement on climate change.

Building on its experience with the NWFE, the EBRD announced its support for North Macedonia's just transition investment platform, launched at the COP28 climate conference in Dubai in December 2023.

- Financing for renewable energy:
  €**1.6** billion
- Financing for energy efficiency: :
  €**3.4** billion
- Renewable energy capacity that the EBRD, in 2023, committed to financing:
  5,117 MW
- Expected annual reduction in CO_2 emissions as a result of EBRD investments in 2023:
  10.71 million tonnes
- Estimated GET annual mobilisation:
  €**1.67** billion

Honing the Paris alignment process

Once all new EBRD activities had become Paris aligned from the start of 2023, the Bank continued to use the enabling framework to encourage its partners and their clients to map their own Paris-alignment journeys.

In December 2022, Jordan's Bank al-Etihad became the first EBRD partner bank to sign up to making a transition plan as part of the EBRD's Paris alignment approach. Other banks followed suit in 2023 and, by the end of the year, seven clients had signed agreements on transition plans that followed the EBRD's Paris alignment methodology.

Country-level programmes for partner financial institutions in Morocco and Armenia were launched, as were five technical cooperation projects to help PFIs strengthen their climate risk management processes and corporate climate governance.

Through its Corporate Climate Governance Facility, launched in 2022, the EBRD provides advisory services to clients who commit to strengthening their corporate climate governance, transition planning and disclosure practices.

Local partner banks are key to helping the Bank deliver its work on the ground, and the EBRD continued to promote the zero-carbon agenda through them in 2023. EBRD green finance provided via the banking system, including Green Economy Financing Facilities (GEFFs), rose to €2.4 billion from €2.2 billion in 2022.

16 The NWFE energy pillar receives international support in the form of grants and concessional finance from a consortium of partners, such as the European Commission, the United States of America, the United Kingdom, Germany, France, the Netherlands and Denmark, as well as donors to the EBRD's High-Impact Partnership on Climate Action (Austria, Finland, the Netherlands, Spain, Switzerland, the TaiwanICDF and the United Kingdom).

One standout transaction in the renewables sector was the EBRD's financing of a 1.1 GW offshore windfarm in Poland, which was not only the Bank's first offshore wind investment, but also the first offshore wind facility in Poland and a major step forward for the whole Baltic region.

The EBRD also increased its support for auction processes to help achieve more competitive renewables pricing, with key projects in Central Asia and the Western Balkans.

Stepping up support for Green Cities

The Bank continued to roll out its Green Cities programme in 2023, signing 20 projects. This brought the total invested in sustainable infrastructure under the programme to €2.7 billion since 2016 and an expected annual reduction in CO_2 emissions of 4,635 tonnes, equivalent to taking over 1 million internal combustion-engine cars off the road each year. Sixty cities are now part of the programme.

Breaking new green ground on capital markets

Capital markets played an increasing role in delivering the green agenda. An EBRD investment in a sustainability-linked bond issue by Croatia's largest utility was the first such bond issued by a local municipality or public-sector company in the country.

The Bank also supported the development of green capital market products in Egypt by investing in a bond issued indirectly by the New Urban Communities Authority, which is developing new, modern cities.

Protecting biodiversity and nature

As the decline in biodiversity continued to pose significant risks to the economies and livelihoods of people in the EBRD regions, the Bank reinforced its support for the Kunming-Montreal Global Biodiversity Framework, agreed in December 2022 with the aim of halting and reversing biodiversity loss by the end of the decade.

At COP28 the EBRD launched its new approach to nature, building on a track record of identifying, minimising and mitigating biodiversity impacts in its projects.

Case studies

Landmark EBRD investment boosts Poland's renewable capacity

Poland expanded its renewables capacity with landmark EBRD financing for a 1.1 GW Baltic Power offshore windfarm, the first offshore wind facility in Poland and the EBRD's first offshore wind investment. The facility is expected to generate electricity equivalent to 4,000 GWh – some 2-3 per cent of Poland's current electricity generation – and to help avoid around 2.8 million tonnes of CO_2 emissions annually.

Breaking new ground with a wind project in Kazakhstan

The Bank supported a pioneering step in Kazakhstan's bid to become carbon neutral by 2060 by financing a 100 MW wind power plant, the first EBRD wind project rolled out under the country's renewables auction scheme. The investment includes a commitment to promote access to employment and green skills for women, and should result in annual CO_2 emission savings of around 212,000 tonnes.

Case studies

Fostering the circular economy in Türkiye with a pioneering epoxy resin facility

The Bank promoted the circular economy in Türkiye by financing chemical materials company Akkim's bid to develop the country's first greenfield epoxy resin production plant. The investment will reduce CO_2 output from the production process by using renewable feedstock rather than fossil resources.

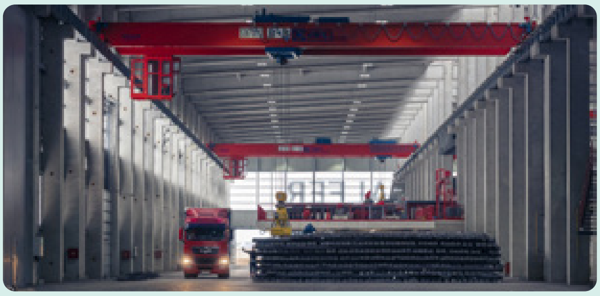
Advancing Uzbekistan's renewables agenda with finance for 1 GW of new capacity

The EBRD financed 1 GW of renewable energy in Uzbekistan in 2023, funding the construction of three solar power plants with a combined generation capacity of 900 MW and a 100 MW wind power plant in Nukus, western Uzbekistan. The Bank has partnered with the authorities to deliver 2,000 MW of wind power through competitive bidding processes.

Promoting green energy generation with finance for e-waste recycling in Poland

EBRD financing for Polish waste processor Elemental supported the development of a facility to recycle scrap and lithium-ion batteries from electronic vehicles and other devices such as smartphones and laptops. The proceeds will be used to finance solar photovoltaic (PV) panels with 37 MW of installed capacity, yielding environmental benefits.

Greener steel production in Serbia as mill modernises production processes



A capex loan to Serbian steel mill Metalfer will make the company more energy efficient by improving scrap processing and input, reducing heat dissipation and modernising the processing of semi-finished goods. The loan will also finance a solar PV mini-plant, producing up to 4 MW of renewable power for the company's own production needs.

Encouraging the circular economy in Azerbaijan

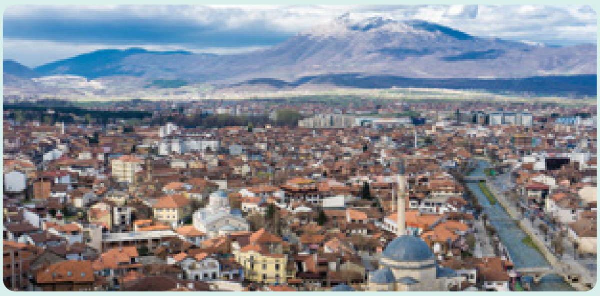
The EBRD gave a boost to Azerbaijan's circular economy with a loan to lead producer and exporter Az-Lead, which will finance an increase in the company's recycling and refining capacity and improve its lead recovery rates. The EU also supported the project, in line with its Circular Economy Action Plan.

Funding green investments by a Moroccan packaging firm

The EBRD promoted green investments by Moroccan packaging manufacturer Multisac with a €15 million loan that will finance the construction of a new green manufacturing plant and the introduction of reusable and recyclable flexible packaging films that have a low carbon footprint.

Case studies

Bank extends first sustainability-linked financing in the Western Balkans

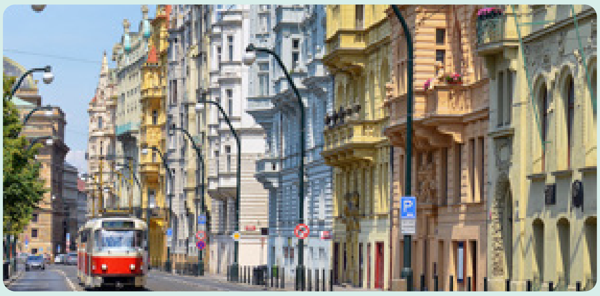


A loan to Kosovan bottled-water maker Uje Rugove was the EBRD's first sustainability-linked financing in the Western Balkans. The project helped Rugove expand its presence in its markets, while also setting ESG-linked objectives, including improvements in water use, reductions in waste and the adoption of gender and equal-opportunity goals.

Going solar at Montenegro's leading retail chain

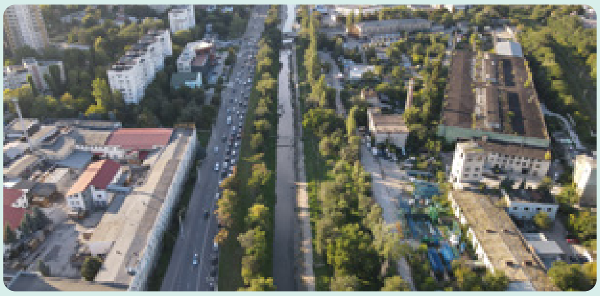
Montenegro's leading food retail chain, Voli, is combating climate change by switching to renewable energy sources, thanks to an EBRD loan to finance solar panels with up to 4 MW capacity and charging stations for electric vehicles at its facilities and logistics centres. Austria's DRIVE fund provided funding for the project's feasibility study.

Promoting energy-efficient residential housing in Czechia



A €110 million loan to Heimstaden Bostad, owner of the largest portfolio of private residential rental units in Czechia, will support energy efficiency improvements in the residential real-estate sector. Heimstaden also will join an initiative launched by the Bank and the Czech Green Building Council to help develop a national decarbonisation roadmap.

Reducing flood risk in Moldova's capital and cutting pollution

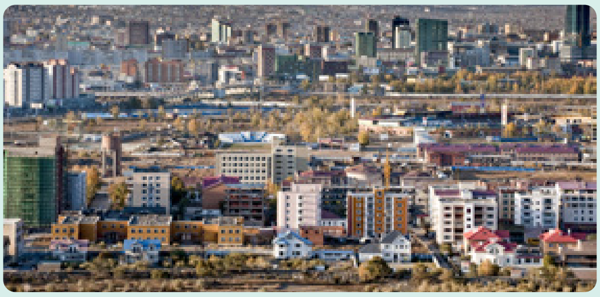


EBRD engagement in a €20 million financing package for the Moldovan capital city of Chisinau supported efforts to reduce the risk of flooding by the River Bic. Delivered as part of Chisinau's Green City Action Plan, it is the Bank's first project to implement a nature-based solution. It is also helping to cut pollution levels and make the river area more attractive.

Boosting solar capacity in Croatia with the first EBRD investment under InvestEU

With financing to build 30 MW of solar capacity, the EBRD launched its inaugural project under the InvestEU programme and its first solar photovoltaic investment in Croatia. The risks associated with the transaction's market-based electricity offtake (that is, outside any renewable energy support scheme) will be mitigated by the involvement of InvestEU, which provides guarantees to support investment in projects that meet EU objectives.

Providing affordable green housing in Ulaanbaatar



A US$ 20 million loan (€18 million) in Mongolia is being used to finance the design and construction of around 70 low-carbon and climate-resilient housing units in the capital city of Ulaanbaatar. The project is addressing the city's key environmental challenges of poor air quality, water quality and climate change impact, as identified by its Green City Action Plan.

Case studies

Reducing CO_2 emissions by supporting Africa's largest wind farm

An EBRD/Green Climate Fund loan provided finance for Africa's largest wind farm, a new plant in Egypt's Gulf of Suez area, which is expected to reduce CO_2 emissions by around 1 million tonnes per year. It was the first project to be conducted under Egypt's NWFE, a major Egyptian policy initiative developed in tandem with the EBRD.

Improving Kyrgyz energy security and climate resilience with hydropower plant modernisation

EBRD financing to modernise the 7.6 MW Lebedinovskaya hydropower plant in the Kyrgyz Republic will improve the country's energy security and strengthen its resilience to climate change. While supporting the mitigation of hydrology risks, the project is also helping to develop a regulatory framework for the renewable energy sector.

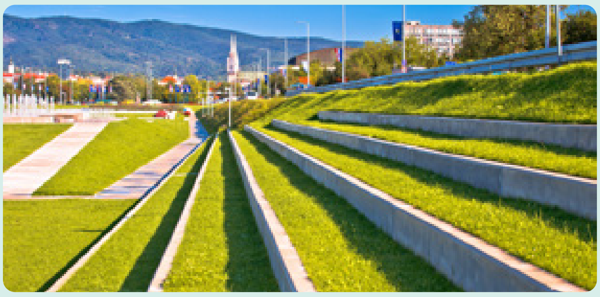
EBRD lends €10 million to advance energy efficiency improvements in Lithuania

A new EBRD loan to the Lithuanian Public Investment Development Agency (VIPA) is financing major renovations of multi-apartment buildings, increasing building efficiency and improving energy efficiency in a country that has come under significant pressure from rising energy and consumer prices on the back of Russia's invasion of Ukraine.

Cutting GHG emissions by investing in Polish renewables developer R.Power

The EBRD's €75 million participation in a capital increase by fast-growing privately owned Polish renewables developer R.Power will support the company's deployment of renewable energy capacity and help it achieve a 1 GWp solar PV operating portfolio across the EU within the next two years, creating significant savings in greenhouse gas (GHG) emissions.

Breaking new ground with a sustainability-linked bond in Croatia



The EBRD invested in a sustainability-linked bond issued by Croatia's largest utility, the first such bond issued by a local municipality or public-sector company in the country. Sustainability-linked bonds oblige issuers to achieve specific sustainability performance targets, which in the case of Zagrebacki Holding will lead to improved municipal waste management and increased use of renewable energy in the Croatian capital.

Improving the quality of drinking water in Morocco

A €12 million local-currency loan to the Guelmim-Oued Noun region of Morocco is financing investments to improve drinking water supply in rural areas and to upgrade four existing wastewater treatment plants. A trigger investment initiating the region's participation in the EBRD Green Cities programme, the transaction is also the EBRD's first municipal loan to a region in Morocco.