3. EBRD policy engagement and outreach

Long-term policy engagement unlocks impact

From 2016 to 2020, with the support of donors, the EBRD engaged in 313 green policy activities supporting green investments across 33 EBRD economies. Highlights included:

- Some 128 green laws, regulations, strategic documents and policy guidelines were developed as a result of EBRD support.
- Most green policy activities supported energy efficiency and renewable energy investments.
- Emerging areas of policy support were green cities planning, climate resilience, climate policies and markets, circular economy, environment practices and standards.

The EBRD's new GET approach will see the Bank engaging more with partners in government and business to develop the long-term policy frameworks and investment planning needed to drive deep decarbonisation and accelerate green growth. This work includes expanding existing approaches, such as national long-term low-carbon pathways, sector roadmaps and the Bank's work with cities.

EBRD Green Cities

EBRD Green Cities is the Bank's urban sustainability programme, which strives to build a better and more sustainable future for cities and their residents by identifying, prioritising and connecting cities' environmental challenges with sustainable infrastructure investments and policy measures. To date, EBRD Green Cities has mobilised over €2.5 billion in EBRD and donor commitments and leveraged co-investments.

Taking into account the effects of the pandemic and its likely after-effects, the EBRD broadened the scope of the Green City Action Plan (GCAP). With green remaining at the heart of its planning, the revised GCAP methodology offers a more comprehensive approach, with a greater focus on gender equality, smart technologies to enhance green impacts, and risk and vulnerability assessments against shocks and hazards.

- Seven new cities joined EBRD Green Cities: Split, Semey, Ust-Kamenogorsk, Ganja, Iasi, Warsaw and Ankara. This brings the total network to 44 cities.
- GCAPs have officially been adopted by the following six cities: Sofia, Chisinau, Banja Luka, Batumi, Skopje and Izmir.
- A further three cities completed their GCAPs: Skopje, Izmir and Amman.
- The Bank signed 16 projects through EBRD Green Cities, bringing its total investment in the programme to €759 million.
- The EBRD committed €950 million in new funding over the next three years to double the existing headroom for this flagship programme.

Setting city-wide green investment priorities

Amman, Jordan

Amman joined the EBRD Green Cities programme in 2018 and completed its GCAP in 2020. Its plan identified the following priority areas for investment: air quality, water cycle, solid waste, biodiversity and climate adaptation.
These areas can deliver a 165 tCO_2e GHG reduction through the development of an integrated green infrastructure strategy, a 722 tCO_2e GHG reduction through solid-waste management in 2020-23 and a 7 per cent reduction in GHGs emitted by public transport.

Donors: Government of Austria

Partner: C40 Cities, an international non-governmental organisation (NGO)

Transitioning to low-carbon transport with electric buses

Amman, Jordan

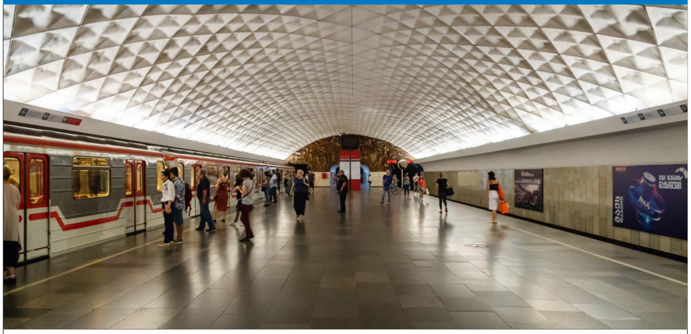
Amman is introducing the country's first electric bus fleet through EBRD Green Cities and the GCF's commitment to finance the purchase of 15 electric buses for the city.
The investment includes the installation of necessary charging infrastructure and training for the city to operate the new technology.

Loan: €2.8 million EBRD loan

Donors: The GCF provided an additional €2.8 million in concessional finance.

Impact: The project will reduce emissions by 290 tCO_2e/y compared with the use of existing cars and taxis.

Metro system overhaul



Tbilisi, Georgia

Residents of Tbilisi will benefit from the modernisation of the city's metro network. The Tbilisi Transport Company will acquire 40 modern metro cars and see the modernisation of a depot and a tunnel. This is Tbilisi's third project with the EBRD following the development of its GCAP.

Loan: €65 million

Donors: This is the first EBRD Green Cities project co-financed with the GCF, which provided a €10 million concessional loan.

Impact: Annual ridership of 25.4 million is expected on the new metro cars the first year of operation. Moreover, by promoting gender equality, improving safety and addressing sexual harassment, ridership among women in expected to increase.

Public buildings retrofit

Sarajevo

An €8 million municipal loan will cover the energy-efficient retrofit of 29 schools, six kindergartens, three student dormitories and two outpatient clinics. Supported by donors with €2 million in investment grants, the project falls under EBRD Green Cities.

Loan: €8 million

Donors: EU Regional Energy Efficiency Programme

Impact: Expected to cut energy use in half to around 13.7 GWh and save 4,774 tonnes of CO_2 annually.

Improving the corporate governance of climate risk

The EBRD is in the process of aligning its metrics and disclosures relating to climate risks and opportunities with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This work helps the Bank better understand its own exposure to climate-related financial risks and disseminate good practices on climate risk management to the EBRD's clients and across the regions in which it invests. The Bank's work with clients in this regard is supported by donors.

The EBRD's first TCFD report

The EBRD published its first standalone report on the steps it is taking to follow the recommendations of the TCFD in 2020. The report addresses each of the TCFD recommendations on disclosures covering climate governance, strategy, risk management, and metrics and targets. It describes the Bank's current procedures, state of preparedness and future plans to fully align with the TCFD recommendations. The EBRD became a TCFD supporter in 2018. For the last two years, it has been developing approaches to assess the risks that its investments face as a result of climate change. The Bank intends to begin systematically implementing these approaches from 2021.

Louis Dreyfus Company trade finance expansion

Regional

Agricultural processor Louis Dreyfus will support small and medium-sized grain and cotton farmers in Bulgaria, Egypt, Kazakhstan, Poland, Romania, Tajikistan, Turkey and Ukraine in accessing its supply chains and improving the quality of their produce. Tools for climate-related risk management in Ukrainian and Turkish harvests will enhance Louis Dreyfus's climate corporate governance.

Financing: US$ 100 million revolving facility

Olam regional working capital financing

Regional

As well as financing the training of new suppliers in sustainable agricultural practices and E&S standards, Olam will integrate climate risk analysis into its business strategy by stress-testing priority value chains in Turkey and Egypt. Assessed and disclosed in line with TCFD recommendations, the insights gathered will benefit agricultural sectors in both countries.

Loan: US$ 200 million loan provides stable working capital for the company in five EBRD economies: Egypt, Georgia, Poland, Turkey and Ukraine

VISP PPC liquidity response

Greece

PPC is Greece's largest power utility. Its financial health is crucial for the country to deliver on its commitment to phase out coal-fired generation and scale up renewable power supply within eight years. The EBRD is supporting PPC's analysis of climate-related governance, strategy and risks, and working closely with other MDBs to prepare a programme to support coal regions impacted by its transition to low-carbon power.

Loan: A €160 million EBRD loan provides working capital to ensure continued financial stability of the country's electricity sector and maintain PPC's momentum towards decarbonisation.

Long-term low-carbon pathways

Areas of policy engagement for the GET 2021-25 approach will include additional support for the economies in which the EBRD invests, to strengthen and meet mid- and long-term climate and sustainability goals through enhanced NDCs and long-term strategies and related policy, regulation and implementation plans.

Engagement will also support the formulation of low-carbon pathways, consistent with long-term decarbonisation goals for different economic sectors. These align market players, define investment requirements based on expected technology developments and indicate the policies to enable these investments. Examples include:

A low-carbon pathway for the energy sector in Uzbekistan. In 2020, supported by a bilateral donor, the EBRD completed a roadmap for a carbon-neutral power sector in Uzbekistan by 2050. The EBRD and the Uzbek government presented the plan to the main stakeholders in the sector, and the government then endorsed it and committed to work with the Bank on its realisation. This will require the EBRD to provide continued support for the implementation of market reforms and project finance and help to improve clients' climate corporate governance.

A decarbonisation pathway for the fertiliser industry. The EBRD is working with the International Fertilizer Association and the International Energy Agency (IEA) to develop a low-carbon technology roadmap for the global nitrogen fertiliser industry. The plan will set out the technologies and pathway needed to decarbonise nitrogen fertiliser production by 2050, including in economies where the EBRD invests, such as Egypt, Poland and Ukraine, where nitrogen fertiliser plays a significant role in the economy.

Capacity-building and policy support to promote the development of domestic and international carbon markets. This includes developing international carbon-market instruments, in line with Article 6 of the Paris Agreement. In the next GET period, the Bank will cooperate with partners such as the joint MDB working group on Article 6, the World Bank-led Partnership on Market Implementation, the International Carbon Action Partnership, the IEA and the International Emissions Trading Association.

Enhanced cooperation with other MDBs operating in EBRD investee economies. The EBRD will focus on private-sector engagement through market instruments, carbon-market development and city-level green delivery models. Partners will include the World Bank Group, the African Development Bank, the Asian Development Bank, the European Investment Bank and the Asian Infrastructure Investment Bank through existing initiatives, such as the NDC Partnership.

Exploring opportunities for Georgia's energy mix. Georgia's hydropower-dominated generation mix results in seasonal excesses of electricity. The EBRD is providing Georgia with technical support to assess the investment requirements, as well as to upgrade existing assets and to transport blended hydrogen to end users. Green hydrogen generation is rapidly becoming economically attractive in many markets.

Scaling up renewables through renewable energy auctions

Boosting renewable energy is an essential part of tackling climate change. In addition to investing in renewables, the EBRD facilitates renewable energy auctions across its regions by assisting stakeholders to ensure auctions will attract credible bidders who can deliver successfully. This work is supported by donors. In 2020, the EBRD's renewable energy auctions programme reached a number of milestones:

- In Uzbekistan, the EBRD helped launch the tender for a 100 MW wind auction, marking the first phase of the country's wind auction programme.
- In Lebanon, the Bank appointed a consortium of consultants to assist with the preparation and procurement of a combined total of 210-300 MW of solar PV and storage, as well as four wind farms, each with capacity of 50-100 MW.
- EBRD policy engagement and technical assistance supported a solar auction in Albania, resulting in the lowest cost of renewables to date in south-eastern Europe. The Karavasta solar plant will help Albania to diversify its energy sources and build resilience to climate change.

Just Transition Initiative

In 2020, the EBRD launched its Just Transition initiative (JTI), which aims to ensure that the benefits of a green economy transition are shared, while preventing vulnerable countries, regions and people from falling behind. It identifies three core themes for the Bank's engagement on investment and policy activities:

(i) supporting green investments in high-carbon sub-national regions, focusing on the reconversion of fossil fuel assets and land remediation

(ii) supporting impacted workers and communities through reskilling and enhancing entrepreneurship

(iii) promoting regional economic diversification through support for SMEs and larger firms, as well as sustainable infrastructure investments.

In the EU, the Bank is working closely with the economies in which it invests as they look to implement just transition investments, linked to the EU's Just Transition Mechanism. For example, in Greece, the EBRD is supporting coal-dependent regions with a number of initiatives, such as Advice for Small Businesses and financing renewables. The year 2020 saw the EBRD's first just transition project – a €55 million equivalent bond investment – to support one of Poland's largest energy firms, Tauron Polska Energia, in its decarbonisation strategy. In line with the JTI, the company will develop a programme to address the potential social impact of closing its coal-powered plants in Silesia, one of Poland's most carbon-dependent regions. Outside the bloc, the EBRD is leading the "financing transition projects and programmes" pillar of the EU's Western Balkans and Ukraine Coal Regions in Transition Platform.

The EBRD is also leading the work of MDBs on just transition as part of the MDB Paris Alignment Working Group. It is coordinating work on developing common principles for MDB support for a just transition, advancing relevant MDB approaches, tools and instruments for different just transition contexts and establishing practical and strategic partnerships in support of a just transition. Progress will be presented at the United Nations Framework Convention on Climate Change Climate Summit, COP26, in late 2021.

The EBRD is also collaborating with the College of Europe, the Energy Community Secretariat, the European Commission, the government of Poland and the World Bank through the Platform Initiative in Support of Coal Regions in Transition for Western Balkans and Ukraine by coordinating the work on, and providing financing for, transition projects and programmes.

Blue economy

With an annual economic value of an estimated US$ 2.5 trillion, the oceans and seas present vast opportunities for economic development and employment generation. However, unsustainable use of the marine environment is putting these prospects at risk – as well as the livelihoods and welfare of billions of people in coastal communities. Some 90 per cent of the world's fisheries are already fully exploited or overfished and more than 8 million tonnes of plastic end up in our oceans every year.

The EBRD has an established track record on delivering the Sustainable Blue Economy Finance Principles, including investments in sustainable shipping, ports and harbour operations, wastewater treatment and solid-waste management projects in coastal and catchment areas. One flagship blue economy programme is the Bank's Northern Dimension Environmental Partnership (NDEP) , which promotes environmental remediation in the Baltic and Barents Seas, with a particular focus on supporting wastewater treatment to improve the health of the marine environment and to reverse eutrophication. The NDEP has contributed to a drop of over 50 per cent in phosphorous discharges into the Gulf of Finland thanks to its wastewater treatment projects in St Petersburg and other coastal areas.

Signing up to the Sustainable Blue Economy Finance Principles

Global

The EBRD has signed up to the Sustainable Blue Economy Finance Principles, the gold standard for investing in the sustainable ocean economy. This is another milestone in the Bank's promotion of a blue future for our marine natural capital and complements its partnership with the International Maritime Organization (IMO) to protect marine biodiversity and to promote the decarbonisation of the maritime sector.

Antimicrobial resistance

The EBRD and the British Society for Antimicrobial Chemotherapy in November held a webinar about Covid-19 and antimicrobial resistance (AMR), attended by 201 people from 34 countries. Experts said AMR was a chronic pandemic, which had been exacerbated by Covid-19, due to increased antibiotic prescribing. Experts warned that AMR could cost the international community US$ 100 trillion from now to 2050 and that, by then, the number of expected deaths associated with AMR could be greater than the number of cancer deaths.

While the EBRD's activities and investments this year have focused on tackling the impacts of Covid-19, the Bank's work on mitigating the risks associated with AMR has continued. In 2020, the Bank put into operation project requirements, through the newly agreed AMR-Transition Impact (AMR-TI) objectives, in the sectors of healthcare and agribusiness. AMR-TI promotes projects and clients that contribute to cutbacks in antibiotic use, supporting the reduction of AMR occurrence and spread.

Applicable projects will receive TI scoring points depending on the degree to which they achieve AMT-TI objectives. These objectives incite banking teams and clients to pursue opportunities for antibiotics stewardship (ASW), infection control and prevention, and biosecurity and surveillance through the Bank's investment projects.

The EU's most stringent regulations on the use of antibiotics in animal farming come into force in 2022. The Bank is supporting stakeholders in response to regulatory changes and evolving consumer preferences.

Boost for animal health, food safety and quality

Ukraine

The EBRD and the Food and Agriculture Organization of the United Nations (FAO) supported the development and adoption of a voluntary industry standard, with a labelling system for antibiotic-free chicken production in Ukraine. This national standard is an example of industry self-regulation, and a step towards increased consumer awareness and the promotion of market incentives for the prudent use of antibiotics and the mitigation of AMR risks.

Donors: EBRD Shareholder Special Fund