

EBRD and Just Transition

ERCST event

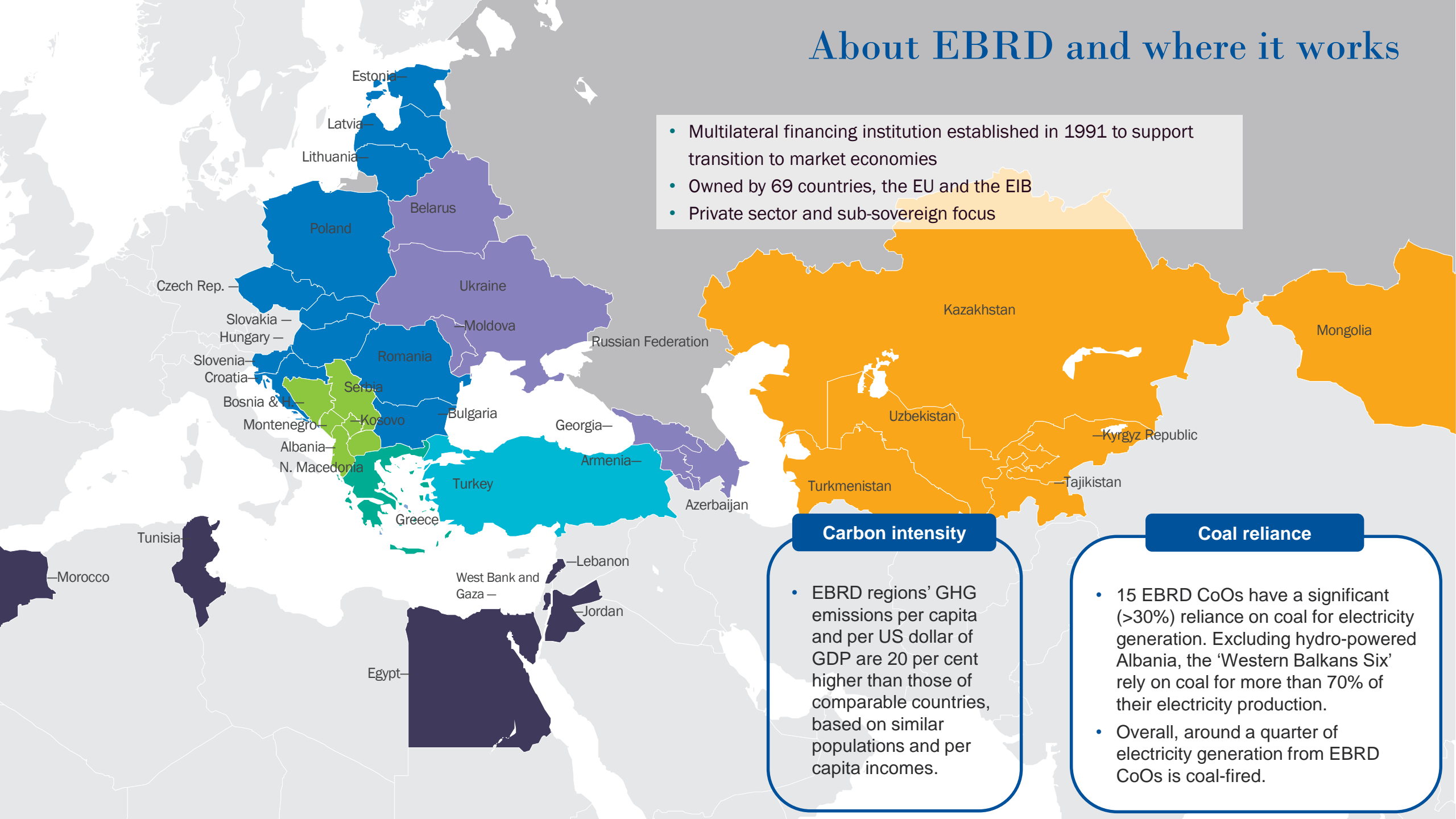
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About EBRD and where it works

- Multilateral financing institution established in 1991 to support transition to market economies
- Owned by 69 countries, the EU and the EIB
- Private sector and sub-sovereign focus



Carbon intensity

- EBRD regions' GHG emissions per capita and per US dollar of GDP are 20 per cent higher than those of comparable countries, based on similar populations and per capita incomes.

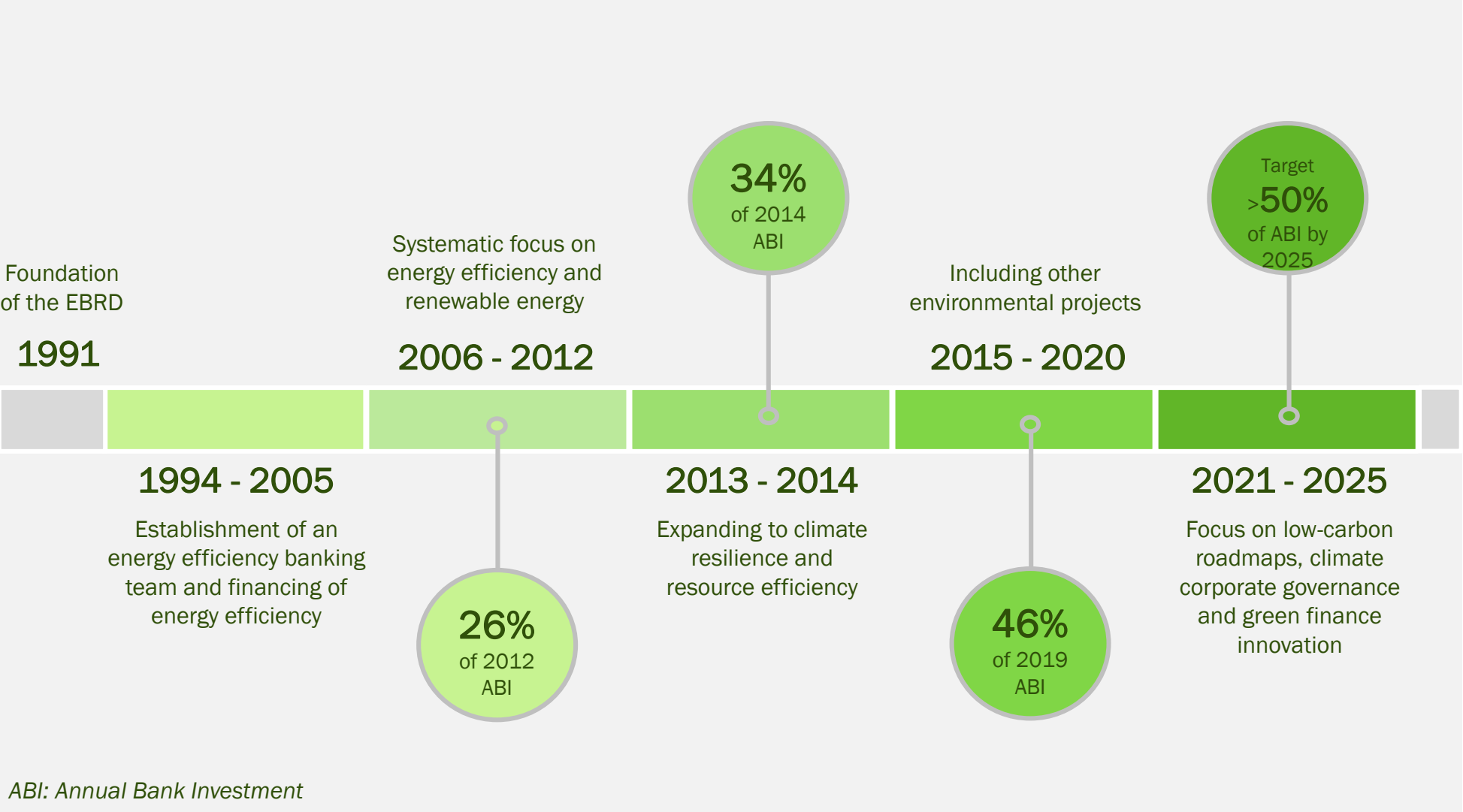
Coal reliance

- 15 EBRD CoOs have a significant (>30%) reliance on coal for electricity generation. Excluding hydro-powered Albania, the 'Western Balkans Six' rely on coal for more than 70% of their electricity production.
- Overall, around a quarter of electricity generation from EBRD CoOs is coal-fired.

EBRD has been working on decarbonisation since its creation



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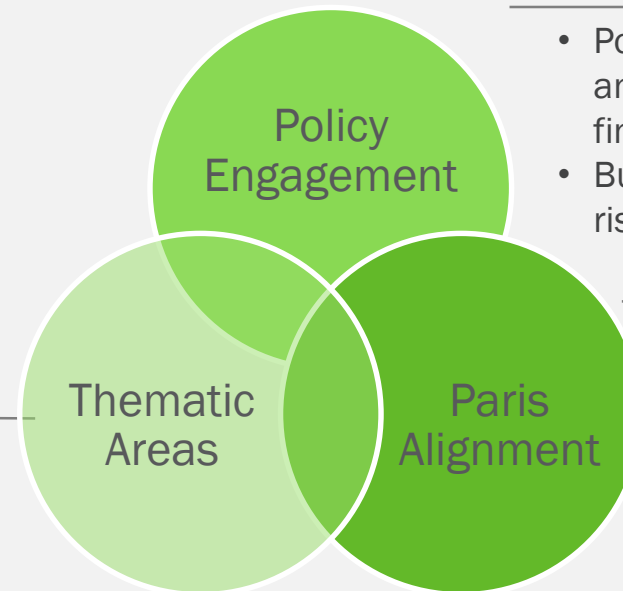
€35 billion
invested in
2,000 green
projects
since 2006

ABI: Annual Bank Investment

GET aims to accelerate the transition to a green, low-carbon and resilient economy and to contribute to achieving a net zero carbon world by 2050.

- Green Financial Systems
- Industrial Decarbonisation
- Sustainable Food Systems
- Energy Systems Integration
- Cities and Environmental Infrastructure
- Sustainable Connectivity
- Green Buildings
- Natural Capital

With energy efficiency and climate resilience as cross-cutting themes, and **innovation** and digitisation as enabling elements.



- Policy engagements that focus on long-term and low-carbon strategies and greening financial systems;
- Building capacity and awareness for climate risk management

- Screening all investments to ensure they are in line with the Paris Agreement;
- Increasing capacity to support countries, regions and sectors develop low-carbon and climate resilient strategies; and
- Scaling efforts to mobilise climate finance
- Just transition approaches for countries, communities, sectors and workers

Launched our Just Transition Initiative in 2020 to support delivery of GET



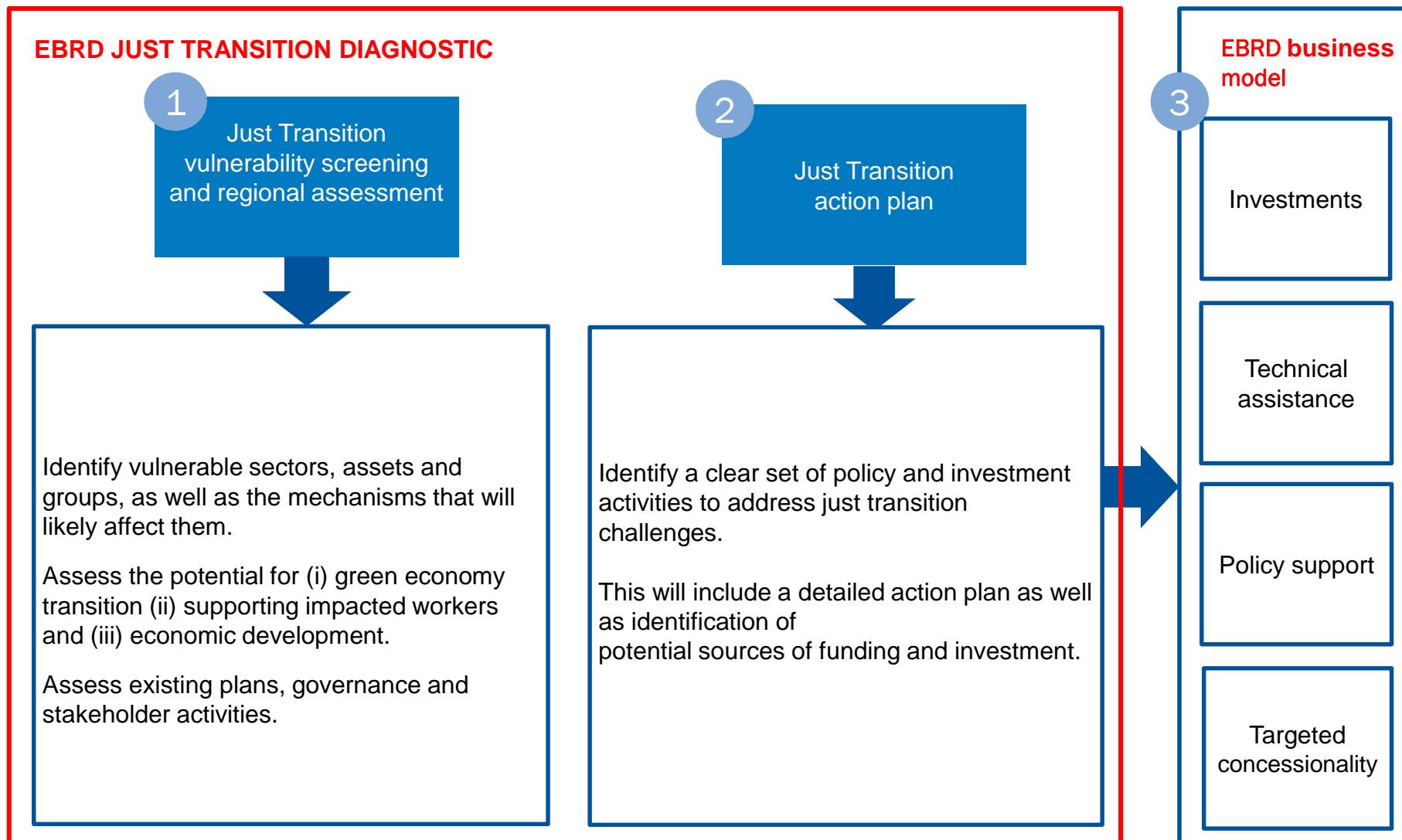
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Piloting strategic support in a small number of countries guided by just transition diagnostics



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Providing financing, policy and technical support along three focus areas



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Green Economy Transition

- Strategic policy and technical support (e.g. NDCs, fiscal impacts of climate policy, CCG).
- Supporting technical and environmental innovation in ‘hard to abate sectors’.
- Renewable energy, energy efficiency, and circular economy investments focused in key sectors: power, industry, transport, buildings and agriculture.
- EBRD Green Cities programme – incorporating Just Transition considerations as relevant.
- Green credit lines (GEFF)– supporting SMEs, small green financing needs, supply chain development



Supporting impacted workers

- Regional inclusion projects, supporting workers’ reskilling, access to finance for SMEs, and improved access to services.
- Policy work focused on education and labour market reforms to overcome barriers such as skills mismatch.



Regional Economic Diversification

- Support to SMEs covering:
 - Advice to Small Businesses to support SME growth.
 - SME financing through credit lines.
 - Improving business environment (e.g. legislation and standards).
- Infrastructure investments to deliver growth including through:
 - Focus on transformative projects, Public Private Partnerships.
 - EBRD Infrastructure Project Preparation Facility.
- Supporting industrial zones and parks.

Focus on collaboration and co-financing



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Internationally

- Leading the discussion on operationalising the JT among MDBs as part of our work on Paris Alignment.
- Coordinating with international funders and others to ensure appropriate support

Within the EU Member states

- In the context of the Just Transition Mechanism, particular focus on investments and InvestEU.
- Cooperating closely with Member State governments and clients to define opportunities, such as investments linked to energy transition (reconversion of stranded assets, new renewable energy generation, including district heating), municipal infrastructure, SME support, skills development for impacted workers and capacity building for project development.

In the EU neighbourhood

- Working with the EC, the World Bank, the Energy Community Secretariat and other key partners to set up a platform initiative in support of coal regions in Ukraine and Western Balkan countries.
- Conducting Just Transition Diagnostics in North Macedonia, upcoming in Serbia and under discussion in other countries



North Macedonia

ESM Solar Project on Coal Mines



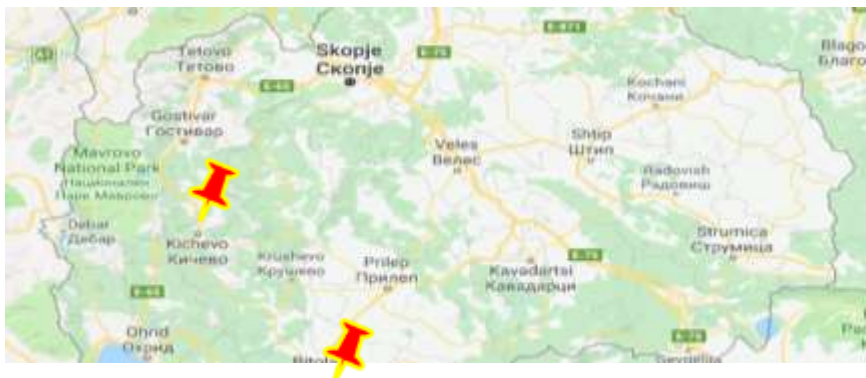
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EUR 5.9 million EBRD loan to construct and operate a solar photovoltaic power plant of 10 MWp, the first large-scale PV plant in North Macedonia, on the exhausted coal mine of the Thermal Power Plant (TPP) Oslomej, to be located near the town of Kicevo

Key Facts

- **Borrower:** ESM ad
- **Loan size:** EUR 5.9 million
- **Project size:** EUR 8.8 million
- **Co-financier:** None
- **Structure:** Senior unsecured loan
- **Use of proceeds:** Construction of a solar PV plant on the exhausted coal mine

Locations (Oslomej TPP and Bitola TPP)



... in 2021 EBRD is negotiating a loan of up to EUR 25 million to implement two further **solar projects on coal mines** consisting of:

- 10 MW solar PV plant extending the solar PV plant at TPP Oslomej.
- 20 MW solar PV plant adjacent to TPP Bitola.

... as part of this project, in line with the **Just Transition initiative the EBRD Engagement with the Government of North Macedonia, aims to:**

- Identify the social implications of the Just Transition and challenges for regional development (diagnostic funded by EU Delegation in Skopje on Kicevo and Bitola regions).
- In cooperation with local educational institutions, define redeployment and reskilling opportunities and develop labour market initiatives aiming to retrain the coal region's local workforce.
- Support the preparation and launch of a PPP tender to attract private investors for the construction and operation of 100 MWp solar PV, to replace the entire capacity at Oslomej TPP and potentially create employment opportunities for some of the ESM employees in TPP Oslomej.

Poland

Wałbrzych City



PLN 134.7 million (€30 million) EBRD loan to finance two critical and complementary investments as part of a comprehensive urban regeneration programme of the Wałbrzych City in Poland: a bypass road (Project 1) and a comprehensive retrofit of selected municipal buildings (Project 2)

Key Facts

- **Borrower:** City of Wałbrzych
- **Loan sizes:** PLN 54.2m and PLN 80.5m
- **Use of proceeds:**
 - Project 1 – construction of a bypass road
 - Project 2 – thermo-modernisation of municipal residential buildings
- **Signing dates:** 17/11/2020 and 23/12/2020
- **Tenors:** 12 years and 20 years



Transaction objectives:

- **Project 1** – Reintegrating underdeveloped parts of the Wałbrzych City and improving interconnectivity with the region.
- **Project 2** – Retrofitting and thermo-modernisation of municipally owned residential buildings with conversion of the heating source away from coal resulting in energy savings above 60% and CO2 emission savings estimated at 80% or higher.

Additionality and transition impact:

- **Project 1** - Create an integrated transportation system in the region and increase access to economic opportunities in a currently less-developed region of the country by improved connectivity and reduced commuting time. The Wałbrzych City will also adopt new regulations to make its urban planning processes more inclusive for the citizens by adopting participatory land use planning.
- **Project 2** – Trigger project for Wałbrzych participation in EBRD Green Cities programme. Significant environmental and economic benefits. 100% Green Economy Transition (GET) investment. Financing accompanied by development and implementation of a comprehensive GCAP for the Wałbrzych City.

Poland

Tauron Polska Energia



PLN 240 million (€55.8 million) EBRD 24% participation in a PLN 1 billion local currency bond issued by Tauron to support its decarbonisation strategy

Key Facts

- **Bond issuer:** Tauron Polska Energia S.A.
- **EBRD participation:** PLN 240 million
- **Total issuance:** PLN 1 billion
- **Use of proceeds:** Financing of distribution grid and renewable energy investments
- **Issuance date:** 30/10/2020
- **Tenor:** 5 years



Transaction objectives:

- Advancing the company's new strategy which includes a gradual decommissioning of coal-fired units, an expansion of renewable energy sources and the reduction of CO2 emissions.

Additionality and transition impact:

- EBRD has supported a coal-heavy client in engaging with the socio-economic challenges of their green transition by developing a programme to support workers in retraining and re-deployment.
- First in Poland, Tauron will implement climate corporate governance principles (TCFD).
- EBRD was instrumental in closing a sizable issuance during challenging market conditions.
- 100% Green Economy Transition (GET) investment.

Contacts



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