

EBRD's Finance and Technology Transfer Centre for Climate Change Program (FINTECC)

CTCN National Forum for NDEs from Central Asia and
Eastern Europe
16 June 2016



European Bank
for Reconstruction and Development

Introduction to the EBRD

The EBRD is a **triple-A** rated* bank with a capital base of **€35 billion**.

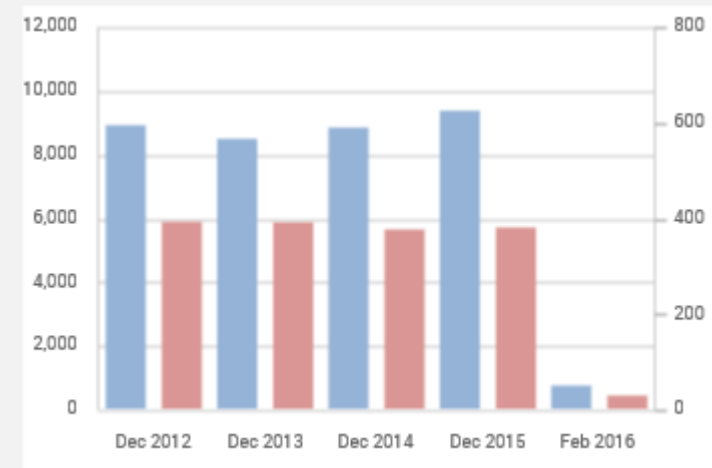
Operating in **36 countries** from central Europe to central Asia, the EBRD:

- Promotes transition to market economies
- Mobilises foreign direct investment
- Improves people's lives through enhancing municipal services
- Encourages sustainable development

The EBRD is owned by **65 countries** and two inter-governmental institutions. In January 2016, China became the 67th member of the Bank

* From all three main rating agencies (S&P, Moody's and Fitch)

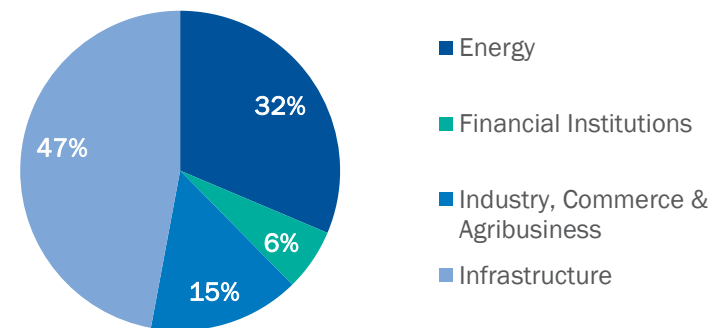
The EBRD's annual business volume
2012-2016
(cumulative, EUR in million)



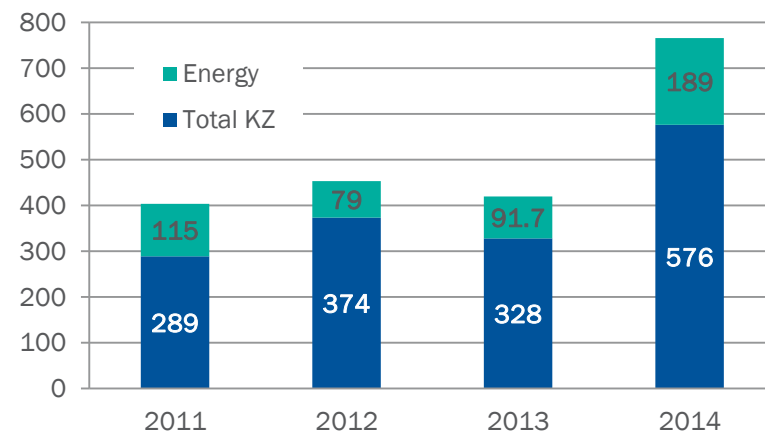
Note: as of 1 March 2016

| | |
|-----------------------------------|-----------|
| Presence on the ground | 2 offices |
| Number of projects to date | 209 |
| Net cumulative Bank investment | €6,315m |
| Portfolio | €2,123m |
| Operating assets | €1,438m |
| Private sector share of portfolio | 46% |

Kazakhstan portfolio composition



Annual investments dynamics





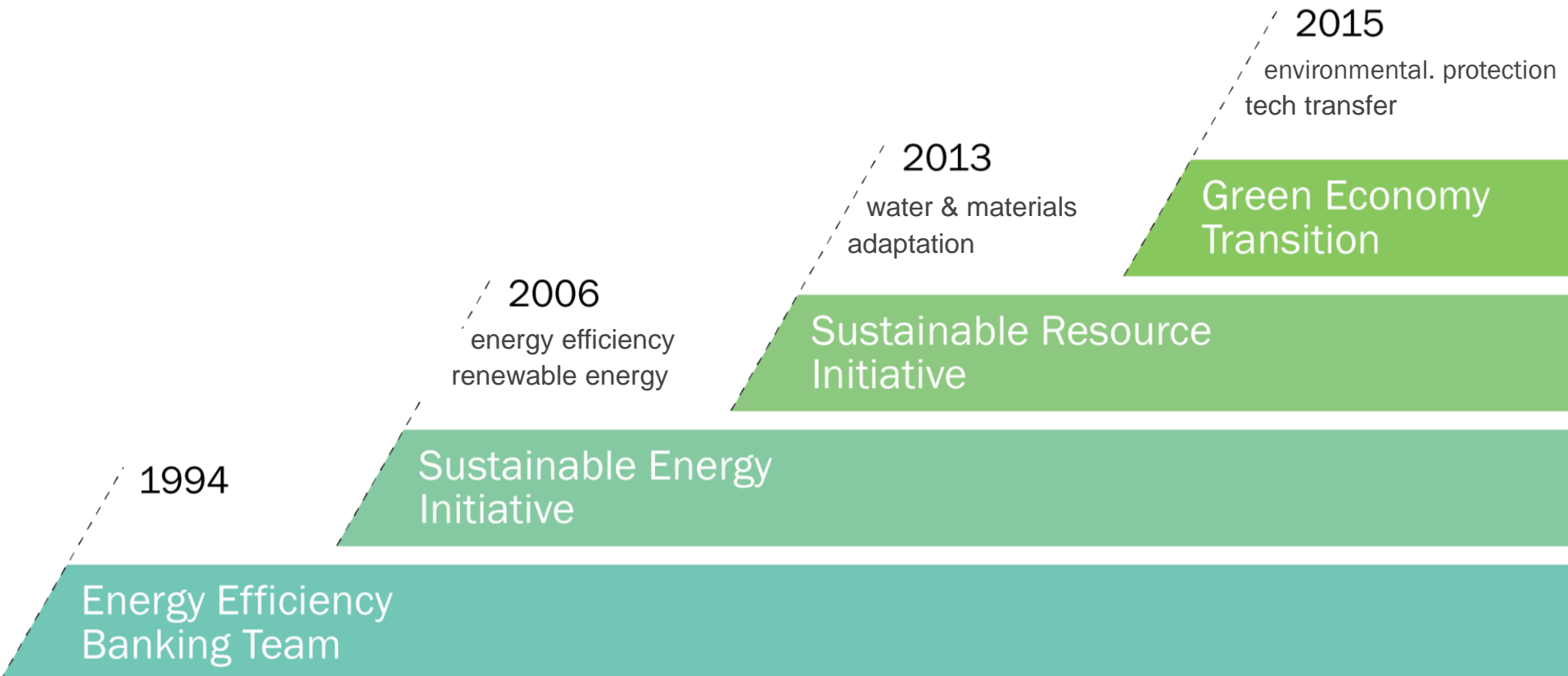
EBRD region's environmental challenges:

- **High carbon intensity** due to heavy reliance on fossil fuels and high energy intensity due to wasteful practices, distorted energy pricing and absence of effective regulation and standards
- **Markets' failure** to internalise the cost of environmental damage
- **Reducing the energy and carbon intensity** through energy efficiency and renewable energy deployment is in line with the national security and economic interest of the EBRD region
- **Water efficiency** is an important driver of business competitiveness, especially in Central Asia and the Southern and Eastern Mediterranean region

Mainstreaming green financing: EBRD strategies



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Mainstreaming green financing: Financing results

€19.5 billion

cumulative EBRD green
financing 2006 – Q12016

1,080 projects

with green components

30%

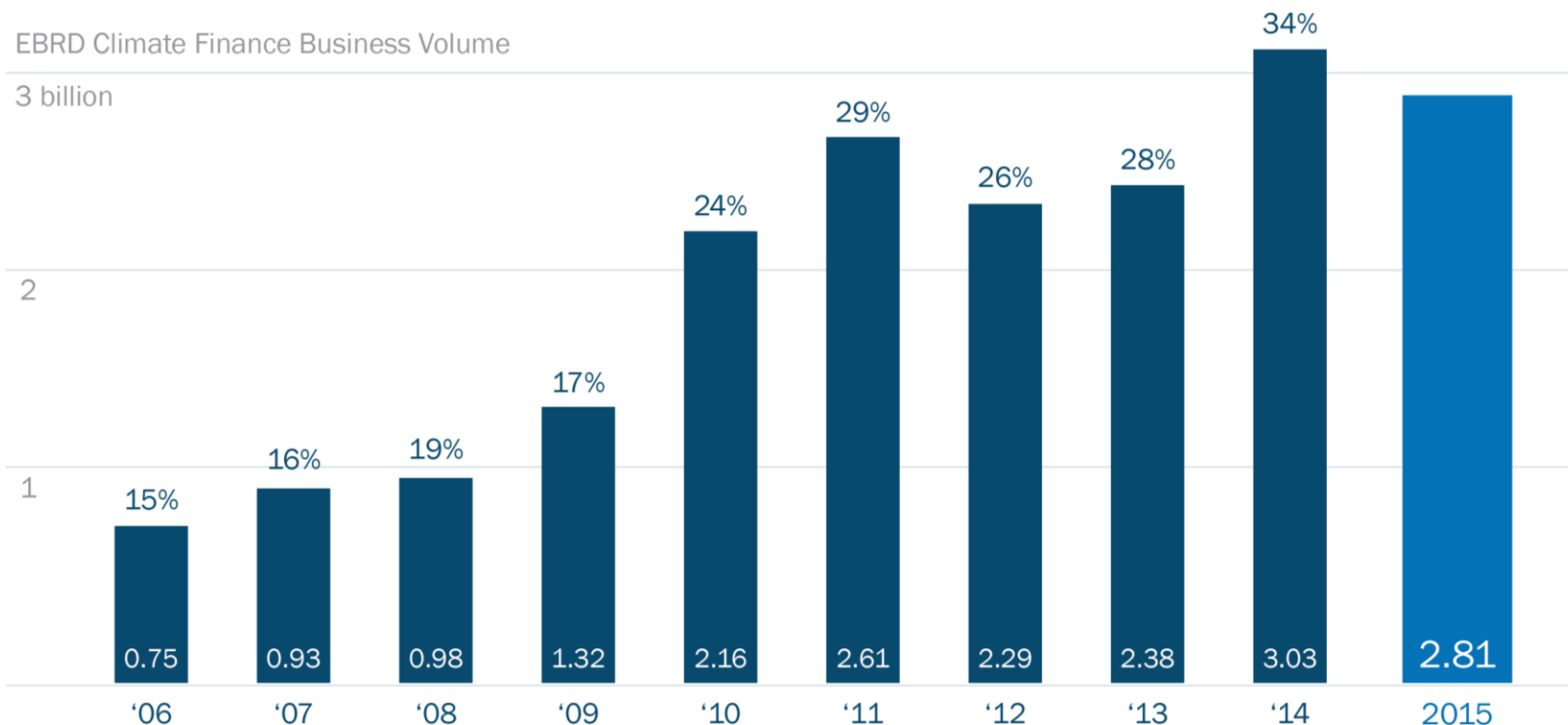
of 2015 business

EBRD Climate Finance Business Volume

3 billion

2

1



The green economy transition

Objectives and expected results

Objectives

40% EBRD's green financing as a proportion of total ABI, 2016 to 2020

Expected results by 2020

€4 billion annual EBRD GET financing

€18 billion cumulative GET financing reaching

€78 billion total project value

50% - 66% GET financing from the private sector



- FINTECC is a framework for providing incentive grants in support of climate technology transfer in Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan, Uzbekistan, Ukraine and Kazakhstan.
- The program offers technical assistance provided by the EBRD and international consultants, as well as incentive grants for companies to introduce eligible technologies. The grants are available to the companies as a complement to EBRD financing.
- The FINTECC programme is funded by the Global Environment Facility (GEF) and the EBRD Shareholder Special Fund (SSF).

Project eligibility criteria

- Projects in ETC¹, SEMED², Ukraine and Kazakhstan;
- Projects of any size can be supported;
- Eligible recipients of the support are private sector clients excl. subs of multinationals;
- There must be an underlying financing by the EBRD.

Climate technologies eligibility criteria:

- The technology specification surpasses standard practice in the relevant country or region;
- The technology is in line with the best available technologies and has low market penetration;
- The installation of the technology results in energy savings, carbon emission reductions, water savings and/or increased resilience to climate change.

¹ Early Transition Countries (ETCs) – Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan, Uzbekistan

² Southern and Eastern Mediterranean Countries (SEMED) – Egypt, Jordan, Morocco, Tunisia

- Incentive grant levels range between 5-25% of total eligible project costs, but are capped at EUR 0.5mn for Armenia, Azerbaijan, Belarus. Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan, Uzbekistan.
- In Kazakhstan maximum contribution is capped at 15% of the investment cost.
- **Eligible costs** are those related to design, supply, installation, engineering, feasibility testing (e.g. ground testing for ground source heat pumps) and commissioning of eligible technologies.

How FINTECC program works

1. The company approaches the EBRD with a specific investment plan for financing.
2. Following initial review of the investment plan, the Bank informs the company about the terms of a potential financing.
3. The EBRD undertakes a screening of the energy efficiency and water efficiency opportunities related to the proposed investment plan and the company's operations.
4. The EBRD completes its due diligence to seek approval of the financing. If eligible technologies are part of the investment plan, the incentive grant is approved as part of the EBRD's approval process.
5. The client implements the investment plan, including the eligible climate technologies.
6. The EBRD pays the incentive grant once it receives proof of successful implementation.

Case Studies

17 signed transactions, incentives worth USD 3.1m, supporting USD 39m of GET investments. Transactions benefiting were in Agribusiness (7), M&S (7), Natural Resources (1), Corporate (1), and Property and Tourism (1)

Workshop and showroom, ETC

Technologies considered: tri-generation, clean burn boiler, water recovery and re-use, variable refrigerant flow cooling system complemented with BEMS, LED lighting.

Grant: USD 360,000

SEI investment: USD 6.3 mil

EBRD transaction: USD 13 mil

Bear Beer, Kyrgyz Republic

Technologies supported: CO₂ recovery system in fermentation and EMS.

Grant: EUR 127,327

SEI investment: USD 1.1 mil

EBRD transaction: USD 9.5 mil



Manufacturing facility, SEMED

Technologies supported: Rooftop PV, Energy Storage, Heat Recovery, Building Insulation, EMS, ISO 50001.

Grant: EUR 380,000

SEI investment: EUR 2.2 mil

EBRD investment: EUR 4.6 mil



Thank you



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