CLIMATE FINANCE: OBSERVATIONS FROM EXPERIENCE

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15TH ANNUAL GHG TRADING WORKSHOP
PARIS, 29 SEPTEMBER 2015

European Bank
for Reconstruction and Development

EBRD CLIMATE FINANCE

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- The EBRD region, which includes Eastern Europe, Caucasus, Central Asia, Southern and Eastern Mediterranean represented **12.6% (5,503 MtCO2e) of global emissions** in 2011.
- The region remains carbon and energy intensive, **11 of the top 20 most carbon-intensive economies in the world are in the EBRD region**.
- Accordingly, EBRD climate finance activity focuses on e**nergy efficiency** and r**enewable energy** projects in the **private sector .**
- Results between 2006 and 2015 to date:
    - **€18.4 billion EBRD finance** ($20.2 billion) in **1,000 SEI projects**
    - **€94.6 billion** total project value ($104 billion)
    - **> 70 million tonnes** annual CO2 emission reductions
- Results realised in a challenging context with significant **market barriers.**
- Resulting strong need for complementary **policy dialogue and technical assistance** to support and expand climate finance activity.
- EBRD works closely with **bilateral and multilateral donors** including EU,CIF, GEF and now GCF to scale up climate finance through technical assistance, capacity building and co-financing
- Building on track record, EBRD planning to step-up **Green Economy Transition.**

CARBON MARKETS AND EBRD CLIMATE FINANCE

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- **Carbon markets had limited influence on EBRD climate finance to date.** During 2008 – 2012 35 emission reduction transactions realised under Green Investment Schemes, JI and CDM.
- **Carbon pricing and emissions reduction could be important for the financial sustainability of projects, but have currently limited relevance** due to:
  - Unclear market demand for carbon credits
  - Nil, low or volatile carbon prices
  - Regulatory uncertainties
- **EBRD currently provides targeted support for carbon market development by including technical assistance in projects and programmes,** including for example:
  - Integrated carbon programmes, e.g. carbon market training to banks as part of SlovSEFF in Slovakia and MidSEFF in Turkey
  - Technical assistance on carbon market to companies in Kazakhstan (e.g. Shymkent Cement and Yerementau Wind Project).
  - Carbon project development, e.g. 5 renewable energy projects in Turkey and Georgia (Enguri Hydro)
- Carbon market experience informed design of EBRD climate finance MRV.

IDEAL OUTCOME

- Emission reduction targets that ensure no more than 2'C increase in global temperature
- Enforceable global carbon pricing
- A steady flow of funding for climate action

GOOD STEPS FORWARD

- Standardisation of climate finance, carbon accounting and MRV definitions. Joint MDB climate finance methodology as example.
- Encourage donor support for capacity building, to:
  - transpose INDCs targets into national law (carbon budgets)
  - implement delivering instruments like energy efficiency, renewable energy and carbon pricing laws and regulations
  - increase funding for scaling-up mitigation and adaptation projects through multilateral and bilateral funding arrangements.

PARIS2015
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COP21·CMP11