

EBRD's Sustainable Energy Financing Facility

Fani Kallianou

Accelerating energy efficiency in industrials SMEs Workshop
IEA HQ, Paris 27 November 2014



European Bank
for Reconstruction and Development

EBRD at a glance



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- Promotes transition to market economies in 34 countries from central Europe to central Asia
- Since 2011, the Bank expanded its operations to include Egypt, Morocco, Tunisia, Jordan and now Cyprus
- Owned by 65 countries and two inter-governmental institutions, with a capital base of €30 billion
- In 2013 committed €8.5 billion through 392 financing operations

**SOUND
BANKING**

**TRANSITION
IMPACT**
& SUPPORT FOR
THE PRIVATE
SECTOR

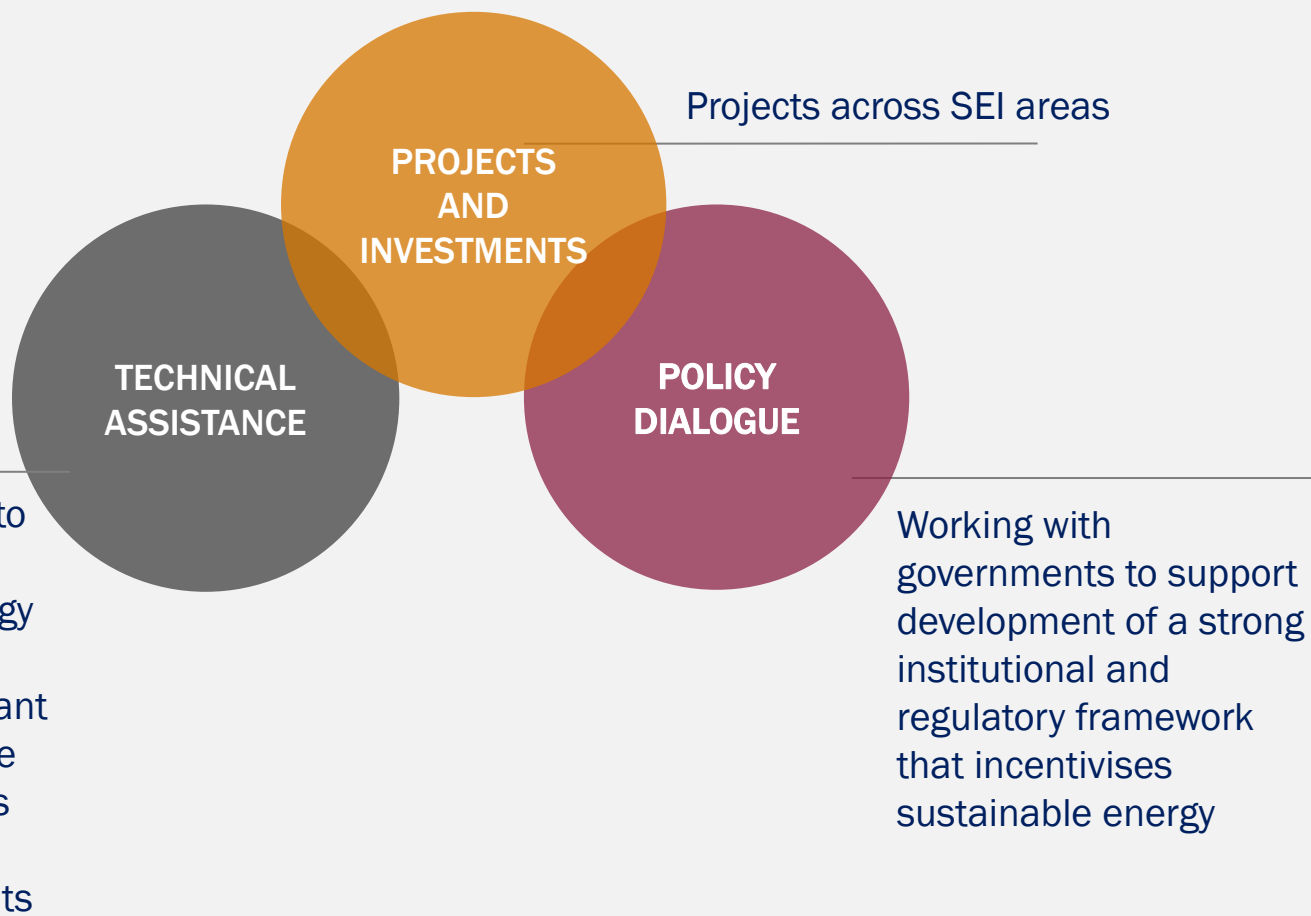
**ENVIRONMENTAL
SUSTAINABILITY**

The Sustainable Energy Initiative

- The EBRD has been engaged in sustainable energy finance since its establishment.
- In 2006, the EBRD launched the SEI to address the twin challenges of energy efficiency and climate change.
- The EBRD was the first MDB with a dedicated pool of technical experts in-house.
- In 2009, the EBRD became the first MDB to set itself a carbon emissions target.
- In mid-2014, the EBRD has already exceeded the three year (2012-14) target under the UN's Sustainable Energy for All initiative.

€15billion
climate
investments
across over **850**
projects

In 2013, SEI
finance accounted
for **27% of EBRD**
business volume



CORPORATE ENERGY EFFICIENCY

Making energy efficiency investments in energy-intensive industrial processes such as steel manufacturing, aluminium smelting, cement and glass production, as well as major transport investments, such as in railway operating companies.

SUSTAINABLE ENERGY FINANCING FACILITIES

Financing facilities through local financial institutions in countries of operations to support industrial energy efficiency in small and medium-sized enterprises, small-scale renewable energy and building energy efficiency projects.

ENERGY EFFICIENCY IN THE ENERGY SECTOR

Improving energy efficiency of transmission networks and thermal power stations. The ageing energy infrastructure includes a large number of plants with low generation efficiency, high running costs, and excessive pollution and carbon emissions.

MUNICIPAL INFRASTRUCTURE ENERGY EFFICIENCY

Upgrading neglected municipal infrastructure to provide efficient district heating, public transport networks and water supply systems.

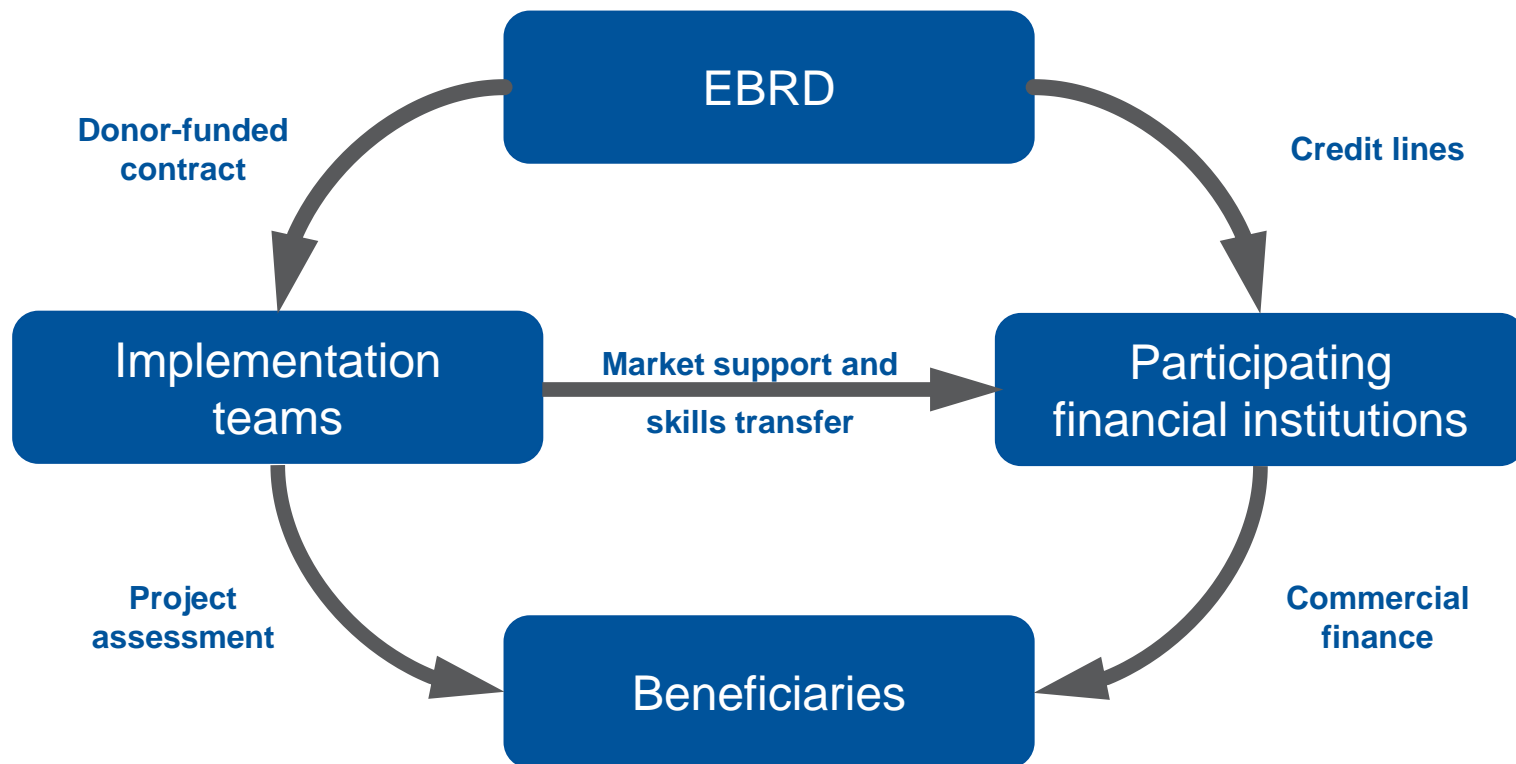
RENEWABLE ENERGY

Supporting the development of renewable energy sources by providing project finance and technical assistance to shape the institutional and regulatory frameworks for renewable energy investments.

CLIMATE CHANGE ADAPTATION

Developing approaches to integrate climate risk management and adaptation into project appraisal and development with a particular focus on the private sector.

The EBRD SEFF model



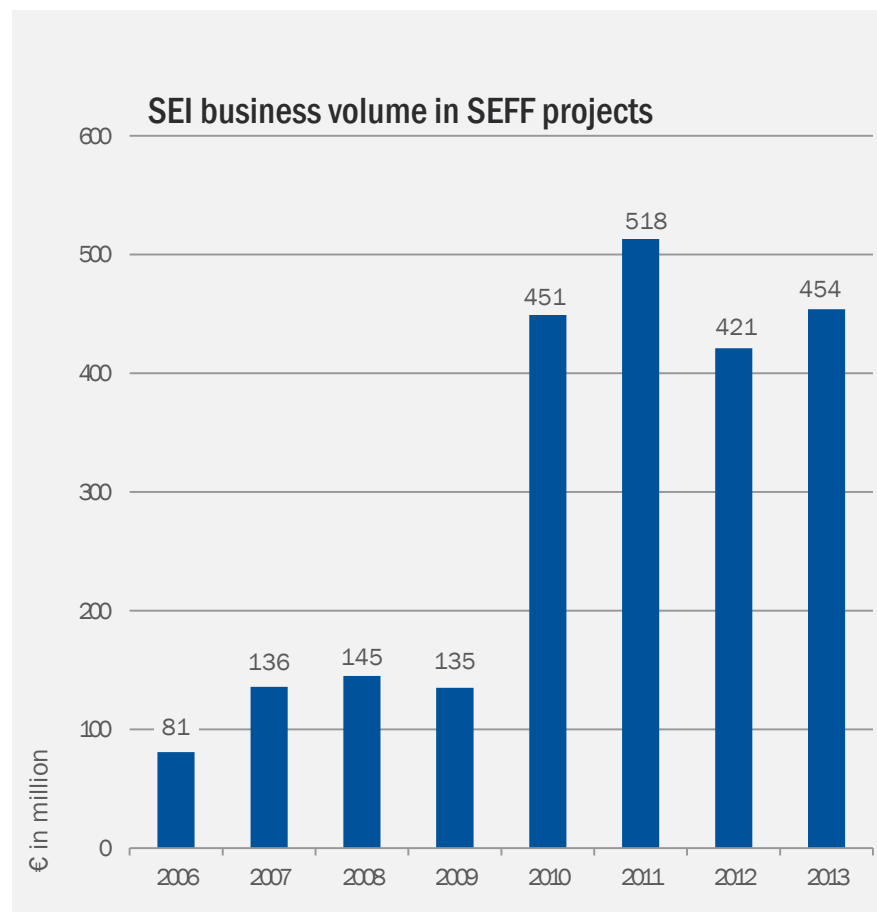
- EBRD SEFFs use international best practice to transfer skills to local financial institutions and final beneficiaries, supporting the origination of technically feasible investment opportunities
- EBRD SEFFs demonstrate the financial viability of sustainable energy investments, identifying enhanced solutions and missed opportunities to optimise investment returns

SEFF Results



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- Business volume amounted to over €2.5 billion
- SEFFs currently operate in 20 countries via more than 85 financial institutions
- SEFF loans have reached 55,000 clients, including businesses, housing associations and households
- Saving over 11 million MWh equivalent each year
- Avoiding over 4 million tonnes of annual CO2 emissions



The EBRD SEFF model

- Brings together the critical technical and financial components required to facilitate and add-value to sustainable energy investment opportunities
- Increases awareness of the benefits of sustainable energy investments among financial institutions and demand for financing from their clients
- Promotes ‘best practice’ technical solutions
- Improves the ‘bankability’ of sustainable energy investments
- Demonstrates the technical feasibility and economic viability of such investments - inspiring action by example

EBRD SEFF technical assistance



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Experience and expert guidance helps local financial institutions to:

- Develop an appropriate financial product that originates new areas of investment
- Promote the business benefits of the product on both sides of the financier-client relationship
- Ensure market uptake by focussing on opportunities that are a business priority
- Demonstrate how sustainable energy investments improve client productivity (quality, capacity, comfort) enhance client competitiveness and ultimately turn a profit
- Become the partner of choice for clients wanting to finance sustainable energy projects

The EBRD supports the development of strong institutional and regulatory frameworks that create an enabling environment for investment in sustainable energy projects. For example:

- Equipment labelling in Russia - energy performance labelling improved technical standards
- Feed-in tariff support for renewable energy in the western Balkans and Belarus – mobilised longer-term investment
- Buildings standards in Moldova and Kyrgyz Republic (EPBD) – minimum energy standards created a market for higher performance equipment and materials



SEFF examples and case studies



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www.ebrd.com/sei

Sustainable Energy Financing Facilities

Through Sustainable Energy Financing Facilities (SEFFs), the EBRD extends credit lines to local financial institutions that seek to develop sustainable energy financing as a permanent field of business. Finance for sustainable energy projects is provided for two key areas: energy efficiency and small-scale renewable energy. Local financial institutions on-lend the funds to their clients including small and medium-sized businesses, corporate and residential borrowers.

In addition to financing, each SEFF establishes a Project Implementation Team, comprising of local and international experts who provide support to financial institutions and their clients. They train staff in promoting the new financial product and how to recognise technically eligible projects as well as supporting the creation of standards for environmental due diligence.

These experts also provide borrowers with support in identifying energy saving opportunities, developing financing applications enhancing project design and advising on high performance technologies.

SEFF financing for businesses typically ranges from a few hundred thousand to a few million euros to support the purchase and installation of equipment, systems or processes. Across the EBRD region, SEFF financing has supported diverse projects in virtually all sectors, ranging from agribusiness, food processing, and manufacturing to industry, construction and services.

Residential loans cover a few thousand to a few hundred thousand euros, most often to support improvements on the building envelope. Various groups have benefited from SEFF loans including individual owners, groups of home owners and multi-apartment associations.

Country	SEFF	Volume	Sector
Belarus	SEI-MEE	€40 million	Business
Bulgaria	SEI-MECL	€155 million	Business
Bulgaria	SEI-ECCL	€90 million	Residential
Bulgaria	SEI-MEET	€20 million	Business

Contact details



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Ms Fani Kallianou

Manager

Energy Efficiency and Climate Change team

European Bank for Reconstruction and Development

Kallianf@ebrd.com