

Article 6 in Georgia: EBRD Support

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European Bank
for Reconstruction and Development

Accelerating the green transition the vital role of global carbon markets



The number of corporations and governments pledging to deliver **net-zero emissions by 2050** has more than doubled in the past year.



EU's proposal for a **carbon border mechanisms** puts pressure on other countries to put in place industrial and energy sector decarbonisation policies



Markets are underpinned by **robust regulations, baselines, MRV** and registries that allow for rigorous assessments, as it is embedded in the “real economy”



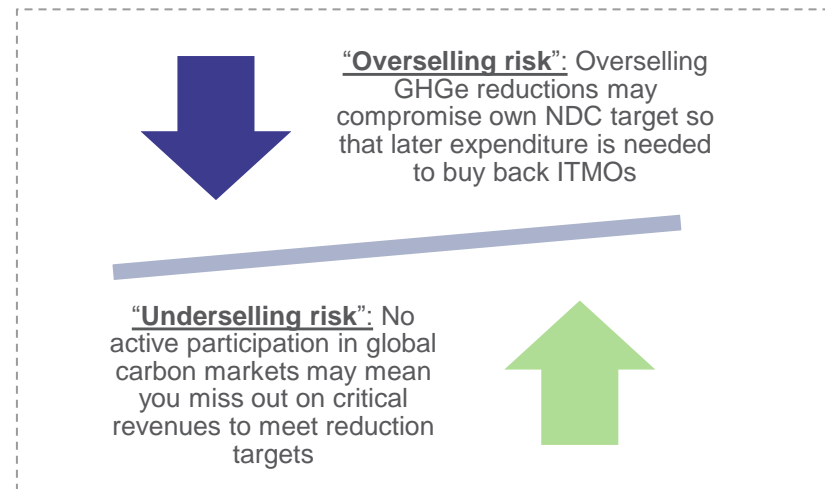
The **cost savings potential** of carbon markets post-2020 is larger than it was under the Kyoto Protocol – an impetus for economic recovery



The **pressure to act** on climate change builds, and companies must adequately prepare for **carbon transitional risks** – lack of clarity to affect access to finance



Article 6 finally clarified the “**standard operating procedure**” for carbon market transfers – optimising its benefits requires a risk management function



EBRD is supporting countries with the design, piloting and implementation of carbon market instruments

Policy Dialogue

Advise countries on carbon market development e.g. Uzbekistan, Georgia

Provide expertise on Article 6 in policy dialogues on LTS, sector-based roadmaps and NDCs e.g. Ukraine, UZ

Co-operation with international stakeholders, such as the J-MDB WG on Article 6, ICVCM

Development of Tools & Standards

EBRD Member J-MDB Secretariat Climate Markets Club

Co-operate on the design of assessment tools like MAAP

Pilot D-MRV approaches to reduce costs and increase efficiency

Supporting Transactions systemic change through policy dialogue and investment programmes at scale

GCF co-funded EBRD RE facility in Kazakhstan: policy support for Kazakh ETS

MIDSEFF in Turkey, which incl. policy support for CORSIA, MRV and CBAM

GCF High Impact Programme for Industry which integrates carbon market elements in the climate governance support

Strong experience in climate finance delivery financing green investments in Georgia (2016-2021)

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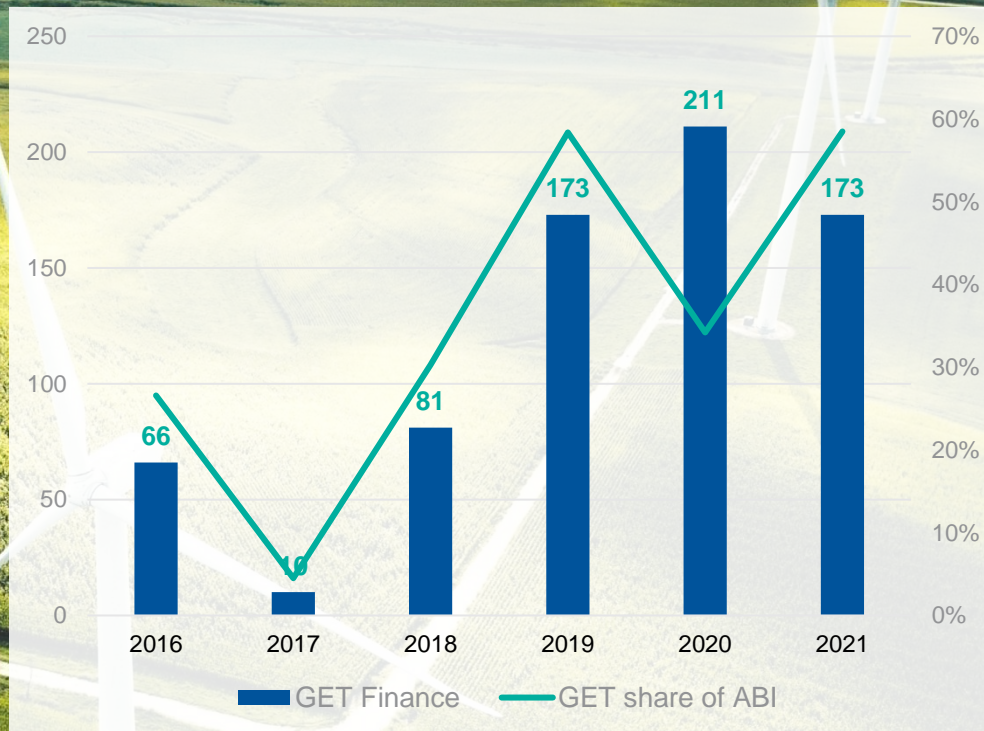
81

green projects

Signed

809 million

of green finance



Examples of Green Financing Tools in Georgia

Green Credit lines to local financial institutions

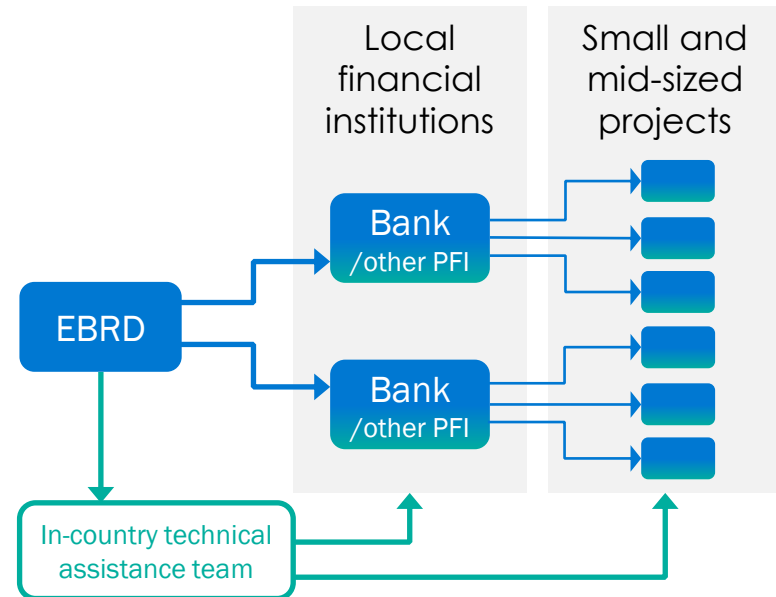


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Through GEFFs, the EBRD offers credit lines to local partner financial institutions (PFIs) to finance small and mid-sized green projects.

Working via Partner Financial Institutions:

- Enables outreach to many small and medium-sized green opportunities
- Develops durable local financing markets by raising the capacity of PFIs to recognise green opportunities in the long-term.



GEFFs bring together:

- Credit lines to PFIs to be channelled to end-borrowers for e.g. green buildings
- PFI capacity raising: training staff to recognise green opportunities, enhanced marketing outreach, targeted green financing products
- Project development support: direct assessment of larger-scale projects; online databases of pre-approved technologies for small-scale projects
- Incentive payments to end-borrowers or blended soft loans, aimed at addressing first-mover and affordability barriers.

GEFF results to date

- 80% of FIs participated
- EUR 90 M EBRD finance
- 37,000 t CO2 reductions p.a

Find out more at:
www.ebrdgeff.com

Examples of Green Financing Tools in Georgia

FINTECC Technology Transfer programme



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The Finance and Technology Transfer Centre for Climate Change (FINTECC) facilitates technology transfer to private companies in countries where advanced solutions have low market penetration rates.

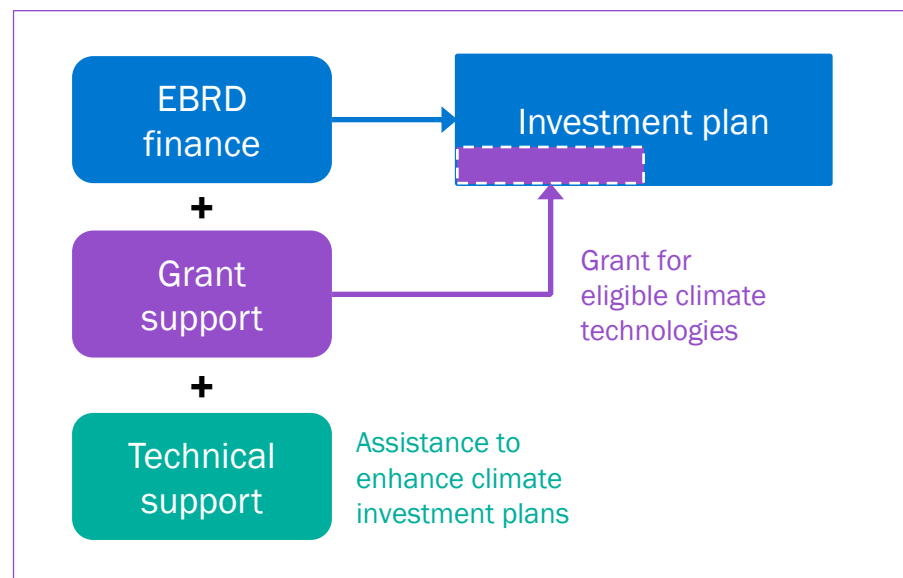
FINTECC grants cover up to 25% of the costs of eligible technologies. Examples include:

- Tri-generation, high-grade thermal insulation, heat pumps, energy efficient cooling systems,
- Water recycling systems and advanced irrigation

One of Georgia's leading natural mineral water companies, was supported with the construction of a greenfield beverage production factory.

FINTECC is supported with technical assistance assignments such as:

- Energy and resource audits to enhance companies' green investment plans
- Ascertaining that financed technologies are eligible for FINTECC grants
- Assessments of local technology markets and building of knowledge sharing networks.



Currently active in the Caucasus countries and Central Asia, Egypt, Jordan, Lebanon, Morocco, Tunisia and Ukraine.

36 projects supported since 2013

€9 million grants and EBRD green lending of €147 million

130,000 tonnes CO₂ in estimated annual emission reductions

1.6 million m³ of estimated annual water savings.

Examples of Green Financing Tools in Georgia

EBRD Green Cities Programme

The programme provides a systematic approach to promoting low-carbon cities via a holistic assessment of gaps, opportunities and priorities for upgrading a city's infrastructure and services.

The central instrument is a Green City Action Plan (GCAP) whereby the EBRD partners with cities to identify, benchmark and prioritise the most pressing environmental and energy related improvements and indicative investments.

Programme components:

- ▶ Strategy support as Green City Action Plans
- ▶ Financing of identified priority investments
- ▶ Potential use of soft loans or grants
- ▶ Project development and implementation assistance.

Type of improvement areas mapped via GCAPs:

- Sustainable waste management
- Water and wastewater improvements
- Sustainable urban transport
- Street lighting energy efficiency
- Public buildings energy efficiency
- District heating rehabilitation.



Steps to engage the programme:

1. A "trigger" project opens cooperation with EBRD
2. A Green City Action Plan is developed with donor support
3. Follow-up priority projects are supported over the medium-term

Tbilisi became one of the first cities to join EBRD Green Cities. Its GCAP has the potential to reduce CO₂ emissions by approximately 450,000 tonnes per year.

Building on our experience & market knowledge

We can help facilitate Article 6 transactions

1. **Identifying the markets & technologies** to deliver the greening of the ITMO transaction under 6.2 (e.g. Georgia Carbon Market Scoping Study)
2. **Designing and structuring the delivery mechanism**, including use of proceeds and deployment for financing programmes (e.g. through GEFs, Green Cities, FINTECC programmes)
3. **Support in structuring and documentation** to ensure Article 6 schemes can indeed be implemented and leveraged to bring in the private sector



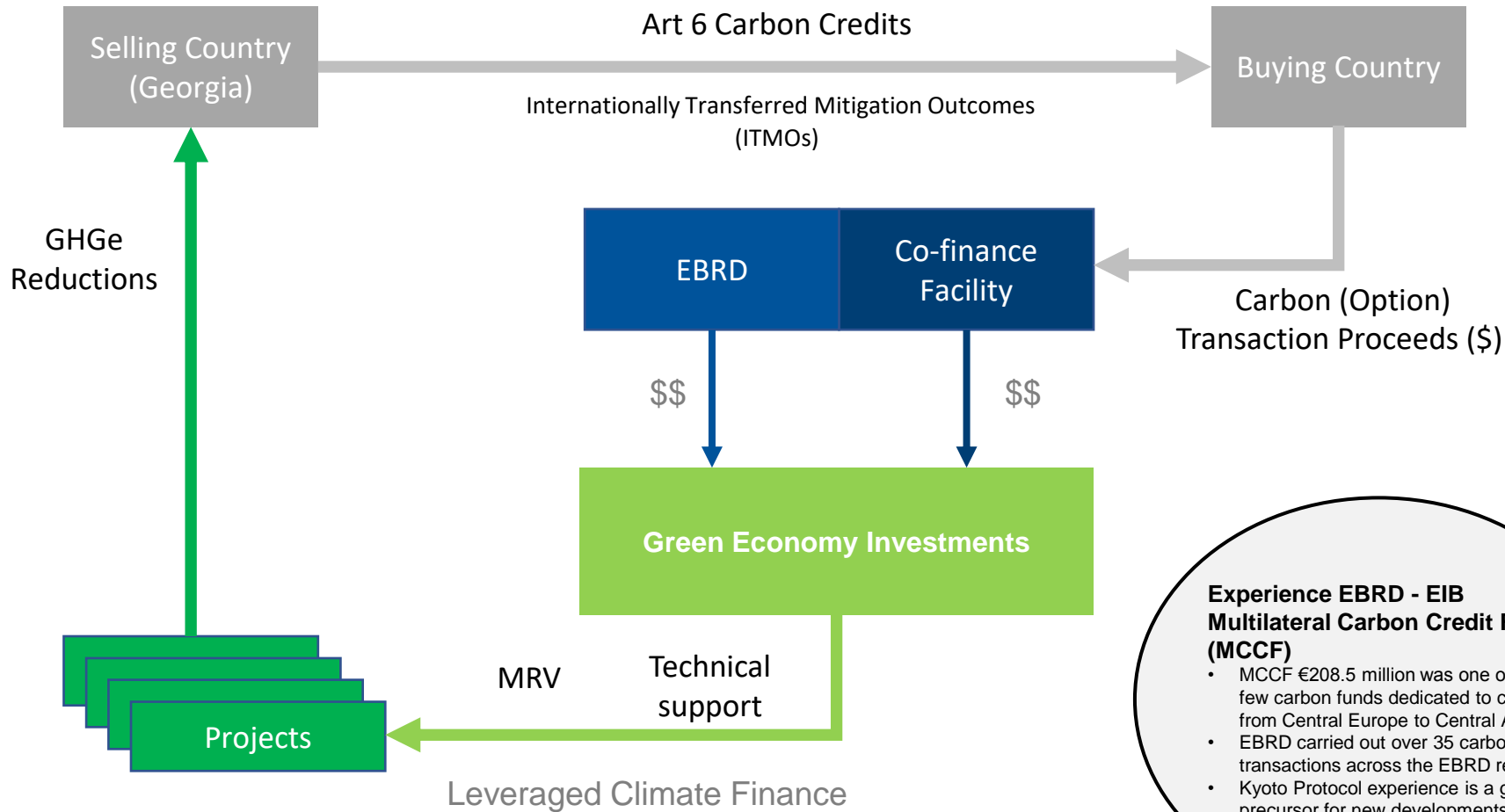
THANK YOU



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A POTENTIAL ARTICLE 6 DELIVERY MECHANISM

KYOTO EXPERIENCE A GOOD PRECURSOR



Experience EBRD - EIB Multilateral Carbon Credit Fund (MCCF)

- MCCF €208.5 million was one of the few carbon funds dedicated to countries from Central Europe to Central Asia.
- EBRD carried out over 35 carbon transactions across the EBRD region.
- Kyoto Protocol experience is a good precursor for new developments under Article 6.