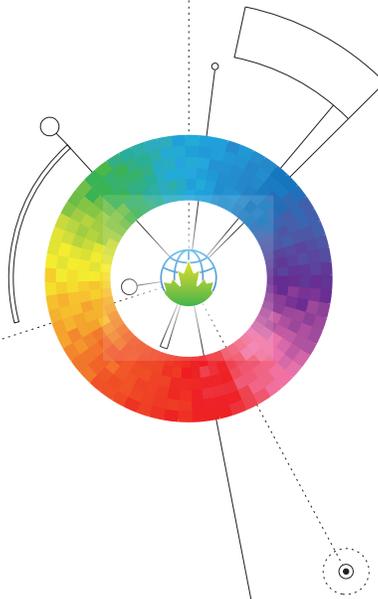


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**EUROPEAN BANK FOR  
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# Building Sustainable Energy Markets: Experience from the European Bank for Reconstruction and Development (EBRD)

Josué Tanak

Managing Director Energy Efficiency and Climate Change, EBRD

The benefits of sustainable energy for the economy and climate are clear. Yet the scaling-up of sustainable energy investments needs to be accelerated to achieve the climate goals of the Paris Agreement.

In the region where the EBRD works, information barriers and the low market penetration of technologies often prevent the adoption of international best practices, and finance for investments is limited because local banks associate sustainable energy investments with high credit risks.

The EBRD supports its countries of operations in creating markets for sustainable energy. The Bank has developed a business model that combines investments with technical assistance and—to overcome market barriers—donor-funded concessional finance. In addition, the Bank works with governments to improve the policy environment. Since 2006 the EBRD has invested €22 billion in sustainable energy projects, with more than half in the private sector. Sustainable energy finance accounted for about a third of EBRD total annual investment in 2016.

## **Creating sustainable energy markets in Turkey**

In 2010, the Bank launched the Turkey Sustainable Energy Financing Facility (TurSEFF) to provide credit lines to local financial institutions for on-lending to small- and medium-sized enterprises for clean energy projects. Funding from the Climate Investment Funds (CIF) and the European Union was used to strengthen the capacity and technical know-how of local financial institutions and their clients. To date, TurSEFF has reached a financing volume of €600 million with an additional €400 million approved at the end of 2016.

In a next step, the EBRD initiated the Mid-size Sustainable Energy Financing Facility (MidSEFF) in 2011. MidSEFF supplements TurSEFF by targeting sustainable energy projects of more than €5 million. The program is supported with technical assistance funded by the EU. To date, MidSEFF has reached a financing volume of €1.35 billion.

In 2015 the EBRD launched the Turkish Residential Energy Efficiency Financing Facility (TuREEFF). TuREEFF combines an equivalent of €166 million of EBRD finance with €42 million of grant co-financing from the CIF. The program, which benefits from EU-funded technical assistance, focuses on residential energy-efficiency improvements.



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TurSEFF, MidSEFF, and TuREEFF have contributed to the creation of a sustainable energy market and have brought multiple benefits to Turkey. The country is expected to save around €560 million worth of oil imports annually and will avoid 3.8 million tonnes of GHG emissions per year, which is equivalent to 1.5 million cars being taken off the road.

### **Laying the groundwork for renewable energy investments in Kazakhstan**

The EBRD's involvement in Kazakhstan's renewable energy market began in 2008, when the government of Kazakhstan and the EBRD signed a Sustainable Energy Action Plan. The plan prioritised investments and technical assistance in renewable energy. In 2009, the Bank helped Kazakhstan secure funding from the CIF, which subsequently allocated US\$116 million to support the creation of a renewable energy market. From 2008 the EBRD actively supported the government of Kazakhstan in developing its Renewable Energy Law.

These efforts were rewarded in 2014 when the EBRD approved the first 50 megawatt wind power project in Kazakhstan, a €59 million–equivalent loan to the wind power plant Yereymentau. A second renewable energy project followed in 2015 when the Bank signed a €80 million loan for the 50 megawatt Burnoye solar power plant.

At the end of 2016 the EBRD announced a new €200 million financing framework dedicated to the development of renewables in Kazakhstan. Over the next five years the framework will fund projects in wind and solar power, small hydro plants, and biogas. These efforts are designed to help Kazakhstan raise its share of renewable energy from currently close to zero to 3 percent by 2020 and further to 50 percent by 2050.

### **Scaling-up green finance**

Each country where the EBRD works is at a different stage of transition. Equally, markets for sustainable energy are at different stages of development across the EBRD region. Working with the financial sector in Turkey and the government in Kazakhstan are just two examples of how the EBRD supports the creation of sustainable energy markets.

To reach the goals of the Paris Agreement, these efforts need to continue and be accelerated. The EBRD has put green investments at the heart of its strategy and has set itself an ambitious target: increasing the share of green investments from an average 25 percent over the last decade to 40 percent by 2020.



analytica advisors

Analytica Advisors  
111 Russell Avenue  
Ottawa, Ontario  
K1N 7X2 CANADA  
T +1 (613) 866-9157  
E [info@analytica-advisors.com](mailto:info@analytica-advisors.com)  
[www.analytica-advisors.com](http://www.analytica-advisors.com)

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