The Role of IFIs in relation to Public and Private Sectors

OSCE PRESENTATION
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Environmental legacy of under-investment

Water services were free in planned economies but State subsidies removed after 1991
15 years of serious under-investment hence old and deteriorating infrastructure
Human health affected by poor services
Major source of surface water pollution
Users not accustomed to paying for services – so water use not rational
Tariff reform for reduced wastage and sustainable service levels
Outcomes of EBRD investments

EBRD has financed over 50 water and sanitation projects in the last decade. This amounts to a total investment portfolio of €870 million. These investments benefit 30 million people, almost 10% of the population of the EBRD region.

Three Roles

- **Impact**
  - Transition/ poverty alleviation/ development
  - Invest in projects/ budget support
  - Conditionality
  - Standards (environment/social/governance/procurement) etc
  - Demonstration effects

- **Assurance**
  - Standards
  - Reporting /transparency
  - Recourse mechanism

- **Engagement**
  - Governments
  - Private sector
  - CSOs
Impact

Sustainability Impact

- Energy and climate change
- Greenhouse gas assessment 2012
- Water and waste management
- Safer roads
- Occupational health & safety
- Gender: promoting better access for women
- Nuclear safety
Impact: Reducing GHGs

GHG Assessment for 2011*

<table>
<thead>
<tr>
<th></th>
<th>Number of projects assessed</th>
<th>GHG impact (million tonnes CO₂e/year)</th>
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<tbody>
<tr>
<td>Renewable energy</td>
<td>13</td>
<td>1.6</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>13</td>
<td>1.4</td>
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<td>Energy efficiency with</td>
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<td>capacity expansion</td>
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<td>Renewable energy and</td>
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<td>energy efficiency funds</td>
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<tr>
<td>and credit lines</td>
<td>13</td>
<td>1.5</td>
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<tr>
<td>Greenfield projects</td>
<td>2</td>
<td>0.2</td>
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<tr>
<td>Total</td>
<td>44</td>
<td>6.1</td>
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</tbody>
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*Out of 380 signed projects

EBRD investments forecast to be GHG-neutral or better in each of the last 6 years.

A changing portfolio:
- Sustainable Energy Initiative: €8.8 billion, 46 million tonnes CO₂ reduction since 2006
- RE and EE 29% of business volume in 2011
- Fewer large greenfield (CO₂ emitting) projects

Northern Dimension Environmental Partnership: Wastewater projects in Russia

Approved NDEP projects will reduce nearly 30% of total annual phosphorus load into the Gulf of Finland, proposed NDEP projects yielding additional 6% reduction

NDEP reduction of phosphorus load into the Gulf of Finland is estimated to achieve 30% decrease in the phytoplankton biomass in the Neva Bay as well as 10% decrease in a wider area in the Gulf of Finland

NDEP projects will achieve more than half of Russia’s phosphorus reduction commitment under BSAP 2007

Phosphorus reduction on NDEP projects is at least 3-5 times cheaper than in Finland
Transport

Capacity Building FIs

Since 1994 - over 300 + FIs trained in EBRD COOs
In 2012 – over 480 Trade Finance officers from 180 FIs
Mostly FI-specific
- Tailored procedures
Some product specific group training
Target audience = credit risk departments, HR/training departments and CEOs
Delivered by:
- Consultants (mainly)
- Bank Environment Staff
- Training provided free of charge to FIs who need priority assistance to implement the EBRD’s E&S requirements
Gender: EBRD approach

1. Access to Services
2. Access to Employment
3. Access to Finance
Services: Gender projects in Municipal projects

- Bishkek Water
- Bishkek Trolley Buses
- Sfantu Gheorghu
- Ivano Frankivsk DH

Projects planned:
- Osh Transport
- Almaty Buses

Employment: Equal Opportunities

- IDO
- Petrom
- Olivaria
- Bishkek Advisory Services
- RusHydro (under preparation)
Access to Finance

Dedicated credit lines for women

Yapi Kredit

Garanti Bank

Transport
Transport

Industrial
Assurance

- Environmental and Social policy
  - Performance Standards
- Disclosure of E&S Information prior to Board
  - 120 days for public sector Cat A projects
- Monitoring of commitments
- Public Complaints Mechanism
  - Problem-solving
  - Compliance review
- Evaluation and Audit
Engagement

Types of FIs trained
- Local and Regional banks which may be sectorally oriented, provide short to long term investment capital or are involved in trade or export financing;
- Investment funds which may invest in new projects or existing enterprises of varying size;
- Leasing companies;
- Insurance companies, particularly those that focus on non-life business.
Engagement

• Project affected people
• Over 400 consultations with CSOs in 2012
• Themes
  – Projects
  – expansion to the SEMED region
  – political aspects of the EBRD mandate
  – energy sector investments
  – the EBRD’s first Mining Operations Policy
  – review of the Evaluation Policy and of the Project Complaint Mechanism.

Thank You