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JUST TRANSITION: EBRD SUPPORT AND FINANCING APPROACH

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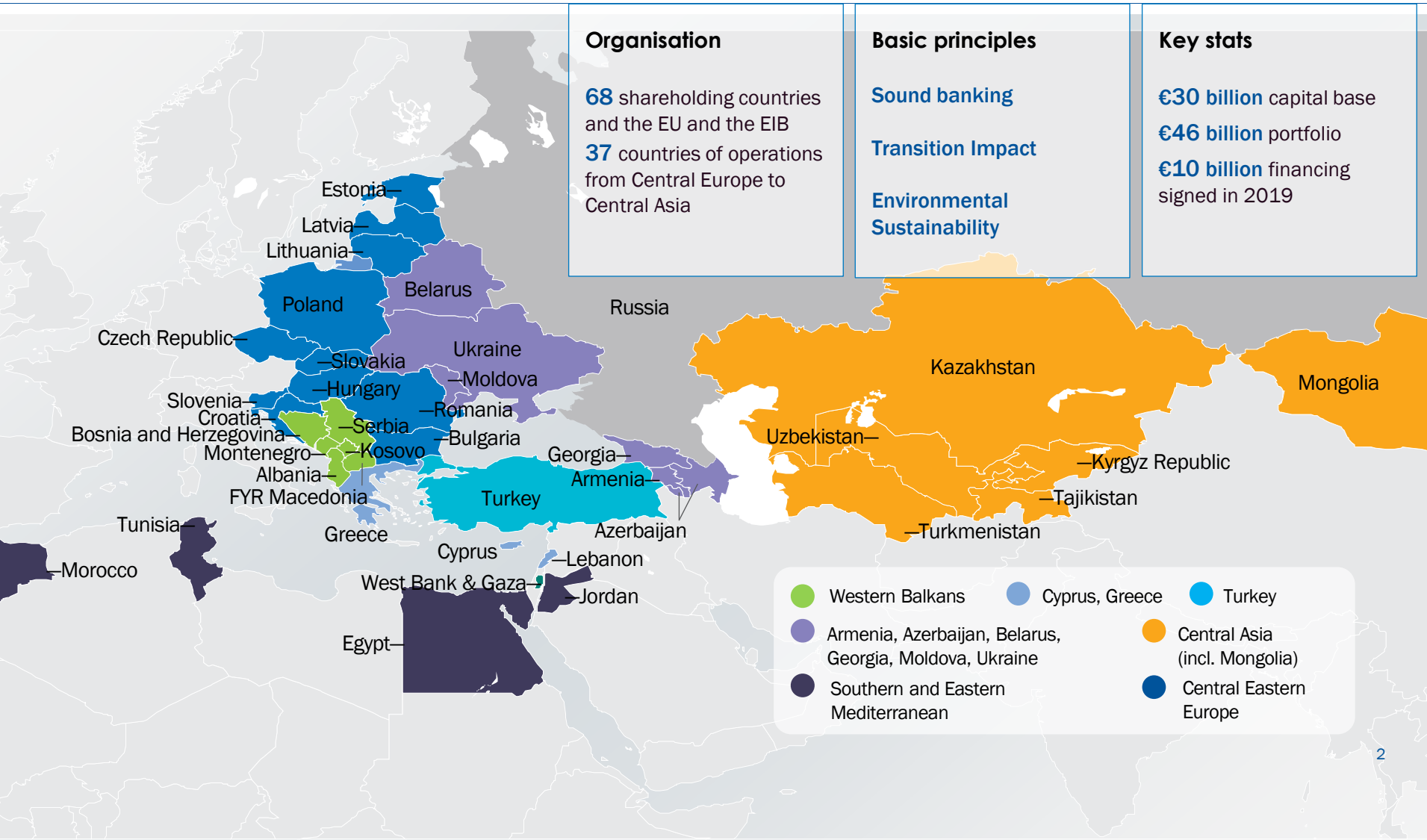
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What is the EBRD



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| Organisation | Basic principles | Key stats |
|---|--|---|
| <p>68 shareholding countries and the EU and the EIB</p> <p>37 countries of operations from Central Europe to Central Asia</p> | <p>Sound banking</p> <p>Transition Impact</p> <p>Environmental Sustainability</p> | <p>€30 billion capital base</p> <p>€46 billion portfolio</p> <p>€10 billion financing signed in 2019</p> |



Countries in which the EBRD operates remain amongst the most carbon intensive in the world



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Energy and carbon intensities of EBRD countries



Carbon intensity

- EBRD regions' GHG emissions per capita and per US dollar of GDP are 20 per cent higher than those of comparable countries, based on similar populations and per capita incomes.
- Fifteen of the 38 EBRD CoOs have higher carbon intensity than the world average, and 10 are in the top 20. Similarly, sixteen have higher energy intensity than the world average.

Coal-related activities across EBRD region



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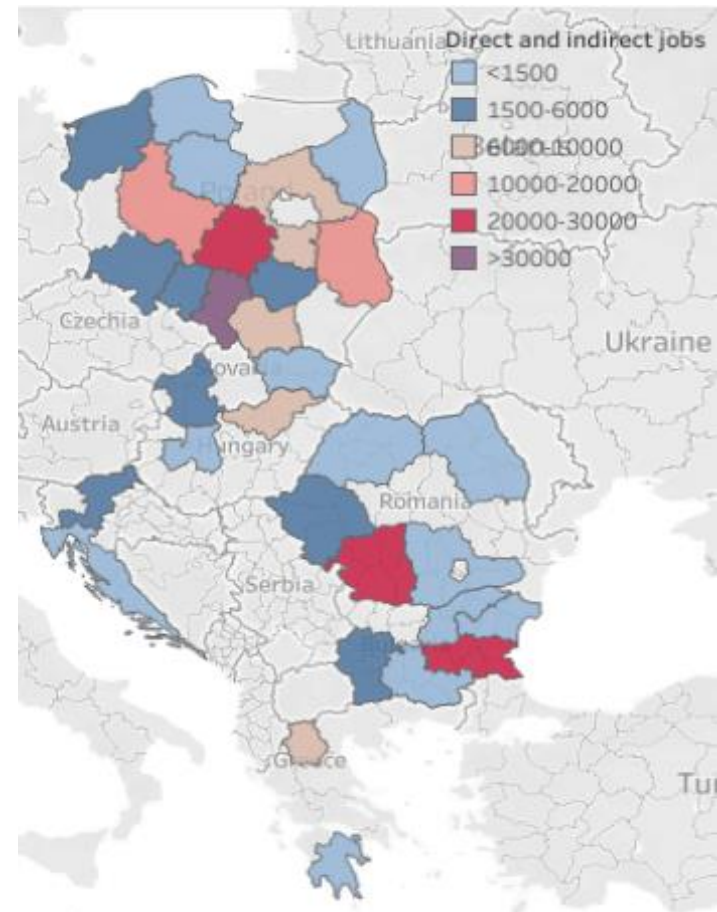
In the EBRD region as a whole, it is estimated that around **1.1 million jobs** are directly or indirectly linked to coal activities in coal-fired power plants and coal mines.

Within the **EU** potentially **90,000 job losses** could transpire (of which over 80 per cent will be in the supply chain and surrounding economy).

Similar pressures will be felt in EBRD countries **outside the EU**, due to a combination of:

- **national energy and climate targets** (e.g. in Ukraine and Kazakhstan),
- **policy alignment with the EU** (relevant for the Western Balkans),
- and/or **cost pressures** (a reality in many EBRD countries including those above).

Coal-related jobs in the EBRD EU CoOs



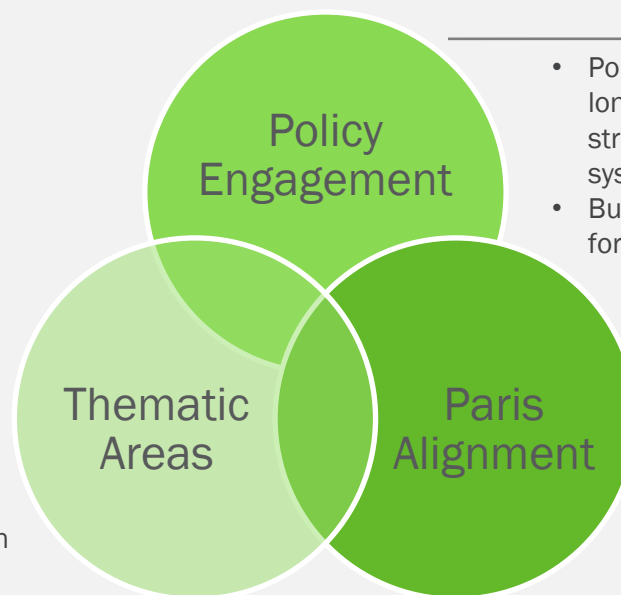
Source: Alves Dias, P. et al., (2018) EU coal regions: opportunities and challenges ahead.

Note: The map depicts direct jobs (coal mines and power plants) and indirect jobs in the coal-value chain.



GET aims to accelerate the transition to a green, low-carbon and resilient economy and to contribute to achieving a net zero carbon world by 2050.

Green finance ratio target of over 50% of the Bank's annual investments by 2025. At least 25 million tonnes of GHG emissions avoided over the same period.



Focus across intervention areas to increase scale and foster innovation

- Green Financial Systems
- Industrial Decarbonisation
- Sustainable Food Systems
- Energy Systems Integration
- Cities and Environmental Infrastructure
- Sustainable Connectivity
- Green Buildings
- Natural Capital

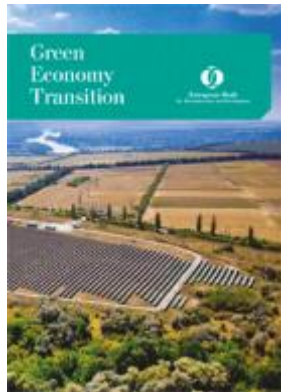
- Policy engagements that focus on long-term and low-carbon strategies and greening financial systems;
- Building capacity and awareness for climate risk management

- Screening all investments;
- Increasing capacity to support countries, regions and sectors develop low-carbon and climate resilient strategies;
- Focus on Just Transition;
- Scaling efforts to mobilise climate finance

Just Transition Initiative to support delivery of GET



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The EBRD just transition initiative

Sharing the benefits of a green economy transition and protecting vulnerable countries, regions and people from falling behind

June 2020



Economic Inclusion Strategy (EIS)
2017-2021



Energy Sector Strategy
2019-2023

As approved by the Board of Directors at their meeting of 12 December 2019



Building on its existing policy and financing activities, the EBRD will enhance its focus on just transition through three themes:



green economy transition, alongside



supporting impacted workers, and



regional economic diversification

- Support for ambitious climate policies and actions, to ensure that resources are provided for activities that are ‘additional’ and that indeed contribute to climate objectives
- Start by targeting pilot regions in a small number of countries, using “just transition diagnostics”. Simultaneously, pursue JT investments and policy dialogue where we can add value.
- Complement the approach of other institutions.

How: Using EBRD's tools, and private sector, local development and green financing expertise

Green Economy Transition

- Renewable energy, energy efficiency, and circular economy investments focused in key sectors: power, industry, transport, buildings and agriculture.
- EBRD Green Cities programme – incorporating Just Transition considerations as relevant.
- Green Economy Financing Facilities – supporting SME and supply chain development
- Strategic policy support (e.g. NDCs, fiscal impacts of climate policy).
- Supporting technical and environmental innovation in 'hard to abate sectors'.

Supporting impacted workers

- Regional inclusion projects, supporting workers' reskilling, access to finance for SMEs, and improved access to services.
- Policy work focused on education and labour market reforms to overcome barriers such as skills mismatch.

Regional Economic Diversification

- Support to SMEs covering:
 - Advice to Small Businesses to support SME growth.
 - SME financing through credit lines.
 - Improving business environment (e.g. legislation and standards).
- Infrastructure investments to deliver growth including through:
 - Focus on transformative projects, Public Private Partnerships.
 - EBRD Infrastructure Project Preparation Facility.
- Supporting industrial zones and parks.

Internationally

- Leading the discussion on operationalising the Just Transition among MDBs as part of our work on Paris Alignment.

Within the EU Member states

- Working with the three pillars of the Just Transition Mechanism, with a particular focus on investments and InvestEU
- Contributing to, and being guided by, the territorial plans.

In the EU neighbourhood

- Working with the EC, the World Bank, the Energy Community Secretariat and other key partners to set up a platform initiative in support of coal regions in Ukraine and Western Balkan countries.



EXAMPLE: Supporting Greece to manage coal phase out

Regional coal mine and power plant concentration in Greece



Status:

- All existing coal-fired power plants to be closed by 2023 (which currently makes up around 30% of electricity supply)
- Facilities provide jobs to 7,000 people directly and are crucial to the local economy, which already experiences high unemployment.

Response:

- Government has established an inter-ministerial Committee for Just Transition – with representation from national and regional governments and the electricity utility.
- Just Transition Masterplan to be finalised by end 2020 (fulfilling EU requirements for the Just Transition Fund).
- Cover not only the energy sector, but also the broader economic development of these regions.

EBRD role:

- Liaison with national, regional and local authorities. Coordination with the EU, EIB and the World Bank.
- Number of potential areas in impacted regions currently being explored: Investments linked to energy transition (reconversion of stranded assets, new renewable energy generation, including district heating), municipal infrastructure, SME support, skills development for impacted workers and capacity building for project development.

| NUTS 2 Region | Location | Number of jobs in coal mines | Number jobs in coal power plants | Total number of Jobs |
|---------------|------------------|------------------------------|----------------------------------|----------------------|
| EL53 | Dytiki Makedonia | 4 283 | 1 398 | 5 681 |
| EL65 | Peloponnisos | 636 | 210 | 846 |

THANK YOU

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