



# How to reconcile regional energy markets with green transition?

**Financing perspectives on new market design and energy transition**



**Nordic-Baltic Energy Conference 2023**

**Mark Lane**

**11 December 2023**



**European Bank**  
for Reconstruction and Development

# EBRD – Who we are



European Bank  
for Reconstruction and Development

Established

1991

The EBRD is owned by

71 countries

from five continents, as well as the European Union and the European Investment Bank. These shareholders have each made a capital contribution, which forms our core funding.

Capital base

€30 billion

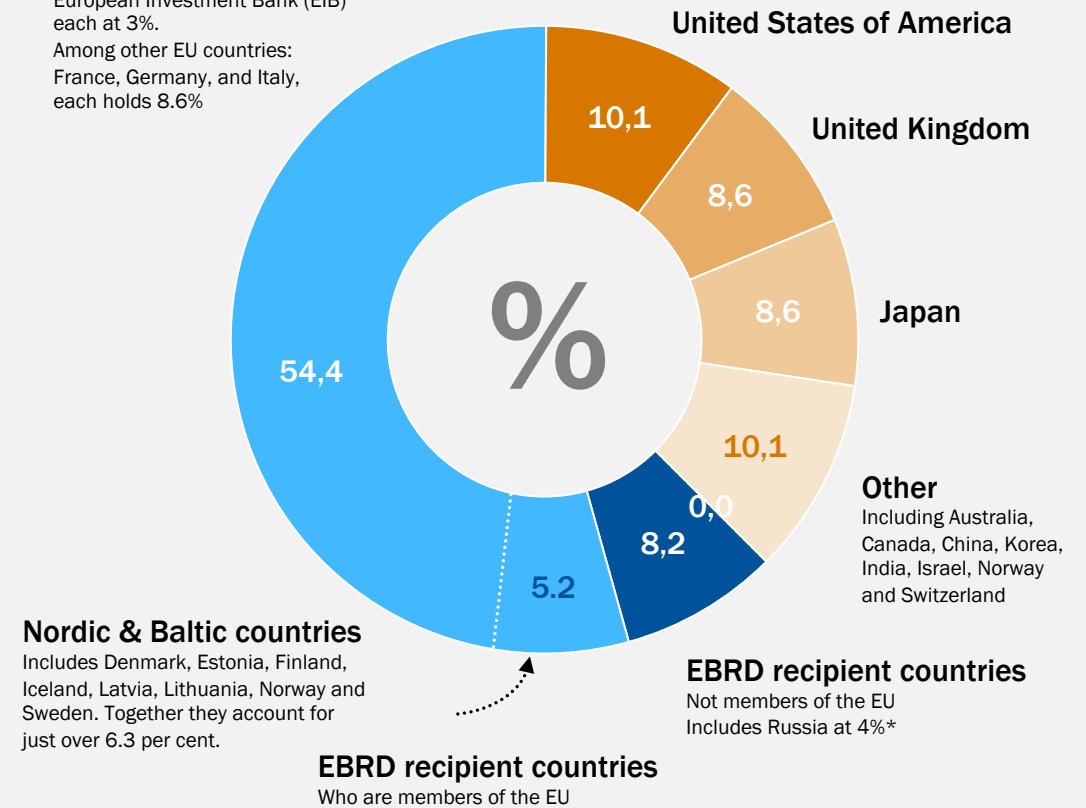
Triple-A rating

from all three main rating agencies (S&P, Moody's and Fitch)

## EU27 countries

Includes European Union and European Investment Bank (EIB) each at 3%.

Among other EU countries: France, Germany, and Italy, each holds 8.6%



## Nordic & Baltic countries

Includes Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. Together they account for just over 6.3 per cent.

As at 11 December 2023

For a full list of the shareholding of the EBRD visit: [www.ebrd.com/shareholders](http://www.ebrd.com/shareholders)

\*The EBRD has suspended Russia and Belarus from receiving funding for projects or technical cooperation, following the invasion of Ukraine.

## Central Europe and the Baltic states

- 01 Croatia
- 02 Czech Republic
- 03 Estonia
- 04 Hungary
- 05 Latvia
- 06 Lithuania
- 07 Poland
- 08 Slovak Republic
- 09 Slovenia

\* The EBRD has suspended Russia and Belarus from receiving funding for projects or technical cooperation, following the invasion of Ukraine.

## Southern and eastern Mediterranean

- 30 Egypt
- 31 Jordan
- 32 Lebanon
- 33 Morocco
- 34 Tunisia
- 35 West Bank and Gaza

## South-eastern Europe

- 10 Albania
- 11 Bosnia and Herzegovina
- 12 Bulgaria
- 13 Kosovo
- 14 Montenegro
- 15 North Macedonia
- 16 Romania
- 17 Serbia

## Eastern Europe and the Caucasus

- 18 Armenia
- 19 Azerbaijan
- 20 Belarus\*
- 21 Georgia
- 22 Moldova
- 23 Ukraine

## Central Asia

- 24 Kazakhstan
- 25 Kyrgyz Republic
- 26 Mongolia
- 27 Tajikistan
- 28 Turkmenistan
- 29 Uzbekistan

- 36 Greece
- 37 Russia\*
- 38 Türkiye



## Green Transition

Towards a low carbon economy. More than 50 percent of our business by 2025 will be green.



## Equality of Opportunity

Support productive and inclusive talent pools & gender mainstreaming.



## Digital Transition

Help accelerate the digital transition and mitigate the digital and technology risks



# Supporting the green transition



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Increase the share of green financing to more than fifty per cent of annual business volume.



Align activities with the objectives of the Paris agreement.



Double the mobilisation of private sector climate financing

**Increase the share** of green financing to **more than fifty per cent of ABI** by **2025**.

**Align activities** with the objectives of the **Paris Agreement** by the **end of 2022**.

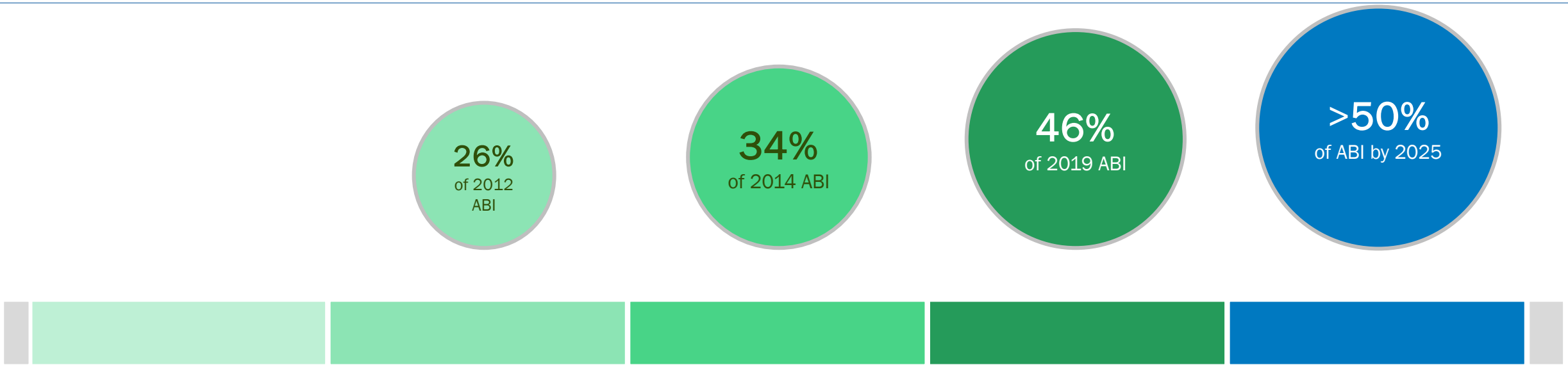
**Double the mobilisation** of private sector climate financing **by 2025**.

**Since 2021**, green investments have **been 50%** of our ABI of **€23.2 billion**.

The EBRD is **fully Paris aligned**. We are also **helping our clients** become Paris aligned.

Private indirect mobilisation **doubled between 2021-2022**

# EBRD has delivered €50 billion in >2,700 green projects since 2006



**FINANCED**  
2,900+  
green projects since 2006

**COMMITTED**  
€54 billion  
of green financing since 2006

**REPORTED**  
\$51 billion  
of private climate co-finance (2016-2022)

**REDUCING**  
131 million  
tonnes of CO2 annually since 2006

**SAVING**  
472 million  
m3 of water annually since 2013

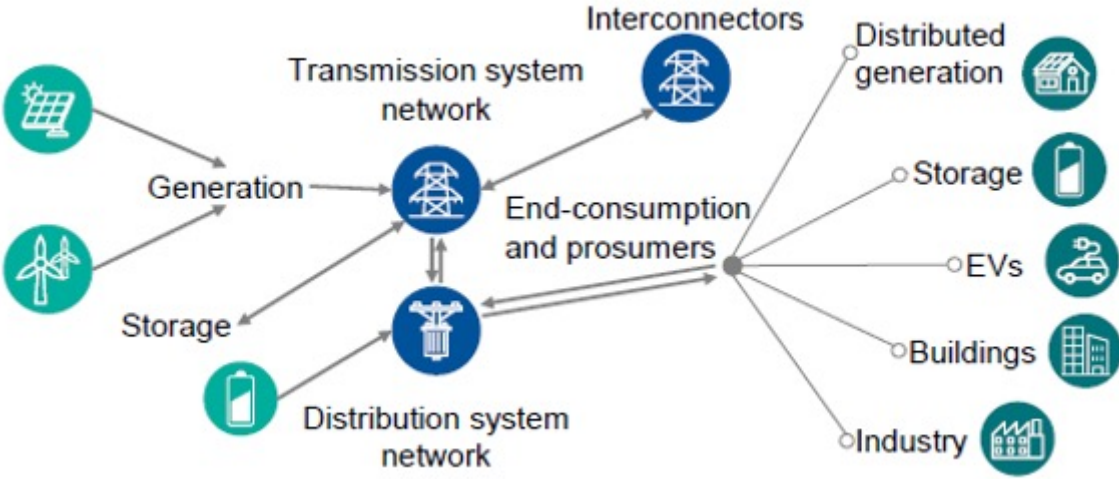
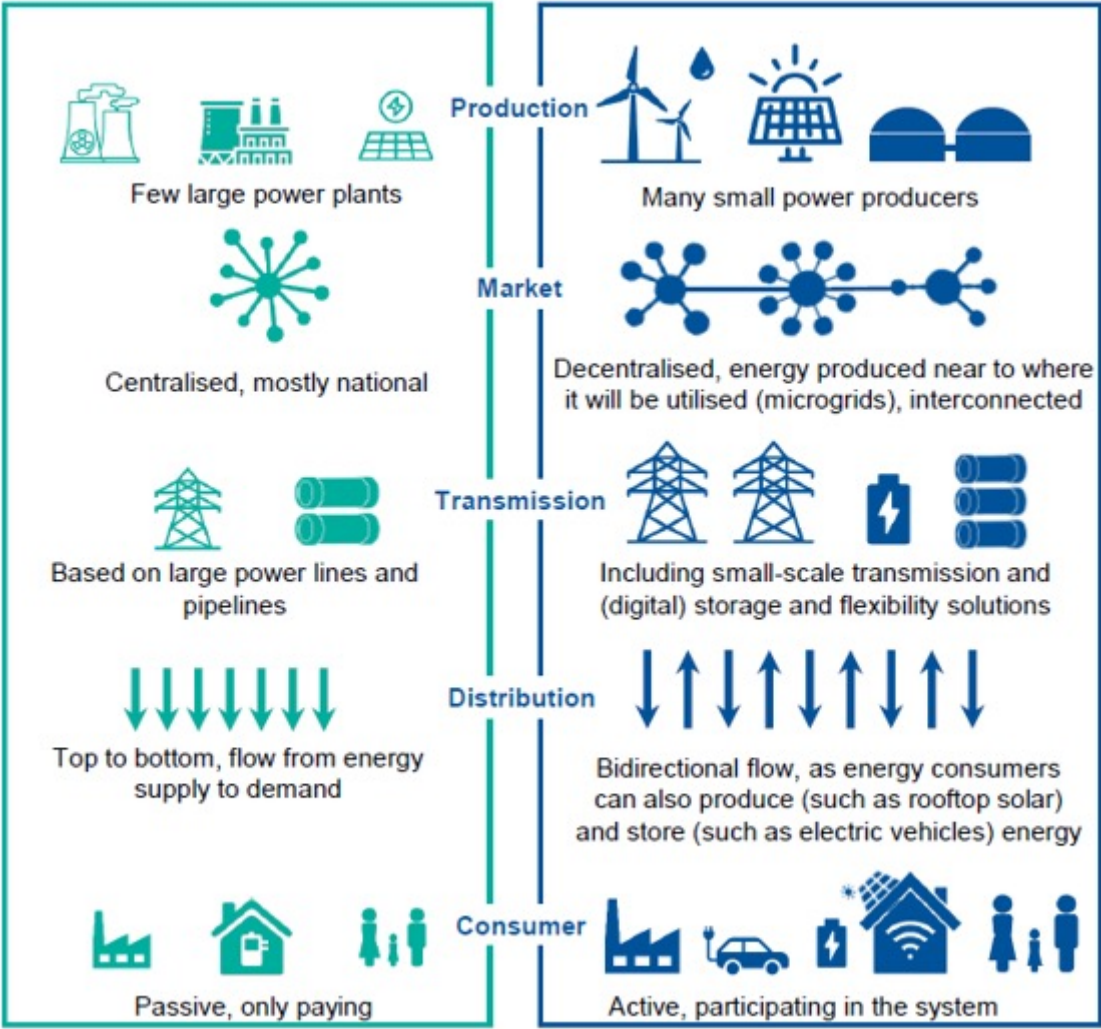
**AVOIDING**  
3.9 million  
tonnes of material use annually since 2013

As of October 2023

# Helping energy transition across entire green energy value chain

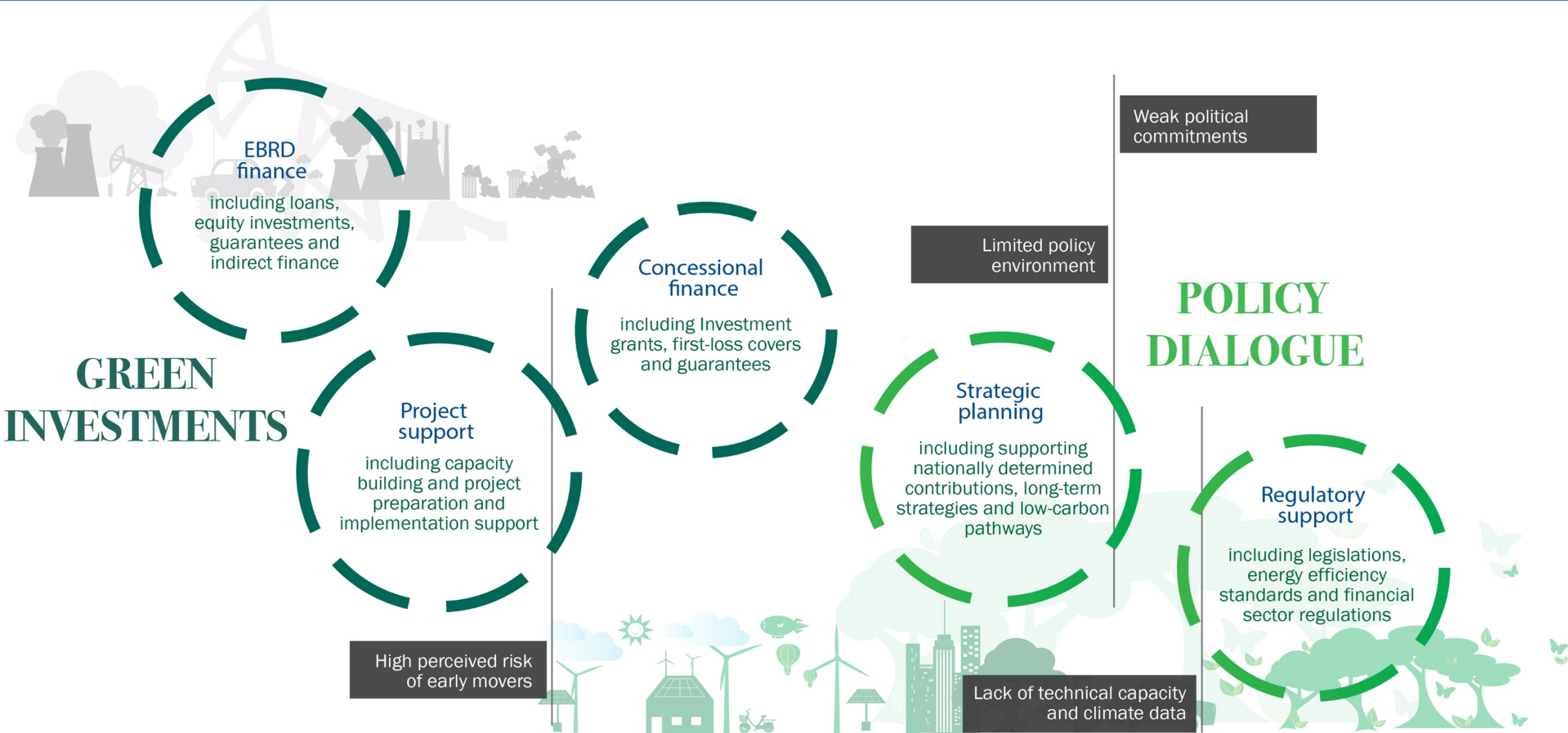


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Source: Energy Atlas 2018

# Approach to green investment and policy dialogue





# Energy & mining sector strategy & transition



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Energy Sector Strategy  
2024-28



Mining Sector Strategy  
2024-2028



## EBRD Transition Report 2023-2024

- Noted shift towards greener economy and scramble for critical raw materials;
- Three-quarters of people living in the EBRD regions are concerned about the environment and climate change, but many of them are not prepared to pay for green transition policies.

## Energy Sector Strategy 2024-2028

- Scaling up renewables
- Investing in networks, flexibility
- Promoting zero-carbon fuels
- Phasing out unabated fossil fuels
- Help design robust energy markets
- Enhancing energy efficiency
- Providing a just transition

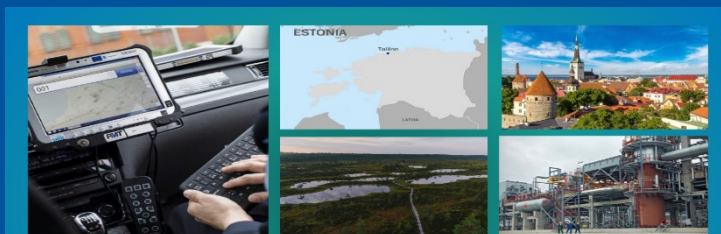
## Mining Sector Strategy 2024-2028

- Support metals and minerals for green and digital transition;
- Support decarbonisation of mining activities – RES, digital, skills, innovation; efficiency;
- Help improve ESG practices;
- Assist governments in improving regulatory/business environment

# Baltic Country Sector Strategies for green transition



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## Estonia Country Strategy 2021-2026

Approved by the Board of Directors on 15 September 2021



### Estonia Country Strategy

#### Improved energy and resource efficiency

- Estonia's achievement of its NDCs
- energy efficiency improvements
- development of the circular economy

#### Reduced GHG emission, increased RES

- renewable energy financing & policy
- green transport & infrastructure
- role of private sector in Just Transition



## Latvia Country Strategy 2021-2026

Approved by the Board of Directors on 15 September 2021



### Latvia Country Strategy

#### Improved energy and resource efficiency

- Latvia's achievement of its NDCs
- energy efficiency improvements
- development of circular economy
- sustainable urban development

#### Reduced GHG emission, increased RES

- development of renewable energy
- green transport and infrastructure
- Green Cities and support green skills



## Lithuania Country Strategy 2021-2026

Approved by the Board of Directors on 15 September 2021



### Lithuania Country Strategy

#### Improved energy and resource efficiency

- Lithuania's achievement of its NDCs
- energy efficiency improvements
- development of circular economy
- sustainable urban development

#### Reduced GHG emission, increased RES

- development of renewable energy
- green transport and infrastructure
- Green cities, district heating and cooling

# Financing for energy projects in the Baltics



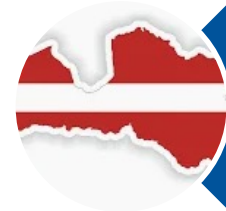
Enefit Green, equity investment, state, € 11.8m in €175m IPO, for investments in renewables. Listed on the Tallinn Stock Exchange



Sunly AS, equity investment, private, €30m in the renewable energy producer to purchase a minority equity stake in the company.



Latvenergo, green bond, state, €60 million under a €200m programme, for distribution grid, HPP rehabilitation and renewables. Listed on the Nasdaq Riga exchange.



AST, green bond, €14.2m under a €100m issuance, for unbundling and renewables. Listed on the Nasdaq Riga exchange.



Ignitis Grupe, equity investment, state, €67.5m in the initial €450m IPO, for distribution network programme. Dual-listed on the Vilnius Stock Exchange and the London Stock Exchange



VIPA, €10m to Public Investment Development Agency (VIPA) for on-lending for energy-efficiency refurbishment of residential buildings



EPSO-G, sustainability linked bond, state, €40.5m of €135m SLB programme, for electricity grid, energy storage & renewables



Baltic Power offshore wind, loan, private, €250m for financing the construction and operation of the 1.14GW Baltic Power offshore wind farm in Poland

## EBRD SUPPORT

**Addressing gaps in existing legislation and regulations** and supporting broader electricity sector reforms.

**Designing the auction process**  
– including risk allocation and site selection.

**Increased capacity for local authorities to implement international practices** in scaling up RE development and integration into the energy sector.

**Preparing all tender related documentation**  
– such as bidding rules and grid connection agreement.

**Providing technical, financial and legal assistance during the**  
– including evaluating bids, supporting negotiations with bidders.

**Enhanced contractual, legal and regulatory frameworks.**

## POLICY OUTCOMES

**More credible bidders**  
– enabling greater competition, lower prices, and minimized non-delivery risk.

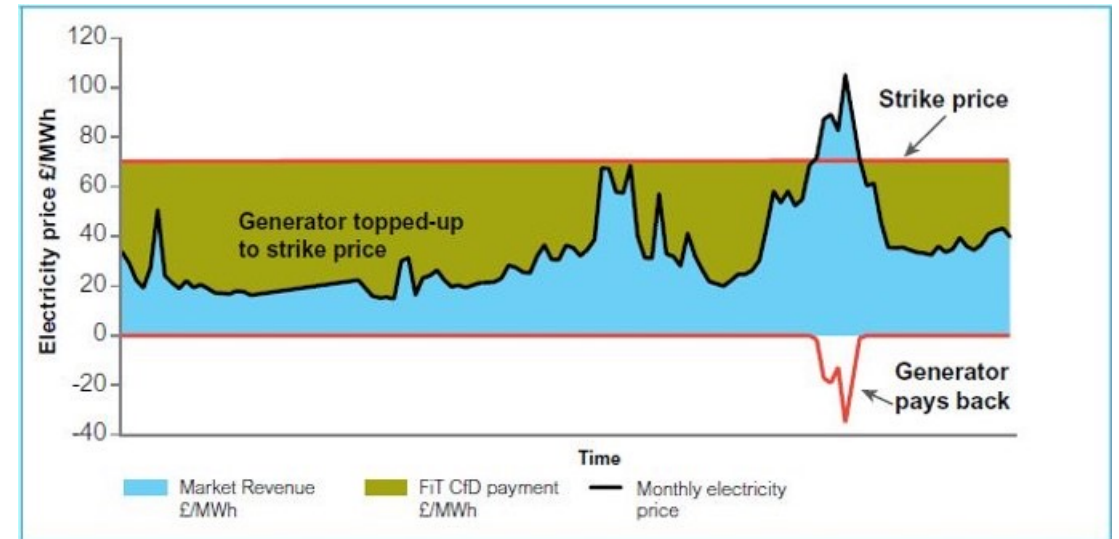
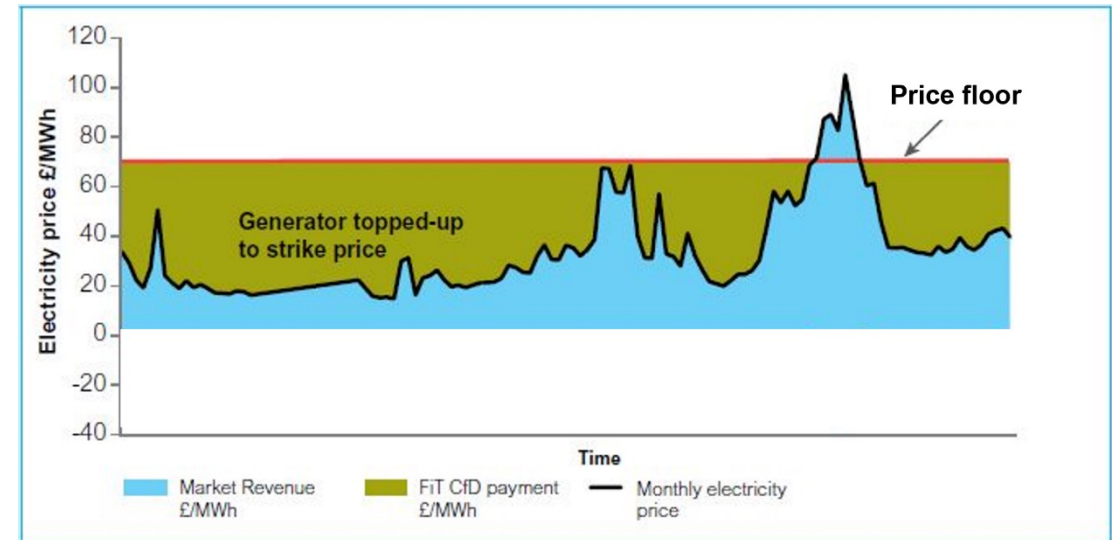
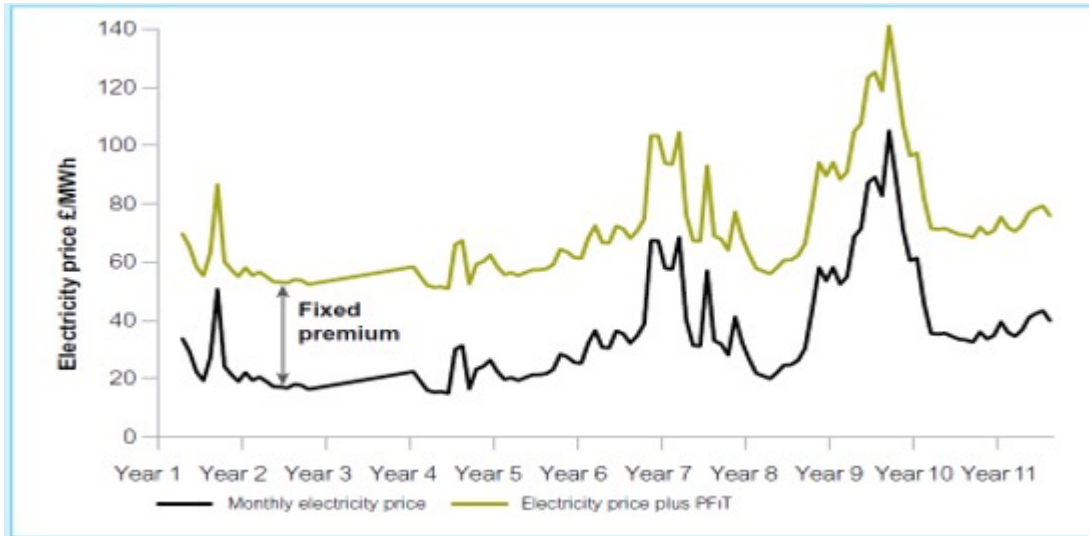
# PPA auctions and CfDs



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**EBRD has a long history of supporting policy makers in establishing the regulatory framework for renewable energy sources, combining financing with policy dialogue.**

**Our work aims to create an enabling framework for scaling-up RES.**



# Renewable energy programmes - highlights



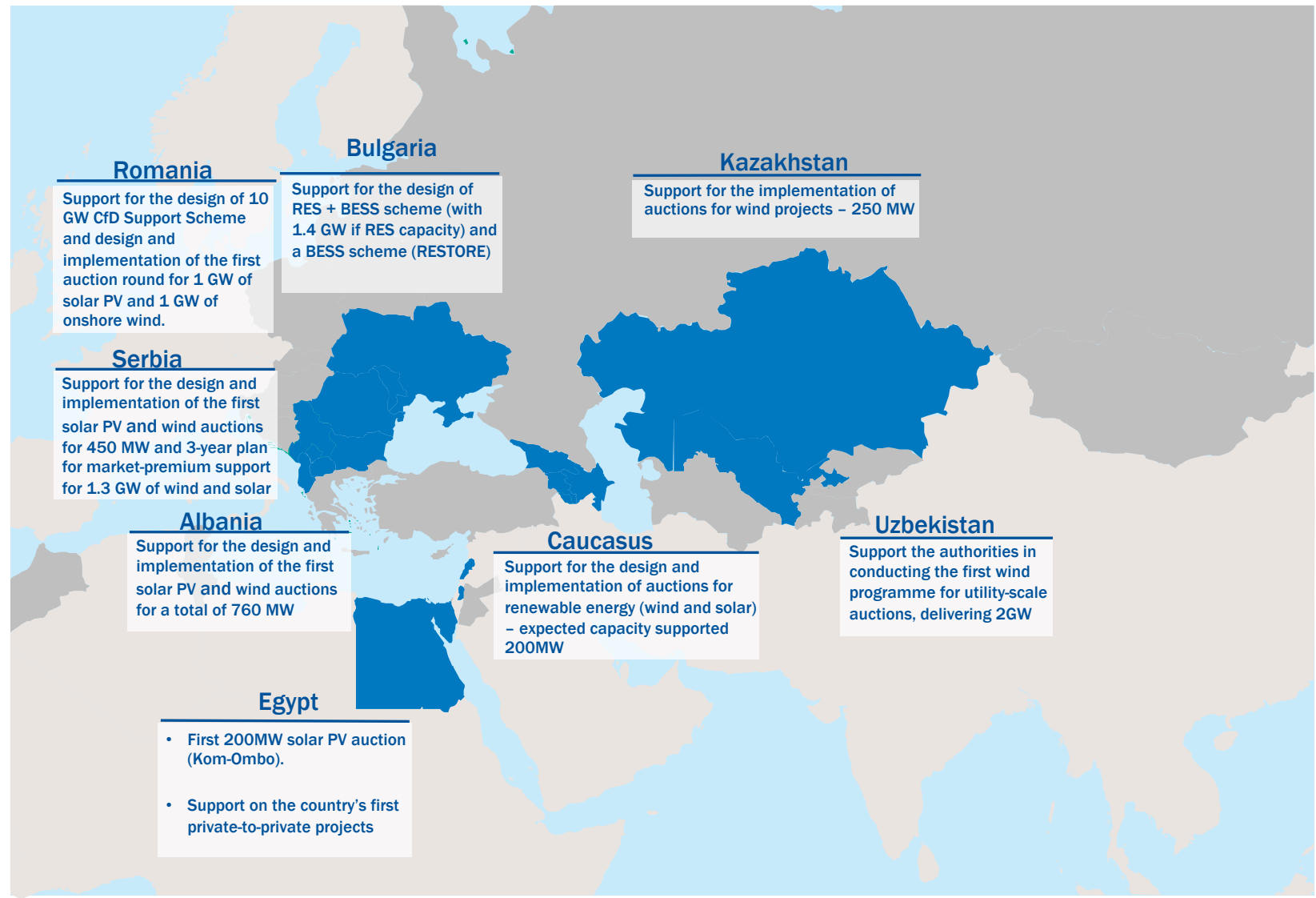
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**15**  
countries  
with active engagements

**€33.5m**  
technical assistance  
program

**6 GW+**  
expected renewable  
energy capacity

**€7 Billion**  
of expected total  
investments

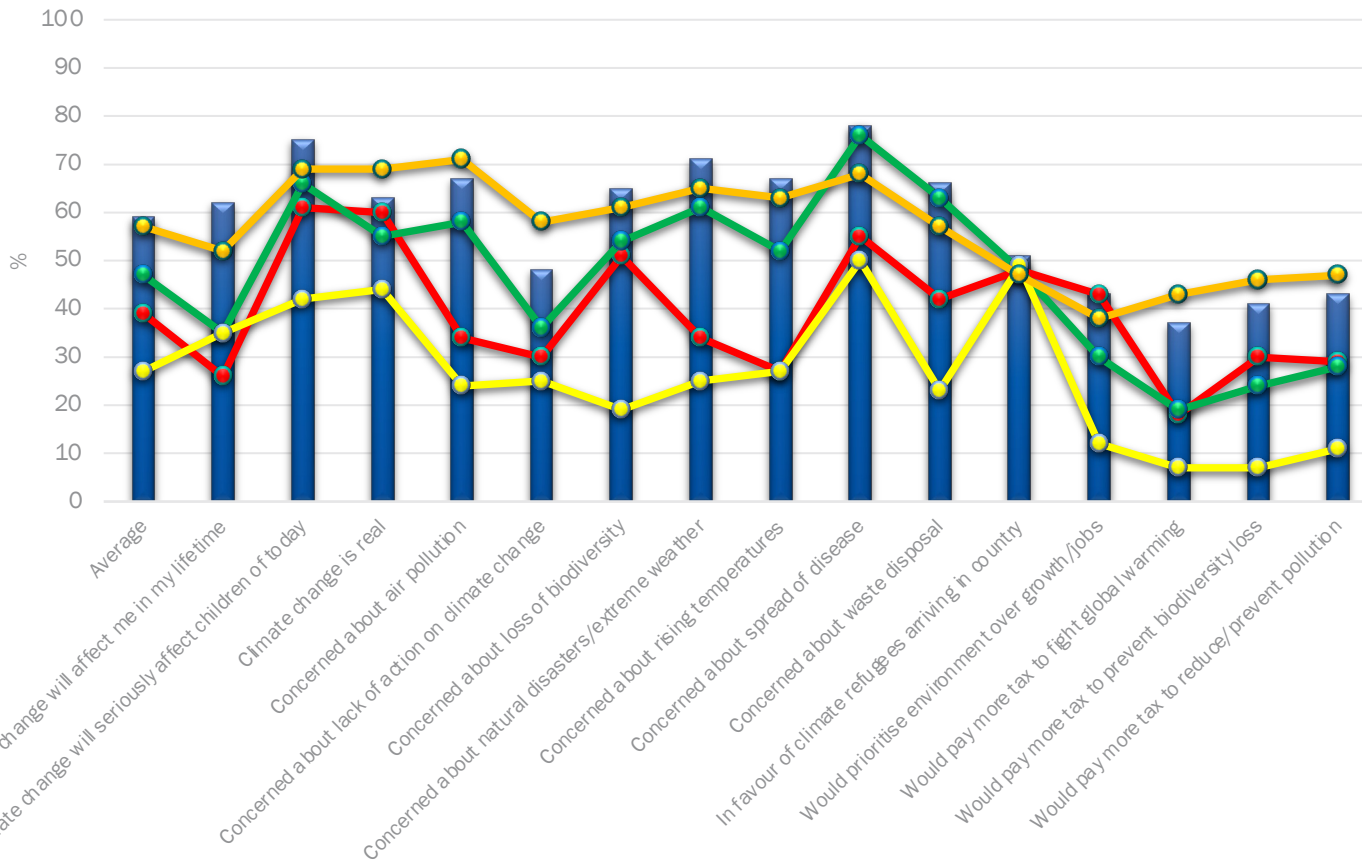


# Attitudes towards green transition policies vary by country

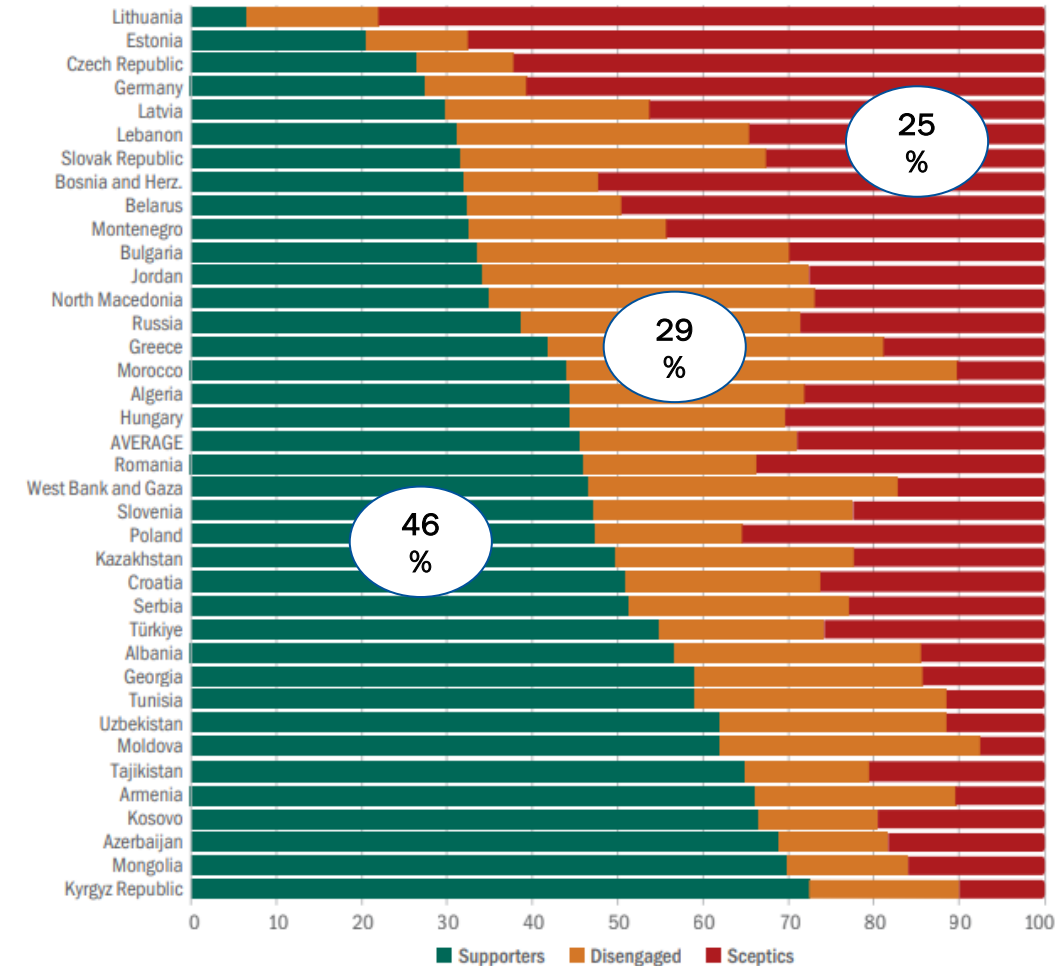


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■ EBRD average ■ Estonia ■ Latvia ■ Lithuania ■ Poland



Support for Green policies vary significantly across EBRD countries of operation



Source: Life in Transition Survey (LiTS IV), conducted in 2022 and 2023 by the EBRD and the World Bank

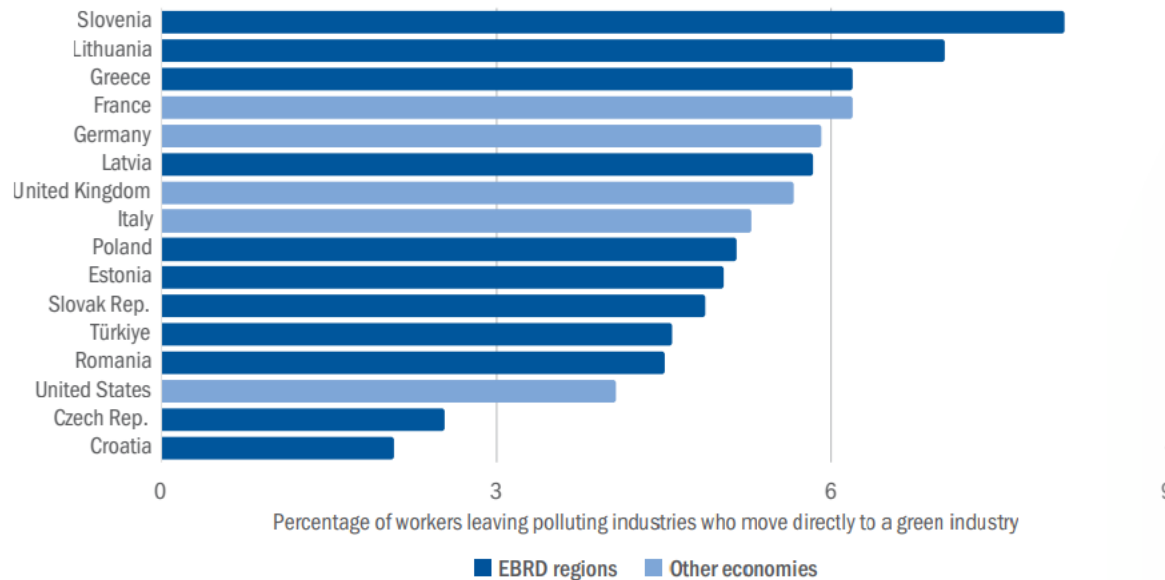
# Mobility from brown to green jobs



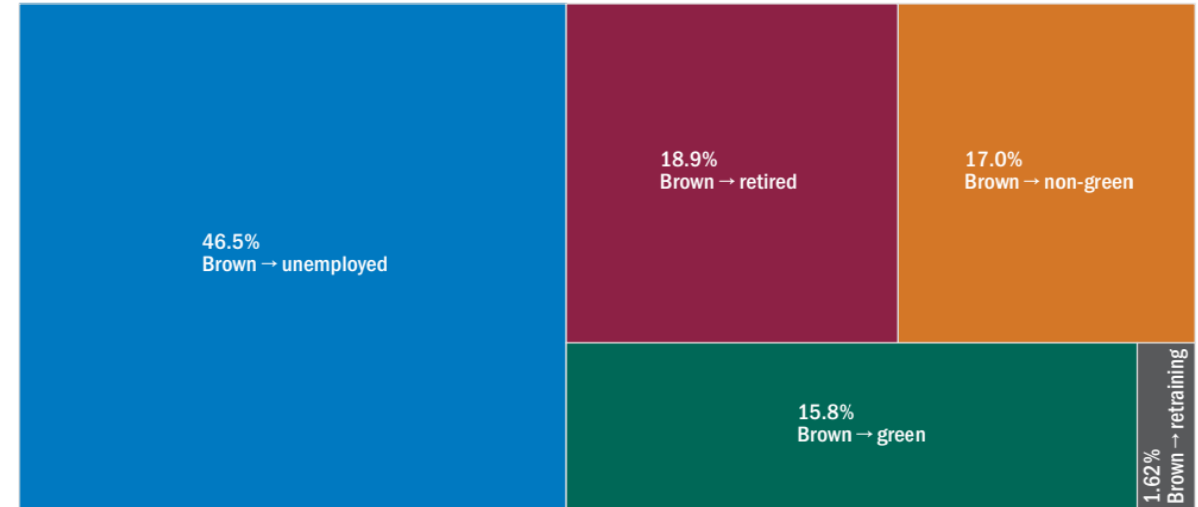
**It is rare for workers to move straight from brown (fossil fuels) to green (renewable/low carbon) jobs.**

Between 2015 and 2023 the average net rate of transition into green jobs were similar across the EBRD and advanced comparators, with the highest net transition rate observed in Estonia.

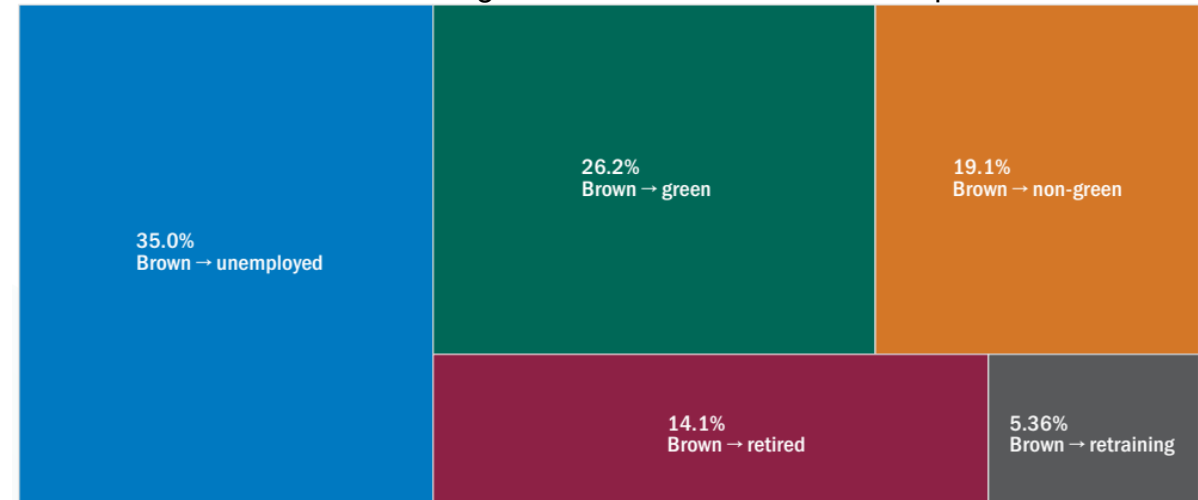
However, a net flow into polluting industries was also observed in the EBRD regions over the same period. Thus, more workers found new employment in brown industries than left those industries. In advanced comparators, by contrast, more workers moved out of brown industries than moved into them.



Breakdown of workers leaving brown sectors: EBRD regions from 1998-2019

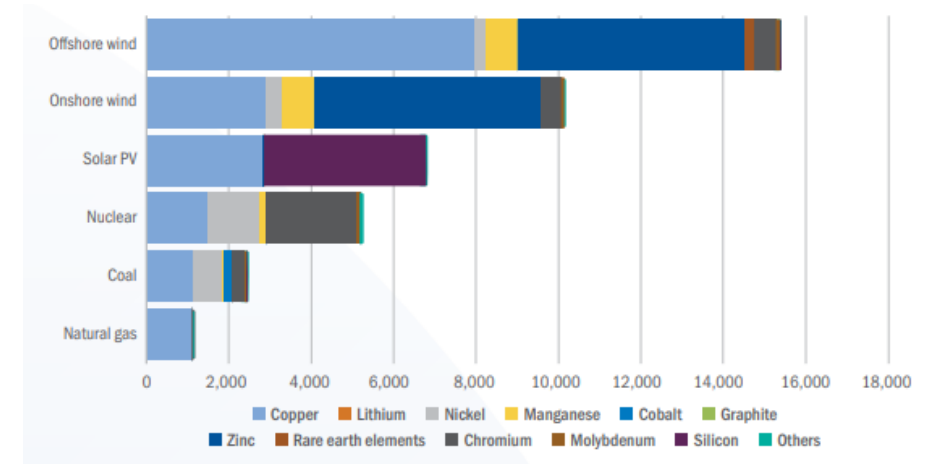
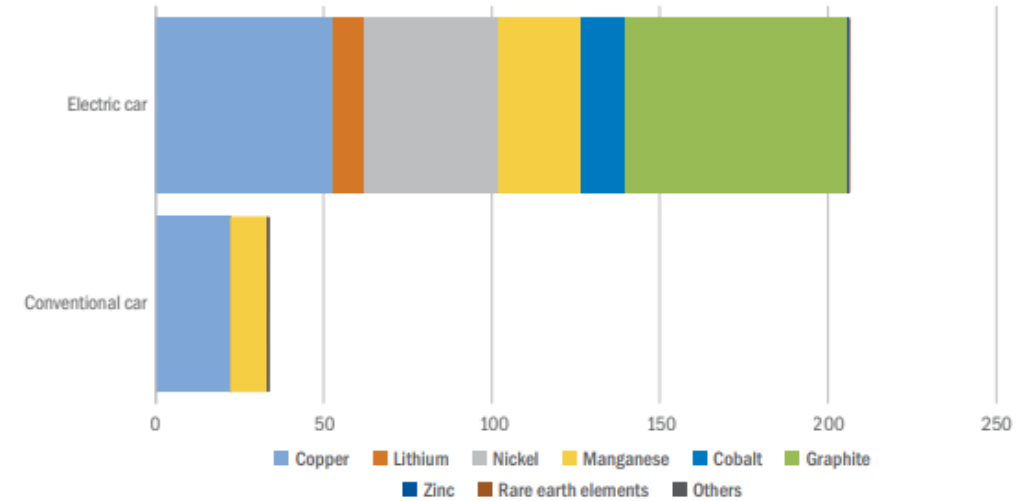


Breakdown of workers leaving brown sectors: advanced European economies



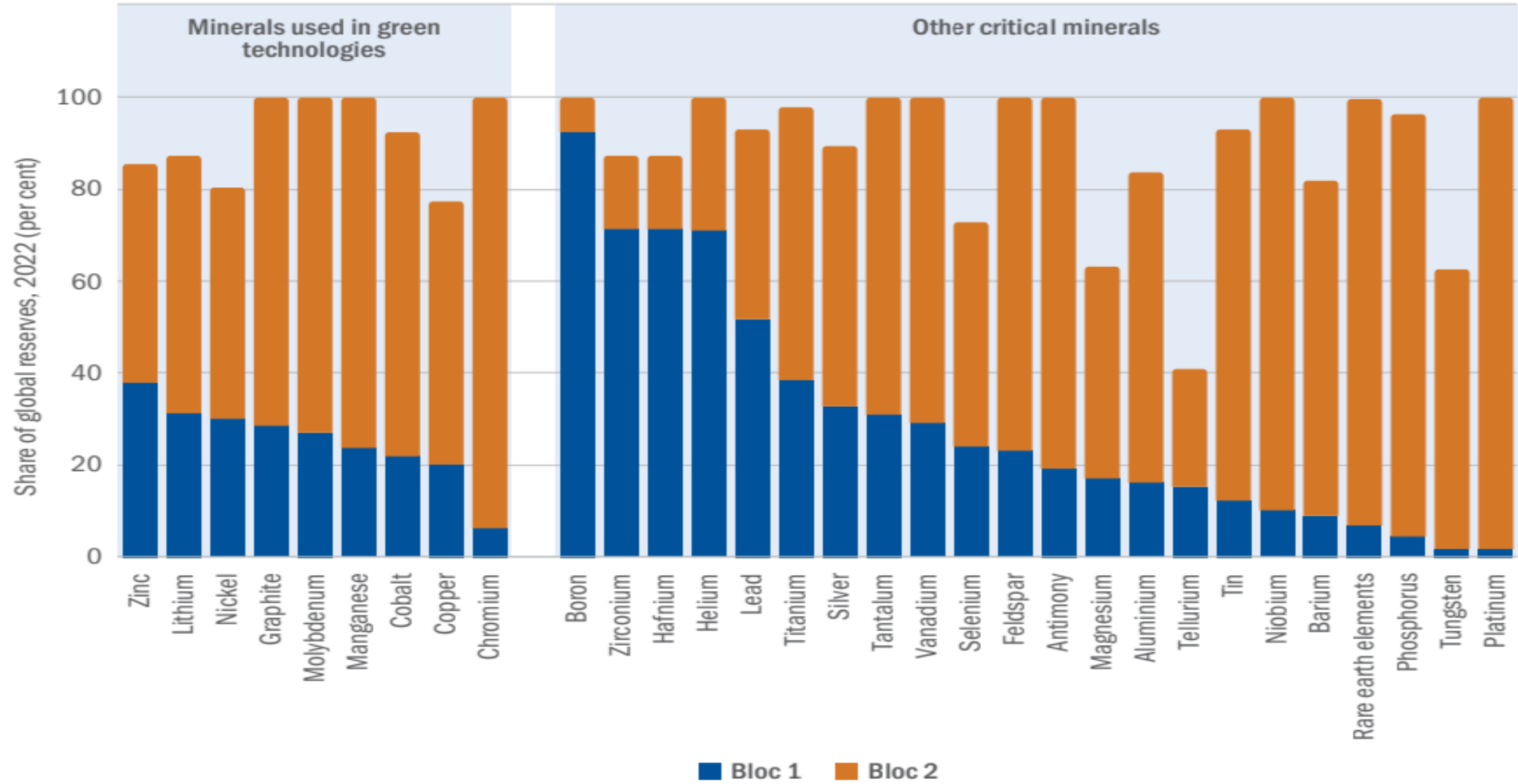


## Supply Risks



Source IEA, 2022

# Global Supply Chains



# EBRD's platform for responding to the war on Ukraine

## EBRD has reached its €3 billion financing target for Ukraine in 2022-23

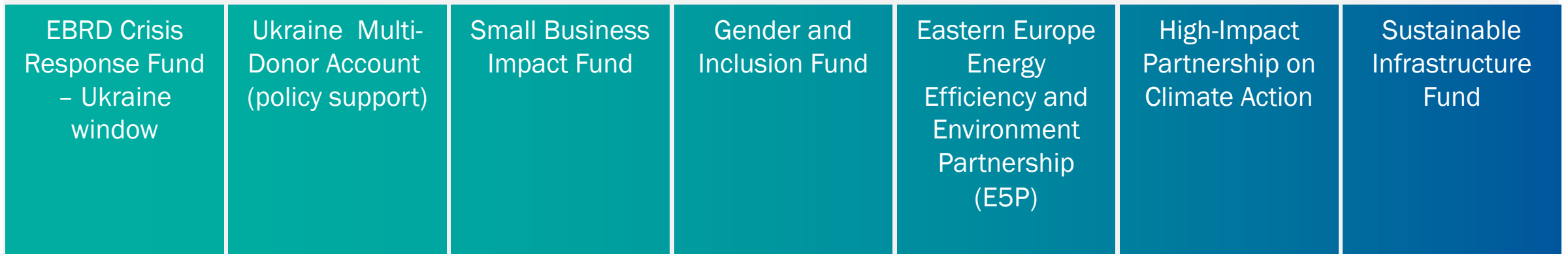
The EBRD is leveraging its instruments, and creating new ones, to channel funding for sectoral or thematic interventions that may span the resilience and livelihoods phase and/or reconstruction phase.

**Immediate crisis response**

**Medium- to long-term response**

**Resilience and livelihoods**

**Reconstruction**



Unfunded and funded guarantees, and first loss risk-sharing to de-risk investments

Capex grants to rebuild, technical cooperation for policy and expertise, incentive payments, concessional loans and guarantees/first loss to facilitate investments

# Contacts



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