

Josue Tanaka

Intro point

EBRD launched the Sustainable Energy Initiative last year in response to the call from the G8 at Gleneagles for IFIs to scale up climate change mitigation investment. It has a specific focus on energy efficiency given the needs of its countries of operations in Central and Eastern Europe. As a result EBRD sustainable energy financing increased to €750 million in 2006, up 50% from previous year. This initiative builds upon a strong partnership between the private sector, donors and the EBRD. Glad to be able to share our experience.

Five points

- first, must actively exploit and develop opportunities for energy efficiency investments across industrial sectors which are numerous particularly in a region like Central and Eastern Europe. These are generally good business proposals with short payback. In this case more an issue of actively identifying the project components than financing per se.
- second, in terms of organisation and focus, this requires mainstreaming of energy efficiency within the regular business development and investment processing activity of the financing organisation. This is an important element of scaling up energy efficiency financing.
- third, there are a range of opportunities for strong collaboration involving the private sector, international financing institutions and donors. For example, the development of small scale renewable energy financing requires support in terms of business plan development which can be provided by donors. Financing can then be provided to sponsors through IFI financing.
- fourth, work is still required to develop effective financing instruments to improve energy efficiency in the housing sector. This sector presents range of difficult institutional challenges in terms of the packaging of financing facilities and in terms of effectively reaching out this market both in terms of the borrowers and potential financial intermediaries.
- fifth, financing of larger renewable energy projects in Central and Eastern Europe is currently affected in many countries by regulatory issues. Where the regulatory environment is sufficiently established, need for development stage financing to address environmental and risk mitigation factors.

Closing point

Conclusion is that there are many opportunities for strong and practical collaboration between IFIs and donors in this area. In the case of EBRD we place a strong emphasis on the private sector both as a means to broaden our impact but also to provide a higher leverage both of our financing but also of the funding provided by donors supporting the Sustainable Energy Initiative.