Policy Dialogue on Green Economy in Georgia
- Workshop on Green Finance Mobilisation -

22-23 June 2017
Ball Room
Tbilisi Marriott Hotel
Tbilisi, Georgia

The workshops and the related OECD analytical work are funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety through its 2014 International Climate Initiative. 
https://www.international-climate-initiative.com
Context:

Ensuring transformational change towards a green economy has become an important objective for Georgia. Several strategic policy documents developed recently make it clear that massive investment are needed to achieve the country’s targets on climate and green growth. However, financing the necessary steps to meet these targets is challenging due to policy misalignments, limited availability of low-cost, long-term capital, and insufficient risks-return profile of projects. Inclusiveness is another element and a prerequisite for green growth policies to be socially legitimate, making sure that no one is left behind in the transition towards low-carbon and climate-resilient economy. Addressing all these issues requires right policies not only on climate and environment, but also on various industries, financial markets, innovation, tax, trade and competition, amongst others.

Objectives:

The Workshop on Green Finance Mobilisation under Policy Dialogue on the Green Economy in Georgia invites officials from the Georgian ministries and representatives from the public and private sectors to discuss decisive action needed for scaling up finance needed for climate change and green economy agendas in Georgia. The workshop will provide a place to discuss:

- Scaling up current finance for green projects such as renewable energy, energy and resource efficiency, cleaner transport in Georgia;
- Exploring new financial instruments and capital sources that can potentially be used to finance such projects in the long-run;
- Possible linkages between the ongoing efforts to develop the financial market and future mobilisation of new and existing green finance in the country; and
- Identifying where business opportunities lie from the transition towards the green economy.

The discussion will be supported by a discussion note prepared by the OECD that outlines initial findings from the literature review and the fact-finding missions conducted in the 1st Quarter of 2017.

Expected outcomes:

The associated analytical work by the Organisation for Economic Co-operation and Development (OECD) is intended to complement and inform relevant work conducted by the government, businesses and development co-operation partners on the implementation of various actions to achieve the ambitious goals on climate change and sustainable development agendas.

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Takayoshi Kato (Takayoshi.kato@oecd.org ; +33 145 24 74 88) of the OECD Environment Directorate
Agenda Outline:

22 June 2017

Session 1: Opening remarks
Session 2: Long-term goals: Overview of country targets and strategies
Session 3: Where does the money come from, and how? - Overview of financial channels and instruments and gaps to be bridged
Session 4: A bigger picture: Possible implications of the Georgia’s financial market reform for green finance
Session 5: Seizing the opportunity from the Green Climate Fund

23 June 2017

Session 6: Engaging more business in green growth agenda
Session 7: Sectoral discussion on public transport
Session 8: Closing of the workshop on green finance and next steps
Day 1: 22 June 2017

09:00- Registration, coffee and tea

Session 1 Opening remarks

- Ms Ekaterine Grigalava, Deputy Minister of Environment Natural Resources Protection
- Mr Teimuraz Murgulia, Deputy Minister of Education and Science / Member of the Green Climate Fund Board
- Ms Nina Khitskatsi, Deputy Mayor of Tbilisi City
- Mr Jürgen Keinhorst, Head of Cooperation with Europe and MENA, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany
- Moderator: Ms Kumi Kitamori, Head of Green Growth and Global Relations Division, Environment Directorate, OECD

09:30-10:00

Session 2 Long-term goals: Overview of country targets and strategies

This session will share the recent update on the development of national-level climate and energy related strategies. These strategic policy documents can and should also play the role in sending a right signal to investors who are interested to provide or scale up green finance.

Introductory presentation

- **Georgia’s Nationally Determined Contribution**: Ms Maia Tskhvaradze, Chief Specialist of Climate change Service, Ministry of Environment and Natural Resources Protection

Discussants

- **Georgia’s Green Economy Strategy** -Current state of development: Ms Nino Lazashvili, Acting Head Sustainable Development division Ministry of Economy and Sustainable Development (invited)

Questions for discussion

- Are these documents sending strong and coherent signals to business sector and domestic financial institutions and development banks to encourage them to scale up green finance?
- How domestic financial institutions and business sector can be further engaged in the implementation of (I)NDC and the other strategic policy documents?
- What are the roles of the public sector in mobilising green finance?

10:00-11:15

11:15-11:30 Coffee break
**Session 3**

**Where does the money come from, and how?**  
- Overview of financial channels and instruments and gaps to be bridged.

This session aims to review existing and potential financial sources, channels and instruments in Georgia, which are or can be used for actions to implement the national- and municipal-level strategies on climate change and green growth. This session invites a range of financial institutions to share their experiences and stimulate discussion among the participants.

**Introductory presentation**

- Mr. Takayoshi Kato, Policy Analyst, Environment Directorate, OECD

**Discussants**

- Ms. Tamar Khizanishvili, Deputy Corporate Banking Director, JSC Bank of Georgia
- Mr. Nugzar Khaindrava, Portfolio Manager, Georgian Energy Development Fund
- Ms. Tea Melikadze, Principal Banker, Municipal and Environmental Infrastructure, EBRD
- Mr. Maciej Czura, Loan Officer, Lending Operations in Neighbouring Countries Banks, European Investment Bank
- Mr. Kakha Gabeskiria, Chief Operations Officer, Micro Finance Organisation Crystal

**Questions for discussion**

- What are the key drivers to scale up finance from existing sources and instruments (e.g. lending from commercial banks) to finance energy efficiency and renewable energy projects?
- What role can the government and local and international financial institutions play in exploring and mobilising newer types of finance sources and instruments (equity funds, bond financing from various sources)?
- What are barriers to mobilising finance from these exiting and new financial sources using other financial instruments than collateral lending?

**Session 4**

**Future implications of the Georgia’s financial market reform for green finance**

This session will exchange the views on current barriers to green finance, and possible future implications of ongoing financial market reform for tackling these barriers. Diversification of financial instruments (e.g. using equity, bonds, mezzanine finance), de-dollarisation of assets, and development of the money market and capital market are among the priorities in the ongoing financial market reform efforts in the country, which would also potentially help the country mobilise further green finance over time.

**Introductory presentation**

- Mr. Takayoshi Kato, Policy Analyst, Environment Directorate, OECD

**Discussants**

- Mr. Giorgi Laliashvili, Head of Financial Markets Department, National Bank of Georgia
Questions for discussion:

- What are the drivers for and challenges to diversifying financial instruments for green projects?
- Within your business, what could the financial market development bring to scaling-up of green finance in Georgia?
- Could Georgia’s effort for financial market development be more explicitly linked with climate and green growth agenda over time? If so, how?

15:15-15:45 Coffee break

Session 5 Seizing the opportunity from the Green Climate Fund

The Government of Georgia and GIZ are working on the Green Climate Fund Readiness Programme. This session discusses (i) the issues and steps to be taken with regard to accessing the Fund’s resources, and (ii) the ways in which such resources can help the country mobilise different types of finance over time from public and private, national and international sources. This session will also discuss how the efforts for accessing the Green Climate Fund could enhance the country ownership in developing climate-related projects while also catalysing further financing from bilateral and multilateral development banks.

Introductory presentation

- Ms Maia Tskhvaradze, Chief Specialist of Climate change Service, Ministry of Environment and Natural Resources Protection

15:45-17:15 Discussants

- Mr Mikheil Khuchua, National Advisor, GCF Readiness Project, GIZ
- Ms Nino Cholokashvili, Deputy Director of Investment Department, Partnership Fund
- Mr Leo Park, Financial Institutions Specialist, the Green Climate Fund (online)

Questions for discussion:

- How would GCF-funded projects make real and broader changes to Georgia’s effort towards green growth?
- How could the Georgia’s business sector engage in and/or benefit from GCF country programming exercise currently planned?
- How would (and should) a Climate Finance Co-ordination Mechanism be designed and organised to scale up green finance?

17:30- Cocktail
Day 2: 23 June 2017

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<td>09:00-09:30</td>
<td>Registration, coffee and tea</td>
<td>This session will discuss key issues faced by private sector stakeholders in accessing and mobilising green finance for (e.g.) energy efficiency measures and renewable energy projects. Such issues include: political stability; misalignment between environment and investment/industry policies; policy predictability; limited availability of low-cost, long-term capital; cost-return imbalance of &quot;green&quot; projects; limited options of financial instruments and sources, amongst others.</td>
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| 09:30-10:45   | Session 6  Engaging more business in green finance | **Introductory presentation**  
- Mr Krzysztof Michalak, Senior Programme Manager, Environment Directorate, OECD  
**Discussants**  
- Ms Ana Chorgolashvili, UNIDO Resource Efficient and Cleaner Production for SMEs under EaP GREEN  
- Mr Levan Vepkhvadze, Adviser to CEO on Strategic Issues / Member of Board of Directors, Georgian Industrial Group  
- Mr Ioseb Rostomashvili, Head of Environmental Management Unit, Procredit Bank  

**Questions for discussion:**  
- What kind of information is needed to drive the business sector investment towards going green (e.g. on technologies, political visions, policy instruments, financial channels and instruments, etc.)?  
- How could experiences of the front-runners in the green/climate-related business be shared between a wider set of corporates, including financial institutions?  
- How could voices of the business sector be better reflected in and help policy development to scale up green finance?  

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<td>10:45-11:00</td>
<td>Coffee break</td>
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This session will hold a sector-specific discussion on finance for municipal transport infrastructure. It will discuss general issues around mobilising public and private financing for the sustainable public transport systems, based on the experiences of the national government, municipal authorities, and development co-operation partners. It will also examine potential solutions that could be provided by different actors.

**Introductory presentation**

- Ms Marina Shvangiradze, Director, Sustainable Development Centre Remissia/Independent Technical Advisory Panel for the Green Climate Fund

**Discussants**

- Ms Elene Khundadze, Head of Analytical Division, Municipal Transport Department, Tbilisi City Hall
- Mr Giga Gvelesiani, Head of Safeguards, Municipal Development Fund
- Ms Hilia Boris Iglesia, Manager, International Association of Public Transport (UITP) (online)
- Ms Aimée Aguilar Jaber & Ms Elene Shatberashvili, International Transport Forum (online)

**Questions for discussion:**

- What are the possible financing options (both existing and potential) for scaling up investment in infrastructure and operation of sustainable public transport system?
- What kind of pricing scheme could reduce unnecessary private vehicle use and promote more environmental friendly modes of transport (e.g. public transport and non-motorised transport)?

**Closing session**

- Ms Kumi Kitamori, Head of Green Growth and Global Relations Division, Environment Directorate, OECD

**Closing remarks**

- Mr Jürgen Keinhorst, Head of Cooperation with Europe and MENA, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany
- Ms Ekaterine Grigalava, Deputy Minister of Environment Natural Resources Protection