



EaP GREEN PROGRAMME

LAUNCHING WORK ON ACCESS TO PRIVATE FINANCE FOR GREEN INVESTMENTS IN EU EASTERN PARTNERSHIP COUNTRIES

Expert meeting

5 - 6 June 2014, Paris, France

MEETING AGENDA

The meeting will be held at:

OECD
2, rue Andre-Pascal
75016 Paris
OECD Conference Centre,
Meeting Room C, Chateau – 5 June 2014
Meeting Room D, Chateau – 6 June 2014

Starting at 2:00 p.m. on 5 June 2014

LAUNCHING WORK ON ACCESS TO PRIVATE FINANCE FOR GREEN INVESTMENTS IN THE EU EASTERN PARTNERSHIP COUNTRIES

Background

Moving onto a greener, low-carbon and resource-efficient path of economic development requires significant investments. The public sector alone cannot bear the costs of such investments. In order to promote private sector finance, governments need to provide appropriate incentives.

Green economic development presents both opportunities and challenges for the European Union Eastern Partnership (EaP) countries¹. On the one hand, due to the legacy of obsolete and inefficient technologies and infrastructure, coupled with subsidies and low prices for energy, there are major opportunities to reduce the carbon and energy intensity of their economies at a relatively low cost. On the other hand, the global financial crisis resulted in significant shortages of liquidity within the banking systems of these countries, and public resources are very limited.

Commercial banks have a potentially important role to play in providing lending for green investments. However, under the current conditions in the EaP countries, their involvement is rather limited. Generally, commercial banks have only established specific environmental credit lines when supported by International Financing Institutions (IFIs) and donors. These include the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Asian Development Bank (ADB), the German Development Bank (KfW)². In addition to supporting immediate investment priorities, the IFIs have established such credit lines with the aim of helping to strengthen the capacity of local banks to internalise sustainable energy lending into their standard project portfolio. This experience provides useful insights into what needs to be done in order to increase the capacity of the banking sector to finance green investments.

Demonstrating commercial viability and replicability at a larger scale would be a key step in attracting the commercial banking sector to play a greater role in financing environmentally related investments. Governments have a crucial role to play in putting in place the necessary regulatory and institutional framework that will provide appropriate incentives and motivate commercial banks and others to undertake and finance green investments. The development of a dedicated policy framework is important in order to address market failures and other barriers to green investments.

The main objective of this project is to analyse the conditions that would enable commercial banks in the EU EaP countries to support investments in green projects. The project will examine factors that concern the organisation and capacity of local commercial banks as well as the broader policy and regulatory environment within which they work and which influences both the supply of, and demand for, commercial lending into green, low-carbon investments in these countries.

This project is financially supported by the European Union and is conducted within the framework of the “Greening Economies in the Eastern Neighbourhood” (EaP GREEN) Programme.

¹ The EU Eastern Partnership countries include Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

² For example, the EBRD has launched Sustainable Energy Financing Facilities (SEFFs) in a number of EaP countries, including Armenia, Azerbaijan, Georgia, Moldova, and Ukraine. The SEFFs provide support to energy efficiency and renewable energy projects targeting both large industry and small and medium enterprises (SMEs) as well as buildings in the public and residential sectors.

Objectives of the meeting

The specific objectives of the meeting are to:

- review the experience with the design and implementation of environmentally related IFI-and donor-supported credit lines disbursed through local commercial banks in the EaP countries;
- identify key lessons from this analysis that can help governments in the region improve the policy and regulatory environment that promotes green lending;
- identify those credit lines and countries that can be selected for further in-depth analysis; and,
- discuss and agree on the methodology for an in-depth review of selected credit lines with a view to gaining further insights into the challenges and opportunities for using commercial banks to promote green investment.

The discussion during the meeting will be supported by a short paper. The paper consists of two major parts: (i) an overview of relevant (on-going or disbursed) environmentally-related credit lines in the EaP countries and (ii) a draft methodology that aims to define the scope and the logical framework for the implementation of in-depth reviews of credit lines at a country level.

The discussion will be held in English only. In case of questions related to the meeting, please contact the OECD Environment Directorate. For substantive issues and logistical issues, please respectively contact Nelly Petkova, Project manager (Tel: + 33 1 45 24 17 66, E-mail: nelly.petkova@oecd.org) and Irina Massovets (Tel: + 33 1 45 24 98 18, E-mail: irina.massovets@oecd.org).

AGENDA

Thursday, 5 June 2014

Meeting Room C

Session 1 Welcoming remarks, adoption of the agenda and round of introduction

14:00 • *OECD Secretariat*

Session 2 Introduction of the project on access to private finance for green investments in the EU Eastern Partnership countries

14:30 • *Nelly Petkova, OECD ENV/EPI*

Session 3 Public policies and incentives for enabling private finance for green investments

15:00 • Government intervention to mobilise private investments in green infrastructure — *Robert Youngman, OECD ENV/CBW*
• Private finance for green investment: The role of the public sector – some lessons from WRI's experience — *Shilpa Patel, World Resources Institute*

16:15 Coffee break

Session 4 Financing of green investments by commercial banks

16:45 • Unlocking private finance for sustainability – a shared responsibility - *Yuki Yasui, UNEP Finance Initiative*
• Benefits from responsible finance in transition economies – *Mikhail Babenko, WWF Russia*

All meeting participants are invited to a cocktail in the room "Roger Ockrent", Chateau

starting at 18:30

Friday, 6 June 2014

Meeting Room D

Session 5 Design and implementation of environmentally related IFI-supported credit lines in the EU EaP countries

- 9:30
- Overview of existing environmentally-related credit lines in the EU EaP countries and main barriers to private green investments — *Matthew Savage, Oxford Consulting Partners*
 - Lessons learnt from the EBRD experience with Sustainable Energy Financing Facilities established in selected EBRD countries of operation — *Janina Ketterer, Energy and Climate Change Economist, Ian Smith, Energy Efficiency and Climate Change, EBRD, London*
 - Experience with establishing donor-supported credit lines in selected EaP countries — *Sandra Lutz, KfW Berlin*

11:15 Coffee break

Session 6 Challenges with disbursing credit line resources by local banks at a country level

- 11:40
- Experience of a state-owned bank from Ukraine – *Sergiy Khudiyash, UkrEximBank*
 - Private bank perspective on reaching out small and medium enterprises — *Tamar Khizanishvili, Bank of Georgia, Georgia*

12:45 Lunch break

Session 7 New green investment initiatives in the EU EaP countries

- 14:00
- IFC strategy for mobilising private sector financing for clean energy – *Martin Dasek, Senior Climate Solutions Financing Specialist, Europe & MENA IFC Financial Institutions Group*
 - UNIDO initiatives for facilitating investments in resource efficient and cleaner production in the EaP countries – *Patrick Nussbaumer, UNIDO*

15:00 Coffee break

Session 8 Methodology for an in-depth review of environmentally-related IFI-supported credit lines and discussion

- 15:30
- Presentation of the Draft methodology – *Matthew Savage, Oxford Consulting Partners*

Session 9 Closing session — Next steps in project implementation

- 17:30
- Next steps in advancing the project – identification of country case studies
 - Concluding remarks and wrap-up of the meeting