

SESSION 4: FINANCIAL INSTRUMENTS FOR JUST TRANSITION

2023 SCF FORUM ON FINANCING JUST TRANSITIONS

JAN-WILLEM VAN DE VEN
HEAD OF INTERNATIONAL CLIMATE
POLICY AND ENGAGEMENT
EBRD

17 JULY, 2023



European Bank
for Reconstruction and Development

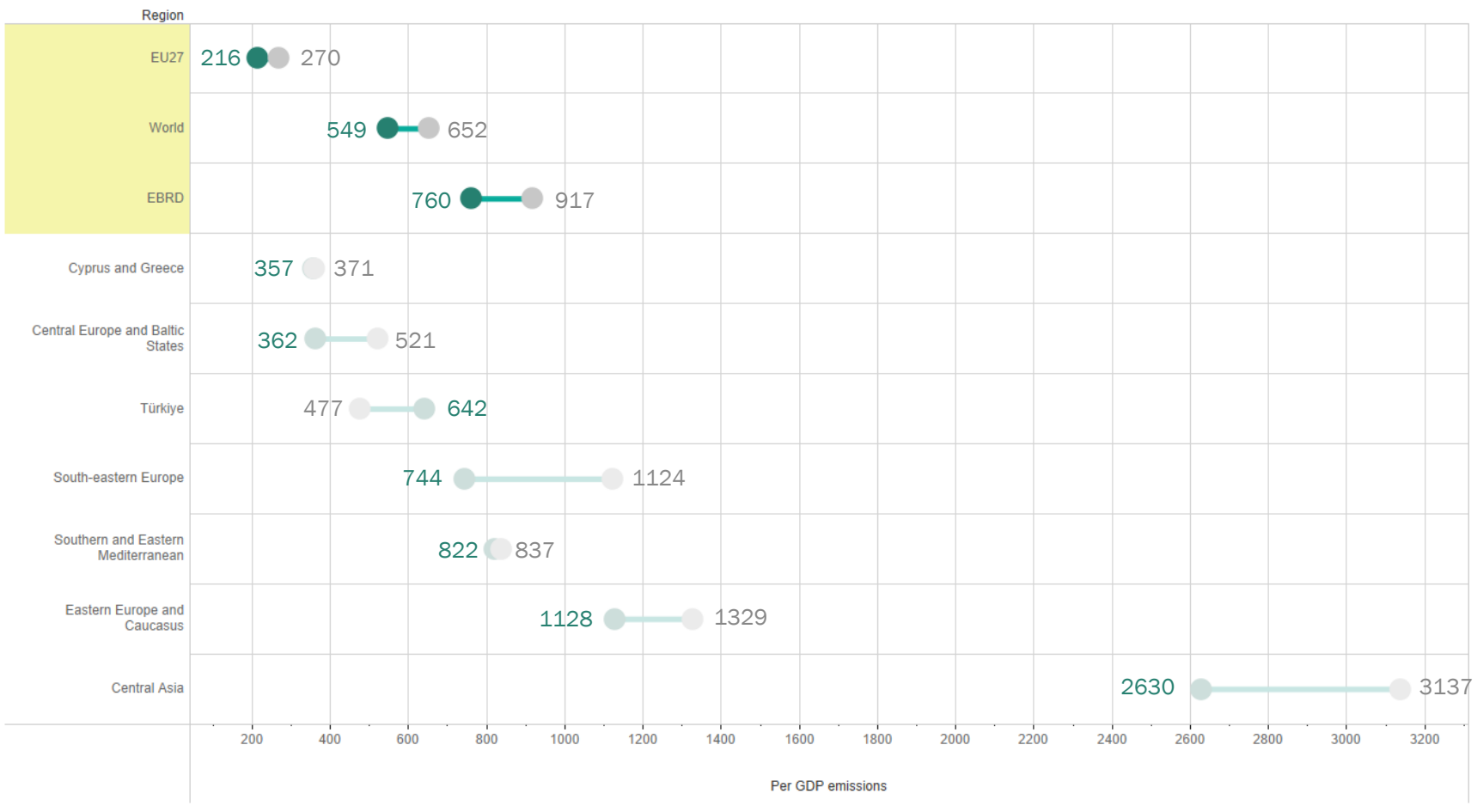


EBRD ECONOMIES ARE REDUCING THEIR CARBON INTENSITY, BUT MORE NEEDS TO BE DONE



GHG Intensity of the EBRD economies

Unit: tonnes CO₂eq/million \$ GDP, values are median | Source: Climate Watch



Year ■ 2010 ■ 2019

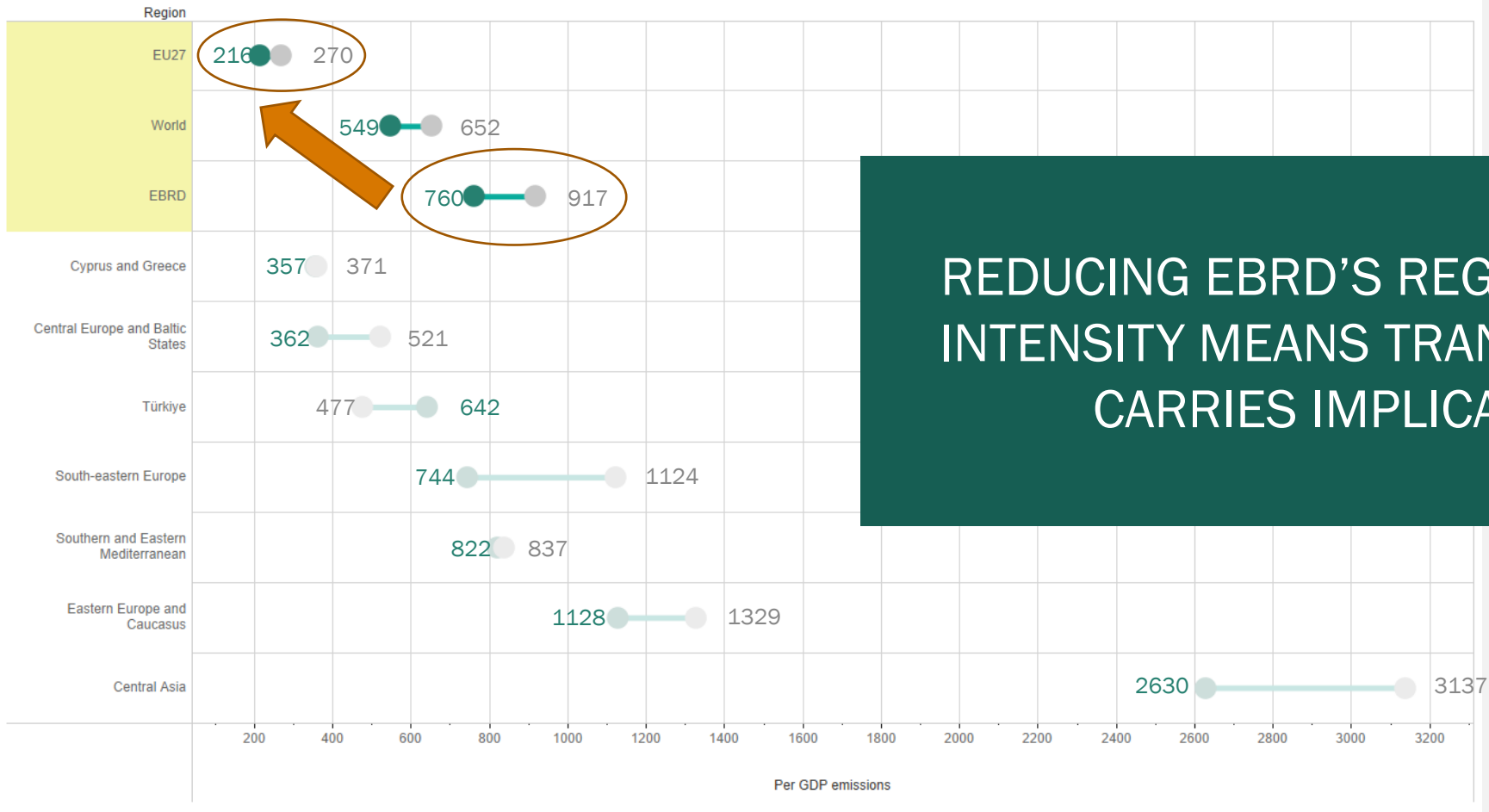
GHG intensity is generally decreasing at different rates, though some economies are becoming more GHG intensive.

The GHG intensity of EBRD economies is higher than that of the rest of the world.



GHG Intensity of the EBRD economies

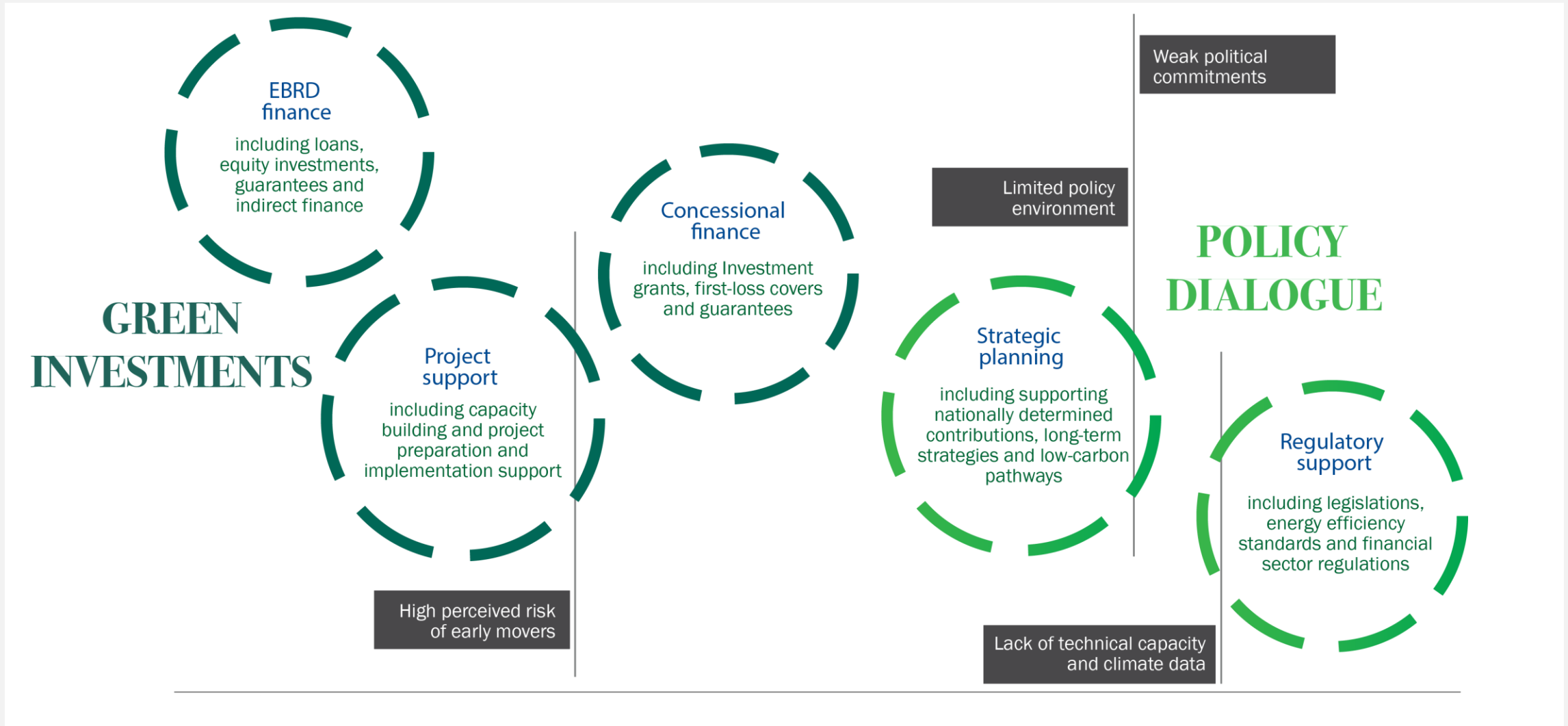
Unit: tonnes CO2eq/million \$ GDP, values are median | Source: Climate Watch



REDUCING EBRD'S REGION CARBON INTENSITY MEANS TRANSITION, AND CARRIES IMPLICATIONS

Year ■ 2010 ■ 2019

AS SUCH, EBRD DELIVERS GREEN TRANSITIONS THROUGH A MULTI-DIMENSIONAL APPROACH THAT COMBINES INVESTMENTS & POLICY DIALOGUE



← Array of instruments to support projects & just transitions →



EBRD'S JUST TRANSITION INITIATIVE

The EBRD's Just Transition Initiative (JTI) aims to ensure the benefits of a green economy transition are shared, while protecting vulnerable countries, regions and people from falling behind.

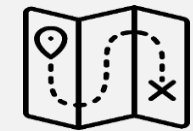
The initiative focuses on 3 key themes:



Green economy transition (GET)



Human capital development (incl. worker reskilling)



Regional economic diversification: businesses & infrastructure

Our support



Policymakers

- Integrating just transition (JT) considerations into **key policy documents** (NDCs, Long term strategies, NECPs)
- Preparation of **regional JT diagnostics and action plans** with active stakeholder engagement to facilitate transition
- Support for creating enabling environment for **economic & human capital development**
- Creation and dissemination of **knowledge products**

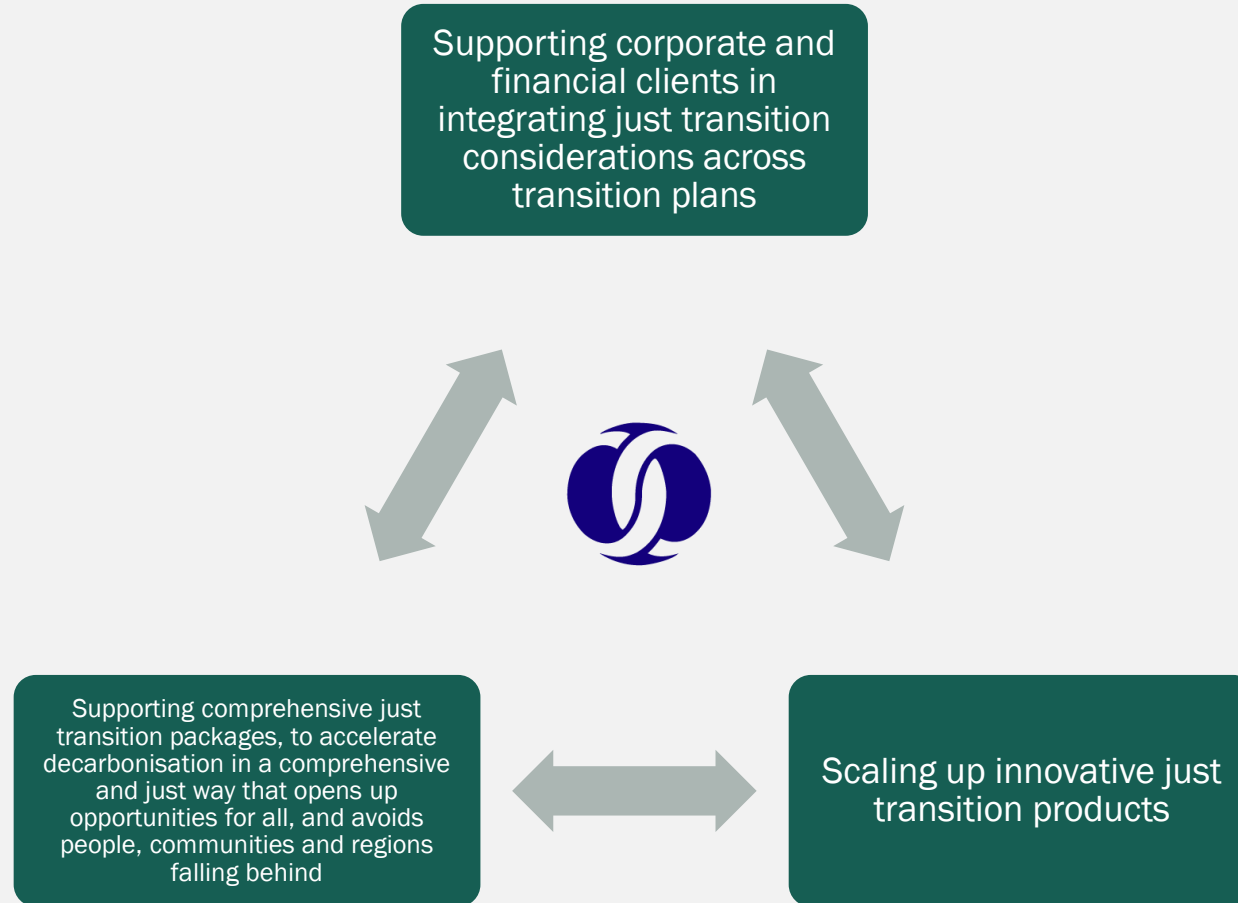


Clients

- **Financing** for JT projects across the three key themes
- **Technical cooperation**, including:
- **Reconversion of assets** to low carbon use, environmental **rehabilitation** and **remediation**
- **Corporate climate governance**
- **Re/up-skilling of workers**
- **Mobilisation of concessional finance and grants** to support projects



EBRD'S WAY AHEAD: SCALING-UP INVOLVEMENT IN 3 DIMENSIONS





Targets

NWFE Approach

+10 GW

New renewables

-5 GW

Decommission

+US \$10

Billion
Private Investment

+US \$500

Million
Grants, guarantees &
concessional finance

- Analysis of decommissioning impacts
- Skillsets mapping
- Training and skills programmes via relevant partnerships
- JT Plan to support >6,000 employees
- Fundraising donor resources targeting JT

Green investments from national and international developers, utilities, institutional investors, commercial banks and IFIs towards **building the network infrastructure**.

Technical assistance and low-cost finance to support:

- Transmission investments
- **Just transition**
- Supply chain development

CASE STUDY: JUST TRANSITION IN NORTH MACEDONIA



CONTEXT



An ambitious NDC target of net **82% GHG emissions reduction by 2030** compared to 1990 levels.



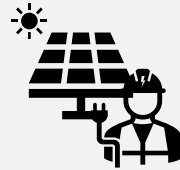
Core actions: **complete coal phaseout** of 764 MW of TPP capacity, supplying circa 40% of country's electricity, and **>1.5GW of new RE deployment** before 2030.

EBRD's response:



Worked with **EU Delegation**, to support the preparation of the **Just Transition Roadmap**, which was adopted by the Government on June 13, 2023.

- **Diagnostic:** analysis of impacts of accelerated decarbonisation on Southwest and Pelagonia regions;
- **Roadmap:** holistic plan with outline on governance arrangements, policy reforms, investments, support needs and funding sources etc.



- Financed **40MW of solar PV** (10 MW operational) with SC Elektrani na Severna Makedonija (ESM) **on sites of former lignite mines**, with support for **reskilling circa 450 ESM's employees**;
- Supported introduction of **RE auctions** and launching **three RE tenders** for 162 MW combined solar PV capacity.



- Supported the Government in successful application to **Climate Investment Fund's Accelerated Coal Transition** (CIF ACT) programme.
- Now leading on the preparation of the Investment Plan (IP) with the Government, which can unlock **up to USD 85M** in grants (5-10%) and concessional finance for 'governance', 'people', and 'infrastructure' projects in JT regions.



- MDBs have jointly committed to supporting a Just Transition (JT) and agreed to a set of high-level principles to help guide MDB support for a just transition.
- Goal: **ensure consistency, credibility, and transparency.**

MDB Just Transition High-Level Principles

Principle 1

- MDB support for a just transition aims to deliver climate objectives while enabling socio-economic outcomes, accelerating progress towards both the Paris Agreement and the SDGs.

Principle 2

- MDB support for a just transition focuses on moving away from GHG emissions intensive economic activities through financing, policy engagement, technical advice and knowledge sharing, in line with MDB mandates and strategies, and country priorities including NDCs and long-term strategies.

Principle 3

- MDBs will encourage support for a just transition by building on existing MDB policies and activities, mobilising other sources of public and private finance, and enhancing coordination through strategic plans that aim to deliver long-term, structural economic transformation.

Principle 4

- MDB support for a just transition seeks to mitigate negative socio-economic impacts and increase opportunities associated with the transition to a net zero economy, supporting affected workers and communities, and enhancing access to sustainable, inclusive and resilient livelihoods for all.

Principle 5

- MDB support for a just transition encourages transparent and inclusive planning, implementation and monitoring processes that involve all relevant stakeholders and affected groups, and that further inclusion and gender equality.

THANK YOU



For further information please contact:

JAN-WILLEM VAN DE VEN

Head, International Climate Policy and Engagement

vandevej@ebrd.com