

EBRD & Green Economy and Sustainability

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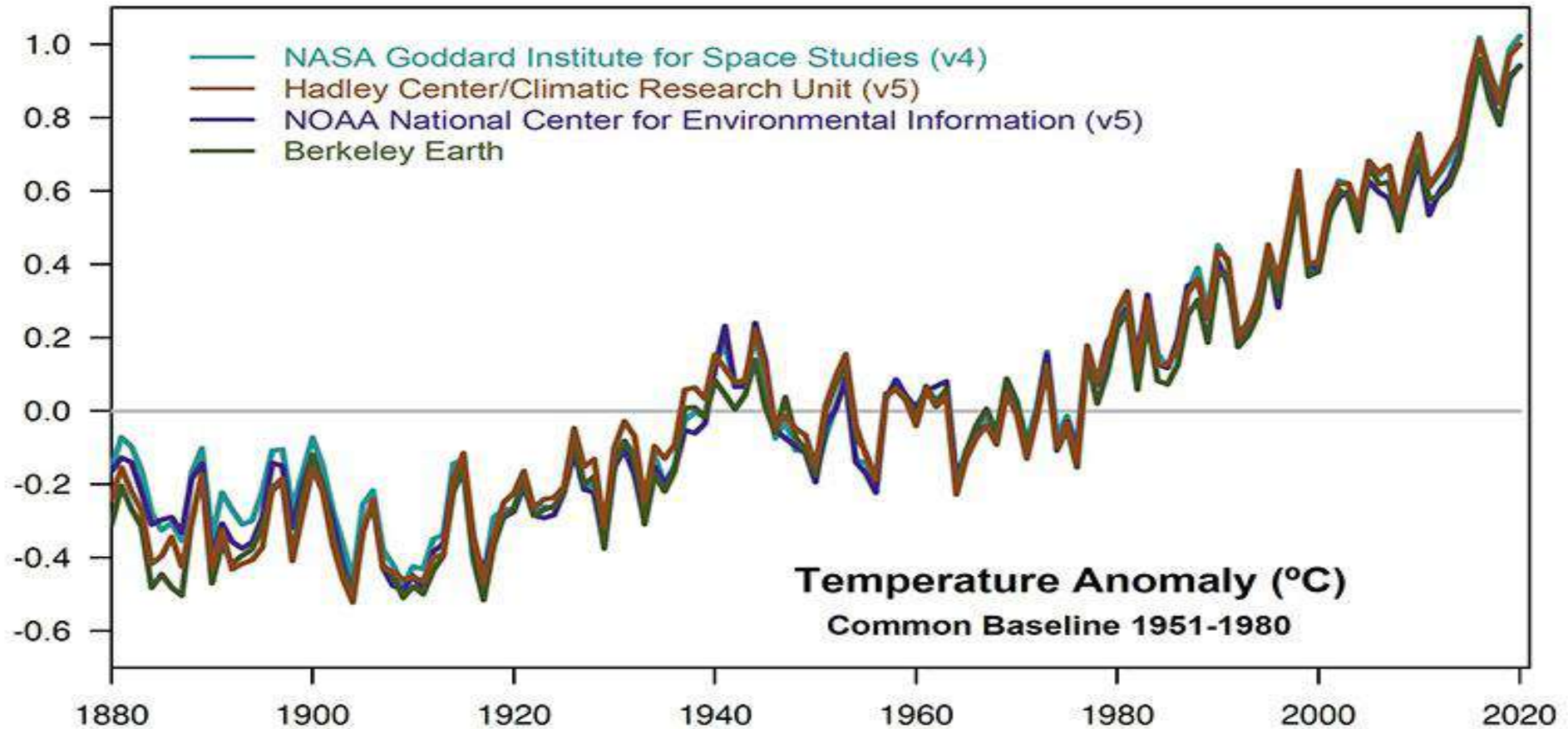


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1. Scientific Consensus: Earth's Climate is Warming due to Human Activities



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RESTRICTED

2. EBRD's Green Economy Transition



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A. Sustainability Mandate; 2019 Environmental & Social Policy (Performance Requires) : E&S Due Diligence and Monitoring

B. The Green Economy Transition (GET) aims to:

- advance to an environmentally sustainable, low-carbon and climate-resilient economy; and
- prevent economies from being locked into carbon-intensive, climate-vulnerable and/ or environmentally damaging pathways.

C. Strategy for a Resilient and Sustainable Future: Increase green financing to more than 50 % of its annual business volume by 2025; alignment with Paris Agreement's mitigation goals & adaptation and climate-resilient operations; The Taskforce for Climate-related Financial Disclosure (TCFD) Reporting and UN Principle for Responsible Investment (PRI)



3. A Flagship EBRD Solar Project in Benban, Egypt



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- At a site of over 37 km² in Benhan, the Western Desert, some 650 km south of Cairo; three years of construction of one of the largest solar parks in the world and the largest in Africa; completed in Oct. 2019;. Capacity of 1.5 GW, enough to provide renewable energy to more than 1,000,000 homes.
- The EBRD is the main financier of this park, having supported 16 of the 32 plots; the project is supported by the Dutch Development Bank (FMO), the [Green Climate Fund](#) (GCF), the EU and donors to the Southern and Eastern Mediterranean Multi-Donor Account (SEMED MDA);the use of [innovative bifacial panels](#) on the basis that the groundbreaking product delivered better value in terms of yield and durability proposed by the Norwegian developer [Scatec Solar ASA](#) (because both sides of the panel can produce power)
- Developed by a consortium led by Infinity Solar Energy SAE, an Egyptian company established in 2014 to engage in developing renewable energy projects in Egypt, Africa and the Middle East including ib vogt GmbH, a German solar specialist, MMID, the investment arm of the Mansour and Maghraby Groups and BPE Partners, one of the leading private equity firms in Egypt. [Benban, Africa's largest solar park, completed \(ebrd.com\)](#)





4. EU Commitment in COP26



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- The EU claims to be a global leader in climate action, having already cut its greenhouse gas emissions by over 30% since 1990, while growing its economy by over 60%; The EU tapped renewables for 22% of its energy consumption in 2020, beating its 20% target, (the EU statistics office); a reduction of **at least 55%** in net greenhouse gas emissions by 2030, compared with 1990 level; **all new building must be nearly zero energy building since 2020**
- With the **European Green Deal**, which was presented in December 2019, the EU committed to reaching **climate neutrality by 2050**. This objective became legally binding with the adoption and entry into force of **the European Climate Law. EU COVID-19 Recovery Plan with €1.8 trillion (237兆円) for 7 years to build a post Covid-19 Europe for greener, more digital and more resilient Europe (1/3 for Green Deal)**
- The Climate Law also sets an intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030, compared to the 1990 levels (EU's NDC to the UNFCCC under the Paris Agreement)

Japan aims to be carbon neutral by 2050 and 42% reduction from 2010 to 2030; an ambitious pledge though it plans to build more than a dozen new coal-burning power plants in the coming years

5. EU Taxonomy & Disclosure Requirements



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- In July 2020, the EU adopted the Regulation on the establishment of a framework to facilitate sustainable investment (widely known as **the Taxonomy Regulation**). The Regulation provides a **framework** and allows for the progressive development of an EU-Wide classification system –or taxonomy –**for defining environmentally sustainable activities. It aims at providing more clarity for investors and companies regarding “green”**. In June 2021, the EU adopted a **European Climate Law**, establishing the aim of reaching net zero greenhouse gas emissions (GHG) in the EU by 2050. **The law sets an intermediate target of reducing GHG by at least 55% by 2030 compared to 1990 levels.**
- The Taxonomy Regulation sets **disclosure obligations for financial market participants and large companies** which apply to all relevant underlying assets and activities regardless of their locations. Therefore it will have direct application (i.e. disclosure requirements) and other potential influence (i.e. setting principles and classification systems) outside the EU, e.g. **Morocco** joined the EU’s International Platform on Sustainable Finance (IPSF) which encourages dialogue (**proposal for an EU Corporate Sustainability Reporting Directive (CSRD), revising the Non Final Reporting Directive or , NFRD**)
- EU proposal on **Directive on Corporate Sustainability Due Diligence Feb 2022**



Ursula von der Leyen
EC President



6. COP-26 Outcomes (Glasgow, Nov. 2021)



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Agreed 2030 Emissions Cuts and a Process that Could Keep the 1.5 Degrees C Goal (reaching net zero CO₂ emissions by 2050 and reducing global emissions by approximately 50 percent in 2030, compared with 2010 levels) 151 countries had submitted new climate plans (known as Nationally Determined Contributions, (NDCs) to slash their emissions by 2030 but **not enough and could lead to 2.5 degree by 2050**; and 2022 COP27 in Egypt will follow

- US & China Collaboration (but no details)
- More than 100 countries signed for 30% methane reduction (but not China & Australia)
- 30 countries and institutions now committing to halt international finance for fossil fuels. (but 40 countries rejected coal phase out: “Phase Down”)
- India pleaded 2070 Net zero (but not 2050)
- US\$100 billion fund annually for developing countries’ renewal energy by 2025 (How about “loss & damage”)
- End deforestation by 2030 including in Brazil
- Phase out “ineffective” gas& oil subsidies (but elusive “ineffective”)

7. Global Cost of Climate Change



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- **Climate Change Could Cut World Economy by \$23 Trillion in 2050**, as crop yields fall, disease spreads and rising seas consume coastal cities. The effects of climate change can be expected to shave 11 percent to 14 percent off global economic output by 2050 compared with growth levels without climate change; Global temperatures are likely to increase as much 2.6 degrees by 2050 based on current trajectories, Even if the increase in global temperature is held to 2 C, **Malaysia, the Philippines and Thailand** would each see economic growth 20 percent below what they could otherwise expect by 2050 (Swiss Re)
- A new report by Christian Aid, **Counting the cost 2021: a year of climate breakdown identifies 15 of the most destructive climate disasters of the year; the ten costliest weather disasters of 2021 exceeded \$170 billion in total damage**. Among them is Hurricane Ida which struck the US in August costing \$65 billion and killing 95 people. July floods in Europe cost \$43 billion and killed 240 while floods in China's Henan province caused \$17.5 billion of destruction, killed 320 and displaced over a million.