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GEF-8 PROJECT IDENTIFICATION FORM (PIF)

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General Project Information

Project Title	
Sustainable and Inclusive Green Acceleration (SAIGA)	

Region	GEF Project ID
Regional	11513

Country(ies)	Type of Project
Regional Kyrgyz Republic Tajikistan Türkiye Uzbekistan	FSP

GEF Agency(ies):	GEF Agency ID
EBRD	

Executing Partner	Executing Partner Type
Local Financial Institutions	Private Sector
European Bank for Reconstruction and Development	GEF Agency

GEF Focal Area (s)	Submission Date
Climate Change	3/2/2024

Project Sector (CCM Only)

Mixed & Others

Taxonomy

Focal Areas, Climate Change, Climate Change Adaptation, Climate Change Mitigation, Energy Efficiency, Agriculture, Forestry, and Other Land Use, Financing, Renewable Energy, Influencing models, Deploy innovative financial instruments, Stakeholders, Beneficiaries, Private Sector, Project Reflow, Financial intermediaries and market facilitators, Gender Equality, Gender Mainstreaming

Type of Trust Fund	Project Duration (Months)
GET	60

GEF Project Grant: (a)	GEF Project Non-Grant: (b)
0.00	13,761,469.00

Agency Fee(s) Grant: (c)	Agency Fee(s) Non-Grant (d)
0.00	1,238,531.00

Total GEF Financing: (a+b+c+d)	Total Co-financing
15,000,000.00	253,808,341.00

PPG Amount: (e)	PPG Agency Fee(s): (f)

0.00	0.00
PPG total amount: (e+f)	Total GEF Resources: (a+b+c+d+e+f)
0.00	15,000,000.00

Project Tags

CBIT: No NGI: Yes SGP: No Innovation: No

Project Summary

Provide a brief summary description of the project, including: (i) what is the problem and issues to be addressed? (ii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? iii), how will this be achieved (approach to deliver on objectives), and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. The purpose of the summary is to provide a short, coherent summary for readers. The explanation and justification of the project should be in section B "project description".(max. 250 words, approximately 1/2 page)

The **Sustainable and Inclusive Green Acceleration Programme (SAIGA)** in **Kyrgyz Republic, Tajikistan, Türkiye and Uzbekistan** aims to accelerate decarbonization and market transformation by leveraging the financial sector to drive private sector investments aligned with national climate objectives. These countries have high greenhouse gas (GHG) emissions per unit of GDP, significantly exceeding global, OECD, and EU averages, with energy, agribusiness, and industrial processes as major sources. Decarbonizing the private sector is crucial for achieving long-term net-zero goals.
The Programme seeks to bridge the gap in financial access for private sector companies, particularly micro, small, and medium enterprises (MSMEs), by providing the necessary financial and technical interventions. These efforts will stimulate demand, develop capacity in companies and financing institutions, and demonstrate the viability of climate mitigation investments through commercial financial products.

SAIGA focuses on gender-responsive climate mitigation activities, such as **energy efficiency** and **decentralized renewable energy**, partnering with **financial institutions (FIs)** to integrate climate considerations into their lending strategies. This approach aims to drive systemic change and achieve significant impact across entire markets.

The Programme is expected to mobilize approximately $254 million in financing from the Global Environment Facility (GEF), the European Bank for Reconstruction and Development (EBRD) and other donors, targeting and benefiting over 12,000 beneficiaries. The collaboration between climate funds will enhance access to climate finance, supporting transformative mitigation actions in the whole region.

SAIGA's strategy includes three key components: **technical assistance** to expand climate financing markets ($1.5 million), **investments** in climate capital on concessional loan terms ($4.5 million), and **results-based investment incentives** (also called Results-based Payment – RBP) for decarbonization ($7.8 million). These efforts will promote market shifts towards sustainable practices, leading to broader adoption of clean technologies.

The program aims to reduce emissions by up to 406,510 tons of CO2 per year, totalling up to 8,130,205 tons of CO2 equivalent over its lifetime. Additionally, it plans to install up to 112 megawatts of renewable energy capacity, which represents the estimated global environmental benefits of the project.

Indicative Project Overview

Project Objective

The Sustainable and Inclusive Green Acceleration Programme ("SAIGA"; or "the Programme") in Kyrgyz Republic, Tajikistan, Türkiye and Uzbekistan (hereafter the "focus countries") is created to accelerate decarbonization and market transformation through adoption of climate mitigation technologies at scale by leveraging the financial sector to catalyse innovative private sector investments in line with the national NDC objectives. The Programme will support private sector businesses, predominantly micro, small and medium enterprises ("MSMEs") and households, as end beneficiaries, and Financial Institutions ("FIs") as intermediaries to focus on gender-responsive climate mitigation activities, including demand-side energy efficiency (in industry, commerce and buildings) and decentralized renewable energy investments (including battery storage). The objective of SAIGA is to help financial intermediaries and end beneficiaries in the target countries to overcome some of the major barriers hindering the quick uptake of mitigation practices and technologies to drive decarbonisation. These barriers include: i) technical barriers, such as low levels of awareness both among FIs and end beneficiaries of the availability and benefits of such technologies; low levels of awareness of climate risks they face; fragmentation of supply chains; ii) financial barriers, such as access to long-term affordable green finance both for FIs and end beneficiaries, especially underserved segments (MSMEs, households, women-led businesses, rural populations and businesses; etc); higher upfront costs of adopting some of these technologies compared to business as usual ("BAU"), and iii) the regulatory environment in the targeted countries is not yet sufficient to incentivise decarbonisation efforts by the financial sector. These barriers have been further exacerbated by the COVID pandemic, as well as recent geopolitical instability and conflicts across different regions that have led to a certain de-prioritisation of the climate agenda. The Programme is built around the mutually reinforcing components, as described below which facilitate the desired transformation and will be applied as most relevant for the different markets. Building on these three Components, the Programme brings solutions to some of the above-mentioned barriers to allow for an acceleration of decarbonisation efforts driven by the financial system. For more information about the barriers and programme components addressing them please refer to the section below and to the section Project Description.

Project Components

Component 1. Technical assistance to support and expand the financing market for climate investments

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
1,400,000.00	162,931,034.00

Outcome:

1.1. Increased speed of decarbonization in domestic private sector

Reduced and avoided GHG emissions, energy saved – achieved:
emission reductions of 406,510 tCO_2/year (8,130,205 tCO_2eq over a lifetime) and 72 MW renewable energy capacity installed
3,698,781 GJ/year in energy savings achieved

Output:

1.1.1. Local financial institutions with strengthened institutional and technical capacity to identify, assess and prepare bankable climate mitigation projects
Target:
- 10 financial institutions with strengthened institutional and technical capacity
- 500 loan officers of financial institutions (of which at least 100 female) trained to independently identify and assess climate finance projects

1.1.2. Increased awareness of SMEs, midcaps (incl. women-owned/led businesses) and households for climate mitigation benefits, technologies and solutions, as well knowledge of climate investment opportunities
Target:
- USD 135,775,862 of EBRD climate finance is delivered
- 5,473 climate sub-projects, targeting 5,750 beneficiaries (of which at least 2,473 females), are originated,

1.1.3. Local financial institutions established sustainable lending products unlocking climate mitigation funding (including under Components 2-3) within their client base
Target:
- 10 financial institutions with dedicated sustainable lending products

Component 2. Investments to unlock climate capital

Component Type	Trust Fund
Investment	GET
GEF Project Financing ($)	Co-financing ($)
4,500,000.00	16,587,097.00

Outcome:

2.1. Increased volumes of private sector climate finance;

2.2. Reduction in GHG emissions; energy savings

Output:

2.1.1. Climate finance flows unlocked in the Programme's target markets (SMEs, midcaps (incl. Women-led/owned businesses) and households)
Target:
- USD 13,500,000 of EBRD climate finance is delivered
- 557 mitigation projects, benefiting 2,300 beneficiaries (of which at least 989 female), are financed,

2.2.1. Reduced and avoided GHG emissions; energy saved
Target:
- 26,567 tCO_2/year (531,332 tCO_2eq over a lifetime) GHG emission reduced
- 7.3 MW renewable energy capacity installed
- 4376,552 GJ/year in energy savings achieved

Component 3. Results-based investment incentives for decarbonisation

Component Type	Trust Fund

Investment	GET
GEF Project Financing ($)	Co-financing ($)
7,761,469.00	74,290,210.00

Outcome:

3.1. Increased volumes of private sector climate finance

3.2. Reduction in GHG emissions; energy savings

Output:

3.1.1. Results-based payments (RBP) to end beneficiaries (SMEs, midcaps (incl. women-led/owned businesses) and households) deployed upon successful implementation of climate mitigation measures
Target:
- 2,495 project investments, benefiting 3,450 beneficiaries (of which at least 1484 female), are eligible for financing identified, screened, and implemented

3.2.1. Reduced and avoided GHG emissions; energy saved
Target:
- 118,986 tCO_2/year (2,379,727 tCO_2eq over a lifetime) GHG emission reduced
- 32.7 MW renewable energy capacity installed
- 1,686,500 GJ/year energy savings achieved

M&E

Component Type	Trust Fund
	GET
GEF Project Financing ($)	Co-financing ($)
100,000.00	

Outcome:

Programme’s progress and impact are monitored and evaluated in a timely and integrated manner

Output:

Project mid-term and final evaluation conducted

Target:
- 1 MTR

- 1 final evaluation

Component Balances

Project Components	GEF Project Financing ($)	Co-financing ($)
Component 1. Technical assistance to support and expand the financing market for climate investments	1,400,000.00	162,931,034.00
Component 2. Investments to unlock climate capital	4,500,000.00	16,587,097.00
Component 3. Results-based investment incentives for decarbonisation	7,761,469.00	74,290,210.00
M&E	100,000.00	
Subtotal	**13,761,469.00**	**253,808,341.00**
Project Management Cost		
Total Project Cost ($)	**13,761,469.00**	**253,808,341.00**

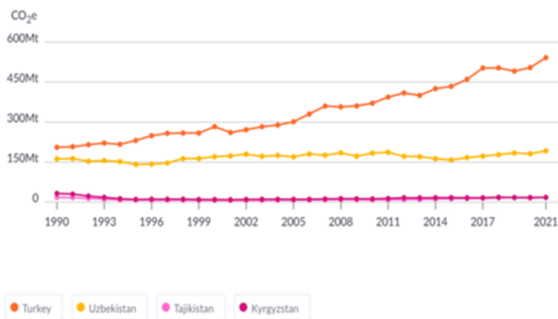
Please provide justification

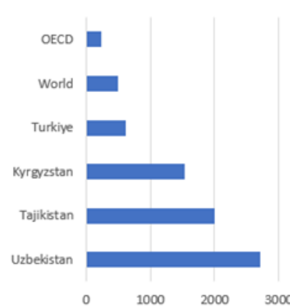
PROJECT OUTLINE

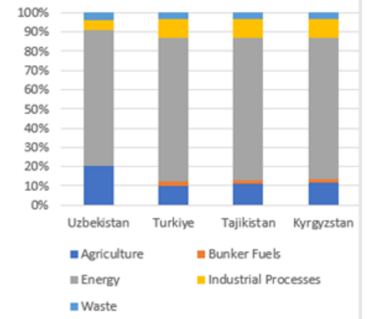
A. PROJECT RATIONALE

Briefly describe the current situation: the global environmental problems and/or climate vulnerabilities that the project will address, the key elements of the system, and underlying drivers of environmental change in the project context, such as population growth, economic development, climate change, sociocultural and political factors, including conflicts, or technological changes. Describe the objective of the project, and the justification for it. (Approximately 3-5 pages) see guidance here

Kyrgyz Republic, Tajikistan, Türkiye, and Uzbekistan – the proposed programme's target countries (also referred as "focus countries") – are characterised by high levels of GHG emissions per unit of GDP, substantially greater than the world, OECD and EU27 averages. The main sources of GHG emissions in these countries include energy, agribusiness and industrial processes, indicating that any long-term approach to reaching net zero must include the decarbonisation of the private sector. All of the focus countries have experienced growth in GHG emissions in recent years, whereby emission levels of Türkiye peaked most significantly. Moreover, poverty levels and regional income disparities across the focus countries remain significant, particularly in rural areas, with high levels of seasonal labour migration within Central Asia and substantial exposure to wider economic and geopolitical spillover effects from the war on Ukraine. For example, Tajikistan ranks 168/194 countries in terms of GDP per capita in 2023, with Kyrgyz Republic 154/194.







source: ClimateWatch

Kyrgyz Republic, Tajikistan, Türkiye and Uzbekistan each face their own distinct challenges in mitigating climate change. However, they also have shared factors driving environmental change, such as climate change and water scarcity exacerbated by factors such as population growth, urbanization, agricultural demand, and climate variability. Improving energy efficiency both in industry and built environment and transitioning to renewable energy sources are necessary to reduce carbon emissions and lessen the severity of climate change impacts, such as extreme weather events and rising temperatures, thereby addressing the root cause of environmental change. Giving impetus to climate investments via financial systems can directly address these drivers of environmental change by mobilizing capital towards decarbonisation.

Kyrgyz Republic

30% of the total energy supply ("TES") of the Kyrgyz Republic comes from hydropower, nearly 40% from oil and gas and the rest from coal. Kyrgyz Republic has substantial coal reserves, and the climate transition will pose economic and social risks to employment and inequality without investments in just transition. In its updated and strengthened NDC, the country commits to a 15.97% unconditional emissions reduction target relative to the BAU scenario by 2030 and, subject to international support, to 43.62%. Energy and industrial processes are selected to be the main sectors that should contribute to these targets. The proposed programme, therefore, with its focus on engaging finance for private sector decarbonisation, is well aligned with the objectives of the Kyrgyz NDC targets and corresponding sectors. Delivering support through intermediated finance and greening the FI sector will be an efficient way to achieve climate impact at the national level, while mainstreaming climate resilience for the most vulnerable populations, such as the rural population and households in heat-stressed regions, against the increased risks they face of physical climate hazards (e.g. through investment in buildings, renewable energy solutions) and providing access to best available climate mitigation technologies solutions and avoiding carbon lock-in.

Tajikistan

In its updated NDCs, Tajikistan commits to not exceed 60-70% of greenhouse gas (GHG) emissions as of 1990 by 2030, as an unconditional target. The conditional target, subject to a significant international funding and technology transfer, is not to exceed 50-60% GHG emissions as of 1990 by 2030. The NDC identifies, among others, energy, industry, construction, transport and agriculture as priority sectors. The Programme's result areas are therefore closely aligned with the NDC priorities. The country being particularly vulnerable to climate risks, it is essential to attract sufficient climate finance from international sources and to mobilise private finance. Greening the financial systems will allow to keep up with the region and to tap into

international capital markets for long-term sustainability. The country's potential for energy efficiency gains also remains largely untapped, and although progress is evident in developing energy efficiency policies and related legal and regulatory measures, in the buildings sector in particular, the available evidence suggests that existing rules are poorly implemented and enforced. A market for energy services and energy service companies does not currently exist in Tajikistan. Minimum energy performance standards and other policies designed to improve the energy efficiency of appliances and energy-using equipment, including lighting, are partially adopted, and there is a need to develop a more comprehensive demand-side energy efficiency policy framework and investment instruments. The potential for efficiency gains in the industry and transport sectors is substantial as consumption continues to grow significantly. Financial institutions can spearhead transformative action through investments in demand side climate mitigation action.

Türkiye

Addressing climate change is a national priority, as indicated in Türkiye's NDCs and national climate policies, such as Türkiye's 2030 Energy Efficiency Strategy and Action Plan. Ratified in 2023, the Strategy outlines the country's 2053 net-zero emission vision and foresees action in several strategic areas, such as energy conversion, green infrastructure and circular economy investments, and dissemination of green technologies. The energy, construction, industry, and other productive sectors will require about USD 10 billion financing p.a. until 2030, for the country to achieve net zero emission target. Türkiye needs to continue expanding its energy transition towards renewable energy resources in order to meet its NDC objectives.

The country is the 17th largest emitter globally and, despite hydropower, solar, wind and geothermal energy sources accounting for 54% of electricity generation capacity in 2021, energy transformation beyond electricity lags behind. In 2018, almost three quarters of total energy consumption came from fossil fuels, a ratio that continues to grow due to rising energy demand in the transportation and industrial sectors, which depend on fossil fuels at 97% and 67% respectively. It is estimated that Türkiye needs investment of USD 5.3-7 billion p.a. until 2030 to finance its energy transition only. Climate mitigation investments on the demand-side are therefore of critical importance for the country.

Domestic banks have been the main source of the climate finance provided for clean energy projects and the share of energy sector loans in the total loan portfolio is 5.5% as of November 2023. However, the banking sector has a limited ability to provide affordable longer-term finance for climate investments due to its predominantly short-term funding structure. In this case EBRD and GEF can play a catalytic role by providing the much-needed longer-term climate finance to FIs with favourable terms, while helping them to expand their green product offering and embedding climate targets into their business strategies, in addition to in parallel supporting the development of specific sectoral low-carbon pathways. Turkish financial institutions have adeptly steered their efforts towards the mainstreaming of climate finance, where exporters in particular have potential to be impacted by international climate regulations. These factors will drive increased demand for climate mitigation finance and a stronger role for the private sector.

Uzbekistan

Average temperatures in Uzbekistan are projected to rise by 4.8°C by the 2090s, compared to the 1986–2005 baseline, under the highest emissions pathway (RCP8.5), significantly exceeding the global average in rises, if adequate mitigation measures are not implemented in a timely manner.

Uzbekistan emitted 184.15Mt of CO_2 equivalent in 2020, which accounted for 0.37% of the world's total GHG emissions. The largest emitting sector, accounting for 39% of the national CO_2 emissions is electricity

and heat production. Other major emitting sectors include the residential sector, the transport sector and the industrial sector with 23%, 14%, and 11% shares of total CO2 emissions respectively.

In its updated NDC, Uzbekistan targets reducing specific GHG emissions per unit of GDP by 35% below 2010 levels by 2030. Priority sectors are energy, industry, construction, agriculture, transportation, water, infrastructure, biodiversity and ecosystems, forestry, health, Other Land Use (AFOLU), and waste. To achieve the NDC targets, economy-wide transition and access to long-term affordable green finance is needed.

Uzbek households and businesses continue to have limited access to vital finance, leading to an estimated financing gap of over USD10.2 billion for SMEs, which account for 80 percent of businesses and 78 percent of jobs in the country. With the recent actions taken by the government to incorporate climate change considerations into their national strategies, plans, and governmental decrees, the interest in green finance, specifically in renewable energy and climate mitigation actions, has significantly increased. Uzbekistan's sustainable finance framework is emerging, with the Ministry of Economic Development and Poverty Reduction playing a significant role. The country focuses on integrating ESG factors and developing green finance instruments, although concrete steps, such as issuing green bonds, are still in the early stages.

All the target countries have set ambitious decarbonisation targets in their NDCs, and the financial regulators are making efforts to align with those and to contribute to the economy-wide green transition. For example, the Central Banks of Tajikistan, Uzbekistan and Türkiye have joined the Network for Greening the Financial System (NGFS); the Kyrgyz Republic has established the Green Finance Centre (GFC), which has initiated the creation of a taxonomy for green projects in 2022; in Türkiye the Banking regulation and Supervision agency (BRSA) issued a Sustainable Banking Strategic Plan 2022-2025, outlining the sector's sustainability vision, goals, and targets in details; in Uzbekistan the Central Bank provided a high-level analysis of Uzbekistan's vulnerability to climate risks in its first half of 2023 Financial Stability Report, issued in October 2023. However, these efforts remain at nascent stages, and the regulatory environment is insufficient to incentivise a systemic green transition of the financial sector. Therefore, through capacity building and financial support, SAIGA will provide an additional push to financial institutions to accelerate their decarbonisation efforts and to provide affordable green finance to currently underserved segments.

Working with ecosystem players to ensure sustainable decarbonisation pathways

Financial systems play a pivotal role in enabling an urgent system-wide transformation necessary to get back on track to 1.5C pathways. Most economic actors in emerging economies, especially in the target countries, have limited awareness about their exposure to climate risks and cost-effective climate change solutions. While larger companies from emerging markets are more likely to access international finance and knowledge, SMEs, midcaps and households often satisfy their financing and information needs from domestic financial institutions and service providers. They also face limited access to finance on adequate terms to adopt such solutions. **Financial institutions are the key providers of investment finance for the private sector and MSMEs in particular, hence they offer one of the most effective channels to generate economy-wide multiplier effects and reach beneficiaries at scale and are pivotal to address the very substantial financing needed to accelerate mitigation actions in a truly integrative manner for systemic change.**

The path to net zero however is less straightforward for the financial sector and for many industries. Heavy industry, such as cement, steel, chemicals, mining, and heavy-duty transport, such as shipping and aviation, are known as "hard-to-abate' sectors due to the challenges and high costs associated with their transition, but these industries often play a significant role in the portfolios of financial institutions (FIs) in emerging markets. For FIs, the net-zero transition requires a full understanding of their financed emissions, systematic

decarbonisation of their portfolios, setting mitigation targets and providing dedicated finance to all types of clients (from households and SMEs to corporates and municipalities). The Programme aims to address these barriers and accelerate and scale up climate finance, and foster a transformation of the financial system to create an enabling environment for economy-wide transition to low GHG pathways. Moreover, the targeted countries lack national standards and regulations related to climate disclosures, climate target setting and green finance taxonomy. International norms and standards such as, among others, the ISSB and CSRD will require committed local action at the public level (incl. financial regulators) to align. Local financial institutions will have needs for capacity building and financial support to be able to follow these evolutions.

Barriers

The Programme therefore addresses the following **barriers:**

I. **Supply side barriers**

1) **Limited enabling environment for climate-aware financial systems**. Unlocking finance for climate mitigation requires an enabling environment to avoid restricting the availability of finance to the sectors of the economy that are most in need for transitioning to low-carbon practices. Financial institutions (FIs) may perceive climate mitigation investments as riskier, particularly if they lack (a) tools and methodologies to assess such investments, (b) understanding of best available technologies and solutions for different client segments, (3) climate mitigation target setting on the institutional level, which prevents capital allocation to climate mitigation projects. Unclear or inconsistent regulations and policies targeting sustainable finance create additional uncertainty for financial institutions, discouraging them from fully integrating climate targets into their practices and strategies. FIs require highly specialized expertise, knowledge products and training to identify and assess climate mitigation projects and investment opportunities to be ready for greening and decarbonising their portfolios without restricting financial flows to the overall economy. Coordination and collaboration among various stakeholders, including governments, financial institutions, regulators, and civil society is a vital enabler of transformation. The EBRD's survey Readiness of the Financial Sector for the Impacts of Climate Change showed that FIs in EBRD regions have a low level of awareness of climate risk management and do not yet tap sufficiently into the knowledge offered by international best practice initiatives. Ninety percent of FI respondents consider the impact of their financing on climate change relevant to their operations, but few have a clear view of how to integrate climate into business operations.

   With regards to creating enabling environment specifically for energy efficiency and small-scale decentralized renewable energy investments, there are two key challenges for FIs, hindering the streamlining of dedicated climate finance:

   a) **Project Dispersion** - energy efficiency and small-scale decentralized renewable energy projects are often dispersed across various locations, making it challenging to manage and coordinate them effectively.

   b) **Smaller Project Size**: these projects are typically smaller in size compared to large-scale energy projects, which can lead to higher transaction costs and difficulties in attracting financing.

To address this barrier, EBRD will support the partner banks and wider financial sector stakeholders with technical assistance (see Component 1 in Project Description) to build their capacity to assess risks and opportunities, develop and implement decarbonisation strategies, improve corporate climate governance, and formulate and implement ambitious climate performance targets. EBRD will help key partner banks to build new knowledge how to pivot their business model, assets, operations, and extensive branch networks towards a pathway consistent with ambitious low-carbon and climate resilient trajectories, how to streamline. With concrete investment from EBRD and extensive product development experience, and targeted capacity building across entire functions – risk management, strategy and target development, governance, operations, and communications - these local banks will shape a new climate aware environment in targeted countries.

2) **Limited access to commercial funding that is structured in a way to incentivise sustainability and climate mitigation investments**: Limited empirical evidence on the side of financial institutions (FIs) linking environmental, social and governance performance and credit risk. As a result, financiers are not in a position to incentivise and reward superior environmental performance.

   To address this barrier, SAIGA will introduce emerging corporate climate governance and transition planning practices via technical assistance to FIs (see Component 1 in Project Description) to help them identify and manage risks, target additional climate finance opportunities that help them manage these risks, and ultimately pivot their business models, assets, and operations towards a trajectory consistent with the Paris Agreement objectives. As international standards and methodologies on Paris alignment and transition planning are continuously evolving, this component of the Programme will adapt throughout the implementation period to offer the most-up-to date knowledge and capacities to partner FIs.

3) **Low access to affordable finance from financial institutions**. Many FIs have started to pilot green financial products and services. However, the funding and implementation resources available are usually short-term and can incur higher cost – a major barrier to deploying climate finance instruments. International funding providers and impact investors need confidence in local FIs and their ability to allocate funds to high quality climate mitigation projects. Therefore, access to competitively priced long-term funding is limited, which trickles down to the end-beneficiary level in form of higher-priced finance. Moreover, many emerging economies lack access to high performance technologies, which are often more expensive and perceived as riskier. The target countries have a long history of relying on cheap or often subsidised fossil fuels, with little awareness of climate mitigation technologies.

   To address this barrier, EBRD will provide up to USD 206 million of its own resources and where applicable, blend it with concessional finance from the GEF. EBRD’s financial engagement allows to provide credit lines at longer tenor to partner banks in the targeted countries as compared to prevailing market conditions to deliver greater access to financing for businesses for climate investment opportunities (see Component 2 in Project Description).

4) **Structural barriers to gender-responsive climate finance**. Despite the increasing emphasis on gender mainstreaming in climate finance, investment projects still fall short of addressing barriers that women face in access to finance and accessing spaces where decisions about climate mitigation are made. To address this, SAIGA technical assistance activities (Component 1) will also

include supporting financial institutions to better understand the differentiated financing needs of both men and women sub-borrowers and tailor make the ways in which finance can meet those needs and contribute to closing the gender gaps in this sector. Female beneficiaries will be supported in a holistic fashion via dedicated capacity building activities delivered to FIs and private sector businesses and households.

II. Demand side barriers

5) **Early movers' disadvantage**: The demand for energy efficiency and renewable energy investments is hindered by such factors as the weak regulatory environment to incentivize those (especially energy efficiency); the lack of financial incentives to invest in those given the relatively low grey energy prices in some countries and the difficulty to estimate future savings by economic actors. Early adopters of innovative energy efficiency and renewable energy technologies and solutions face unaffordable or expensive terms of loans for funding new equipment and installation. Transaction costs of developing energy efficiency and renewable energy investments, especially those faced by small and medium-sized enterprises (SMEs) and individuals, are usually very high. Such costs can arise from the need for market assessments, energy audits and feasibility studies, right-sizing of the equipment. These costs are further increased by the lack of adequate familiarity and necessary experience to identify and prepare projects both within industry and the financial sector. Moreover, such economic actors lack capacity to understand and internalise future savings stemming from investments in energy efficiency and renewable energy and tend to underestimate associated climate and economic benefits and to focus instead on the relatively high upfront costs. To address this barrier, Results-based Payments (RBP) to sub-borrowers for climate mitigation projects (see Component 3 in Project Description) will be crucial to facilitate the early penetration of climate mitigation technologies. It will ease the financial burden on sub-borrowers as the initial investment cost for these technologies usually exceeds the cost of conventional technology.

6) **Low technical capacity and awareness with the final beneficiaries and local service providers.** While typically larger companies may independently pursue investments in energy efficiency, many other economic actors (SMEs, midcaps, and households) face limited access to information, skills and knowledge of best available climate mitigation solutions, which is often coupled with low access to funding. Component 1 of SAIGA Programme – Technical Assistance is designed to also address these barriers, as it will include i) training programs for final beneficiaries - SMEs, midcaps, and households - to cover topics such as climate risks exposure, benefits of energy efficiency, renewable energy technologies, and sustainable practices, ii) regular workshops and seminars to raise awareness about green investment opportunities, and iii) technical trainings and knowledge exchange platforms for installers and providers of mitigation technologies.

The Programme aims to address these barriers and accelerate and scale up climate finance, prepare FIs for these regulatory and market evolutions and foster a transformation of the financial system to create an enabling environment for economy-wide transition to low GHG pathways. Projects supported under the Programme are expected to yield tangible climate mitigation benefits, with a minimum target **reduction in energy consumption of 5,761,834 GJ per year** and **emission reductions of 406,510 tonnes of CO2 per year**. This is a significant contribution to long-term decarbonisation strategies. The Programme is highly scalable

with a wide-reaching demonstration effect for domestic financial institutions, their clients (SMEs, midcaps, and households), governments and global private sector investors.

Demonstrated capabilities of allocating financial resources to feasible and impactful climate mitigation measures is expected to unlock additional private sector capital beyond the Programme lifetime. Without the intervention facilitated by the EBRD-GEF partnership, opportunities for efficiency improvements in the target countries would be severely constrained by a lack of awareness, limited capacity, and insufficient financing options. The Programme impacts will be further amplified through the rollout of a complementary Greening Financial Systems programme, potentially funded by GCF, as described further.

EBRD, through its role as a leading institutional investor and longstanding track record in promoting climate finance, is able to create a substantial demonstration effect in the financial sector of the target countries. Without the Programme, the unlocking of USD 247 of commercial climate finance (USD 206 million of EBRD resources, USD 41 million of mobilised private sector financing) for climate mitigation projects would not occur, and therefore would not result in energy savings and avoiding greenhouse gas emissions. This substantial funding injection would be unavailable to support climate initiatives, exacerbating the financial barriers faced by businesses and hindering their ability to invest in sustainable practices and technologies. The absence of this financial resource would limit the scale and impact of efforts to combat climate change and promote energy efficiency in the target countries.

Other relevant initiatives to ensure scalability

The EBRD has deep and continuous engagement with over 300 FIs across the regions where it operates and aims to foster a transformation of the financial systems of its countries of operations to a low carbon and sustainable model. Since 2017, EBRD and its partners tackled market barriers to energy efficiency, renewable energy and climate resilience loans in the financial sector through the Green Economy Financing Facilities(“GEFFs”) by introducing the EBRD’s climate taxonomy to participating FIs, providing technical assistance with assessing and originating climate loan portfolios and raising awareness of specific energy efficiency, renewable energy and water efficiency solutions. SAIGA will build on this experience, knowledge and tools (e.g., Green Technology Selector, Green Finance Academy, etc.) that will be made available to partners under this Programme.

The Programme will assist financial institutions (banks, microfinance institutions, leasing companies) with setting climate mitigation targets on the institutional level that will help to increase climate finance share in their portfolio overtime. This engagement will be complementary with the Greening Financial Systems program that EBRD is currently developing with the Green Climate Fund. This complementarity will be in line with the GEF and UNFCCC vision on climate finance landscape complementarity.

The Programme will build on the EBRD’s leadership in climate finance partnership with relevant international initiatives and standard setters as well as the financial sectors in the advanced economies, effectively and efficiently bringing global best practices into the focus countries’ context. Complementary EBRD activities that are ongoing and will reinforce the Programme’s efforts and objectives include the following:

- **Institutional commitment to align with goals of the Paris Agreement** - the EBRD’s commitment to aligning financial flows with the goals of the Paris Agreement, and its methodology is based on years of stakeholder consultation – many international financial institutions followed suit and consulted with the EBRD on their

Paris alignment aspects. As of January 2023, the EBRD has consulted with all the relevant FIs with new transactions regarding their commitment to the Paris Agreement, and, with selected FIs, explored their commitment to preparing a transition plan.

- The EBRD annually discloses its climate risk management and related practices in line with the **Task Force on Climate Related Financial Disclosures (TCFD)** – which cover its climate risk management, corporate climate governance, strategies and targets. This practice of 'leading by example' provides the EBRD with first-hand experience to support its partners and clients.

- The EBRD's networks with the **globally leading FIs on climate finance** through its participation in the TCFD as well as United Nations Environment Programme Finance Initiative (UNEP FI), and exchange of experience on implementing TCFD and climate risk-related processes to promote the adoption of best practices on climate issues.

- **Network of Banking supervisors and Central Banks for Greening the Financial Systems (NGFS)** The EBRD is an active observer of the NGFS and through this bilateral and multilateral engagement processes, obtains significant feedback on the needs of the regulators and the financial system as a whole and validates its support and activities. The EBRD is an active member of the NGFS sub-team on transition plans and of NGFS Nature Task Force. As part of the Nature Task Force the EBRD is helping shape the approach to bankable nature positive investments via financial institutions. As part of transition plans sub-team, the EBRD is providing guidance and advice to NGFS, being in a unique position of supporting transition planning by financial institutions in developing countries. The EBRD supported central banks and financial regulators from Tajikistan (as well as Kazakhstan and Uzbekistan) to join NGFS.

- **The EBRD's partnership with the Climate Governance Initiative** and **engagement with senior management of business communities and FIs on corporate climate governance** through the Chapters to the Climate Governance Initiative (Chapter Zero in Turkiye) and EBRD Corporate Climate Governance Facility to mainstream consideration of climate risk into business and investment decision-making and strengthen country ownership of such actions.

- The EBRD is an active observer of **the EU Platform of Sustainable Finance**, members of the **International Capital Markets Associations**, and actively coordinate with IFRS **International Sustainability Standards Board (ISSB), International Energy Agency (IEA)** and other crucial standard setters, policy makers and partners to develop global best practices and climate science-based methods to implement its activities and engagement with beneficiaries.

B. PROJECT DESCRIPTION

Project description

This section asks for a theory of change as part of a joined-up description of the project as a whole. The project description is expected to cover the key elements of good project design in an integrated way. It is also expected to meet the GEF's policy requirements on gender, stakeholders, private sector, and knowledge management and learning (see section D). This section should be a narrative that reads like a joined-up story and not independent elements that answer the guiding questions contained in the PIF guidance document. (Approximately 3-5 pages) see guidance here

Recognising the wide-scale and urgent needs for climate financing in the targeted countries while also seeking to sustainably address existing barriers, the EBRD proposes an ambitious programme promoting green investments in climate mitigation in Central Asia and Türkiye.

The **Sustainable and Inclusive Green Acceleration Programme** in **Kyrgyz Republic, Tajikistan, Türkiye**, **and Uzbekistan** builds on the strong track record of the EBRD's flagship climate mitigation finance product in the region - Green Economy Financing Facilities ("GEFF"). The Programme aims to **reduce greenhouse gas (GHG) emissions** by providing a meaningful amount of **private sector finance** and facilitating adoption of more efficient technologies in the industrial, commercial sectors, and in households in four focus countries. Accelerating the adoption of energy efficient technologies by businesses in in the region is a key element necessary for long-term climate mitigation impact.

Under SAIGA, **the EBRD will provide more than USD 206 million of finance to local Financial Institutions ("FIs")** in the focus countries to deliver greater access to financing for businesses for climate investment opportunities. Eligible local financial institutions will be provided with medium- to longer-term credit lines to reflect the characteristics of climate financing, i.e., higher upfront cost of high-performance technologies resulting in longer-term payback periods. Financed projects will be in the following priority sectors:

- Small-scale decentralized renewable energy investments (including battery energy storage),
- Energy efficiency measures in industry and commerce,
- Energy efficiency measures in buildings (commercial, residential)
- Zero-carbon mobility investments (electric vehicle charging infrastructure, electric and zero-carbon vehicles).

Overall, the Programme is expected to result in an estimated **saving of 5.7 million GJ of energy per year** – equivalent to around 950,000 barrels of oil – as well as **avoiding 406,510 metric tonnes of CO_2 emissions per year** – equivalent to the annual GHG emissions of 240,000 passenger cars per year.

The Programme targets the barriers identified in previous section will deliver the following three components in a flexible toolbox that will be applied responsively to market and transaction dynamics:

Component 1: Technical assistance to support and expand the financing market for gender-responsive climate investments

Component 1 has been designed to ensure the Programme brings transformational change in expanding the financing market for climate investments well beyond Programme scope and duration. This will be achieved through technical assistance and capacity building provided to partner FIs and final beneficiaries (eligibility criteria described in Annex 1). Under this Component, FIs will develop capacities to identify and support climate mitigation investments, including through climate finance target setting and sustainable lending product development.

On the level of final beneficiaries, the Programme will assist project identification and preparation, optimisation of technical solutions and technology choices to maximise climate mitigation benefits. Furthermore, dedicated capacity development and project preparation support will be provided to women-owned and led businesses. The Programme will also engage with and support development of local and regional supply chains and servicing of energy efficiency and renewable energy technologies to ensure sustainable supply and removal of affordability barriers through increased market supply and

competition. As a result, the Programme will significantly and durably improve access to finance and knowledge for sectors and communities with high potential to contribute to climate change mitigation, as well as those vulnerable to the adverse impacts of climate change. The component is the enabler of the programmatic scale beyond the targets and geographies.

In summary, the key activities under the Component 1 include:

1. **Supporting Programme Design and Implementation**: The TA consultant will assist in the implementation of the SAIGA programme, ensuring that technical eligibility criteria are consistently applied. This includes calculating energy and CO2 savings, as well as monitoring and reporting on the programme's progress.
2. **Technical Eligibility Screening**: the TA consultant will support financial intermediaries with the ex-ante technical eligibility screening of investment proposals and portfolio tracking. This ensures that the investments meet the required technical standards and are aligned with the programme's objectives.
3. **Assisting Final Beneficiaries**: the TA consultant will support the SAIGA end beneficiaries by using technical specialists who understand their businesses. This helps in identifying eligible investment opportunities or aligning existing plans with the programme rules.
4. **Capacity Building:** capacity building in EBRD green lending programmes is a crucial aspect that ensures the successful implementation and sustainability of green financing initiatives. It involves enhancing the skills, knowledge, and capabilities of various stakeholders, including financial institutions, businesses, and individuals, to effectively participate in and benefit from green economy projects.

a) For PFIs - the consultant will also contribute to **building the capacity of Partner Financial Institutions (PFIs)** by enhancing their institutional green skills and supporting the expansion of financing into new sectors such as sustainable agriculture and tourism. This includes training and technical assistance to help PFIs understand and implement green financing principles, assess the technical eligibility of green projects, and manage green portfolios. By building the capacity of PFIs, GEFF programmes aim to create a robust financial ecosystem that can support sustainable investments.

The consultant will deliver EBRD's standard e-learning programme (Green Finance Academy) to build the PFIs' own in-house training capacity to support green economy investments. The PFIs shall be encouraged to make this training programme available via their intranet systems.

Following identification of critical areas of institutional strengthening (for independent origination, assessment, monitoring, reporting and verification of Sub-projects), provide guidance and appropriate face-to to face capacity building sessions and materials for the PFI staff to ensure dissemination of the programme procedures to the branch network. This will require thorough understanding of internal governance processes and integration of technical Sub-project requirements and metrics into the procedures, processes and data management of the PFIs. The consultant will advise on best practice and lessons learnt, providing recommendations as well as facilitating internal dialogue within the PFI. Working closely with PFIs, conduct regular capacity building activities and trainings; provide PFIs with

the relevant updates and procedures and generally assist them with promoting the Facility and support Sub-borrowers to maximise the number of Sub-loans and other green financing operations of the PFIs (e.g. green trade finance). This should be done in such a way to ensure continuity of knowledge and coverage, for the entire availability period of the programme.

b) For final beneficiaries - additionally, **capacity building efforts will extend to the end beneficiaries** of the SAIGA programme. This involves providing technical support and advisory services to businesses and homeowners to help them identify and implement eligible green technologies and practices. For example, technical specialists may assist businesses in calculating energy and CO2 savings, selecting appropriate green technologies, and preparing investment proposals.

5. **Knowledge Sharing:** Moreover, technical assistance under SAIGA will include knowledge dissemination and awareness-raising activities. Workshops, seminars, and training sessions are organized to educate stakeholders about the benefits of green investments, the latest green technologies, and best practices in sustainable development. These activities help create a culture of sustainability and encourage more stakeholders to participate in green economy initiatives.

Overall, technical assistance is essential for ensuring that all stakeholders have the necessary skills and knowledge to effectively contribute to and benefit from green financing initiatives. It helps create a supportive environment for sustainable investments and promotes the long-term success of green economy projects.

All investments under SAIGA shall be supported by technical assistance funded under the Programme or via co-financing from other donors, while GEF NGI resources under Component 1 will be specifically directed to support mitigation investments in Türkiye. According to the EBRD experience Turkish banking sector is currently capable of focussing their efforts and extending commercially priced financing, therefore Component 2 (concessional finance) and Component 3 (RBP) are not currently needed in Türkiye. However, small businesses (including female-owned and led) targeted by the Programme suffer from information asymmetries (lack knowledge and understanding of benefits from mitigation technologies) and need support for changing behaviours (in deploying low-carbon solutions). Component 1 will critically support PFIs and their clients as described above and help deliver scalable outcomes. In other focus countries, technical assistance will be co-financed by the EBRD and other donors.

Component 2: Gender-responsive Investments for unlocking climate capital

This component will address limited financial flows and affordability challenges in climate finance and support Fis to extend climate finance flows at scale. Concessional loans will be blended with EBRD financing and provided to Fis to support energy efficiency and renewable energy projects. The proceeds will support investments including, but not limited to, high performance climate technologies, their local manufacturing and supply chains. The use of proceeds will strictly follow the eligibility criteria set under the Programme and fully aligned with the GEF priorities under Objective 1.2 carefully selected for impact and scalability. The Programme will not target climate adaptation investments, although there will be adaptation co-benefits from some of the mitigation projects (for example, increased water availability

thanks to zero-water renewables in water-stressed regions with water-dependent grid or increased thermal comfort in buildings following energy efficiency measures). Finally, a special focus will be given to gender considerations, to make sure access to green finance is enabled for beneficiaries of all genders.

The concessional loan component will involve interest rates that are below commercially available market rates for the given risk profile. In the focus markets financial institutions tend to assign higher risk to innovative renewable energy and energy efficiency projects which directly impacts pricing of such loans. Concessional finance provided under Component 2 would supplement, and be consistent with, measures addressing the root causes of market failures and barriers by demonstrating to Fis good performance and credibility of innovative mitigation technologies under CCM Objective 1.2. Concessional loans supported by GEF will help develop a market that responds to appropriate incentive structures to provide the desired finance and innovative technologies for climate mitigation actions. Thanks to the GEF vital support, the financial institutions in developing countries will benefit from concessional financing under component 2 that is key to mobilising private sector capital for climate projects that would otherwise be unavailable. Component 2 will be predominantly deployed by the EBRD in Uzbekistan, while technical assistance will be co-financed by the EBRD and other donors and Component 3 is not expected to be used in Uzbekistan. This is based on the current competitive landscape (presence of other programmes, rapid economic growth, etc.) in the country, where deployment of results-based payments might distort the market.

Below is an Indicative list of investment categories, eligible mitigation technologies and solutions (detailed eligibility criteria can be found in Annex 1):

Category	Technology types and sub-categories
Renewable energy	solar photovoltaic (PV)* energy generation
	solar thermal energy generation
	small hydro-power* energy generation
	wind turbines*
	bioenergy installations (biomass based energy generation)*
	battery storage and automation technologies
Energy efficiency in industry, manufacturing, commerce and agribusiness	Equipment, systems and processes that enable substantial reduction in primary energy consumption and/or final consumption of electricity and/or fuels and/or other forms of energy. This is guided by the MDB's Common Principles for Climate Mitigation Finance Tracking.
Energy efficiency in buildings	Indicative list of building technologies, also included in the EBRD Green Technology Selector: • Energy efficient windows, doors, glazing • Thermal insulation of exterior walls *

	• Thermal insulation of roof, top floor * • Thermal insulation of floor • Thermal insulation of partition walls • Biomass stove / boiler • Lighting (low-heat generating) • Solar water heaters • Heat pumps • Building-integrated photovoltaic systems • Balanced mechanical ventilation with heat recovery • Energy efficient appliances
Zero-carbon mobility investments	• electric vehicle charging infrastructure* • electric vehicles*, vehicles with zero tailpipe emissions*

* might be subject to additional environmental and social safeguards by the EBRD

N.B. technologies used for the combustion, transportation, extraction of peat, and carbon intensive fossil fuels such as coal, heating oil or oil shale shall not be supported. Non-renewable fuel-powered boilers, gas infrastructure and equipment shall also be excluded.

Project examples based on the experience of the EBRD:

Investment sector	**Description**	**Types of support mechanisms deployed**
Building integrated renewable energy: rooftop solar PV	An industrial company to install a rooftop solar power plant on its facility.	Technical Assistance and concessional co-financing (i.e. Component 1 and 3)
Decentralized renewable generation: biogas power plant	An investment in a small scale (e.g., 1.5MW) biogas power plant project to enable efficient use of animal waste and secured energy supply for a given company.	Technical Assistance and results-based payment (i.e. Component 1 and 2)
Energy efficiency improvements in residential buildings	Deployment of energy efficiency solutions and construction of energy efficient and affordable houses, modification and upgrade of the project design to ensure greater energy efficiency benefits.	Technical Assistance and results-based payment (i.e. Component 1 and 2)
Efficient cooling and energy	A company to invest in a modern energy efficient cold storage system in a logistics centre to involve a complete	Technical Assistance and concessional co-financing

efficiency in logistics and storage	reconstruction of existing building and installation of efficient cooling and smart energy management system.	and results-based payment (i.e. Component 1, 2 and 3)
Industrial energy efficiency in food production	A bakery owner to invest in upgrade of electric production equipment, which is substantially more efficient than the replaced technologies.	Technical Assistance and results-based payment (i.e. Component 1 and 2)
Industrial energy efficiency in food production	A candy producer to upgrade key production electric equipment, replacing inefficient and outdated machinery, leading to straightforward environmental and economic benefits.	Technical Assistance (i.e. Component 1)
Industrial energy efficiency in pharmaceuticals sector	A producer of pharmaceuticals to invest in a new filling and sealing line, a critical part of its production process. The new equipment will be more energy-efficient due to the higher efficiency of the motors used in the equipment, significant optimization of production layout, and improved control of operations.	Technical Assistance (i.e. Component 1)

Component 3: Results based payments (RBP) – gender-responsive investment incentives for decarbonisation

Component 3 will deploy **results-based payments (RBPs)** in the form of **performance-based investment incentives for final beneficiaries** that require project sponsors to meet specific goals for payment. Results-based investment incentives will be provided to sub-borrowers to incentivize them to deliver activities or achieve measurable milestones with significant positive externality. The availability of such instrument will address the limited access to affordable and long-term green finance that the focus countries face and mobilise climate finance. The RBP range will range from 0 to 15% of the sub-loan amount provided to sub-borrowers. Most climate mitigation projects will benefit from a results-based payment of up to 10% of investment cost, and high performing technologies with low market penetration and more complex investments (in combination of multiple mitigation technologies, such as renewable energy technologies with integrated battery storage) will be eligible for RBP of up to 15% of investment cost. The actual RBP level of each sub-project is differentiated to reflect the EBRD's methodology to reflect the penetration of the respective technology in the local market and the climate mitigation performance of the sub-project.

The performance-based investment incentives are the most transparent form of concessional finance for both, FIs and less sophisticated and fragmented end-beneficiaries (households, MSMEs, rural population). Component 3 allows and enhances straightforward communication of climate benefits to the markets and end-beneficiaries, due to transparency and clarity of the performance criteria, linked to them RBP levels. With that in mind, Component 3 aims to align incentivisation of Programme participants with market-compatible behaviour. It should encourage maximum delivery of social, economic, environmental and climate outcomes and compensate for the incremental cost of going beyond standard practice in the sector. Under the Programme, disbursement of the RBPs will be calibrated and follow achieved and

verified results. The verification process will further amplify knowledge delivery and increase awareness of end-beneficiaries regarding actual benefits achieved as a result of the Programme.

The Results-based Payment mechanism in EBRD programmes is designed to ensure that financial benefits are disbursed to eligible beneficiaries in a transparent and efficient manner. Here's how it typically works:

1) **Technical Eligibility Screening:** Before any RBP are granted, the technical assistance consultant supports financial intermediaries with the ex-ante technical eligibility screening of investment proposals. This ensures that the proposed investments meet the required technical standards and are aligned with the Programme's objectives. The technical eligibility criteria described in Annex 1 applies to Component 3. Within the same step, technical assistance consultant also provides support to sub-borrowers (final beneficiaries), helping to identify eligible investment opportunities, identify and right-size mitigation solutions and technologies, or align existing plans with the Programme criteria, as well as assist them in calculating energy and CO_2 savings, selecting technologies, and preparing investment proposals. At this stage, the environmental impact and expected RBP are estimated ex-ante.

2) **Verification and Certification**: this step is strictly necessary to ensure that all criteria are met before any RBP are disbursed to the final beneficiaries. EBRD procures an independent verification consultant who verifies completion of investments in line with the ex-ante investment plans. Such verification provides confirmation ex-post that investments are signed, disbursed, complete, operational, and consistent with the eligibility criteria and requirements set under the Programme. The verification consultant then confirms in writing in the completion certificate the final amount of RBP to the EBRD, FI and the end beneficiary. This certification is essential for the disbursement of RBP.
3) **Compliance with eligibility criteria:** RBPs request is submitted for release by the EBRD only when the sub-project verification has been completed and confirmed investment eligibility and impact – first by the verification consultant (see previous stage), then by the experts from EBRD project team. No recommendation on the release of the payment is given where such validation is not possible.
4) **Disbursement:** when recommendation for the release of RBP is granted, and provided no default has occurred with FI, and there are no other disputes, EBRD transfers RBP funds to the relevant FI on a regular basis in respect of sub-projects verified in the previous calendar month. The FI is then legally obligated to transfer the appropriate amount of RBP to the account designated by the relevant beneficiary within 5 business days after receipt of such funds from EBRD. The respective PFI acts only as a mere commissionaire when receiving the RBPs from EBRD and paying it to the relevant beneficiaries, and legally not entitled to receive or charge any commission or fees vis-à-vis receiving and on-paying the RBPs.
5) **EBRD Management Information System (MIS):** The EBRD MIS is used to track and manage the RBP process, as well as serve as database and MIS for the whole portfolio of SAIGA sub-projects, enabling accurate and granular calculation also of impact metrics.
6) **Documentation and Reporting:** Detailed documentation and reporting are maintained throughout the process to ensure transparency and accountability and archived in EBRD MIS. This includes sub-project verification reports, which provide a comprehensive overview of the projects' compliance with the eligibility criteria, achieved impacts, assessment reports, portfolio and pipeline reports.

Overall, the verification process in the EBRD SAIGA Programme is designed to ensure that all investments are technically sound, compliant with the Programme's objectives, achieve meaningful and significant impact, and instrumental to the final beneficiaries. This rigorous process helps maintain the integrity and effectiveness of the EBRD initiatives.

Since 2009, the EBRD has been successfully deploying and overtime dynamically reducing the levels performance-based investment incentives under FI-intermediated climate finance. The overall average level of RBP is typically set at a programme level and is further calibrated to support uptake of the innovative technologies. The calibration criteria include: the maturity of the market supply, technological progress, market penetration rates and the technology cost. The combination of these criteria determines the level of RBP for individual technologies.

Overtime the EBRD strives to reduce the level of investment incentives while advancing FIs and the markets to self-sustaining financing models. As an illustrative example linked to transformation potential, the first sustainable energy finance facility of the EBRD in Poland (PolSEFF, 2011) benefitted from RBPs, while the follow-on facility has been provided to FIs by the EBRD on fully commercial terms (2014). In 2018, Polish financial institutions started to issue green bonds (on market terms) capitalising on their skills and knowledge, as well as market, technology and investment confidence of their clients, which has been supported through capacity building under the EBRD facilities. In Turkiye and Uzbekistan Component 3 shall not be deployed as these markets have “graduated” to more commercially focussed green lending. In Tajikistan and Kyrgyz Republic Component 3 is still of critical importance, due to low-income levels and preventively high cost of best available mitigation technologies. The situation in these countries is also less favourable compared to Turkiye and Uzbekistan, because of lack of domestic production and technical capacity for installation and servicing of mitigation technologies. These countries are simply too small for large technology producers and importers to invest and bring best mitigation solutions to those countries, which makes technologies even more expensive and rare. In Tajikistan and Kyrgyz Republic, similarly to Uzbekistan, technical assistance shall be co-financed by the EBRD and other donors, while concessional finance might be deployed under the complementary programmes.

The focus countries under this Programme are expected to require more time and different speed for “graduation” from incentivised to fully commercial financing model, however the EBRD has been overtime already systematically reducing the levels of technical assistance, concessionality and RBPs while increasing performance requirements for the mitigation technologies in Kyrgyz Republic, Tajikistan, Türkiye and Uzbekistan.

Theory of change

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The Theory of Change (ToC) for the Programme was developed to assure quality of the intervention in the complex and multi-causal contexts. The proposed Programme will take a systemic approach inspired by STAP guidance on *Leveraging Innovation for Transformational Change*[1] and *Why behavioral change matters to the GEF and what to do about it*[2]. Systemic decarbonization of economies that also delivers multiple co-benefits in an integrated way, requires a transformation in the underlying structure of financial assets. The current structure of financial assets held by local financial institutions is representative of the structures of the economies in the focus countries. Therefore, local financial institutions are in a position to drive transformative

mitigation actions by providing dedicated financial resources and embedding climate mitigation objectives into their business strategies. Redirection of financial institutions' attention and strategies to climate mitigation actions is a critical success factor for delivering on the countries' NDC objectives, however this necessity is often not self-evident for FIs in the region.

The theory of change diagram outlines the theoretical logic of the project through a set of key causal pathways leading to and arising from the Programme interventions. The ToC follows the STAP guidelines on the ToC Primer[3]. The project theory is based on the grounds that local financial institutions have a low level of awareness of and capacity for climate risk management and do not yet tap sufficiently into the knowledge offered by international best practice initiatives. The EBRD's survey on *Readiness of the Financial Sector for the Impacts of Climate Change* showed that 90% of FIs consider the impact of their financing on climate change relevant to their operations, but few have a clear view of how to integrate climate into business operations. The countries proposed for SAIGA have a long history of relying on cheap or often subsidised fossil fuels. This is directly linked to the fact that climate mitigation products and services are currently not scalable.

Experience from EBRD working with financing instruments shows that financial institutions in the proposed four countries have a high desire to create targeted mitigation products. By providing technical assistance, unlocking climate capital, and offering results-based payments, the project will increase the flow of climate investments, accelerate the transition to a low-carbon economy, and achieve measurable reductions in greenhouse gas emissions. Assuming that supply is enhanced, and that demand and capacity are sufficient to generate bankable projects at the credit conditions that FIs provide to end-borrowers, this will result in climate projects that deliver the GEF impacts.

The ToC of the proposed project relies on the project's complementarity with GCF Programme proposed by the EBRD titled "Greening Financial Systems: Delivering Climate Finance for All". This complementarity is grounded in the true systemic behavioral change thanks to the interlinkages between the proposed instruments that each addresses a specific barrier and knowledge sharing between the FIs and within the countries. Enabling financial institutions to develop climate transition plans through financial incentives on the achievement of key milestones.

In Kyrgyzstan, Tajikistan, and Uzbekistan, the GCF will provide financial incentive grants to FIs for developing and implementing an ambitious, credible and comprehensive transition plan. This will partially compensate and further unlock FIs' up-front investments needed to build the necessary internal infrastructure and accelerate Fis' actions at the market level to prioritise climate adaptation and mitigation investment on a systemic basis. The GEF NGI will provide Results-Based Payments to SMEs in Kyrgyz Republic and Tajikistan that will address the barrier of affordability constraints, complementing them with the TA in Türkiye for a systemic change and replicability potential throughout the entire region.

Financial institutions are the key providers of investment finance for the private sector and MSMEs in particular, hence they offer one of the most effective channels to generate economy-wide multiplier effects and reach beneficiaries at scale and are pivotal to address the very substantial financing needed to accelerate mitigation actions in a truly integrative manner for systemic change. Building on the EBRD's extensive and continuous engagement with more than 300 FIs across the regions, and together with highly complementary GCF investments under development, SIAGA has strong potential for scalability, leading to transformations.

The key hypothesis under SAIGA ToC is the following:

IF the SAIGA Programme succeeds in building the capacity of financial institutions to develop and manage portfolios of climate investments and enhances the ability of partner financial institutions (PFIs) to set ambitious climate targets and create credible transition plans, and **IF** the Programme achieves significant investments in climate mitigation technologies, **THEN** it will transform financial sector decision-making in the target markets. This shift will drive an economy-wide green transition, with Paris-aligned financial systems unlocking capital through well-designed green financing instruments. This will create new opportunities for low-carbon, climate-resilient development, benefiting the private sector, including underserved groups such as women-led SMEs, farmers, and households. The enabling environment established will result in reduced greenhouse gas emissions across energy supply, manufacturing, transport, and other sectors, while also improving climate resilience (as a co-benefit), particularly in areas like water and food security, with attention to gender considerations.

The expected Outcomes of the Programme are (1) Reduced and avoided GHG emissions from energy supply, manufacturing, residential, commercial, transport, and public sectors; (2) Increased energy savings; (3) increased volumes of private sector climate finance.

Impact	**Accelerated decarbonization and market transformation through adoption of climate mitigation technologies at scale by leveraging the financial sector to catalyse innovative private sector investments in line with the national NDC objectives.**		
Outcomes	Increased speed of decarbonization in domestic private sector	Increased volumes of private sector climate finance	Final beneficiaries implement climate mitigation sub-projects and demonstrate replicable behaviours
	- 406,510 tCo2/ year emissions reductions (8,130,205 tCO2eq over a lifetime) **- 111 MW renewable energy capacity installed** **- 5,761,834 GJ per year reduction in energy consumption**		
Outputs	**- 8,526 climate mitigation sub-projects** **- 12,000 beneficiaries, that include** **- 4,946 female or female-led beneficiaries**		
	10 Local financial institutions are strengthened in institutional and technical capacity - 500 loan officers of financial institutions (of which at least 100 female) trained to independently identify and assess climate finance projects Increased awareness of SMEs, midcaps (incl. women -owned/led businesses) and households for climate mitigation benefits, technologies and solutions, as well knowledge of climate investment opportunities	Climate finance flows unlocked in the Programme's target markets: **USD 253 million of climate finance is delivered to final beneficiaries** via financial intermediaries and other private sector finance	Results-based payments to end beneficiaries (SMEs, households, midcaps) (SMEs, midcaps (incl. women -led/owned businesses) and households) deployed upon successful implementation of climate mitigation measures
SAIGA Project Activities	**Component 1. Technical assistance: enabling environment for climate compatible financial systems** • FI Capacity building and transition planning; • Development and deployment of green portfolio; • Knowledge sharing • MRV	**Component 2. Investment mechanisms for unlocking climate capital** Blending of EBRD finance with concessional loans to support climate mitigation and adaptation projects	**Component 3: Results based investment incentives for decarbonisation** Results-based investment incentives for decarbonisation, where one of eligibility criteria is climate mitigation performance of the implemented subproject
Barriers	Limited enabling environment for climate-aware financial systems. / Limited access to commercial funding incentivising sustainability and climate mitigation investments / Structural barriers to gender-responsive climate finance.	Low access to affordable finance from financial institutions	Low demand for climate mitigation technologies even among early movers because of perceived and actual high costs / Low awareness and technical capacity among final beneficiaries

[1] https://stapgef.org/resources/advisory-documents/leveraging-innovation-transformational-change

[2] https://www.stapgef.org/resources/advisory-documents/why-behavioral-change-matters-gef-and-what-do-about-it
[3] https://stapgef.org/sites/default/files/2022-06/Theory%20of%20Change%20Primer_web_updated%206.6.2022.pdf

Despite rising domestic energy costs, many climate mitigation technologies are still not considered financially attractive, driven partially also by currency fluctuations also contribute to sharp increases in import costs. In the focus countries, investments in climate change mitigation initiatives are relatively underexplored compared to other regions, leading to a perception of high risk.

The EBRD will strategically blend its financing with the GEF NGI funds to ensure that financial institutions in the focus countries gain access to capital for climate-related investments that might not be readily available through regular commercial channels. The success of SAIGA hinges on addressing key market barriers that impede the adoption of climate mitigation technologies and practices. To this end, the Programme employs a multifaceted approach, utilizing optimal combination of donor finance instruments to provide tailored and impactful support to stakeholders.

The co-financing provided by the EBRD and the private sector (PFIs and their borrowers) plays a pivotal role in the project's design. Leveraging commercial co-financing creates scale and allows beneficiaries to raise awareness about climate mitigation and energy efficiency. It also facilitates capital expenditure (capex) investments in mitigation activities, resulting in clear demonstrations of environmental benefits. The project's design ensures that the minimum level of concessionality is utilized (through loan size and pricing), and the NGI funds are closely tied to performance metrics.

The provision of concessional loans and results-based payments for decarbonisation act as a bridge between market financing and the specific requirements of climate-friendly projects. Concessional loans are particularly efficient when deployed to mitigate perceived higher risks of financing innovative solutions and projects by FIs, as well as kick-start activities related to specific market segments or technologies with low market penetration. Results-based payments directly tackle the higher upfront costs associated with advanced climate technologies, coupled with longer payback periods, make them less obvious investment targets for companies. The RBPs will benefit projects where affordability and upfront costs create most significant hurdles for their beneficiaries, they will serve to mitigate incremental costs, raise attractiveness of a wide range of climate-friendly technologies and financially incentivise prioritisation of these climate mitigation investments for sub-borrowers, leading to a wider awareness of such investments and promoting access to green technologies through supply chain.

In addition to the NGI the programme envisages comprehensive technical assistance package (Component 1) that will be offered to a) to end-beneficiaries (sub-borrowers) to help with identification, assessment, design and implementation of climate mitigation investments that will achieve meaningful energy savings and/or greenhouse gas reductions, and b) to Financial Institutions (FIs) helping build capacities, tools and practices to mainstream climate mitigation (such as developing dedicated financial products for supporting investment in mitigation, setting mitigation finance targets in their portfolio, etc.) and well as gender-responsive climate finance approaches.

Gender mainstreaming

The EBRD will share its expertise with FIs to enhance women and men's equal opportunity to access finance provided under the Programme for the adoption of climate mitigation technologies and solutions, which, ultimately, helps women, and men build their resilience in the face of a changing climate. The implementation of gender activities contributes towards reducing existing gender gaps in terms of access to finance for technologies supporting climate change, mitigation. EBRD had built on its experience working with the Climate Investment Funds on the Climadapt project in Tajikistan and has scaled up activities to promote women's access to climate finance and climate positive technologies in several countries. In Turkey, Kyrgyz Republic and Uzbekistan a gender baseline assessment is currently being developed and will inform on the gender gaps to access climate finance and technologies, as well as women and men's awareness of climate risks.

The gender activities under this Programme will build on the findings of this gender baseline assessment and will update it, if needed, to inform gender activities, country-level gender baseline assessments will be updated, to inform the implementation of the programme in a gender-responsive manner. In addition, under Component 1 – Technical Assistance, outreach activities will be undertaken to promote awareness among final beneficiaries, and capacity building of FIs to enhance equal access to financing, with the aim to increase women-owned and -led MSMEs access to finance for climate mitigation technologies. Women continue to face specific barriers: they face limited access to finance as business owners or executives due to unconscious biases of loan officers and systemically less access to collateral such as land and property. Particularly in the area of climate finance, financial institutions might mostly target male dominated sectors (such as real estate, manufacturing and processing, transport) and male clients in their marketing strategy.

As part of the outreach activities with women entrepreneurs and MSME owners, and capacity building activities with loan officers of financial institutions, information on climate finance, climate change and the specific barriers women face will be provided, as well as on the relevance to invest in energy efficiency and renewable energy technologies in female-dominated sectors (such as agriculture, wholesale and retail, accommodation and food services), women being a largely untapped market, and the need for tailored financial products and application processes for women-owned and -led MSMEs. Under Component 1, the EBRD will thereby transfer skills and unique know-how which are not otherwise readily available in the local markets. A dedicated knowledge product will also be developed under Component 1 and will help better understand women's potential to contribute to climate mitigation action through increased access to finance and technologies.

The Programme will mainstream gender additionality activities, with gender being a significant objective of the Programme in line with the OECD DAC Gender Marker methodology, indicating that "gender equality is an important and deliberate objective, but not the principal reason for undertaking the project". The Programme will seek to design activities in a way that:

- Responds to the differentiated supply and demand obstacles of women-led businesses and promote equitable access to climate finance. To further support women entrepreneurs to play their key role as early adopters of climate mitigation technologies and sustainable business practices, activities under the Programme may include undertaking or leveraging assessments of how women-led MSMEs' access to climate finance and climate mitigation technologies can be enhanced. Dedicated gender experts may be embedded into the technical assistance team working with FIs to ensure gender impacts are considered and to support specific activities to effectively build knowledge within the banking and financial sector, for example via FI capacity building measures on international good practices on gender-responsive climate finance, delivered in a sustainable train-the-trainer format. Other activities will target awareness raising at the national level across the region and could include stakeholder dialogue activities such as gender workshops on access to climate finance and active efforts to raise awareness of the climate action.

- Further broadens the impact on the gender-responsiveness of FIs. Building on EBRD's extensive experience and lessons learned from its climate investment operations and Women in Business programmes in the region, targeted interventions and engagement with the FIs can support FIs across a wide range of different dimensions, as most relevant for each, from enhancing equality of opportunities in their organisations to strengthening their financial product and service offering

for women entrepreneurs to encouraging FIs to engage with the wider financial ecosystem promoting gender equality and access to finance in the market.

Gender mainstreaming activities delivered under Component 1 are expected to result in significant and meaningful outreach to beneficiaries who are women or women-led enterprises.

Co-benefits

There are many co-benefits expected from the implementation of the Programme. These co-benefits will be tracked and documented on a regular basis.

SDG goal	Co-benefits - representative indicators reflecting contribution to the initiative
SDG 5. Gender equality	The Programme is expected to increase: • Number of people (women) with improved access to finance for and to clean energy solutions, energy efficient housing and energy efficient business operations. • Number and volume of loans by partner financial institution for women-led businesses • Number of knowledge products addressing gender-responsive climate finance • Number of FI loan officers benefitting from dedicated capacity building focussing on climate and gender equality action
SDG 7. Affordable and clean energy	The Programme will result in measurable co-benefits including increased: • Energy savings • Renewable electricity production • Renewable energy capacity installed • Number and volume of renewable energy and energy efficiency loans extended by partner financial institutions supported with EBRD finance and with support of GEF
SDG 8. Decent work and economic growth	The Programme will lead to increased: • Number of businesses and entrepreneurs, increasing productivity and profitability due to decrease in energy cost and/or sustainable clean energy supply

	• Volume and number of loans disbursed by partner financial institution for MSMEs, midcaps and households (separately Women-led) • Number of energy efficiency and renewable energy technology suppliers, installers and service providers increasing the scale of their operations • Volume of trade and sales of energy efficiency and renewable energy technologies
SDG 9. Industry, innovation and infrastructure	The Programme will contribute to increased: Volume and number of loans disbursed by partner financial institution for MSMEs, midcaps and households (separately Women-led) Number of clients reporting improvement of their operational performance CO_2 Emissions reduced/ avoided Number of people with improved access to renewable energy and improved energy efficiency technologies and buildings
SDG 11. Sustainable cities and communities	The Programme will increase: • Number of individuals with improved access to energy efficient buildings and clean energy • CO_2 and other emissions reduced/avoided Additional co-benefits may include water savings and reduced use of materials reduced/recycled
SDG 12. Responsible consumption and production	The Programme will drive and support adoption of best available renewable energy and energy efficiency technologies to increase: • Material and water use • Improved access to innovative mitigation technologies and solutions meeting ambitious performance standards
SDG 13. Climate action	Additionally to its climate mitigation impact, the Programme will deliver climate adaptation co-benefits, mainly resulting from: Zero-water renewables in water-stressed regions with a water-reliant grid; Increased thermal comfort and resilience to extreme temperatures in buildings resulting from energy efficiency investments.

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<u>Stakeholder engagement</u>

The EBRD aims to extensively engage with the key stakeholders, namely local financial institutions, Central Banks, financial regulators and other policy makers, including GEF OFPs and GCF NDAs, the private sector (incl.

MSMEs, innovative technology producers and distributors) in the countries on an on-going, multi-year and institution-specific basis, to transform their institutional strategies and capacity, to provide enabling regulatory and supervisory frameworks and to share best practices and to align EBRD strategic programming with countries' needs and priorities. Under SAIGA, the EBRD will promote significant public awareness/outreach and knowledge sharing to ensure the knowledge created will be shared widely and to provide public platform to hear from a large number of stakeholders.

The EBRD considers stakeholder engagement as an essential part of good business practices and corporate citizenship, and a way of improving the quality of its projects. Stakeholder engagement is central to building strong, constructive and responsive relationships which are essential for the successful management of a project's environmental and social impacts and issues. The Programme design in built on the EBRD's extensive experience of, and consultation and relationship with a wide range of stakeholders, namely local financial institutions, Central Banks, Ministries of Finance, Ministries of Environment and business communities, as per the table below.

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Stakeholder	**Mandate**	**Role in the project**	**Consultations**
GEF	International Organisation / Multilateral Environmental Fund	Supporting SAIGA as a programme aiming to facilitate transformation of countries' development paths towards low-emission and resilient growth.	Consultations with GEF were initiated at the project concept development stage in early 2024 and continued on regular basis throughout the approval cycle ton regular basis
EBRD	International Financial Institution / GEF Implementing Agency	- Ensuring successful Programme delivery in line with organizational objectives and priorities. - Managing technical advisory assignments (Consultants) and ensuring integrity of climate mitigation impacts	Specialized departments and regional offices are consulted and involved in the design of the Programme in order to ensure successful implementation and alignment with EBRD's strategies and with the GEF's objectives as established under the Programme and with EBRD strategies

Other Donors	Bilateral donors, multilateral funds including GCF, providing supplementary financial support for the Programme, complementing the GEF funding.	- Supporting relevant initiatives aligned with their own priorities and objectives. - Leveraging GEF resources effectively and avoiding duplication by supporting complementary elements and activities.	Consultations with other donors are held on regular basis via formal email exchange, in-person disucsison, document dissemination
National governments of targeted countries	Ministries in charge of: Finance (plus Central Banks Environment Other relevant ministries such as Industry, Energy, and Agriculture as appropriate to each country's market-driven, country-specific project	National Governments are crucial for the enabling policy and regulation aspects, as well as for engaging with a wider network of institutions in the financial community. Central banks, financial supervisors and regulators oversee developing and implementing regulation and standards and supervising for material climate related financial risk and related disclosure. By providing regulation, standards, and supervisory expectations they stimulate the need for green finance and bring clarity to local FIs operating green finance. National governments are also represented as the EBRD Shareholders at the Board of Directors, approving this Programme and projects under the Programme within the EBRD.	EBRD is closely engaged with National Governments of its countries of operation to develop on on-going basisand approve the EBRD Country Strategy, that would be aligned with national priorities and objectives, and that EBRD programmes in targeted countries are . For SAIGA application purposes, the national OFPs have been informed.

Partner Financial Institutions (PFIs) in focus countries	Commercial financial institutions ranging from banks and microfinance institutions to leasing companies that will receive credit lines from EBRD under the programme based on sound banking principles and commitment to the programme	- Accessing programme credit lines and on-lending to final beneficiaries - Scaling up financial flows to demand-side climate mitigation projects - Increasing internal expertise and building capacity for green lending and climate finance through technical assistance, including setting decarbonisation objectives on their institutional level - Participating in project origination, marketing and awareness building efforts and highlighting the support from the donors	The EBRD engages with them on an on-going basis through its annual due diligence/financial analysis of PFIs and their parent groups if applicable and through specific transactions. The EBRD and PFIs discuss capital strength to asset quality, to governance, management, strategy, and lending standards. As of 1 January 2023, the EBRD has consulted with all the relevant PFIs with new transactions on their commitment to Paris Agreement and related capacity building needs, and, with selected PFIs, explored their commitment to Paris transition plan.
Private sector actors, residents, public service providers	All types of businesses and individuals operating in the priority sectors for climate actions will be eligible to the EBRD support for investing in green technologies/practices under the SAIGA Programme. Include businesses, predominantly MSMEs, and households	Acting as the end beneficiaries of the Programme. End beneficiaries will receive loans and leases extended by financial intermediaries for financing climate change mitigation projects. They will also benefit from targeted training programs covering topics such as climate risks exposure, benefits of energy efficiency, renewable energy technologies, and sustainable practices	The EBRD's engagement with the full spectrum of economic actor is on-going through meetings, surveys, EBRD Programmes, e.g. Green Economy Financing Facilities or GEFFs.

EBRD track record and complementary activities

The EBRD has deep and continuous engagement with over 300 FIs across the regions where it operates and aims to foster a transformation of the financial systems of its countries of operations to a low carbon and sustainable model. Since 2017, EBRD and its partners tackled market barriers to energy efficiency and renewable energy loans in the financial sector through the Green Economy Financing Facilities ("GEFFs") by introducing the EBRD's climate taxonomy to participating FIs, providing technical assistance with assessing and originating climate loan portfolios and raising awareness of specific energy efficiency, renewable energy and water efficiency solutions. In standard GEFF model, the EBRD offers credit lines to local partner financial institutions (PFIs) in its Countries of Operation, to on-lend to final beneficiaries from private sector for investments in small and mid-sized green projects. Typically, credit lines would be supported with blended finance package, that may include concessional finance and grants, as well as technical assistance.

SAIGA will build on this experience, knowledge and tools (e.g., Green Technology Selector, Green Finance Academy, etc.) that will be made available to partners under this Programme.

The Programme will assist financial institutions with setting climate mitigation targets on the institutional level that will help to increase climate finance share in their portfolio overtime. This engagement will be complementary with the Greening Financial Systems Programme that EBRD is currently developing with the Green Climate Fund. This complementarity will be in line with the GEF and UNFCCC vision on climate finance landscape complementarity.

Where applicable, EBRD may request consultants to prepare roadmap for selected policy dialogue activities, engage with relevant government agencies and ministries, industry associations, standards bodies, prepare policy briefing materials and draft regulatory instruments (as appropriate), and support adoption and implementation of the policies, action plans, roadmaps, regulations, etc.

Knowledge management

The SAIGA Programme will build on the EBRD's leadership in climate finance partnership with relevant international initiatives and standard setters as well as the financial sectors in the advanced economies, effectively and efficiently bringing global best practices into the focus countries' context. As part of the Programme's monitoring, data will be gathered on core indicators including GHG emissions reduced, avoided, removed/sequestered, the number of direct beneficiaries (gender disaggregated on a best efforts basis), annual energy savings, renewable energy generated, et al., contributing a body of data that will serve to inform PFIs and raise awareness more widely about the impacts of green technologies and how EBRD and GEF investments contribute to market development and transformation at the enterprise, sectoral and national levels.

The lessons learned and experience derived under the Programme will be articulated through a continuous feedback loop and articulated within international fora around best practices, including:

- **A least one event per country featuring PFIs and beneficiaries** raising awareness of the Programme and its achievements, as well as wider topics around the business case for climate finance, Paris Alignment or climate transition planning.

- **Institutional commitment to align with goals of the Paris Agreement** - the EBRD's commitment to aligning financial flows with the goals of the Paris Agreement, and its methodology is based on years of stakeholder consultation – many international financial institutions followed suit and consulted with the EBRD on their Paris alignment aspects. As of January 2023, the EBRD has consulted with all the relevant FIs with new transactions regarding their commitment to the Paris Agreement, and, with selected FIs, explored their commitment to preparing a transition plan.

- The EBRD's networks with the **globally leading FIs on climate finance** through its participation in the TCFD as well as United Nations Environment Programme Finance Initiative (UNEP FI), and exchange of experience on implementing TCFD, ISSB and climate risk-related processes to promote the adoption of best practices on climate issues.

The EBRD will also use the following tools, platforms and events to optimally disseminate learnings and build knowledge:

- Green Finance Academy, a platform for knowledge from green finance opportunities to climate risk management
- EBRD's online platform on the Green Economy Financing facilities; ebrdgeff.com
- Knowledge sharing events such as Pathways to Paris: EBRD conference for financial institutions and others to provide information in a one-stop shop approach, disseminate success stories and open communication channel to directly receive feedback from a wide range of actors.
- Centre of excellence for corporate climate governance for corporates, financial institutions, and stock exchanges on climate governance and disclosure matters.

Knowledge Management Plan for SAIGA:

Section	Description and deliverables	Number
1. Knowledge Capture		
Documentation	Regularly document key learning outputs, including case studies, best practices, lessons learned, and success stories. Update and share with stakeholders for continuous learning.	Ongoing
Stakeholder Feedback	Collect feedback from stakeholders through surveys, interviews, and focus group discussions to capture their insights and experiences.	At least two rounds of stakeholder feedback
2. Knowledge Storage		

Digital Platforms	Utilize digital platforms such as SharePoint or a dedicated project website to store and share knowledge products.	Ongoing
3. Knowledge Dissemination and Communication		
Regular Updates	Share regular updates on project progress, learning outputs, and success stories through newsletters, email updates, and social media channels.	10
Workshops and Webinars	Organize interactive workshops and webinars to disseminate knowledge, allowing stakeholders to share experiences and insights.	4
Publications	Publish reports, articles, and case studies in relevant journals and on the project website to reach a broader audience.	4
Country and/or regional level events	Bring together participating PFIs, beneficiaries and the wider financial sector for peer learning, knowledge sharing and awareness raising activities	4
4. Strategic Communication		
Stakeholder Engagement (see previous sub-section – Stakeholder engagement)	Engage a wide range of stakeholders, including financial institutions, businesses, government agencies, and civil society, with regular updates and opportunities for feedback.	Ongoing
5. Monitoring and Evaluation		
Monitoring Framework	Tracking progress and measuring the impact of programme activities, with clear indicators and regular reporting mechanisms.	Ongoing
Third-Party Verification	Ensure robust third-party verification to monitor the results-based payment mechanism effectively.	Ongoing
6. Capacity Building		
Training Workshops and capacity building (see Component 1 – Technical Assistance)	Provide capacity-building activities such as training workshops, webinars, and technical assistance to enhance stakeholders' knowledge and skills.	15

Coordination and Cooperation with Ongoing Initiatives and Project.

Does the GEF Agency expect to play an execution role on this project?

Yes

If so, please describe that role here. Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing

The EBRD utilizes GEF resources to unlock EBRD and other co-financing to generate global environment benefits. In doing so, the Bank combines ("blends") GEF resources with a substantially larger contribution (co-financing) from the EBRD (and other co-financiers) into an investment, policy dialogue and/or technical assistance activity. In the majority of cases, EBRD develops a GEF project/program in the form of an

“investment facility” (sometimes also referred to as a framework or programme), which are composed of various individual GEF co-financed sub-projects/transactions. Following the approval of a GEF funded project/program by the GEF Council and its subsequent GEF CEO endorsement, EBRD’s internal processes are followed for the approval of individual “transactions” under the approved GEF funded project/program (including the related loan and grant co-financing).

As such, the EBRD acts - in the majority of cases - as both the Implementing and Executing Agency of a GEF project/program:

o As an Implementing Entity, EBRD is accountable to the GEF for the use of its funding and the overall implementation of a project/program. This entails implementation oversight to ensure that the project/program is being carried out in accordance with agreed GEF requirements.

o As an Executing Entity, the EBRD is responsible for the management and administration of day-to-day activities of the GEF project/program. In the context of the EBRD, the responsibility for execution traditionally lies with an assigned EBRD Operation Leader (OL).

Within the EBRD, the roles and responsibilities between both implementation and execution functions are clearly articulated and defined, at both the project/activity and portfolio levels, and there is a clear separation between the project and/or activity origination and supervision functions. As also confirmed by the GEF’s compliance reviews, there is a satisfactory institutional arrangement for the separation of implementation and executing functions in different departments of the EBRD; and there are clear lines of responsibility, reporting and accountability within the EBRD between the project implementation and execution functions.

The Programme is also highly complementary to the envisioned “Greening Financial Systems: Delivering Climate Finance for All” (“GFS”) programme, which is proposed for consideration by the Board of the Green Climate Fund in October 2024. It is expected to launch activities in 2026. The GFS programme includes the following instruments: i) Technical assistance for PFIs, financial sector stakeholders (such as regulators, policy makers et al.) and end beneficiaries (sub-borrowers and potential sub-borrowers); ii) Financial incentive grants for PFIs that engage in and disclose climate transition plans; and iii) Concessional finance. The GFS programme will cover 13 of the EBRD’s countries of operations: Armenia, Egypt, Jordan, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Mongolia, Morocco, North Macedonia, Serbia, Tajikistan, and Uzbekistan, hence deployment would overlap with and complement the SAIGA programme in Kyrgyz Republic, Tajikistan and Uzbekistan.

A large and ambitious programme, the GFS programme will deliver an estimated USD 620 million in green finance and 9.9 million tonnes in reduced CO_2 equivalent emissions directly, supported by USD 200 million in concessional and grant funds from the GCF and an expected USD 35 million from other donors. In addition to delivering climate finance, the GFS programme puts forward the unique catalytic platform of transition planning to enable a paradigm shift of the financial sector towards Paris-aligned pathways, ultimately seeking to catalyse the target countries’ financial sectors’ US$ 1.2+ trillion of assets, while strengthening the sector’s ability to address climate shocks.

The GFS programme is highly complementary to the objectives and delivery of SAIGA. The SAIGA Programme focuses a substantially on addressing the constraints to uptake of mitigation and adaptation technologies at the end-beneficiary level via results-based payments to sub-borrowers, an instrument that is not included in the GFS programme. SAIGA will also concentrate on the Central Asian region, the region with the poorest and

least economically and financially served populations within the EBRD region, with substantial climate transition needs and facing acute climate challenges, hence the complementary use of the two programmes is considered relevant. Moreover, the efforts within the GFS programme to engage PFIs in climate transition planning will have spillover effects on the SAIGA programme, where individual participating PFIs might be engaged in both programmes (particularly relevant in smaller markets) and due to demonstration effects. Both programmes are designed to be demand driven and will be open to all interested PFIs with the expectation to also expand to new entrants. Any technical assistance provided under either programme will be calibrated to be tailored to the starting position of the PFI, ensuring that there is no duplication of effort and that PFIs are supported appropriately to make steps forwards.

Lessons Learnt from EBRD green intermediary lending programmes

- **Political economy matters.** Flexibility and close monitoring is needed to identify windows of opportunity for engagement with PFIs (e.g. following a decisive positive move from a regulator) and/or adaptation to circumstances on the ground (e.g. deteriorating macroeconomic situation in Tunisia, impacts of conflicts in neighbouring countries on Moldova, Jordan, Egypt). Where competing priorities emerged, such as the COVID-19 pandemic, or conflict situations, that increased risk these generally resulted in a prioritisation by the financial sector of maintaining liquidity via working capital instruments to support the operational survival of PFIs' clients, at the same time as markets should reduce loan demand for capex investments such as for high-performing climate technologies, with MSMEs and other more vulnerable groups in particular preferring to postpone such investments in times of macroeconomic uncertainty.

The lifting of restrictions following the COVID-19 pandemic happened at a varied pace from country to country and there is still uneven recovery across countries. Smaller economies tend to experience slower recovery affecting the demand for green finance while larger economies have experienced a faster re-bound, and their demand has increased.

The geopolitical destabilisation caused by the war on Ukraine and Israel-Hamas war in 2023 presents additional challenges for EBRD Countries of Operation, including SAIGA targeted countries.

- **A flexible toolbox enables responsive delivery to country and PFI specifics.** A key lesson from the EBRD GEFF Programme has highlighted the importance of providing a wide range of flexible green finance offerings (e.g. concessional loans, RBPs) to meet market demand under various economic conditions, and capacity building to mainstream climate considerations into FIs' business practices. Flexibility on instruments - allowing each instrument to be used either independently or in conjunction with each other – is proposed under SAIGA. EBRD considers this important to ensure effective and efficient implementation of its programmes and to address market barriers under uncertain market conditions.
- **To address both supply-side and demand-side constraints concessionality package must offer multiple instruments on flexible basis.**

The experience of the EBRD GEFF programme has demonstrated that the concessionality provided through the provision of concessional loans and associated technical assistance is necessary but often not sufficient to generate movement in the local markets, especially given the strict parameters for the use of funds, which necessitate significant effort from PFIs to develop a bespoke product, identify and build an eligible portfolio and provide more intensive reporting.

Concessional loans are particularly relevant for addressing supply side constraints in the provision of green finance, compensating PFIs for the additional complexity and administrative efforts required while enabling FIs seeking to build entry points into a new potential market that will show commercial returns to differentiate their new green product from other financing product, while passing on the reduced costs of funding to the end beneficiary.

However, concessional loans alone cannot address demand side constraints arising from acute affordability constraints and price differentials for high performing technologies compared to purchase of prevailing technologies to meet lower local standards or address the knowledge and awareness gaps on the part of FIs and end beneficiaries that limit uptake.

For example, when EBRD was launching first green intermediary lending programmes in such countries as Armenia, Egypt, Jordan, Morocco and Tajikistan, initial onboarding of PFIs was relatively slow, demonstrating that the overall level of concessionality offered was not sufficient to spark interest by the sector, given that the green finance market is relatively nascent, with limited associated regulation and low levels of awareness and demand for climate finance among potential sub-borrowers. Similarly, where the financial sector in the country is highly competitive with large access to finance gaps, resulting in a range of competing products in the market, there is a more limited incentive for the financial sector to engage with more complex or time-consuming segments of the market.

To address this challenge, EBRD also designed an additional instrument in the form of results-based payments to sub-borrowers (grants), financed by EBRD and co-financiers. These addressed directly affordability constraints and stimulated demand from potential sub-borrowers as well as clearly differentiating the programme in the market, a powerful draw for PFIs. This allowed to stimulate more demand for green finance in countries where concessional finance was not sufficient as blended finance instrument.

- **Absorption and transformation capacity at the PFI level differs.** Adequate allocation of internal resources within PFIs to their green lending products versus other priorities is essential. Establishing dedicated internal resources and building up internal expertise within commercial units (such as the SME banking or retail banking units) has shown to increase the take-up and pace of implementation. PFIs that recognise climate associate risks and challenges in their corporate strategy are also more ready to allocate resources accordingly.
- **Ongoing need to advocate for the business case and upskill PFI staff.** To facilitate a positive change in PFIs' beliefs about the bankability of green sub-projects, particularly those with more complex payback structures or involving new-to-market technologies, systematic staff training and staff onboarding have proven crucial, with frequent repetition considering the high staff turnover common at the loan officer level in most emerging markets. Continuing to raise awareness, in a data driven manner, of the impacts of these technologies in commercial terms on the sub-borrower, as well as of climate risk and other key topics, can be very beneficial to respond to this. Similarly, highlighting key demonstration cases of PFIs in the market or region leading in this area has proven very impactful, and EBRD organises opportunities for peer-to-peer exchange by PFIs, for example through the Pathways to Paris global conference for PFIs organised in 2023.
- **Intermittent support to the financial sector has negative impacts on momentum and market awareness.** Feedback from PFIs and market stakeholders has reinforced that gap or pauses in programme support to PFIs or individual countries negatively impacts momentum and market awareness. It takes some time for PFIs to internally approve the key terms of the financing product

that they will launch on the market and hence, if the product is withdrawn and then relaunched, this has negative impacts on sub-borrower confidence and understanding of the market. In contrast, where continuity of support is possible, this enables to build on experience, leverage existing resources dedicated within the PFI (rather than staff being reassigned to other priorities) and maintain a push at the PFI level to a new frontier.

- **Success of first EBRD green intermediary lending programmes focused on private sector businesses allowed to replicate the model to reach new underserved segments, such as households.** As technological barriers have shifted during programme implementation, the EBRD has continued to innovate, first by adjusting the eligible technologies under the programme to bring in new categories and increase the thresholds for technologies to be eligible. Moreover, during programmes implementation, the approach was expanded to design residential financing facilities, including measures for example to improve insulation or upgrade domestic appliances, or support small-scale renewable energy production. As these sub-projects tend to be much smaller, EBRD has also worked to accordingly adjust implementation arrangements. Similarly, under the programme EBRD has also designed commercial facilities, which typically target a variety of entities across business sizes and sectors; these sub-projects tend to be larger, hence technical assistance to support sub-borrowers and PFIs in structuring and verifying them is very important and effective.

Strong country ownership and parallel and ongoing efforts and consultation with public sector stakeholders are highly complementary and support the paradigm shifting potential of the programme. EBRD's approach seeks to bring together the voice of the private sector with key financial sector ecosystem players to promote open exchange of perspectives and alignment on challenges and opportunities. This is undertaken through ongoing coordination efforts, as well as events, workshops and other public activities, although the majority of these activities engage financial sector public stakeholders, such as Central Banks and Ministries of Finance and/or Economy. Moreover, EBRD also undertakes dedicated policy projects with public sector stakeholders on concrete concerns related to climate policy; these activities are not directly supported by the GEFF/SAIGA programme but are highly complementary. EBRD maintains strong coordination and sharing of information and experience between teams implementing these policy initiatives and those implementing the green intermediary lending programmes. To give a few examples: i) in parallel to the programme, EBRD has worked substantially in support of the creation of Turkiye's country-led platform to foster decarbonisation of the economy, helping in partnership with the Climate Governance Initiative (CGI) to launch Chapter Zero Turkiye to promote the understanding and adoption of climate governance practices among corporates and financial institutions in the country; and ii) EBRD has been working with the National Bank of Tajikistan to improve the regulatory framework for regulated financial institutions to support climate mitigation investments contributing to NDC.

Core Indicators

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	8130205	0	0	0
Expected metric tons of CO_2e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)				
Expected metric tons of CO_2e (indirect)				

Anticipated start year of accounting				
Duration of accounting				

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	8,130,205			
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting	2025			
Duration of accounting	20			

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)	115,236,675,223			

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
Solar Photovoltaic	67.32			
Wind Power	5.02			
Small Hydropower	8.04			
Biomass	20.10			
Energy Storage	11.16			

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	4,946			
Male	7,054			
Total	**12,000**	**0**	0	**0**

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

Core indicator 6, and related sub-indicators, were calculated using estimates from the portfolio of existing FI-intermediated EBRD projects in energy efficiency and renewable energy sectors in the focus countries. Sample climate mitigation investments of the EBRD presented in Section B. Project Description are representative but not necessarily the entire direction of future investments under the Programme. For calculation of GHG emission reduction benefits from renewable energy projects the following grid emission factors have been used: Kyrgyz Republic 172tCO2/GWh, Tajikistan – 199 tCO2/GWh, Turkey – 351 tCO2/GWh, Uzbekistan – 558 tCO2/GWh

Core Indicator 11: The direct beneficiaries are those who will be directly impacted by the Programme and are estimated at 12,000 people with 43% female. The total will include (i) 500 loan officers and staff of financial institutions, (ii) 11,500 beneficiaries including climate mitigation project investors (MSMEs, midcaps and households), technology and service providers supplying and servicing energy efficiency and renewable energy solutions, as well as family members of individual investors, personnel and clients of MSME project investors. The total number of beneficiaries is based on the historic portfolio of and experience with FI-intermediated sustainable energy investments of the EBRD.

NGI (only): Justification of Financial Structure

Please describe the financial structure and include a graphic representation. This description will include the financial instrument requested from the GEF and terms and conditions of the financing passed onto the Beneficiaries.

The SAIGA programme will be used to provide financing to eligible investments for climate mitigation by private companies in the eligible countries. GEF funding will be used as blended finance alongside the EBRD investment, in the form of the following instruments:

a) **Concessional finance** - concessional loans at discounted interest rates to support climate mitigation. These loans will be blended with EBRD loans to promote energy efficiency and lower GHG emissions in private sector. The amount of the loan eligible to receive financing from the GEF funds will depend on the market assessment in the country in which the investment is located and on the estimated impact of the investment.

The rank of GEF loans can be senior or subordinated debt, provided that the GEF Loan and the EBRD Loan shall rank *pari passu* with each other at all times.

The availability of funding from the GEF will allow the EBRD to blend its own funds and provide them to financial institutions at reduced margin and invest in projects that otherwise would be priced excessively for the clients to take the risks, thus attracting other investors, and leveraging the EBRD's capacity to deliver energy efficiency solutions in private sector and to help clients to introduce best practices. To participate, sub-borrowers and sub-projects will need to comply with the Programme's pre-defined eligibility criteria limited to climate change mitigation technologies and approaches.

The level of interest rate applied with respect to the GEF loans as outlined in the Termsheet. EBRD pricing of interest rate for the loan shall be determined by the EBRD as the implementing agency for each transaction with FIs and level of concessionality determined in line with the minimum concessionality principles in accordance with 'DFI Enhanced Principles on Blended Concessional Finance for Private Sector projects'.

b) **Results-based payments (RBP) as investment incentives to sub-borrowers (final beneficiaries)** to incentivize them to deliver activities or achieve measurable milestones with significant positive externality. The size of results-based payments is expected to range between 10-15% from the eligible investment amount related to climate mitigation. The payment is received by the sub-borrower only following a verification of eligibility of the project.

Result Based Payments are subject to repayment to GEF at maturity of the implementation period where the expected results for the sub-project have not been met.

It is expected that for RBP instrument at least USD 4 million will be co-financed by other donors, namely the EBRD Shareholder Special Fund. This amount not added to the tables to avoid confusion, however, the tables will be revised and updated by the time of CEO endorsement.

c) An estimated ten percent (10%) of the NGI is requested to support **technical assistance** required to implement the programme.

The overall project expenditure amounts to USD 267.6 million with 5 % of this sum (USD 13.8 million), designated as the GEF funds (not including fees), while the remaining funds (95 %) are provided as co-financing, totalling USD 253.8 million.

The proceeds from the GEF NGI shall not be used to finance any expenditures or costs that have been incurred prior to the date of the effectiveness of the funding agreement between GEF and EBRD.

Key Risks

	Rating	Explanation of risk and mitigation measures
CONTEXT		
Climate	Low	Successful deployment of the Programme and achieving the Programme's climate goals will require significant efforts and dedicated resources to originate, execute and monitor the exposures. Furthermore, there could be unsatisfactory performance of engaged consultants in the technical assistance activities with the FIs or lack of commitment from FIs to the Programme. This will require additional technical assistance to support them in implementing more advisory services, marketing and awareness raising support and climate practice business activities.
Environmental and Social	Low	All investments financed by the FIs must comply with EBRD's Environmental and Social Exclusion List as well as applicable local and national environment, health, safety and labour regulations and standards. In cases where the FIs finance projects that would be classified 'A' on the environmental risk assessment, if they were to be financed by EBRD, the FI will be required to ensure that all such investments meet the criteria in the indicative list of Category A projects included as Appendix 2 in the EBRD Environmental and Social Policy (ESP); such subprojects will be required to meet Performance Requirements (PRs) 1 to 8 and 10. All FIs financed participating in the Programme will also be required to comply with the relevant EBRD's Performance Requirements, as set out below. 1) Applicable to the FI internal operations and not the sub-project portfolio: a. PR2: Labour and Working Conditions. The key requirements of PR2 are that the FIs comply, at a minimum, with (i) national labour, social security and occupational health and safety laws, and (ii) the fundamental principles and standards embodied in the ILO conventions. b. PR4: Health and Safety. The key requirements of PR4 are that FIs take steps to identify and prevent accidents, injury and disease to workers and affected communities arising from or associated with or occurring during the project activities and prepare and implement preventative measures and plans to manage health and safety risks in accordance with the mitigation hierarchy approach and GIP. 2) Applicable to investments in the FI portfolio:

		PR9: Financial Intermediaries. The key requirements of PR9 are that FIs put in place a clearly defined Environmental and Social Management System (ESMS), including an environmental and social policy and environmental and social procedures commensurate with the nature of the FI, the level of environmental and social risks associated with its business activities, and the type of the project and subprojects. On an annual basis, all FIs will be required to submit to the EBRD annual environmental and social reports on the implementation status of the ESMS, PR9, PR 2, the occupational health and safety requirements of PR 4, as well as the environmental and social performance of its portfolio of investments. EBRD also reserves the right to conduct site visits to FIs to monitor the implementation of the EBRD's requirements and to visit sub-projects, as necessary.
Political and Governance	Moderate	The focus countries are generally politically stable. However, the Programme might be affected by ongoing conflicts in neighbouring countries/regions. Given that this is a private-sector focused proposal, the impact should be limited. The EBRD has local presence in each of the target countries and trusted relationships and monitors closely the evolution of conflicts and their impacts on the viability of investment contexts. The EBRD would also build on its long relationships and policy support activities with the governments of the countries it operates to support alignment of political agenda with the broad objectives of the Programme. The Programme can be a crucial tool in enabling financing even in crisis situations within sound banking parameters. More generally, political risk is not easily ring-fenced and mitigated, with the risk of a jurisdiction reflected in higher financing premiums.
INNOVATION		
Institutional and Policy	Low	EBRD will leverage its well-established policies and procedures to ensure effective implementation of this Programme. Transactions are approved by the EBRD's Operations Committee, including a review of all concessional elements, while in parallel a dedicated Committee reviews and approves the use of concessional instruments and technical assistance. EBRD's Impact Team (independent from Banking) also oversees the monitoring of transactions and the collection of impact data.
Technological	Low	The Programme's holistic design, addressing both supply side and demand side constraints mitigates this risk, including through support to the FI on product design and roll-out, marketing and awareness-raising activities to build demand and pipeline and the use of the RBP to stimulate demand. EBRD also applies a rigorous monitoring and verification approach to ensure that climate impacts are indeed achieved and measurable.
Financial and Business Model	Low	The credit risk of FIs and underlying private sector end-beneficiaries will be mitigated by due diligence on each FI prior to approval of each loan. The creditworthiness of each potential FI will be assessed as part of the due diligence process. The EBRD will set adequate loan conditions through appropriate credit quality monitoring benchmarks and covenants.

EXECUTION		
Capacity	Low	EBRD has developed significant institutional capacity to deliver climate finance, leveraging its expertise, internal resources, and strategic partnerships to support climate projects. There are two key frameworks that set the direction and define EBRD strategy for climate finance: - Paris Agreement Alignment: The EBRD is committed to aligning its activities with the goals of the Paris Agreement, which includes supporting low-carbon and climate-resilient development. - EBRD Green Economy Transition (GET) Approach – a strategy to help economies where the EBRD works build green, low carbon and resilient economies. Within this strategy EBRD is institutionally committed to greening financial sector with objective to scale investments across a set of priority environmental, climate mitigation and resilience themes. EBRD has been on track of achieving this objective through combining green investments and blended finance mechanisms, and technical support, making climate projects more financially viable. As part of action under greening financial sector, the EBRD has established a dedicated financing facility to support climate projects – Green Economy Financing Facility (GEFF), that already provided EUR 6.5 billion of finance to 196 participating financial institutions in 29 countries, that resulted in over 235,000 investment projects, over 36 million MWh of energy saved per year and savings of over 10 million tonnes of CO_2 emissions per year. This track record could not be achieved without strategic partnerships with donors and significant in-house expertise and resources built by EBRD, including but not limited to financial professionals and engineers, who work in dedicated project teams from origination to implementation, monitoring, and completion of projects. With regards to targeted countries - Tajikistan, Kyrgyz Republic, Türkiye and Uzbekistan - EBRD has a strong track record of providing climate finance and is an important institutional investor in the region. In targeted countries EBRD established a reliable network of over 30 partner banks and has been deploying a proof GEFF mechanism to deliver climate finance and scale up investments in energy efficiency technologies. In 2013-2023, EBRD disbursed though partner banks EUR 1.7 billion of investments for energy efficiency technologies and delivered 189 million tonnes/year of greenhouse gas emissions savings in focus countries. Nevertheless, in these countries the demand for climate finance is much larger than that delivered by EBRD, and local markets still need concessionality and risk-sharing tools, as well as awareness raising and capacity building programmes to continue delivering climate finance to final beneficiaries.
Fiduciary	Low	Qualified consultants will be selected by the EBRD or its clients in accordance with the organisation's Corporate Procurement Policy and Procurement Policy and Rules and managed using its thorough experience of provision technical assistance to its clients under similar programmes.
Stakeholder	Low	EBRD will actively engage with the wide network of identified stakeholders through the Programme's implementation, creating an effective mechanism for ongoing feedback and coordination. EBRD's Independent Project

		Accountability Mechanism (IPAM) receives and reviews concerns raised by Programme-affected people and civil society organisations about EBRD-financed projects, which are believed to have caused harm, and is open to all.
Other	Moderate	Macro-economic risks such as those of general shocks and downturns to aggregate demand, trade, or employment, have been rising in the aftermath of the pandemic and now the war on Ukraine, e.g., with inflationary cost effects on commodities, energy, food and raw materials globally. The persistence of adverse economic conditions related to the war on Ukraine as well as the COVID-19 pandemic and related restrictions could affect FIs' risk appetite (supply side) as well as end-beneficiaries' appetite to invest or push them towards cheaper, lower-performing technologies (demand side). These factors will be monitored carefully throughout implementation to raise and address pertinent issues and developments in a timely manner. The Programme's focus on advisory services for FIs are expected to improve investment contexts together with marketing and awareness raising support. The proposed sectoral and geographic diversification of the Programme is a key mitigant to the Programme. Overall, the targeted countries are still expected to report growth rates despite these global shocks, which are expected to be temporary not permanent. Furthermore, in line with its mandate, the EBRD applies sound banking principles in its operations, and prices its products commercially considering the country and counterparty risk as well as deal term and structure. The EBRD is a signatory and active proponent of the Principles for Blended Concessional Finance. The EBRD has always acted to operate counter-cyclically in difficult macroeconomic situations. The Bank always applies a rigorous internal due diligence processes where economic/market sensitivities are assessed and analysed for projects.
Overall Risk Rating	Low	The EBRD has a sound expertise and track record in FI-intermediated climate finance. Identified risks are manageable and the EBRD identified sufficient safeguards and risk mitigants to ensure the Programme success.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Describe how the proposed interventions are aligned with GEF- 8 programming strategies and country and regional priorities, including how these country strategies and plans relate to the multilateral environmental agreements.

Confirm if any country policies that might contradict with intended outcomes of the project have been identified, and how the project will address this.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how. (max. 500 words, approximately 1 page)

The Programme directly addresses *GEF-8 Programming Directions* Climate Change Pillar I: Promote innovation, technology development and transfer, and enabling policies for mitigation options with systemic impacts. It targets the following Objectives under Pillar I for high impact, scalability, and transformation potential: *Objective 1.1: Accelerate the efficient use of energy and materials*; *Objective 1.2: Enable the transition to decarbonized power systems.* It also

directly addresses the GEF's ongoing strategies for engaging the private sector, as detailed in the *Private Sector Strategy*, and for the use of non-grant instruments. The proposed Programme plays a pivotal role in climate finance landscape and is in line with the GEF's vision and recent COP take-aways. It is highly complementary to the Greening Financial Systems Programme (targeting 14 countries) under development for the Green Climate Fund. This is done to maximize synergies and scalability potential for triggering market transformation energy storage with the overall goal to reduce GHG emissions to over the next decade and achieve long-term carbon neutrality.

GEF Programming Directions - Climate Change Mitigation Objective 1.1. Accelerate the efficient use of energy and resources
The Programme will support climate **mitigation investments in built environment** by promoting investments in: new and existing buildings certified according to credible standards: LEED (Silver), BREEAM (Good), EDGE (Standard), Passive House (Standard), DGNB (Bronze), or other equivalent certification or achieving Energy Performance Certificate (EPC) class B. existing buildings have a performance baseline defined by the current condition of the building fabric and engineering systems. Energy consumption of the building to reduce by at least 30% compared to baseline performance use of building materials and components with low embodied GHG emissions (low carbon cement, sustainable timber, low-carbon metals, sustainable insulation materials, etc.)
The Programme will promote **financial instruments and business models that can scale up demand for energy efficiency products** and services through: Transposition of high-performance standards and technological innovations into the lending processes and financial products of financial institutions Introducing **mitigation finance targets on the level of financial institutions** to ensure sustained financial flow to innovative energy efficiency technologies and models; Support financial institutions in developing and offering **dedicated climate financing products** (green loans, green bonds, SLLs, etc).
The Programme will support **decarbonisation of industrial and manufacturing sectors** through: • Investments in **equipment, systems and processes that enable substantial reduction** in primary **energy consumption** and/or final consumption of electricity and/or fuels (either of fossil or renewable origin) and/or other forms of energy: modernisation, upgrading, improvement, retrofitting or rehabilitation of existing installations, plants and facilities resulting in energy savings of at least 20% • Adoption of efficient **cooling and ventilation** solutions in residential, commercial and industrial buildings. • Investments in efficient and innovative **cold storage, cold transportation and logistics** • Investments in energy management systems, efficient cooling and ventilation in greenhouses
The Programme will improve access to knowledge and build skills of women and men. A gender baseline assessment will determine the focus of the gender-responsive capacity building and project origination activities. Gender-disaggregated portfolio reporting by financial institutions allows to record measurable and credible impact of the engagement. Ambitious targets will push partners for allocation of meaningful resources to **women-owned and -led activities**.

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GEF Programming Directions: Climate Change Mitigation Objective. 1.2. Enable the transition to decarbonized power systems
The Programme will increase the pace of growth in **decentralized renewable energy generation and linked energy storage through**: Small-scale decentralised renewable energy investments (solar PV, wind turbines, small hydropower, bioenergy projects) Building integrated renewable energy investments Small-scale battery storage for decentralised renewable energy installations Demand-side management solutions (incl. metering)
The Program will contribute to the **enhanced climate and economic resilience of communities through improved access to clean, reliable, affordable and climate resilient energy**, by supporting: The demand-side energy efficiency measures coupled with decentralised renewable energy generation and energy storage supported under SAIGA. Waste energy recovery and use for heating and cooling purposes by local communities and businesses. Decentralized clean and affordable energy solutions, focusing on micro- and mini-grid systems in rural and peri urban areas.
The Program will support the **development of local supply chains and the promotion of entrepreneurship for sustainable/zero-carbon energy**, including through: The use of the Green Technology Selector (online product catalogue and mobile app), that will **enhance local assess to innovative low-carbon technologies** and will strengthen supply chains and **entrepreneurship for sustainable/zero-carbon energy.** Financial institutions will **provide finance to local producers, suppliers and installers of renewable energy technologies** and solutions.

The proposed Programme builds on global best practice and scientific evidence and is inspired by relevant guidance by STAP: *Leveraging Innovation for Transformational Change*[1][1], *Achieving transformation through GEF investments*[2][2], *Achieving enduring outcomes from GEF investment*[3][3], *and finally, Why behavioral change matters to the GEF and what to do about it*[4][4], that touches on levers of transformation for durable behavioral change.

Further, Kyrgyz Republic, Tajikistan, Türkiye and Uzbekistanare signatories of the Paris Agreement. The proposed Programme is aligned with and concretely supports many of the objectives of the countries' policy landscape. Specifically:

Kyrgyz Republic

In context of climate mitigation, the goal of the Kyrgyz Republic is to unconditionally reduce GHG emissions by 16.63% by 2025 and by 15.97% by 2030, under the business-as-usual scenario. Should international support be provided, GHG emissions will be reduced by 2025 by 36.61% and by 2030 by 43.62%, under the business-as-usual scenario. The SAIGA Programme fully conforms with those objectives and will serve as one of the instruments under the international support mentioned in the statement and will facilitate promotion and utilisation of climate mitigation technologies and therefore reduce the GHG emissions.

In addition to investment in climate mitigation in the country, the EBRD assisted the Kyrgyz Republic with adopting and implementing the *Law on Energy Efficiency in Buildings*. The objective of the law is to a) impose the minimum energy performance standards for new construction and major renovations, b) facilitate informed market transactions with the building operational costs using energy performance certificates (EPCs), and c) bring transformative impact to substantially reduce energy demand in the commercial and the residential sector.

Another important legislative improvement potential is the *Law on Energy Savings*, which the ministry of energy has been amending the outdated law from 2018 with partial support from the EBRD, is the main legislation related to achieving cross-sectoral energy efficiency, including specific measures such as energy audits in the industry.

The proposed Programme is also consistent with committed *Long-Term Low-Emission Development Strategy* until 2050, that will aim to reduce fossil fuel consumption, increase energy generation from renewable sources, modernize the energy supply system, and promote energy efficiency measures. The energy sector generates about 60 percent of greenhouse gas emissions in the country, and mitigation potential in this sector will be realized by implementing these measures.

Regarding the regulatory landscape for green finance in the Kyrgyz Republic, there have been some significant developments in recent years. In 2022, following a meeting with the Ministry of Natural Resources, Ecology, and Technical Supervision, the Green Finance Centre (GFC) initiated the creation of a taxonomy for green projects. This effort was formalised through a Framework Cooperation Agreement aimed at advancing green finance in the country. Additionally, with the support of the Eurasian Development Bank (EDB) and the GFC, a centre for sustainable finance and ESG was established in Bishkek. This centre's mission includes promoting sustainable finance services, supporting the issuance of green, social, and sustainability bonds and loans, and providing consulting services for green bond issuance and ESG practices.

Following this, in 2023, Dos-Credobank issued its debut green bonds (amounting to USD 1 million) in the Kyrgyz Republic with full support from the AIFC Green Finance Centre (while based in Kazakhstan, the GFC announced the opening of a branch in Bishkek in 2022). The bank plans to use the proceeds from this issuance to finance environmentally sustainable projects through concessional lending in four key areas: ecotourism, eco-cars, eco-agriculture, and eco-housing.

Tajikistan

Tajikistan estimates that at least 7% of the country's GDP is required for financing climate change activities throughout the decade of 2020-2030 representing more than USD 1 bn per year. Tajikistan has implemented several policies and strategies to address climate mitigation and enhance energy efficiency. The Programme is aligned with the country's updated NDC and supports almost all sectors of the country that are set as a priority in the NDC. The unconditional contribution (NDC) of reducing greenhouse gas emissions in Tajikistan is not to exceed 60-70% of greenhouse gas (GHG) emissions as of 1990, which is the reference year, by 2030. The conditional contribution (NDC), subject to a significant international funding and technology transfer, is not to exceed 50-60% GHG emissions as of 1990 by 2030.

In its efforts to promote green and sustainable financial systems, the National Bank of Tajikistan has joined NGFS. The NBT has, however, not yet developed any sustainable finance guidelines or roadmaps for banks and has not engaged in significant stress testing focused on physical or transition climate risks. In 2022, the NBT released the National Financial Inclusion Strategy of the Republic of Tajikistan for 2022-2026, but issues related to climate or sustainability were not addressed.The recent promulgation at the national level of the Green Economy Development Strategy 2023-2027, developed with ADB support, may serve as an impetus for greater NBT emphasis on climate and transition issues. The Strategy prioritises 11 areas for focus, including energy efficiency, waste management systems, and ecotourism, with

the governmental goal of achieving universal green electricity generation and net-zero emissions by 2037—all of which will require both public and private financing.

SAIGA is consistent with Tajikistan's *Law on Energy Efficiency* from 2013, including the sections on creating positive economic environment to facilitate energy savings and international cooperation for energy efficiency. In conjunction with SAIGA Programme, EBRD is maintaining green policy dialogue with the country and supporting the authorities of Tajikistan government, including the National Bank of Tajikistan adopt a regulation around climate finance linked to addressing climate risk, including voluntary disclosures.

<u>Türkiye</u>

Türkiye faces increasing mitigation and adaptation investment needs to transition to a low-carbon, resource-efficient, and climate-resilient economy. In line with Article 9 of the Paris Agreement, Türkiye expects the provision and mobilization of climate finance supporting developing countries in their progress towards and just transition to a net zero target. In its NDC, Turkiye aims to reduce GHG emissions by 41% by 2030 compared to business-as-usual and achieve net-zero by 2053. SAIGA aims to promote the transition to an environmentally sustainable, low-carbon and climate-resilient economy and contribute to emissions reductions in line with these commitments.

Turkish Banking sector is the economy's main engine to allocate financial resources for their most productive use and to distribute risks efficiently, considering the sizeable climate finance gap and public finance constraints. Green finance is understood by the financial sector as part of the broader sustainable finance agenda. Turkish financial institutions have adeptly steered their efforts towards mainstreaming of green finance, whereby exporters in particular to be impacted by international climate regulations. All these factors will drive increased demand for green finance from IFIs like EBRD and a stronger role for the private sector in the future.

Owing to green finance opportunities offered by MDBs and EBRD, banks operating in Türkiye have started to embrace the concept of "sustainability". Turkish financial system`s green transition started with the establishment of Sustainability working Group at Banking Association of Türkiye ("BAT") in 2014, followed by issuing voluntary Sustainability Guidelines prepared by the working group for the banking sector. In 2015, BRSA joined Sustainable Banking and Finance Network, which allowed the regulator to keep a pulse on global green agenda and take the first steps towards implementing certain climate practices. In 2021, BRSA became the member of the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") and issued a Sustainable Banking Strategic Plan 2022-2025, outlining the sector's sustainability vision, goals, and targets in details. In line with the plan, BRSA embarked more on system regulations and published Guideline on Loan Origination and Monitoring in 2021. This included the main requirements for sustainable lending and management of climate related risks and banks were requested to consider ESG criteria in their loan allocation processes.

There are no harmonized green banking regulations yet however, BRSA circulated the draft regulation on Green Asset Ratio in 2023 and asked banks to provide feedback on the implementation of the proposed regulation. In absence of a national taxonomy, Green Asset Ratio regulation is expected to serve as the first green classification system in Türkiye and help to accelerate and strengthen Turkish banks` efforts towards country`s transition into low carbon economy and Paris alignment.

As part of the proposed Programme, EBRD intends to continue providing policy advice to BRSA to support institutional reform in the financial sector in Türkiye addressing climate risks. This will be achieved by providing peer reviews and inputs to BRSA and informing upcoming regulations aimed at addressing climate risk, primarily through mainstreaming transition planning amongst all financial institutions in Türkiye following international best practice, recommendations from the NGFS and taking into consideration the latest EBRD Paris alignment (PA) approach for Indirect Finance.

Environmental regulation in Türkiye is still relatively weak, despite the significant demands for a standardised approach. EBRD SAIGA programme in Türkiye is an important instrument providing meaningful amount of dedicated green finance and guidance for a variety of stakeholders including regulator and the PFIs.

<u>Uzbekistan</u>

Uzbekistan targets reducing specific GHG emissions per unit of GDP by 35% below 2010 levels by 2030, in its updated NDC. Priority sectors include energy, industry, construction, agriculture, transportation, water, infrastructure, biodiversity and ecosystems, forestry, health, Other Land Use (AFOLU), and waste.

The implementation of the NDC faces several identified challenges. Achieving the long-term goal relies heavily on the support of international organisations and financial institutions, which can provide access to advanced resource-saving and environmentally friendly technologies as well as climate finance resources.

Regarding investment needs for the energy transition, significant investments are needed to replace aging energy infrastructure (USD 262 billion in the reference scenario), and even more for mitigation, decarbonisation (USD 341 billion). These investments encompass all technologies involved in the energy system value chain including the power and hydrogen sectors, as well end-use sectors: buildings, industry, and transport (machinery, appliances, conventional and EVs, boilers and heat pumps, building energy efficiency upgrades, and so on).

Involving the financial system in climate finance is therefore crucial to achieve NDC targets and drive economy-wide decarbonisation.

Currently, the financial sector in Uzbekistan lacks access to affordable long-term climate finance, coupled with a lack of solid regulation and policy environment to incentivise the greening of the banking sector.

While the Central Bank of Uzbekistan (CBU) with support of the EBRD has recently become a member of the Network for Greening the Financial System (NGFS), it has not yet provided sustainable finance guidelines or roadmaps, defined a green finance taxonomy, climate risk reporting requirements, nor conducted stress testing based on climate risk scenarios.

The CBU provided a high-level analysis of Uzbekistan's vulnerability to climate risks in its first half of 2023 Financial Stability Report, issued in October 2023. This analysis considers physical climate risks such as droughts and water scarcity, as well as transition risks. The Report emphasised the need to collect climate-related data for physical and transition risks, but concluded that "the scarcity of climate-related data currently presents a significant challenge to the feasibility of conducting climate stress tests." As a result, no formal climate-related stress testing was conducted.

Incremental/additional cost reasoning

The GEF support to the Project is incremental, as in absence of the requested GEF support, the ability of financial intermediaries and end beneficiaries in the target countries to overcome the barriers hindering the quick uptake of mitigation practices and technologies to drive decarbonisation will be impeded. It is expected that without GEF support, decarbonization and market transformation through adoption of climate mitigation technologies at scale will be slower, and it is likely that stakeholders will continue with the old practices and processes.

The Project is incremental in terms of financial and innovation aspects. Without the flexible support of GEF funds in the form of concessional loans, RBPs and TA, the technical and financial barriers identified would not be overcome. In this case, the beneficiaries would most likely not be offered adequate financing, and in any case, financing would not result in the desired adoption of climate mitigation technologies at reasonable scale.

The Project is also incremental regarding global environmental benefits, as without the provision of GEF funds in the form of concessional loans, RBPs and TA support, the global environmental benefits would also not be achieved.

Last but not least, the involvement of the GEF leads to higher flows of financing than would otherwise have been the case from private sector sources.

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[1] https://www.stapgef.org/resources/advisory-documents/leveraging-innovation-transformational-change

[2] https://www.stapgef.org/resources/advisory-documents/achieving-transformation-through-gef-investments

[3] https://www.stapgef.org/resources/advisory-documents/achieving-enduring-outcomes-gef-investment

[4] https://www.stapgef.org/resources/advisory-documents/why-behavioral-change-matters-gef-and-what-do-about-it

D. POLICY REQUIREMENTS

Gender Equality and Women's Empowerment:

We confirm that gender dimensions relevant to the project have been addressed as per GEF Policy and are clearly articulated in the Project Description (Section B).

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during PIF development as required per GEF policy, their relevant roles to project outcomes and plan to develop a Stakeholder Engagement Plan before CEO endorsement has been clearly articulated in the Project Description (Section B).

Yes

Were the following stakeholders consulted during project identification phase:

Indigenous Peoples and Local Communities:

Civil Society Organizations:

Private Sector: Yes

Provide a brief summary and list of names and dates of consultations

(Please upload to the portal documents tab any stakeholder engagement plan or assessments that have been done during the PIF development phase.)

Private Sector

Will there be private sector engagement in the project?

Yes

And if so, has its role been described and justified in the section B project description?

Yes

Environmental and Social Safeguard (ESS) Risks

We confirm that we have provided indicative information regarding Environmental and Social risks associated with the proposed project or program and any measures to address such risks and impacts (this information should be presented in Annex D).

Yes

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
Low			

E. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described in the Project Description (Section B)

Yes

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant($)	Agency Fee($)	Total GEF Financing ($)
EBRD	GET	Regional	Climate Change	NGI	Non-Grant	13,761,469.00	1,238,531.00	15,000,000.00
Total GEF Resources ($)						**13,761,469.00**	**1,238,531.00**	**15,000,000.00**

Project Preparation Grant (PPG)

Is Project Preparation Grant requested?

false

PPG Amount ($)

PPG Agency Fee ($)

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	PPG($)	Agency Fee($)	Total PPG Funding($)
Total PPG Amount ($)						**0.00**	**0.00**	**0.00**

Please provide justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total($)
Total GEF Resources					**0.00**

Indicative Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing($)	Co-financing($)
CCM-1-1	GET	7,761,469.00	74290210
CCM-1-2	GET	6,000,000.00	179518131
Total Project Cost		**13,761,469.00**	**253,808,341.00**

Indicative Co-financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
GEF Agency	EBRD	Loans	Investment mobilized	206181457
Private Sector	Private Sector	Loans	Investment mobilized	41236291
Others	Other donors	Grant	Investment mobilized	6390593
Total Co-financing				**253,808,341.00**

Describe how any "Investment Mobilized" was identified

A total of US$246 million is expected to be mobilized in loans that overwise would not be mobilized; additionally US$6 million in grant is expected to be mobilized.

ANNEX B: ENDORSEMENTS

GEF Agency(ies) Certification

GEF Agency Type	Name	Date	Project Contact Person	Phone	Email
GEF Agency Coordinator	Alexis Franke	3/1/2024	frankea@ebrd.com	447741240358	frankea@ebrd.com
Project Coordinator	Oleh Sybira	8/1/2024	sybirao@ebrd.com	447469350875	sybirao@ebrd.com

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Name	Position	Ministry	Date (MM/DD/YYYY)

NGIs do not require a Letter of Endorsement if beneficiaries are: i) exclusively private sector actors, or ii) public sector entities in more than one country. However, for NGI projects please confirm that the agency has informed the OFP of the project to be submitted for Council Approval

Yes

ANNEX C: PROJECT LOCATION

Please provide geo-referenced information and map where the project interventions will take place

The Project Intervention will take place in Kyrgyz Republic, Tajikistan, Türkiye and Uzbekistan, across urban and rural areas.

Geo-referenced information

Kyrgyz Republic, Bishkek: Latitude 42.882004; Longitude 74.582748

Tajikistan, Dushanbe: Latitude 38.53556; Longitude 68.77889

Ankara, Türkiye: Latitude 39.925533; Longitude 32.866287

Uzbekistan, Tashkent: Latitude 41.26444; Longitude 69.21611

ANNEX D: ENVIRONMENTAL AND SOCIAL SAFEGUARDS SCREEN AND RATING

(PIF level) Attach agency safeguard screen form including rating of risk types and overall risk rating.

Title
ANNEX D - ESS RISKS

global environment facility
INVESTING IN OUR PLANET

ANNEX E: RIO MARKERS

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation
Principal Objective 2	No Contribution 0	No Contribution 0	No Contribution 0

ANNEX F: TAXONOMY WORKSHEET

Level 1	Level 2	Level 3	Level 4
Influencing Models	Deploy innovative financial instruments		
Stakeholders	Private sector		
Capacity, Knowledge and Research	Capacity development		
Gender Equality	Gender mainstreaming		
Focal Area/Theme	Climate change		

ANNEX G: NGI RELEVANT ANNEXES

Please use the most up to date templates per the most recent call for proposals.

Annex G.1: Template for Indicative Financial Termsheet

Instructions. This termsheet to be submitted with the PIF/PFD should include sufficient details to allow a financial expert to understand and judge the financial viability of the proposed investments. Indicative terms and conditions should be used when specific details are not yet available. An equivalent termsheet used for internal Agency purposes is acceptable but must include sections on Currency Risk, Co-financing Ratio and Financial Additionality.

Project/Program Title	Sustainable and Inclusive Green Acceleration (SAIGA)
Project/Program Number	11513
Project/Program Objective	The SAIGA Programme aims to accelerate decarbonization and market transformation through adoption of climate mitigation technologies at scale by leveraging the financial sector to overcome some of the major barriers hindering the quick uptake of mitigation technologies and practices and catalyze innovative private sector investments in line with the national NDC objectives.
Country [ies]	Kyrgyz Republic, Tajikistan, Türkiye, Uzbekistan
GEF Agency presenting the Project	European Bank for Reconstruction and Development (EBRD)
Project Financing	GEF financing (net of fees): USD 13,761,469 Indicative Trust Fund Resources Requested under the NGI Program in the form of Non-Grant Instruments: USD 4,500,000 – Loans USD 7,761,469 – Results-based Finance

	Indicative Trust Fund Resources Requested under the NGI Program in the form of Grant': USD 1,500,000 – Technical Assistance Co-financing:

Programme Component	GEF finance	EBRD co-financing	Private sector co-financing	Other donor co-financing	Total Co-financing
Component 1 – Technical Assistance (including M&E)	1,500,000	135,775,862	27,155,172	-	162,931,034
Component 2 - Loans	4,500,000	13,500,000	2,700,000	387,097	16,587,097
Component 3 - results based payments	7,761,469	56,905,594	11,381,119	6,003,497	74,290,210
Total	**13,761,469**	**206,181,456**	**41,236,291**	**6,390,593**	**253,808,341**

Private sector co-financing: includes co-financing from Financial Institutions and sub-borrowers.

Other donor co-financing: co-financing for technical assistance activities under SAIGA not covered by GEF TA grant. Other donors may include bilateral donors and multilateral donors such as GCF.

It is expected that for RBP instrument at least USD 4 million will be co-financed by other donors, including the EBRD Shareholder Special Fund. This amount is not included within the tables to avoid confusion, however, the tables will be revised and updated by the time of CEO endorsement.

Currency of the Financing	USD or other currencies depending on market conditions and the needs of the beneficiaries.
Currency risk	Disbursements to, and repayments from, the PFI and repayments to the GEF shall be in the same currency as the applicable GEF Loan. It is expected that the GEF concessional Loan will be provided in USD. If requested by PFIs, EBRD and GEF loans may be provided in local currency. Depending on the transaction, PFIs may bear the FX risk and the EBRD has covenants on FX risk to ensure they manage FX risk prudentially. In case PFIs need full FX risk cover, the EBRD may provide a local currency loan for its portion with subsidised funding cost sourced by EBRD via TCX or other alternative hedge/funding provider. For the GEF portion of the loan, the GEF will bear the related FX risk.
Co-financing ratio	Every GEF 1USD mobilizes 15 USD of EBRD finance Every GEF 1USD mobilizes 3 USD of private sector financing Indicative co-financing ratio for the program is 1:18x.

Financial additionality and minimum concessionality of GEF resources	**Creating markets:** The concessional loans and incentive grants, as part of this green credit line programme, will enable underserved beneficiaries to invest in high-performing and environmentally friendly technologies that reduce energy consumption and GHG emissions substantially. **Market conditions and market failures**: Potential beneficiaries in the target countries continue to lag behind in terms of investments in resource efficient technologies and climate change mitigation and adaptation projects. This is mainly due to (i) limited internal capacity and awareness of such investment opportunities and information asymmetries, (ii) higher risks, (iii) the absence of stringent regulations and appropriate pricing and (iv) a lack of medium- to longer-term finance available from local banks targeting climate change mitigation and adaptation investments. Moreover, technologies that offer higher performance have lower market penetration in the target countries, adding to the perception of risk and uncertainty over returns. **Difference to the programme:** In the absence of the concessional loans, there would be limited take-up of this facility by PFIs and sub-borrowers, who would not adopt high-performing technologies. Importantly, the facility would be too expensive for eligible sub-borrowers, considering the current cost of capital and hence cost of climate change mitigation and adaptation investments. The concessional loans parameters were calibrated in relation to the externalities being addressed in line with the principles of minimum concessionality and is not considered to crowd out commercial finance, but rather, though also the associated RBP and TA, develop markets and demonstration effects that will increase commercial opportunities in the future.
Use of proceeds	The proceeds of the Loan shall be used by the PFI and/or via its subsidiary/ies, for the purpose of on-lending to, or entering into financial leases with, eligible Sub-borrowers for eligible Sub-loans in climate mitigation technologies and practices, as outlined in Annex 1. 100% of the proceeds will be used for investments aligned with the GEF Focal Area of *Climate Change,* in particular under *Pillar I: Promote innovation, technology development and transfer, and enabling policies*.
Financing instruments requested from the GEF TF (other than grants)	Loans (debt). The Loans will be provided in one or more tranches, some of which may be committed after the date of the Loan Agreement. Loans can be senior or subordinated.
Financing requested from the GEFTF in the form of Grant for Technical Assistance	Key terms and conditions for the use of GEF funds for technical assistance: Amount of GEFTF in the form of Grant for Technical Assistance: USD 1,500,000 Eligibility criteria: For participating PFIs and existing or potential sub-borrowers (including market dissemination activities). Availability of technical assistance: Technical assistance shall be available to PFIs and sub-borrowers that invest in the activities determined in the Eligibility Criteria and in accordance with the Policy Statement contained within the Loan Agreements between EBRD and the PFIs providing for the Loan, which may or may not be partially funded from GEF proceeds. The scope of such technical assistance is expected to include the following indicative activities, inter alia: i) supporting Programme design and implementation; ii) technical eligibility screening; iii) assisting final recipients; iv) capacity building of PFIs and capacity building of end beneficiaries; v) knowledge sharing; and vi) policy dialogue. Procurement: to be done in accordance with the EBRD’s procurement policies and procedures. Final payment date for eligible expenditures: No GEF non-reimbursable funds shall be committed for eligible expenditures after the Completion Date, five years (60 months) after the effective date of the GEF financing. It is expected that Technical Assistance Grant will be disbursed in Türkiye.
Financing requested from the GEFTF in the form of Results-Based Payments	Key terms and conditions for the use of GEF funds for Results Based Payments: Amount of GEFTF in the form of Grant for Results Based Payments: USD 7,761,469 Eligibility criteria: Eligible sub-projects as defined in Annex 1. Availability of Results Based Payments: Results Based Payments shall be available to eligible sub-borrowers (final beneficiaries) in accordance with the Policy Statement integrated within the Loan Agreements between EBRD and the PFIs providing for the Loan, which may or may not be partially funded from GEF proceeds. Results Based Payments shall be payable on the achievement and verification of an eligible sub-project.

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<u>Amount of Results Based Payments:</u> The amount of Results Based Payment applicable to each individual sub-project will range between 0% to 15% of the applicable sub-loan amount provided to sub-borrowers by the PFI, as determined in line with the methodology outlined in Annex 1. Only one Results Based Payment made be made for a given sub-project.
<u>Disbursement timetable for Results Based Payments:</u> Results Based Payments are legally committed in line with the associated Loan (which may or may not include a GEF Loan) and are expected to be legally committed from year 1 and disbursed from years 2 until the Completion Date. As all disbursements for Results Based Payments are made ex-post, following verification, no reflows to the GEF are expected except in cases of clawback, where a payment has been made in error or against inaccurate information. Clawback provisions for Results Based Payments are included within the Loan Agreements signed with PFIs.
<u>Disbursement process for RBP:</u>
The EBRD procures an independent verification consultant to verify the completion of investments in line with the ex-ante eligibility assessment, ensuring that investments are signed, disbursed, complete, installed and operational, and consistent with the eligibility criteria and requirements set under the Programme. This verification is confirmed in writing in the completion certificate, which is essential for the disbursement of RBP. Compliance with eligibility criteria is ensured as the RBP request is submitted for release by the EBRD only after the sub-project verification has been completed and confirmed by both the verification consultant and the EBRD project team. Disbursement occurs when the recommendation for the release of RBP is granted, provided no default has occurred with the FI and there are no disputes. The EBRD then transfers RBP funds to the relevant FI, which is legally obligated to transfer the appropriate amount to the designated beneficiary within 5 business days. The FI acts as a commissionaire, not entitled to receive or charge any commission or fees. The EBRD uses its own Management Information System (MIS) to track and manage the RBP process, serving as a database and MIS for the entire portfolio of SAIGA sub-projects, enabling accurate and granular records of impact metrics. Where the results are not achieved at the sub-project level, at the maturity of the Programme, RBP funds will be returned to the GEF.
<u>Final payment date for Results Based Payments:</u> No GEF funds shall be committed for eligible expenditures after the Completion Date, five years (60 months) after the effective date of the GEF financing.
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<td>Terms and condition s for the financing instrume nts from GEF</td>
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<u>For the debt instruments (including loans, credit lines, liquidity facilities, structured finance):</u>
(a) <u>Amount of the debt instrument</u>: USD 4,500,000 in GEF financing.
(b) <u>Maturity:</u> 3-5years, including up to 2 years of grace period
(c) <u>Interest rate:</u> The interest rate applicable to the Loans shall be determined by the EBRD in accordance with its policies and procedures, comprising market-based margin plus funding costs, the aggregate of which shall be floored at 0.5%. The funding costs shall be determined as follows:
(i) a USD denominated Loan with a floating rate: the applicable reference rate for USD plus any applicable spread adjustment;
(ii) a fixed rate Loan: the fixed interest rate for the loan currency which is available to EBRD in the interest rate swap and options market on the relevant interest fixing date.
The margin applicable to the GEF Loan shall be subject to an 80% discount on the margin that is, or would have been, applicable to the EBRD Loan with the same currency on the relevant fixed or floating rate basis under the same Loan Agreement. Indicatively and for the purpose of estimates in the Termsheet, interest rate for GEF financing is assumed at 0.75%.
(d) <u>Interest payment dates:</u> The interest will be paid in regular intervals beginning on the Interest Payment Date following the date on which the loan is disbursed. A grace period may be applicable to the GEF Loan and will be the same as the grace period applicable to the corresponding EBRD Loan.
(e) <u>Principal repayment:</u> Maximum USD 4,500,000.
(f) <u>Covenants:</u> Project-specific covenants will be set out in Loan Agreements including, where applicable compliance with the Programme's eligibility criteria and certain financial ratios; restrictions on capex, dividends, new borrowings, negative pledge, etc., customary to this kind of transaction.
(g) <u>Transfer rights:</u> the EBRD reserves the right to sell, transfer, assign, participate or otherwise dispose of its legal or economic interest in any part of the loans funded by the EBRD under a Loan Agreement, provided that EBRD shall at all times after any such disposal: (i) retain for its own account not less than twenty-five per cent. (25%) of the loans funded by the EBRD under the relevant Loan Agreement; and (ii) remain as the sole lender of record of the GEF Loan and the EBRD Loan under the relevant Loan Agreement.
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Annex G.2: Reflows table

Instructions. Any financial returns, gains, interest or other earnings and remaining principal will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. and the GEF Non-Grant Instrument Policy.

Item	Data
GEF Project Number	11513
Estimated Agency Board approval date	TBC
Investment type description (financial product: debt, equity, guarantee, other)	Debt (concessional loan)
Expected date for start of investment	H2 2025
Amount of investment (USD GEF funds) (include technical assistance and non-grant portions)	**Non-Grant: 4,500,000** Grant (TA): 1,500,000 Grant (RBP): 7,761,469
Maturity (indicate the grace period if needed)	5-7 years, up to 2 years grace period
First repayment year	2026 (earliest)
Final repayment year	2032 (latest)
Repayment method description	Amortized payment (fixed)
Frequency of reflow payments (if amortized)	Semi-annual or annual
A. Total principal amount to be paid- reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	USD 4,500,000
B. Total interest/earnings/premiums amount to be paid-reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	Indicatively, assuming an interest margin on the GEF Loan of 0.75%: USD 84,400
Total reflows to the GEF Trust Fund (Sum A + B) in whole USD	Indicatively: USD 4,584,400

Indicative example of reflows schedule for the GEF concessional loan:

	Date	Interest rate	Outstanding balance, USDm	Principal repayment, USDm	Interest Repayment, USDM
0	01.01.2025	0.75%	4.50		0.0169
1	01.07.2025	0.75%	4.00	0.5	0.0150
2	01.01.2026	0.75%	3.50	0.5	0.0131
3	01.07.2026	0.75%	3.00	0.5	0.0113
4	01.01.2027	0.75%	2.50	0.5	0.0094
5	01.07.2027	0.75%	2.00	0.5	0.0075
6	01.01.2028	0.75%	1.50	0.5	0.0056
7	01.07.2028	0.75%	1.00	0.5	0.0038
8	01.01.2029	0.75%	0.50	0.5	0.0019
9	01.07.2029	0.75%	0.00	0.5	0.0000
10	01.01.2030	0.75%			
	Total			**4.50**	**0.0844**

Annex G.3: GEF Agency Eligibility to Administer Concessional Finance

The GEF Agency submitting the PIF or PFD will demonstrate its capacity and eligibility to administer NGI resources as noted in the NGI Policy, summarized below:

A GEF Agency is eligible to administer projects using non-grant instruments if it can demonstrate the following:

a. Ability to monitor compliance with non-grant instrument repayment terms

The EBRD is obliged to manage donor funds as prudently as its own funds. In practice, this means that the same broad principles to donor fund risk management as those applied to EBRD's Treasury funds. Where GEF NGI funds are utilised, these are placed within our loan agreements. Controls are in place to ensure this is the case, whereby both the Donor Co-Financing Team and the Operational Banking Team check these during our review process before these are issued.

The core responsibility for monitoring compliance lies with the Operational Banking Team who oversee repayment terms. The Donor Co-Financing Team also has the capacity to view the status of payments via our DTM banking software. In addition, the Operations Administrations Department oversee the compliance with covenant and conditions precedent, which are specified in the loan agreement. In the eventuality of non-compliance, there are controls and systems in place to escalate the compliance of repayment terms with appropriate teams (i.e. Risk and Corporate Recovery).

Please see below an overview of our investment decisions. GEF NGI terms will be reviewed at project conceptualisation, and will pass through a number of control processes prior to first disbursement. From an operational perspective:

- The monitoring phase begins immediately after Board Approval and continues until repayment or, for equity, divestment
- The monitoring focuses not only on credit elements, but also development milestones agreed with the client (related to e.g. business or environmental targets, changes in corporate governance)

- The additional monitoring elements ensure in-depth understanding of the client's business and increase the probability of identifying problems early.

b. Capacity to track financial returns (semester billing and receiving) not only within its normal operations but also for transactions across trust funds

The EBRD provides project finance, mainly to the private sector. The EBRD has very strong credit strengths, namely: strong support from diversified global shareholder base; conservative risk management and financial policies; and AAA/Aaa/AAA rating with stable outlook. As a result, the EBRD has the capacity to track financial returns. This is performed by the Banking Operations team. The Summit and DTM software tools help to track expected cashflows and the project status across all funds. The Donor Co-Financing Team may also view the status of the returns via the DTM Banking Software and raise queries in periodic meetings related to the use of GEF Funds, where required.

c. Experience and positive track record with the use of non-grant instruments.

The EBRD has worked with donors since its start and currently manages relations with a broad and varied donor community. Between 2014-2023, the EBRD has mobilized USD 11,030,855,551.

The EBRD efficiently manages donor funds. It offers:

- Local presence and expertise – over 25 years of experience, achieving results through successful investment and partnering in transition countries, using our extensive knowledge and presence in those economies. The EBRD works with national and local authorities, the private sector, donors and civil society in each country to enhance the impact of our investments and our technical assistance with active policy dialogue.
- Blended finance and innovative approaches – Blending donor co-financing with EBRD's commercial investments promotes sustainable solutions and expands the scope of EBRD activities. It also places EBRD clients in a stronger market position.
- Leveraged grants – With relatively limited grants the EBRD mobilises significant investment opportunities. Working with guarantees and risk-sharing facilities makes it possible to re-use funds and generate substantial leverage against the amounts initially invested.
- Results through bankable projects – The EBRD applies results-based management in all its work.
- Flexibility – With a private sector mindset and lean procedures, the Bank can respond swiftly to new priorities and tackle emerging crises.

Donor-funded instruments include:

- capital grants that reduce the capital costs of a project. These are most common in the low carbon, energy efficiency, transport and municipal infrastructure sectors.
- incentives that, based on agreed terms, encourage financial institutions and sub-borrowers to invest in a particular area. Such incentives are common in Green Economy Financing Facilities.
- risk-sharing and guarantee facilities to expand investment outreach in countries or sectors where poor market conditions make financing difficult for borrowers. These facilities include for example, first-loss cover for the EBRD's Women in Business programmes and the EBRD's SME Local Currency Programme and the EBRD projects in Ukraine since the war outbreak.

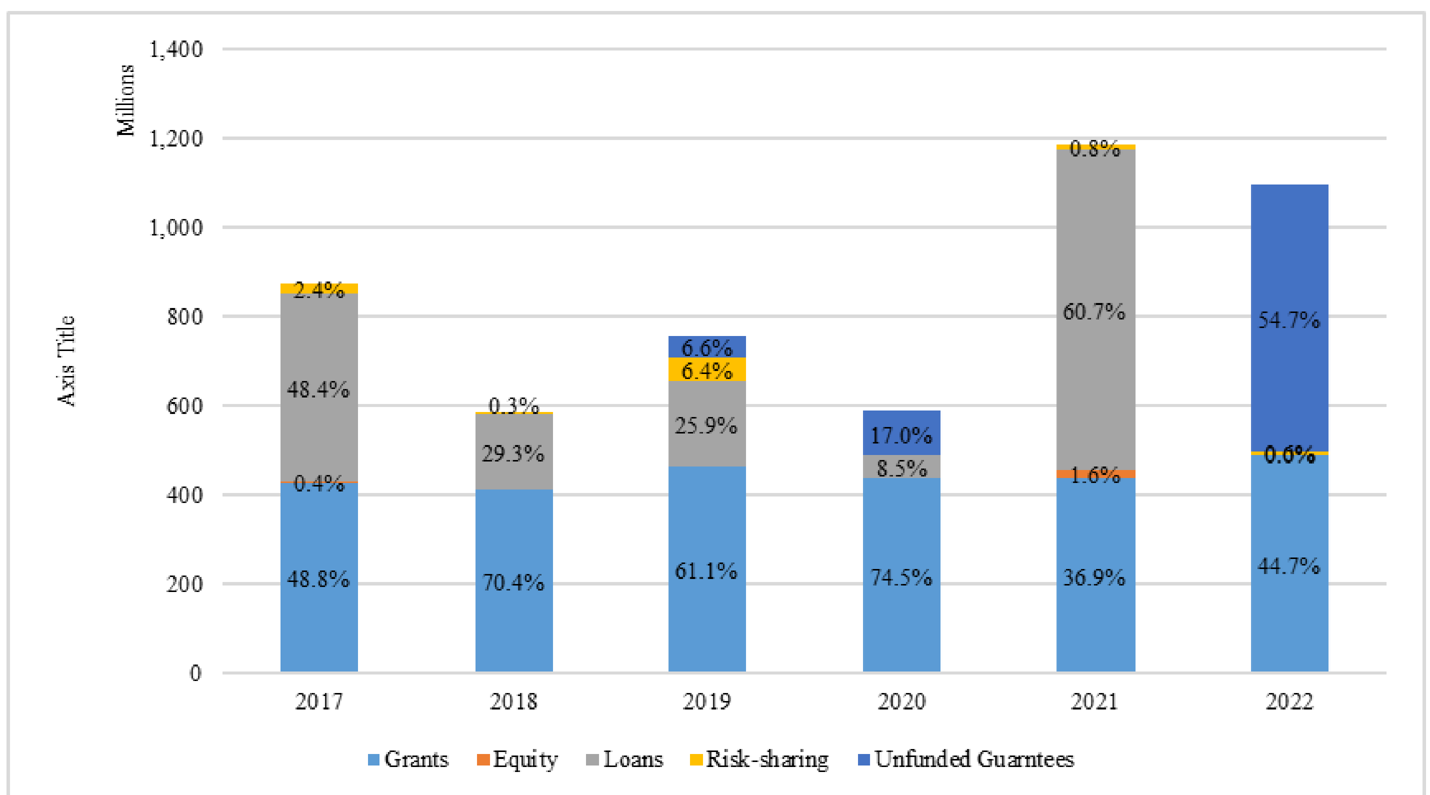
- concessional loans for clients blended with EBRD investments. These products can include extended tenors, grace periods and below-market interest rates. These are funded predominantly from global climate funds to support the transition to a green economy.

- co-lending and equity investments that help the Bank make larger and more beneficial offers to clients as well as undertake deeper capital exposure with clients.

Access to grant funds and concessional finance has proven critical for enabling business operations and to achieve the Bank's transition aims, especially in areas and regions with higher risks and deeper challenges. Not only do they unlock investment opportunities that would not be financed on purely commercial terms, they also make it possible to overcome market and institutional failures where they persist, and address externalities. To safeguard against market distortions, the use of co-investment grants is subject to similar discipline as the use of the Bank's ordinary resources, i.e. promoting the transition to market economies while observing the requirement of additionality.

The Bank's donor-funded portfolio has continued to grow in recent years and grants have become a vital tool to support many of the Bank's operations with many business lines making active use of such resources.

Figure 2. Inflows of Donor Funds by type 2014-2018



The EBRD's work with donors and their funds is guided by a number of Board approved documents[1][2], notably the 'Future Directions for Grant Co-financing' paper (BDS15-079/F), which outlines how the Bank should use grants selectively and strategically, operate as a modern development partner acting in line with best international practice, and be an efficient manager of a sustainable grant business.

For an Overview of our Financial Processes and other relevant information, please see the following documents:

- EBRD Disbursement Handbook for Public Sector Loans https://www.ebrd.com/documents/operation-administration/disbursement-handbook.pdf?blobnocache=true

- Guidelines to Loan Disbursement for Non-Sovereign Operations http://www.ebrd.com/downloads/research/guides/guidelines.pdf
- Please see the following Webpage 'EBRD projects: the financing process' and associated links: https://www.ebrd.com/work-with-us/project-finance/funding-process.html%20
- EBRD Project Finance: https://www.ebrd.com/work-with-us/project-finance.html
- EBRD Loans Overview: https://www.ebrd.com/work-with-us/project-finance/loans.html
- EBRD Basic Documents: https://www.ebrd.Com/News/Publications/Institutional-Documents/Basic-Documents-Of-The-Ebrd.Html
- Investor Information webpage with Relevant Links Related To Credit Ratings (Moody's, Fitch, Standard & Poor's), Local Currency; Investor Presentations; And Financial Statements: Https://Www.Ebrd.Com/Work-With-Us/Capital-Markets/Investor-Information.Html

2. For concessional finance (i.e., projects under the Blended Finance Global Program), a GEF Agency must further demonstrate:

a. Ability to receive and account for financial returns and transfer such returns from the GEF Agency to the GEF Trust Fund;

The EBRD has a long and demonstrable track record to accept financial returns and transfer these to donors, including climate funds such as the GEF, GCF and CTF, amongst others. The EBRD currently reflows principal, interest and other related fees if applicable to the GEF Trust Fund on a quarterly basis per Section 7.1 and Section 12.2 (e) of the FPA.

b. Capacity to perform investments in the type of non-grant instrument to be used with GEF funding;

EBRD loans to the private sector projects usually start from a minimum of €3 million up to €250 million. The average amount is €25 million. The EBRD's loans are structured with a high degree of flexibility to provide loan profiles that match client and project needs. This approach determines each loan currency and interest rate formula.

The basis for a loan is the expected cash flow of the project and the ability of the client to repay the loan over the agreed period. The credit risk can be taken entirely by the Bank or may be partly syndicated to the market. A loan may be secured by a borrower's assets and/or it may be converted into shares or be equity-linked. Full details are negotiated with the client on a case-by-case basis.

Loan features

- Usually range between €3 up to €250 million, although this can be smaller in some cases.
- Fixed or floating rate.
- Senior, subordinated, mezzanine or convertible debt.
- Denominated in major foreign or local currencies.
- Short to long-term maturities up to 15 years
- Project-specific grace periods may be incorporated.

c. An analysis of the investment/due diligence for GEF investments ahead of CEO endorsement;

The EBRD carries out a robust and thorough due diligence assessments when considering new operations. Ultimately the degree and level of assessment is determined on a case by case basis by the banking department together with other departments such as the risk department, the legal department, the chief compliance office, the environmental and social department, the procurement department.

Integrity due diligence and beneficial ownership verification

This is the first step carried out when assessing new projects. Companies and shareholders are reviewed using available sources in the company's or sponsor's local language as well as commonly employed databases. In some instances, in coordination with the Bank's compliance department, a more detailed assessment is carried out including, if necessary, with the help of external consultants. A thorough study is carried out of the ownership structure of relevant entities, as well as of beneficial ownership, in order to understand the motivation of owners for using different companies and jurisdictions as part of organising their business. Transparency and sound business reasons are vital. In addition, relevant entities and persons linked to the project, as well as any less formal associations – past or present - are explored in order to assess matters of integrity and reputational concern. Whilst it is impossible to discover every detail of interest, the Bank deploys a risk based approach: conducting more intrusive integrity due diligence where there is reason to do so. Similarly, for repeat projects, the Bank will place some reliance on past experience whilst, at the same time, also rechecking core features, as above.

Financial due diligence

Each project considered for investment by EBRD undergoes comprehensive and careful assessment of all their financial processes. This includes (but is not limited to) detailed assessment of their financial reports, off balance sheet obligations (including hedging), related party transactions, arm's length dealing and transfer pricing, management information systems, cash and working capital management including sample testing of these. In addition, the company's financial policy is reviewed and its implementation tested. Practically all deals are required to have IFRS or similar reporting standards, and be audited by an auditor acceptable to the Bank, by the time EBRD invests in the project. During the due diligence process a financial business plan needs to be presented where all key assumptions will undergo a process of verification by the Bank. The Bank builds its own financial models where base and stress cases are determined independently. In large, sophisticated or acquisition driven deals full external financials and tax due diligence may be required where assumptions will be sanity checked and tested for realism.

Market due diligence

In each project the Bank takes careful consideration of country and market (sector) implications which are closely reviewed. In cooperation with the Bank's internal economist and treasury departments projections are used to mimic the effects of currency and interest rate fluctuations. Transfer, convertibility and market access – impacting refinancing are also modelled and stressed. Sector considerations– in particular market share positioning and performance vis-a-vie peers are also analysed and benchmarked as relevant.

Management due diligence

Management is seen as a critical element in the success of a project. Assessment of key and senior management capabilities forms an important part of the appraisal process. During the due diligence process, particular focus is put on assessing the proven, measurable and relevant track record management can demonstrate. Management's background and experience is individually evaluated and current management methods analysed. External assessment of management capabilities and background is occasionally carried out. Deal structuring of joint ventures with multiple owners typically require some form of agreed voting rules

and procedures for the appointment of top managers in the shareholders' agreements. A practical dispute resolution is required.

Technical /operational due diligence

Technical and operational due diligence is carried out in all new EBRD projects. The use of experts (internal and external) is more commonly used when assessing technical and operational due diligence. The Bank has developed expert knowledge in several sectors and fields and has in-house expert in the fields of oil and gas, metal and mining, chemicals and pulp and paper to name a few. It will always endeavour to ensure specialists are carrying out rigorous technical due diligence in all projects and oftentimes strict technical project monitors are assigned for each deal disbursement. A detailed technical business plan should be presented and as part of the due diligence process all key assumptions will be reviewed, checked including engineering design and construction and equipment costs as well as supervising where relevant.

Legal due diligence

The Bank operates in a challenging legal environment. In many jurisdictions, the application and enforceability of laws are subject to uncertainties and court practises are not always well established. Legal due diligence is therefore an integral part of the preparation of an operation. At a minimum, it typically includes a review of a client's corporate documents and material contracts impacting the operation, as well as key licenses and permits. The Bank typically engages outside counsel in the client's jurisdiction to assist in the due diligence process and to advise on legal risks. The outcome of the legal due diligence, and any specific risks identified as a result, are shared with other Bank departments, and form part of the Bank's overall risk analysis underpinning its decision to proceed and on what terms.

Environmental and Social due diligence

All projects undergo environmental and social due diligence to assess the potential environmental and social impacts and risks. The due diligence will help EBRD decide whether the project can be structured to meet the EBRD requirements. It is the responsibility of the client to undertake, or commission an independent consultant to undertake an environmental and social assessment of the project to determine the way in which potential environmental and social impacts and associated financial, legal and reputational risks should be addressed in the project planning, implementation and operation.

Procurement due diligence

The EBRD has developed and incorporated as part of its project appraisal and approval a risk based method to assess Client's procurement capacity. This method is mandatory for all operations involving public procurement. The Bank has a fiduciary responsibility to ensure that resources are used with economy, efficiency, quality of results, contractual protection and timely completion. Such a fiduciary responsibility can only be delivered if the Bank is able to identify risks to the successful delivery of each lending operation and find ways to mitigate those risks. The objectives of the Capacity Assessment (CA) are to: (a) evaluate the capability of the Clients, and the adequacy of procurement and related systems in place, to administer procurement (goods, works, services and consulting services) in general and particularly for Bank-financed procurement; (b) assess the competitiveness of the Client's sector operations environment; (c) assess the risks (institutional, political, organisational, procedural, etc.) that may negatively affect the ability of the Client to carry out the procurement process, including identification of procurement practices unacceptable for use in Bank-financed projects; and (d) develop an action plan to be implemented, as part of the project, to address the deficiencies detected by the capacity analysis and to minimise the risks identified by the risk analysis.. The Risk Analysis provides a solid platform for the Bank to work with the Client, to design Client's Procurement Capacity Building/Development Programs and Action Plans. With the CA application, the Bank is able to

understand where procurement risk is allocated and what mitigating measures in addition to Selective Review, may be adopted in order to ensure adequate project implementation.

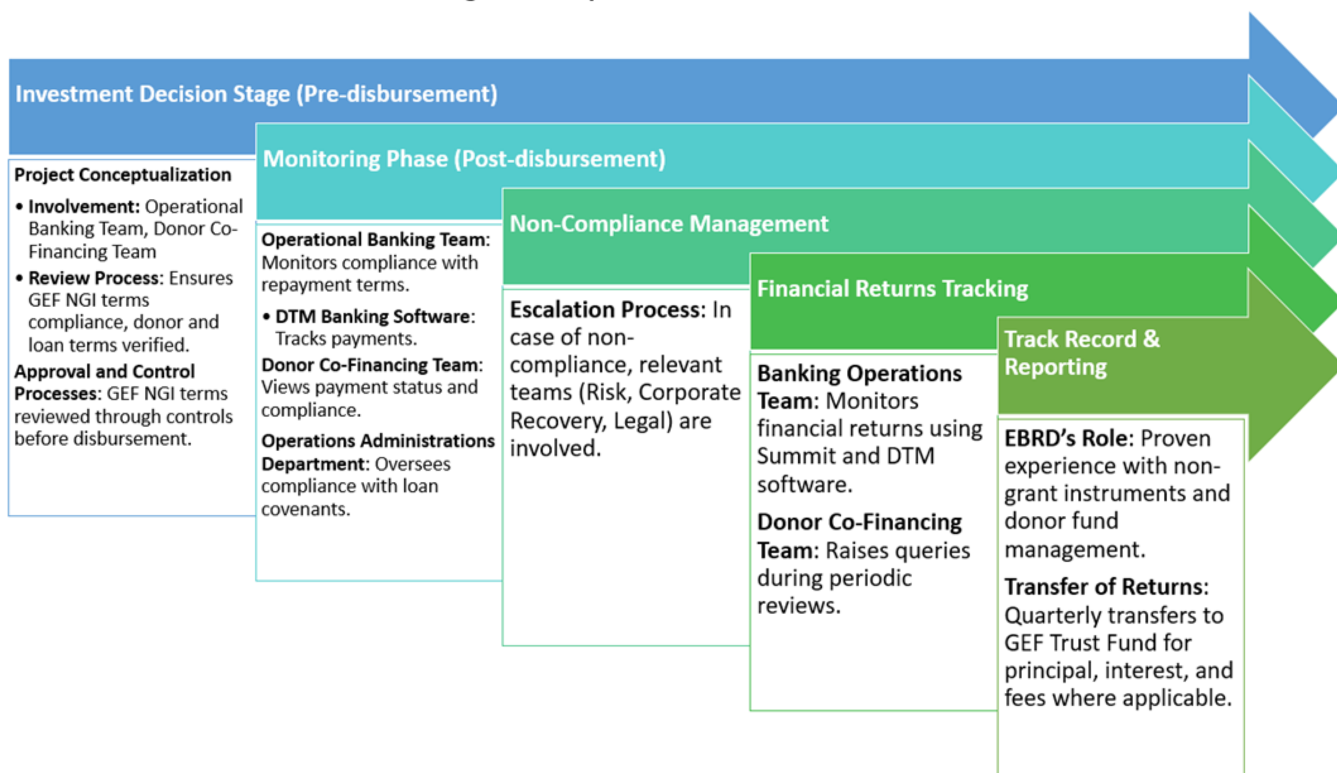
d. Additional requirements on the suitability of the Agency such as co-financing, co-investment requirements, additional safeguards, strengthened due diligence, and strengthened reflow reporting by executing entities. These may be included in the call for proposals or be specific to the design of individual projects.

The EBRD has a very strong track record in repaid principal and financial returns from the private Sector. This would be tracked and overseen by the banking teams who would follow set processes and controls. Please see the links provided within the document for further information.

Please see the section c above for additional details.

e. Commitment to transfer reflows to the GEF Trust Fund as agreed under the FPA;

The EBRD has the systems in place to transfer reflows to the GEF Trust Fund. We currently reflow principal, interest and other related fees if applicableto the GEF Trust Fund on a quarterly basis, as per Section 7.1 and Section 12.2 (e) of the FPA.



3. In case of concessional finance for public sector recipients, additionally, the Agency will be required to demonstrate:

a. Track-record of lending or financing arrangements (other than grants) with public sector recipients

The EBRD also lends for public sector recipient. The same processes and controls are applied to all EBRD operations and clients.

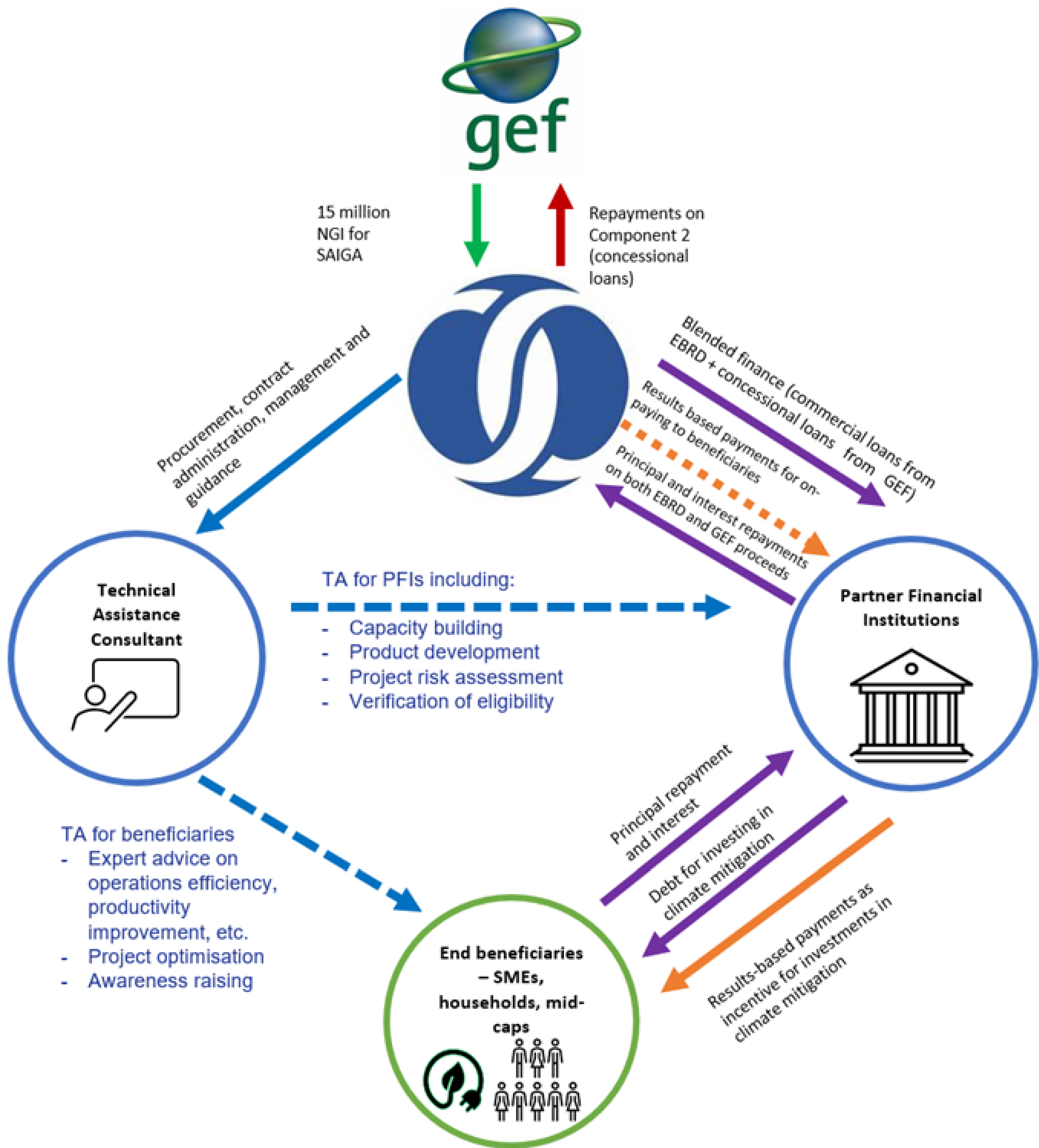
b. Established relationship with the beneficiary countries' Ministry of Finance or equivalent

The EBRD has Resident Offices in every country where we lend. It is the responsibility of these offices to maintain strong and constant relationships with the Governments of these countries, including the Ministry of Finance or equivalent. Given the nature of public sector operations, intensive dialogue takes place before any loan is signed to ensure that sovereign or sub-sovereign loans can be guaranteed.

This includes the Strategic and Capital Framework 2016-2020 (BDS15-013/F), Strategy Implementation Plan: 2017-2019 (BDS16-190/F), Future Direction for Grant Co-Financing (BDS15-079/F), Arrangements for Cost Sharing between Donors and Clients – Policy Review (BDS14-024/F), Staff Guidelines for the Use of Co-Investment Funds in EBRD operations (2015), Fees for Donor Funds Policy Review (BDS16-014, BDS16-014/Rev 1), the Bank's Operational Manual as well as Country and Sector strategies.

Annex G.4: Management Capacity of Executing Agency and Governance Structure

For projects requesting equity instrument, structured finance, or SPVs please provide following information



The Programme will take a demand and market-driven approach, applying the most relevant instruments from this toolbox in line with the needs identified at the individual transaction level, market conditions and the principles of sound banking and minimum concessionality to crowd in private sector stakeholders. A wide range of stakeholders will be supported via the Programme, with various platforms included within the design to maximise the systemic and demonstration impact of the Programme and seek to ensure effective feedback and coordination mechanisms.

To minimize financial risk, EBRD will closely monitor the upcoming events on the market and the potential impact on the financial performance of FIs. FIs will have an obligation of regular reporting on financial performance, financial covenants and implementation of the Facility.