

Supporting the growth of carbon markets in the EBRD region

01 September 2023



European Bank
for Reconstruction and Development





EBRD SUPPORTS THE GREEN TRANSITION IN 36 ECONOMIES

FINANCED

2,700+

green projects since 2006

COMMITTED

€50 billion

of green financing since
2006

MOBILISED

€1 billion

of estimated GET AMI in
2022

REDUCING

124 million

tonnes of CO₂ annually
since 2006

SAVING

468 million

m³ of water
annually since 2013

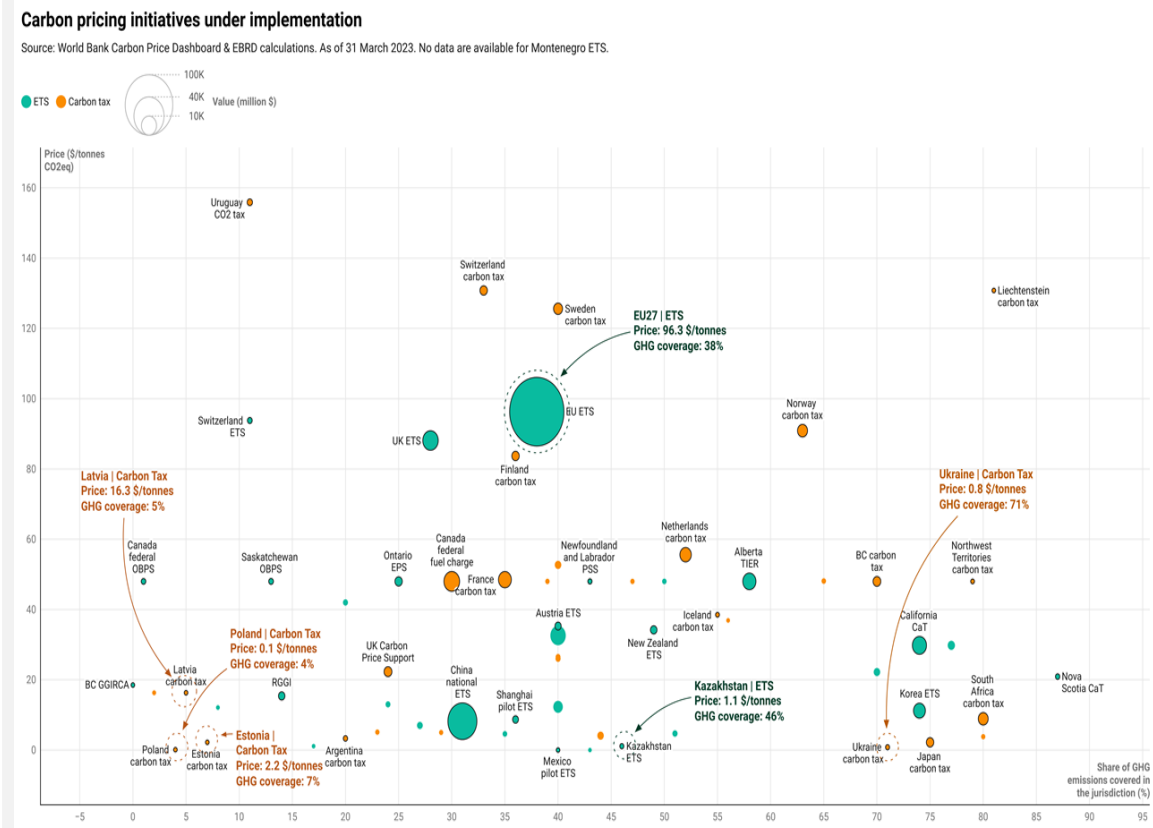
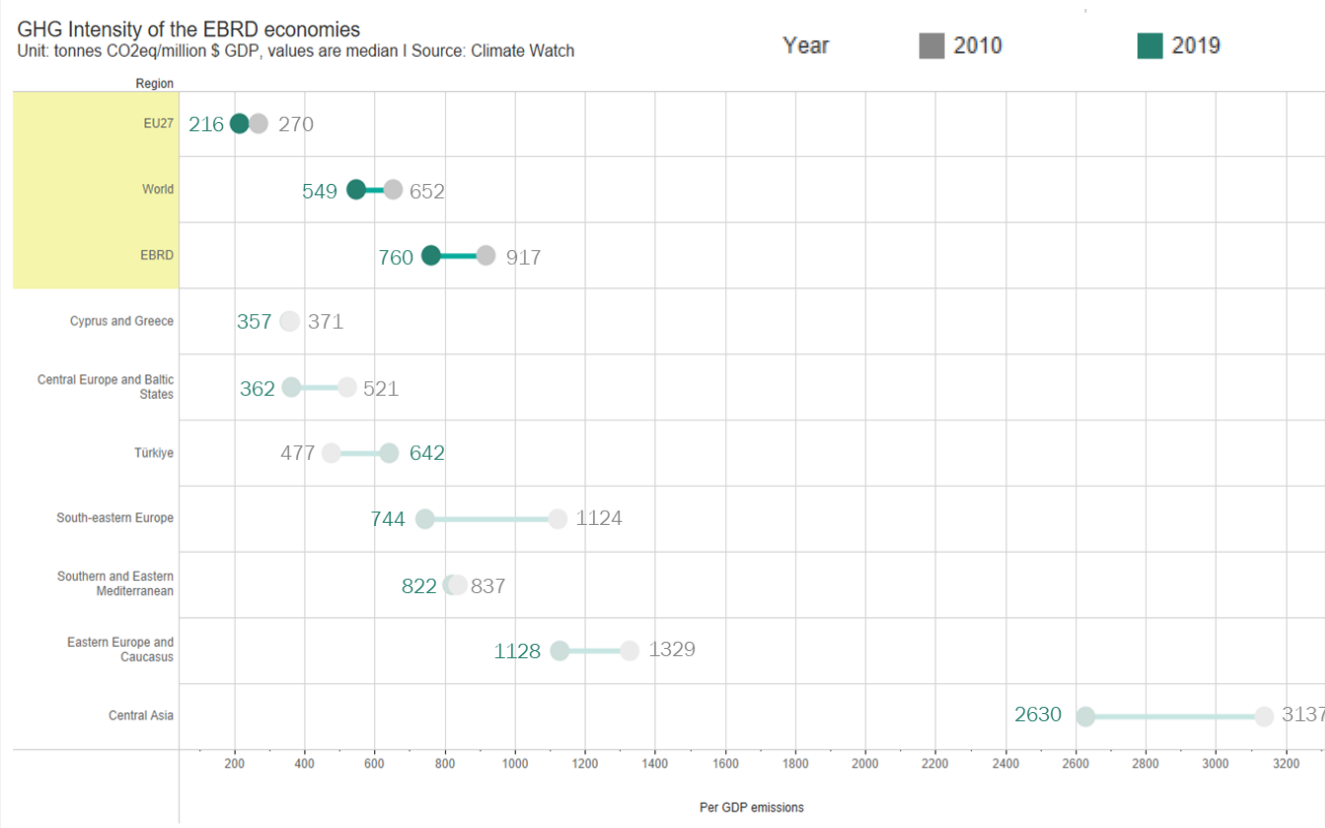
AVOIDING

3.7 million

tonnes of material use
annually since 2013



EBRD ECONOMIES ARE REDUCING THEIR CARBON INTENSITY, BUT MORE NEEDS TO BE DONE AS THE GHG INTENSITY IS HIGHER THAN THAT OF THE REST OF THE WORLD



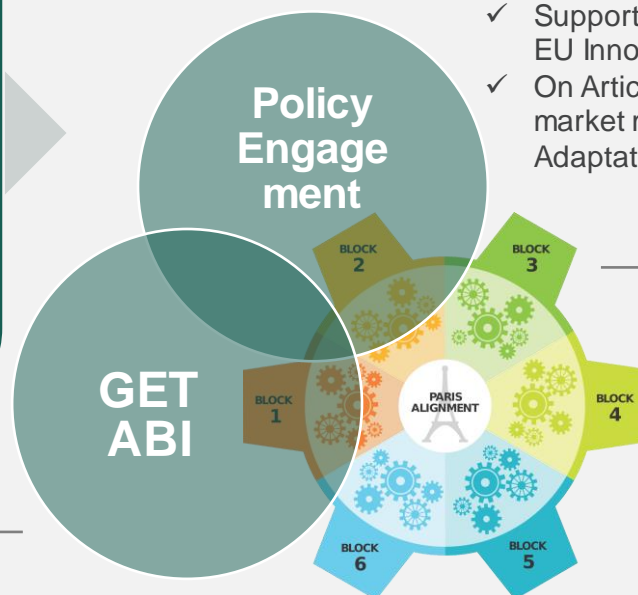
▶ Achieving the Paris Agreement goals will require a rapid shift and massive scale up in green investment flows. Policies and incentives are needed to systemically align markets and investments to drive innovation and enable rapid scale-up of net zero solutions. Initial estimates for the investment gap in the EBRD region are about US\$ 400 million / year. Carbon pricing, including international cooperation through Article 6, is part of the broader arsenal of tools available and can help leverage the investments.

CARBON PRICING AND MARKETS ARE A KEY DRIVER IN OUR PARIS ALIGNMENT AND GREEN ECONOMY TRANSITION APPROACH

Carbon Markets

- Guide investment decisions through price signal
- Unlock additional revenue streams to support climate investments
- Drive cost efficient GHGe reductions and removals
- Help countries to achieve NDCs more flexibly
- Promote international co-operation & global partnerships
- Strengthens MRV and accounting

- ✓ Support countries integrating carbon markets in NDCs and LTSs
- ✓ Capacity building for GHG accounting, D-MRV
- ✓ Support countries with the implementation of carbon pricing instruments (ETS, carbon tax, A6)
- ✓ Engaging in policy dialogue - UNFCCC, J-MDB Working Group, IETA, ICAP, VCM-standards
- ✓ Support recycling of auctioning proceeds (e.g. EU Innovation Fund, Modernisation Fund)
- ✓ On Article 6 we look at both market and non-market mechanisms, and work with AfDB on the Adaptation Benefit Mechanism,



- ✓ Support the PA methodology update to ensure alignment with applicable emerging carbon market standards & baseline methodologies incl. under Article 6, Article 13 of the Paris Agreement
- ✓ Knowledge sharing on carbon market integrity standards and new initiatives influencing the market

Leveraging carbon markets to facilitate:

- **Green Financial Systems**
- **Industrial Decarbonisation**
- **Sustainable Food Systems**
- **Energy Systems Integration**
- **Cities and Environmental Infrastructure**
- **Sustainable Connectivity**
- **Green Buildings**
- **Natural Capital**

WE SUPPORT COUNTRIES WITH LEVERAGING MARKET MECHANISMS AS AN IMPORTANT TOOL TO DELIVER CARBON AND CLIMATE FINANCE FOR LTS AND NDC IMPLEMENTATION



I. PAST

- Managed two carbon trading funds under the Kyoto Protocol
 - A) MCCF (w. EIB)
 - B) Netherlands Carbon Fund
- Supported over 30 JI and CDM projects.
- Linked supply and demand of GHG emission reductions in a region that lacked a clear route to market
- Supported VCM in Türkiye



Kyoto Protocol Carbon Trading as Business Tool

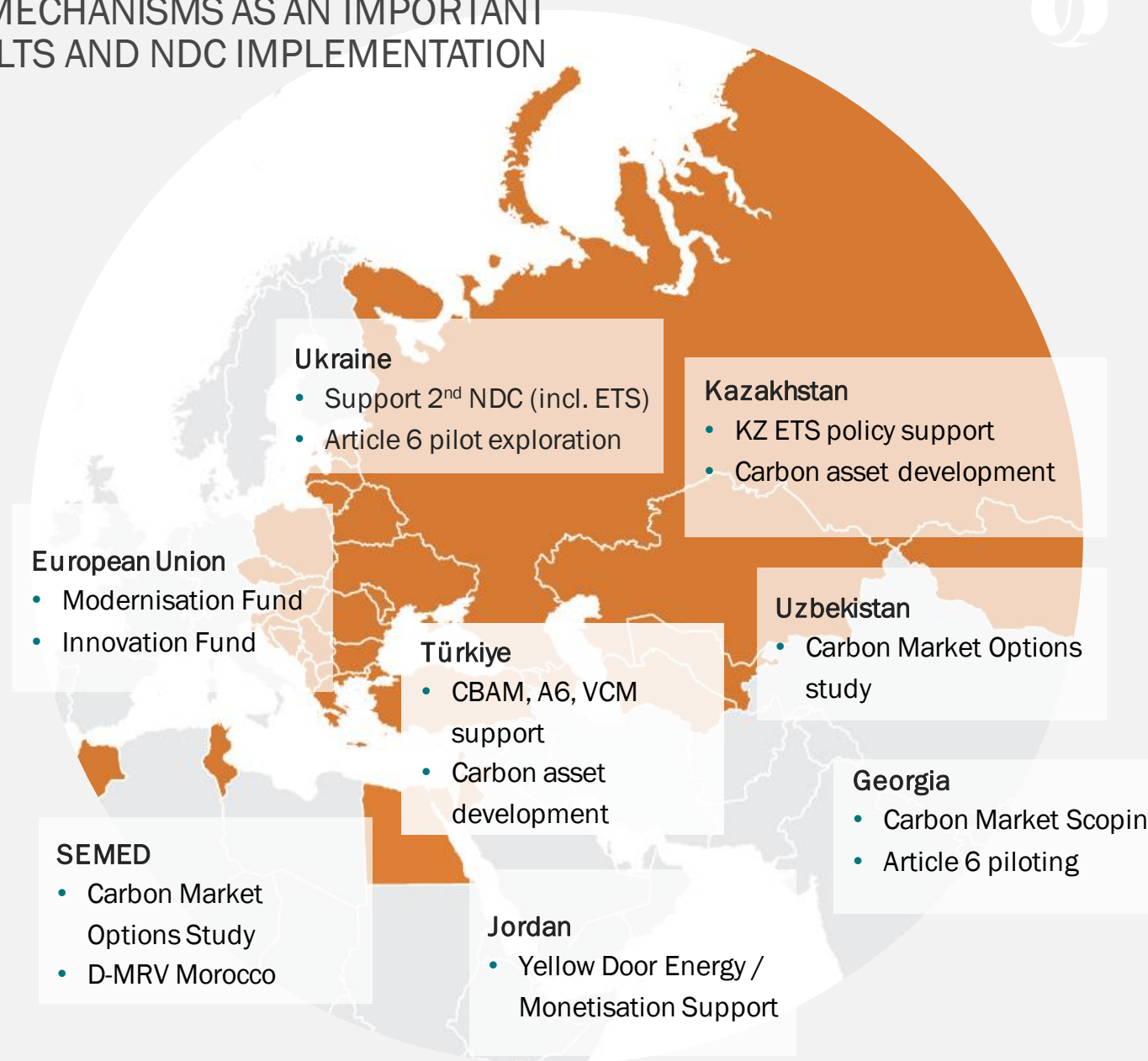


II. PRESENT

- Building capacity and piloting activities to facilitate monetisation e.g. D-MRV to increase market efficiency
- Facilitate uptake of ambitious NDCs and national climate policies (ETS, carbon tax)
- Assisting clients in developing their carbon assets under various carbon markets
- Engaging in policy dialogue – UNFCCC, IETA, J-MDB, IC-VCM, D-MRV WGs



Policy Dialogue and Structuring Transactions



KAZAKHSTAN – CARBON MARKET POLICY DIALOGUE

Forms part of **GCF-EBRD Kazakhstan Renewables Framework**

Development of elements of **carbon market strategy** based on analysis of **Kaz ETS** with key policy recommendations toward a sustainable RE market, addressing:



1 How can the Kaz ETS further promote the development of RE projects?

2 How can Kazakhstan better prepare for international carbon transactions?

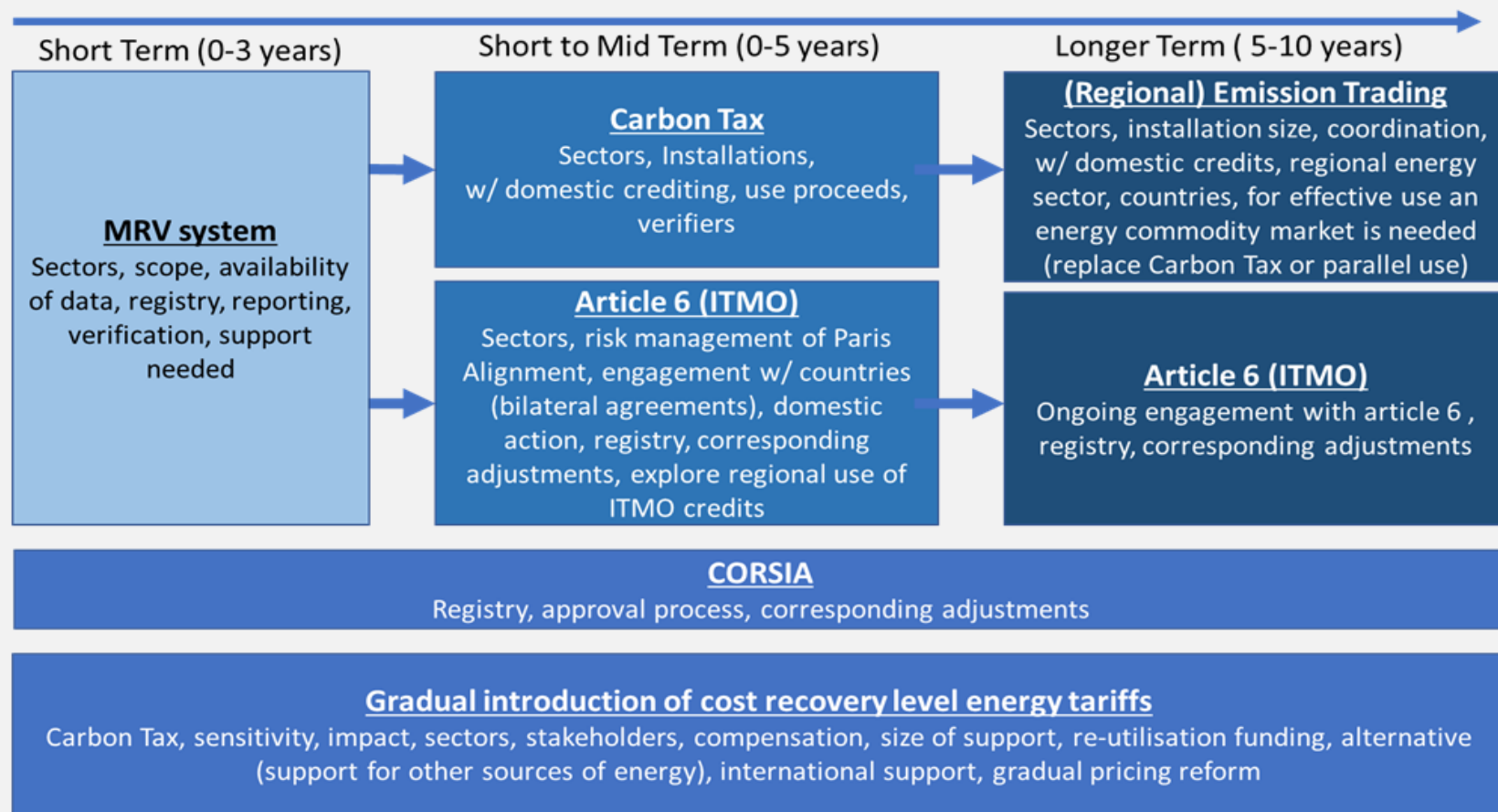
3 How can the Kazakh carbon market be improved and expanded?

	Environmental integrity	Carbon market liquidity	International opportunities
Workshops and study tour	Provide for the environmental integrity of the Kaz ETS and domestic offset mechanism through analysis and recommending best practices in carbon accounting	Provide for increased market liquidity through policies for the increased registration of domestic offset projects and improved domestic carbon market functioning, including through auctioning of allowances	Identify international opportunities for the Kazakh carbon market including routes to market for carbon assets such as via ETS linking, and through Article 6 mechanisms of the Paris Agreement and CORSIA
	Technical and Economic Modelling		
	Grid emission factor and carbon price		



UZBEKISTAN - CARBON PRICING ROADMAP

EBRD supported the Ministry of Investment and Trade with a strategy and roadmap to develop and implement **carbon market instruments** in Uzbekistan. Project included: a) A review of carbon market options b) Economic modelling of abatement options - MACC; c) Identification of roadmap for implementation of carbon market instruments, d) Consultation with key stakeholders on project results



Carbon Pricing Workshop





TÜRKIYE - CARBON MARKET DEVELOPMENT & DIALOGUE ON CBAM, ARTICLE 6

I. NATIONAL LEVEL



Capacity Building and policy dialogue

Promoting initiatives that can further increase **participation of sovereign and private sector actors** in the national and international carbon market incl. advising on the impacts of **CBAM, Article 6, CORSIA and the Turkish ETS**



II. BANK LEVEL



Developing bank's carbon market services

Banks are well positioned to help clients manage the risks and opportunities created by carbon markets. **EBRD provides training to Turkish partner banks** across a range of carbon market activities, including project origination; trading & brokerage



III. PROJECT LEVEL



Carbon asset development support

TA to renewable energy and energy efficiency projects that are eligible for carbon financing. This support included **carbon asset development and monetisation of the generated carbon credits** under relevant carbon standards.

www.turkishcarbonmarket.com



Partner:



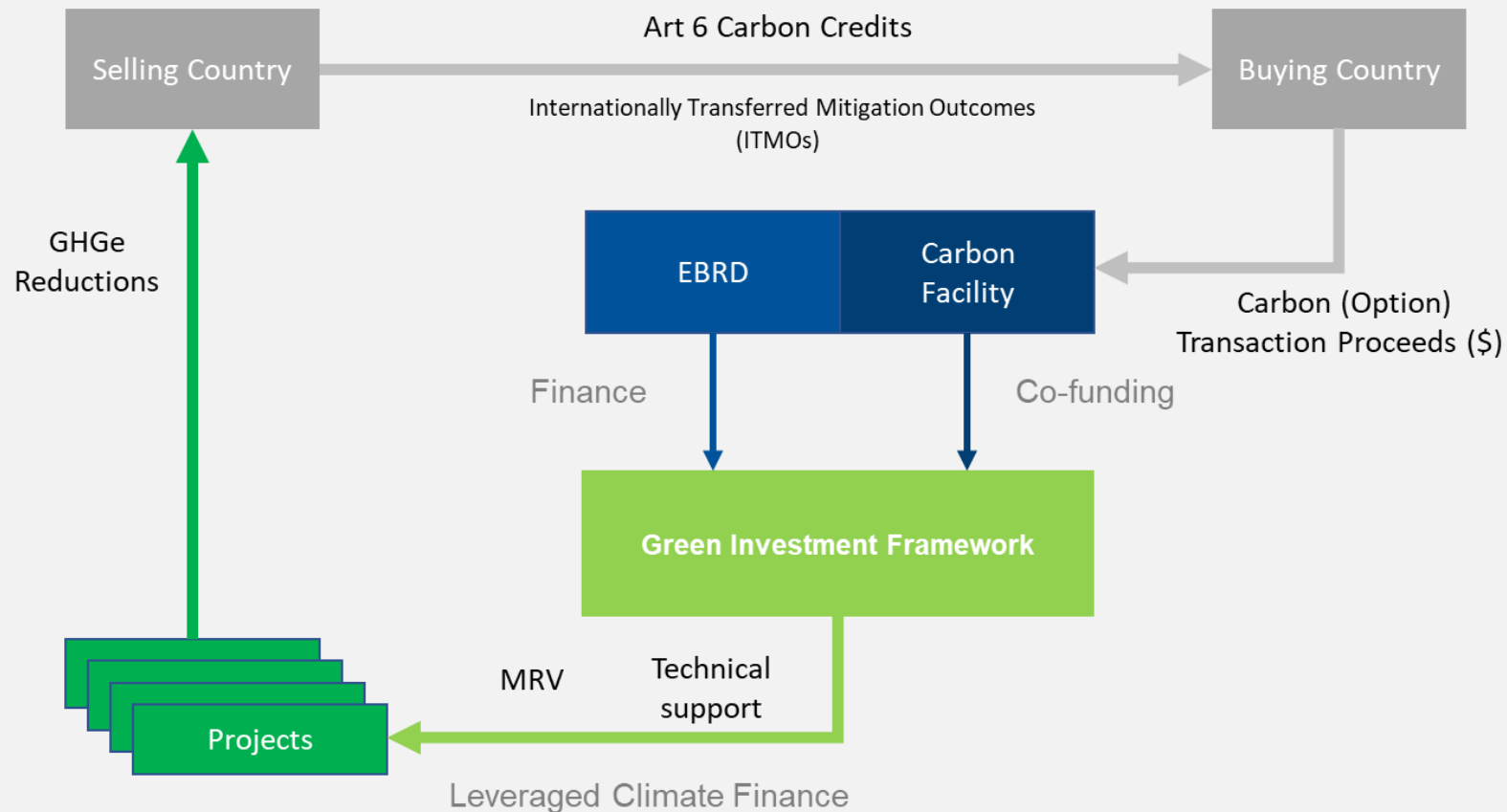
ERCST

European Roundtable on Climate Change and Sustainable Transition





LEVERAGING OUR MARKET KNOWLEDGE AND GREEN FINANCING TOOLS TO FACILITATE ARTICLE 6 TRANSACTIONS



1. **Scoping in close partnership with selling and buying countries** the markets & technologies that can scale to deliver both NDC implementation and ITMO transactions. Using Article 6 to initiate green markets.
2. **Designing and structuring the delivery mechanism**, including use of carbon transaction proceeds and leverage this with EBRD and private sector finance for projects at a programmatic scale.
3. **Support in structuring and documentation** to ensure Article 6 schemes deliver the greenhouse gas emission reductions.



INTERNATIONAL CARBON MARKET COOPERATION & ENGAGEMENT



MDB Working Group on Article 6

The objective of the WG is to position Article 6 as a high strategic priority in climate negotiations and encourage Parties to leverage market/price-based mechanisms as an important tool to deliver NDCs cost-effectively. A second objective is to find mutually interesting opportunities to pilot Article 6 transactions through the MDB investment portfolio.

Digital4Climate Collaboration

Digitalisation of MRV approaches helps increase efficiency, reliability and credibility in the carbon market.

The D4C work program is a collaboration between EBRD, UNDP, UNFCCC, and World Bank that aims to coordinate respective workflows and create a modular end-to-end digital ecosystem for the carbon market.

Climate Market Club

MDBs act as Secretariat to the Climate Market Club, which is a group of national governments and non-sovereign members that agree on common principles and jointly develop modalities for piloting activities under Article 6.2 of the Paris Agreement. The objective of the Club is to serve as a forum for discussion and consensus on how different elements of Article 6.2. of the Paris Agreement can be piloted.



Partnerships and Network



Japan Article 6 Implementation Partnership