



Where finance and green technologies meet

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Climate change in Georgia

Georgia, currently ranked 40th globally in vulnerability to climate change, is facing environmental challenges that often escape major headlines. Although not classified as high-risk, the country experiences a growing number of smaller incidents that demand attention. However, the country has shown early success in securing funding for large-scale climate-related projects, with a total of US\$ 721 million in development finance commitments from entities such as the European Bank for Reconstruction and Development (EBRD), Germany, France, the World Bank, and the European Investment Bank (EIB) between 2016 and 2019.

The Green Climate Fund (GCF), the world's largest fund supporting developing nations, held its 37th board meeting in Tbilisi in October 2023. Despite positive aspects, GCF and the World Bank express concern that Georgia faces above-global-average projections for temperature rises, droughts, landslides, and reduced river flows, posing threats to crucial sectors like agriculture and tourism. To address these challenges, solutions include zoning to avoid building near glaciers, establishing regional monitoring networks, and utilizing advanced monitoring equipment.

With 70% of the country's territory susceptible to various risks, policymakers are increasingly relying on historical data and geological hazard mapping to guide decisions. The most vulnerable areas include Adjara, Guria, Racha-Lechkhumi, and Kvemo Svaneti, emphasizing the need for sustained efforts to address climate vulnerabilities in the region.

Read the full article [here](#).



Sustainable finance report by the National Bank of Georgia – overview

Immediate policy reforms are imperative to tackle the increasing challenges of sustainable development. Redirecting private capital towards sustainable investments is crucial for attaining long-term stability, transparency, and economic resilience.

In order to ensure financial stability and actively support sustainable development, the

National Bank of Georgia (NBG) is integrating environmental, social, and sustainability considerations into its policies. The bank has initiated a Sustainable Finance Roadmap, with a clear objective of establishing a robust regulatory framework and paving the way for a transition to sustainable finance.

The NBG has made substantial progress in implementing the actions outlined in its Sustainable Finance Roadmap, with many already completed or in the development phase. Moving forward, the bank aims to strengthen its Sustainable Finance framework and intends to release a new roadmap in 2024. The NBG also announced hosting the next Sustainable Finance forum, which will be held in March 2024, in Tbilisi.

Georgia's financial sector is predominantly composed of commercial banks, with the two largest institutions holding a significant majority of total assets. Microfinance institutions (MFIs) play a crucial role, particularly in funding SMEs and facilitating financial access in rural areas. Although the insurance market is growing, its share in the overall financial sector remains relatively small.

Collaborating with local and international experts, the NBG developed the Sustainable Finance (SF) Taxonomy, published in August 2022. The NBG enacted the Taxonomy Regulation in January 2023, defining green, social, and sustainable loans and imposing reporting obligations on commercial banks. As of September 2023, the SF Taxonomy-aligned green loan portfolio in Georgia totaled approximately GEL 412 million, constituting less than 1% of the total lending portfolio. The majority of these loans (63%) are directed to the renewable energy sector, with 57% allocated to hydropower projects, and 17% earmarked for the green transport sector. The relatively low share is attributed to ongoing implementation by banks, with not all banks having adopted the Taxonomy at this point.

Read the full report [here](#).

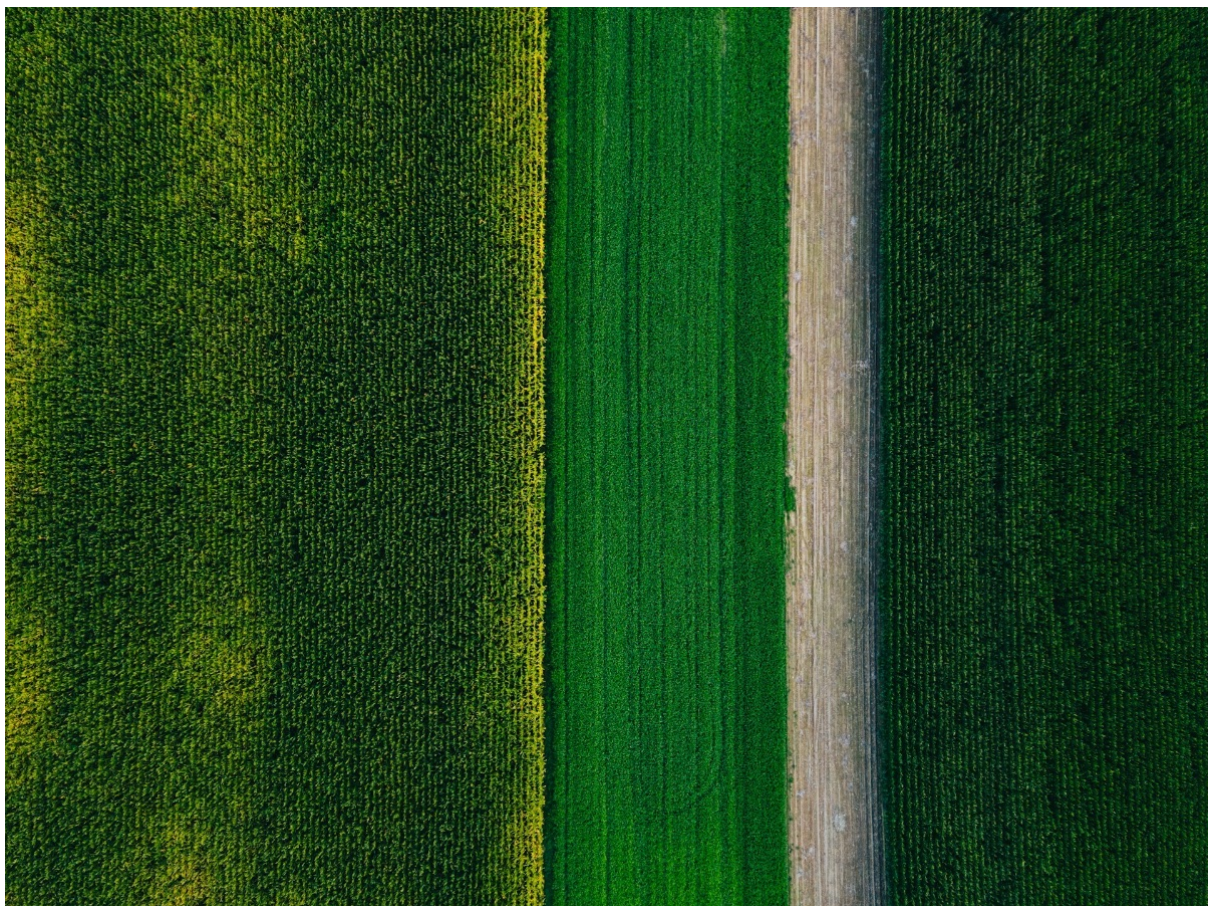
Advancing Sustainable Finance: NBG Releases ESG Guidelines

The NBG continues its proactive stance in promoting sustainable finance with the recent release of comprehensive Environmental, Social, and Governance (ESG) Guidelines. In collaboration with international and local partners, these guidelines complement the NBG's Sustainable Finance Framework, offering practical assistance to financial entities in integrating ESG factors and enhancing risk management.

This initiative aligns seamlessly with the NBG's commitment to sustainable practices, as evidenced by its simultaneous introduction of the Financed Emissions Tool. Developed in

cooperation with the German Sparkassenstiftung for International Cooperation (DSIK) Georgia, this tool calculates the environmental impact of lending activities, providing financial institutions with a systematic approach to assess and manage Financed Emissions. The integration of such tools reinforces the NBG's dedication to fostering responsible and sustainable economic development in Georgia.

Moreover, the ESG Guidelines and the Financed Emissions Tool together create a robust framework for financial institutions. While the ESG Guidelines offer guidance on ESG integration and risk management, the Financed Emissions Tool contributes to the systematic assessment of environmental impacts, allowing financial institutions to make informed strategic decisions in alignment with global best practices. The NBG's multifaceted approach positions Georgia as a key player in the global movement towards responsible and sustainable finance.



GEFF in Georgia: four years of making green finance work

The EBRD launched the Green Economy Financing Facility (GEFF) in Georgia in 2019 as a programme to make businesses as well as homes more sustainable, optimizing costs for both businesses and individuals. By the end of 2023, GEFF in Georgia completes four years of operation, achieving significant success in promoting sustainability and positive environmental impact, supported by the GCF and the Austrian Federal Ministry of Finance

(BMF).

Over four years, GEF in Georgia facilitated 52 projects with a financial injection of €33,036,577, avoiding 137,717 MWh/year of energy use, preventing 33,739 tons/year of greenhouse gas emissions, and conserving 1,035,550 m³/year of water. Tailored to Georgia, GEF financed vital sectors like farming, wine production, hospitality, construction, energy production, and trade.

Nearly half (46.1%) of GEF-financed projects in Georgia spanned regions from Lagodekhi to Batumi. Technologies like [pivot](#) irrigation systems, and [solar PV stations](#) contributed to making agricultural businesses more sustainable. The flexibility of technologies, such as [drip irrigation systems](#), enabled businesses to utilize previously neglected land due to unfavorable topography. Over €14 million was invested in Georgia's construction industry. Thanks to developers' conscious decisions and GEF financing, buildings are now better heated, ventilated, lit, and insulated, creating a more comfortable and efficient environment.

GEF in Georgia significantly boosted solar power projects. With over a dozen workshops and events on solar energy opportunities, the program saw a surge in interest as businesses sought alternatives due to rising electricity rates. Over 20% of GEF-financed projects in Georgia focus on alternative energy, particularly solar. This collaboration led to the installation of new solar power plants with a total capacity of 2,000 kW across various industries, showcasing the versatility of self-generated energy.

Key to GEF's success is the active participation of local Partner Financial Institutions (PFIs). Over four years, TBC Bank, BasisBank, and ProCredit bank have not only channeled support to businesses and households but also organized numerous events, workshops, and trainings focused on energy efficiency, renewable energy technologies, and climate change across various sectors. Collaborative efforts with PFIs led to over 500 businesses attending online and offline sessions.

GEF in Georgia, beyond finances, relied on a diverse team of experts in technical engineering, banking, finance, marketing, and communications. They guided funded projects to prioritize positive impacts on energy efficiency and environmental conservation. Collaborating with suppliers and PFIs, GEF conducted energy audits for up to 70% of projects, calculating tangible impacts like energy savings, CO₂ reductions, and financial benefits. Additionally, through trainings and workshops, GEF strengthened financial experts' capabilities and promoted the integration of sustainable practices into various sectors.

GEFF has actively addressed gender issues by promoting inclusivity and diversity. Over its four years of operation, the program ensured awareness among both women and men about the benefits of [investing in energy-efficient technologies](#). Workshops for business owners and PFIs deepened financial institutions' understanding of challenges faced by SMEs, especially women-owned businesses, in accessing financing and tools for progress. Simultaneously, GEFF's gender workshops emphasized the importance of energy-efficient technologies and how owners can make their businesses more sustainable.

The four-year journey of GEFF in Georgia stands as a testament to the transformative power of sustainable finance. Today, GEFF continues to be a driving force in Georgia's green economy transition, setting the stage for a more sustainable and resilient future.

Featured technology:

Hospitality technologies (dishwashers, washing machines, ovens etc.)

Adopting sustainable technologies in hospitality, such as energy-efficient appliances, brings cost savings, resource conservation, and reduced environmental impact. It appeals to eco-conscious customers, ensures regulatory compliance, and fosters innovation. Other benefits include durability, minimized chemical usage, and resilience to climate change, along with potential incentives and positive effects on employee morale. Overall, it offers economic, environmental, and social advantages.

See which energy-efficient technology suppliers are available on the Georgian market in the [Green Technology Selector](#)

Success story



Roledo Ltd's director, Mr. Oleg Giorgadze, is leading the way in sustainability by opting to purchase an electric vehicles by means of GEFf financing. This decision not only aligns with global green initiatives but also showcases Roledo's commitment to environmentally conscious practices, setting a positive example for stakeholders. In 2023, the company acquired four electric vehicles, three Nissan eNV200s, and 1 Nissan Leaf.

View more success stories on our [website](#).

Investor

Roledo Ltd

Location

Batumi, Georgia

Investment

Electric vehicles

Investment size

US\$ 83,000

Energy savings

21 MWh per year

Cost savings

US\$ 2,800 per year

CO₂ savings

5 tonnes per year

Impact

Reducing carbon emissions, fostering environmental sustainability, and promoting a shift towards cleaner and more energy-efficient transportation solutions.

Donor

GCF, BMF

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