GEFF Green Economy Financing Facility

European Bank for Reconstruction and Development

Where finance and green technologies meet

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National Bank of Georgia completes first climate stress test

The National Bank of Georgia (NBG) has successfully conducted its first-ever climate stress test, examining how climate-related risks could impact the country's financial sector. Supported by the EIB's Greening Financial Systems Technical Assistance Programme and EconLab experts, this two-year initiative assessed both acute physical risks, like extreme weather events, and transition risks linked to the shift toward a low-carbon economy.

The stress test evaluated key financial stability indicators, including Non-Performing Loan

(NPL) ratios and capital adequacy ratios, under various climate scenarios. The results revealed vulnerabilities, with extreme precipitation posing significant risks to NPL ratios and prolonged transition challenges straining capital adequacy over time. Nevertheless, the sector demonstrated resilience and strong capitalisation, showcasing its ability to manage these challenges.

This pioneering effort highlights the importance of proactive climate risk management and ongoing monitoring. By advancing its sustainable finance framework, the NBG is committed to strengthening the resilience of Georgia's financial sector while supporting the country's low-carbon transition and sustainable development.

Comprehensive climate risk management aims to address and reduce the negative consequences of climate change by averting climate risks through the reduction of greenhouse gas emissions, minimising climate risks through adaptation, and risk management or managing residual climate risks via instruments such as climate risk financing or transformative measures. In terms of climate risk financing, the GEFF in Georgia is working with its local partner institutions and addressing important aspects of energy efficiency, renewable energy, climate resilience and climate adaptation.

Read more: NBG climate stress test

Energy efficiency for SMEs: Cost-effective ways to lower your carbon footprint

For Georgia's SMEs, energy efficiency is more than a trend, it is a smart strategy for cutting costs and staying competitive as energy prices rise and climate regulations tighten. The first step is identifying energy waste. Simple upgrades like LED lighting or motion sensors can reduce bills immediately, while investments in energy-efficient machinery and renewable energy systems, such as solar PV panels, amplify savings and shield businesses from future energy price hikes.

Energy efficiency also relies on employee awareness. Training staff to adopt energy-saving habits, like switching off unused equipment or optimising production schedules, enhances the impact of technical improvements. Combining behavioural changes with upgrades creates a holistic approach to reducing energy use and improving productivity.

Financial support is available to help businesses make these investments. Through the GEFF in Georgia, the EBRD offers financing and expert advice for energy efficiency and renewable energy projects. Success stories include Herbia, a herb producer in Tskaltubo, which cut costs and improved productivity with energy-efficient technologies, and Nuts LLC in Senaki, which installed a solar PV system to reduce energy expenses and boost independence.

In an economy where sustainability drives competitiveness, energy efficiency isn't optional, it is essential. With the right tools and support, Georgia's SMEs can cut costs, reduce their carbon footprints, and thrive in an increasingly eco-conscious market.

Why international climate talks matter to Georgia

International climate negotiations, such as the recent COP29 summit in Baku, are crucial for Georgia, a nation increasingly affected by climate-induced floods, landslides, and forest fires. Decisions made at these conferences influence Georgia's access to international climate finance, renewable energy development, and its role in regional cooperation.

Georgia's climate finance heavily relies on loans, which, while enabling critical investments, add to the national debt burden. This underscores the importance of advocating for more grant-based funding and equitable policies at international forums. A balanced approach to climate finance is essential to ensure that Georgia can pursue sustainable development without exacerbating financial challenges.

Despite the significance of these talks, environmental and climate issues often rank low

among public and political priorities in Georgia. Already in 2020 an UNDP study revealed that while nearly 98% of Georgians are aware of climate change, concerns like unemployment and poverty overshadow environmental issues. This gap is exacerbated by limited media coverage and political discourse on climate matters.

Addressing this disconnect requires a more nuanced public dialogue on climate justice, emphasising the social, economic, and political dimensions of climate action. Engaging the broader public in these discussions is essential for developing inclusive and transparent climate policies that effectively respond to the challenges Georgia faces.

With a further strong focus on accelerating climate finance, the EBRD (e.g. through its GEFF activities) will in the Caucasus region increase its collaboration with local financial institutions to scale up national and private sector ambitions on climate targets, while helping to pave the way for greater private capital mobilisation.

For a comprehensive analysis, refer to the full article by Gvantsa Gverdtsiteli, PhD, on the Heinrich Böll Stiftung website.

COP28 to COP29: Balancing progress and challenges in global climate action

The transition from COP28 in Dubai to COP29 in Baku marked a critical phase in global climate efforts. Both summits achieved milestones like renewable energy commitments, carbon market reforms, and operationalising the Loss and Damage Fund, but also highlighted challenges in financing, implementation, and accountability.

COP28 introduced the first Global Stocktake under the Paris Agreement, which revealed gaps in limiting global warming to 1.5°C but catalysed ambitious goals like phasing down unabated fossil fuel use and doubling renewable energy capacity by 2030. Building on this, COP29 in Baku focused on implementing pledges, including the Global Renewable Energy Pact to triple renewable energy capacity by 2030, and finalising carbon market rules under Article 6.

Another focus of COP29 was the New Collective Quantified Goal (NCQG) on Climate Finance, which sets a two-part target: a core annual financing of at least US$ 300 billion by 2035 and an additional layer of up to US$ 1.3 trillion, primarily from private sources. Discussions also emphasised broadening the donor base, encouraging wealthier developing nations such as China and the Gulf states to contribute voluntarily—a shift aimed at ensuring a more equitable distribution of climate finance responsibility.

Programmes like GEFF in Georgia play a vital role in translating global commitments into local action by supporting businesses in adopting renewable energy and energy-efficient technologies. These efforts bridge the gap between international goals and practical progress.

Despite these achievements, financing remains a key obstacle, particularly for developing nations like Georgia that rely on international support for green projects. Limited access to grants and concessional funding poses challenges, alongside the need for significant investment in infrastructure and accountability mechanisms.

Both summits stressed the urgency of climate action as disasters grow more frequent. Moving forward, the focus must shift from pledges to implementation, ensuring equitable resource distribution and support for vulnerable nations. While progress has been made, much work remains to secure a sustainable future.

Georgia’s EV market surges: imports up 2.5-fold in 2024

Electric vehicle adoption in Georgia is accelerating at an impressive pace. From January to October 2024, the country saw a 2.5-fold increase in EV imports compared to the previous year, with a total of 4,056 electric vehicles entering the market.

According to Geostat, the total value of these imports reached US$ 78.7 million, and the average price per EV dropped to US$ 19,400, significantly lower than last year’s US$ 27,400. This decline reflects a global trend, as used EV prices have been falling worldwide, making electric mobility more accessible than ever.

Leading the charge in Georgia’s EV imports are:

- USA – 2,347 vehicles
- Japan – 720 vehicles
- China – 675 vehicles
- Germany – 132 vehicles

Global warming is accelerating, and the transport sector alone is responsible for a significant share of Georgia’s total GHG emissions, with projections indicating a continued rise in emissions. It is also a major cause of pollution. Electric vehicles therefore play a key role in decarbonising car travel, improving air quality, and striving toward Georgia’s national target of reducing GHG emissions.

The GEFF in Georgia also provides finance and advice to help businesses become more competitive and households to reduce residential energy costs by investing in electric vehicles through its partner financial institutions.

Featured technology

Energy-efficient heat pumps

Heat pumps are an advanced technology that efficiently transfers heat for heating or cooling purposes. They work by extracting heat from the air, ground, or water, offering a sustainable alternative to traditional heating and cooling systems. Heat pumps are gaining popularity globally for their energy efficiency and ability to reduce carbon footprints. In Georgia, they are a practical solution for improving energy efficiency in residential and commercial buildings, particularly in areas with variable climates.

See which energy efficient technology suppliers are available on the Georgian market through the Green Technology Selector.

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