

GREEN BUILDING INVESTMENT FACTSHEET: PUBLIC BUILDINGS



EBRD'S GREEN ECONOMY TRANSITION (GET) FOCUS FOR GROWTH IN PUBLIC BUILDINGS

The EBRD's Green Economy Transition (GET) approach aims to put investments that bring environmental benefits at the heart of its mandate and turn green-building challenges into solid investment opportunities with clear economic, environmental and social benefits. Since 2006, the EBRD has invested almost €24 billion green investments of which over €2 billion in buildings. With the goal of bringing investments with environmental and climate benefits to the heart of the Bank's mandate, EBRD intends to increase its volume of green financing from an average of 24 per cent over the previous 10 years to 40 per cent by 2020. This short factsheet focuses on EBRD GET support for public building investments.

FOCUS ON THE BENEFITS OF GREEN BUILDINGS FOR THE PUBLIC SECTOR

Governments face increasing utility bills and higher demand from public for good quality services and infrastructure. With a highly inefficient public building stock in all of EBRD countries, the Bank's strategy identified green investments in public building among key priority areas. Recognising the importance of state intervention to set the required policy and regulatory reform and building on the EBRD experience that such intervention is best supported by an operational dialogue on specific projects, the Bank aims to enhance its transition impact by employing both private and public delivery channels. This will enable the Bank to enhance its capacity to achieve critical mass in environmental improvements and emissions reduction efforts; to implement advanced technical solutions in public sector buildings and related infrastructure; to engage in strategic policy dialogue and technical cooperation; and to achieve significant demonstration effect.

Recognising the large scope for investments with environmental benefits in the public buildings, GET uses a broad range of financing channels and capacity-building tools.

For public buildings, EBRD uses a variety of approaches including Green City Action Plans, direct lending to Municipalities, PPP structures, Energy Service Companies (ESCOs) and Urban Regeneration activities. EBRD works with partners to design, fund, maintain and operate energy-efficiency improvements for public sector beneficiaries. Repayment of investments internalises the resulting savings and environmental benefits.

EMERGING TRENDS IN PUBLIC BUILDINGS FOR THE FUTURE

- At present, many cities and municipalities deliver low-quality, low-charge services from out-dated offices and public buildings;
- Municipalities are caught with affordability caps that prevent increased service charges, which in turn stops new investments;
- Improving energy efficiency in the delivery of municipal services will also deliver important co-benefits such as: increasing the welfare of citizens, reducing the cost of municipal service delivery and improving the quality of those services delivered;
- Maintaining policy dialogue and providing technical assistance can scale-up and unlock investment opportunities in public buildings.

CASE STUDY: GREEN CITY INVESTMENT, CHISINAU PUBLIC BUILDINGS, BULGARIA

The Moldovan economy is one of the most energy and carbon intensive in the region. Moldova's capital city, Chisinau, will take part in a Green City Action Plan (GCAP) whose goal is to rehabilitate city owned buildings and demonstrate the commercial viability of energy efficiency projects carried out through Energy Performance Contracts (EnPCs).

EnPCs offer various advantages over traditional procurement of efficiency:

- Private sector expertise is leveraged to design, implement energy efficiency investments and optimized operation
- Procurement based on energy performance and Net Present Value.

EBRD LOAN	10,000.0 (Euro M)
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TARGET BUILDINGS	291 Public buildings, such as schools, hospitals, and kindergartens. Most buildings were built 20 years ago.
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EBRD's ESTIMATES	Investments in insulation and efficient building service equipment can achieve energy savings of up to 50%
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European Bank
for Reconstruction and Development

EBRD's GREEN FINANCE IN PUBLIC BUILDINGS (2006-2016)

Number of Countries with Public Buildings Programmes (past & present):	12
Number of projects funded:	24
Aggregate Project Investment Amount (Euro M):	>7,000
Aggregate EBRD Green Investment Amount (Euro M):	>720
Aggregate Primary Energy Savings (MWh/ year):	>2,500,000

GET SUPPORT AVAILABLE FOR PUBLIC BUILDING PROJECTS

EBRD's approach builds on a tried and tested business model of combining investments with technical assistance and policy dialogue.

Financing instruments

- Green Economy Financing Facilities (GEFFs) supporting investments and technical assistance via local financial institutions
- Intermediated finance promoting green financing for public buildings via utility demand side facilities or other intermediaries
- Direct lending and technical assistance to public entities to support them in the identification and prioritisation of financially viable green investments for the rehabilitation of public buildings
- Support to public entities to develop PPP Frameworks for development of public building infrastructure using private sector resources and expertise and embedding energy performance;
- Urban regeneration, supporting cities to identify, benchmark, prioritise and invest in green measures to improve urban environmental performance
- Green/ Climate property bonds to support projects in energy efficiency, renewable energy, water management, waste management and environmental services and sustainable public transport

CASE STUDY:

TURKEY's PPP FRAMEWORK FOR HOSPITALS

In 2014, Turkey's Health Ministry PPP programme launched with total investments of €12 billion to deliver 60+ new hospitals with more than 50,000 beds. EBRD offered financing on commercial terms under A/B financing structure to interested concessionaires upon conclusion of specific hospital PPP tenders.

- ▶ EBRD also provided the Turkish Ministry with technical support for value-for-money analysis on PPP structures, as well as contract support to train a dedicated PPP unit inside the Ministry for monitoring of projects.
- ▶ As part of the EBRD engagement, the Bank has assisted the Ministry with establishing advanced technical requirements at levels of best industry practice.

TOTAL BUDGET	4,842 (Euro M)
EBRD LOAN	667 (Euro M)
GET INVESTMENT IN BUILDINGS	505 (Euro M)
ENERGY SAVINGS	600,000+ MWh per year.
CO ₂ SAVINGS	over 400,000+ tonnes of CO ₂ equivalent per year.



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