

Replenishment proposal for the EIB's Greening Financial Systems Programme



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Replenishment proposal for the EIB's Greening Financial Systems Programme

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Introduction

The Greening Financial Systems Programme (GFS Programme) is a technical assistance programme set up in 2021 by the European Investment Bank (EIB) and the German Ministry for Economic Affairs and Climate Action. The programme was launched in response to the NDC Partnership’s [Readiness Support for Greening Central Banks](#) initiative. Germany, a long-standing member of the NDC Partnership, contributed €30 million from the International Climate Initiative (IKI) to the EIB to put the programme in place. This contribution was made through the [IKI Fund](#), a trust fund managed by the EIB. The programme was first launched in January 2022 for four years, before being extended in 2023 to six years – until 31 December 2027.

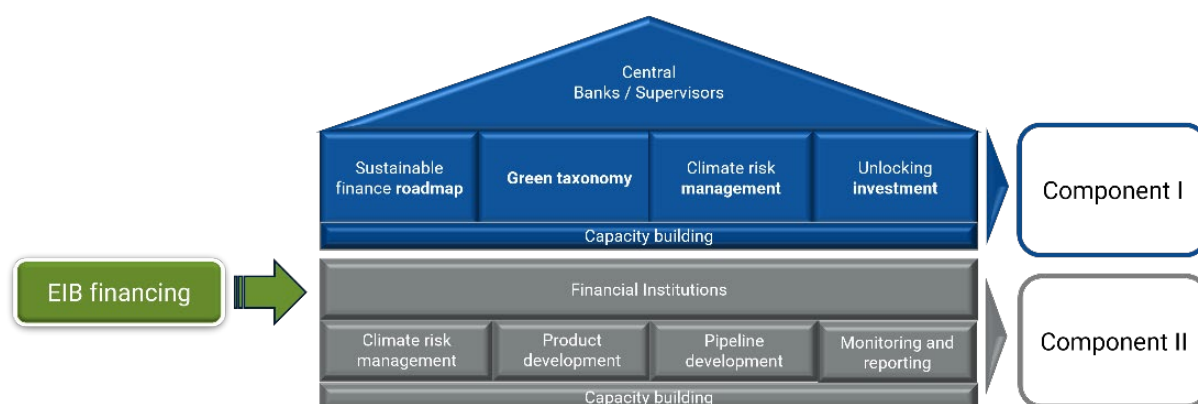
The scope of the EIB’s GFS Programme is broader than that of the NDC Partnership’s initiative. This is because it addresses the needs of other players in the financial system beyond central banks.

Highlights of the GFS Programme:

- Technical assistance approved for nine countries: Albania, Armenia, Ethiopia, Georgia, Kenya, Nigeria, North Macedonia, Rwanda and Uganda
- 27 financial institutions and ten central banks confirmed as beneficiaries
- 390 hours of workshops to be delivered to central banks and 364 hours of training to financial institutions
- 15 policies and instruments to be adopted by central banks
- 180 new investment opportunities to be identified by financial institutions

The programme’s overall objective is **to promote net zero and climate-resilient financial systems that ultimately will support the private sector in deploying climate-related and environmentally sustainable investments**. The programme is composed of two advisory components:

- **Component I (at least 40% of the overall programme)** consists of **advisory services to central banks, supervisors and regulators** to enhance climate risk management and scale up green investments through conducive regulation and supervision of the financial system. It also includes support in the operationalisation of the developed regulatory and supervisory frameworks in the financial sector.
- **Component II (up to 60% of the overall programme)** consists of **advisory services to commercial banks, development/promotional banks, and other financial institutions** to integrate climate risk considerations into their operations and scale up green investments.¹



¹ Based on experiences working with financial institutions so far, this may extend to outreach campaigns and raising awareness among small and medium-sized enterprises (SMEs) and agricultural businesses to increase the demand for green finance.

These two **components complement** and reinforce one another, helping to **create a synergistic effect in the country**. These advisory services comply with EIB guidelines and standards and are supported by EIB services. The guiding standards are elaborated using EU and international reporting standards, regulatory expectations, and guiding frameworks to create work packages, or modules of advisory support for beneficiaries. The programme's **modular approach** allows for the programme to be easily tailored to the needs of its beneficiaries, who receive hands-on support, as well as effective training to improve skills and promote ownership within the financial organisation.

Three years on, the **GFS Programme has already become a flagship project in the financial sector** and has been covered by various media outlets, as outlined in the “visibility” section below. The original budget for the programme has been fully allocated, with support approved for nine countries, several horizontal assignments undertaken so far, and others being prepared in four more countries/regions. However, **additional resources are very much needed. Central banks and financial institutions in countries that have not yet received support are interested** in replicating the work undertaken as part of the programme and have contacted the EIB to request assistance.

1 Replenishment proposal

1.1 Proposed budget, scope and duration

The EIB is contacting donors to raise €20 million of additional funding. This would make it possible to meet growing needs by supporting new beneficiaries in countries already involved in the programme and expanding to eight to ten more countries.² Around 80% of the additional funding would be used to provide technical assistance – components I and II – to central banks and financial institutions. A small share of the budget (around 20%) would be reserved for overall coordination, programme management, communications and scoping/preparatory work.

To make this possible, the programme would have to be extended by two more years, until the end of 2029 – double its original duration. Funding is being sought to cover the costs of the programme from 2025 until its extended end date.³

1.2 Geographical focus

So far, the GFS Programme has focused on EIB priority countries, which are predominantly located in sub-Saharan Africa, the European Neighbourhood area and the Western Balkans. As part of a proposed extension of the programme, the list of countries could be extended to include also regions not targeted so far, in line with the expressions of interest that the EIB and the NDC Partnership have received. The proposed list of countries/regions would reflect the EIB's ability to offer comprehensive support by combining loans and advisory services, supporting an environment that enables climate action.

1.3 Expected results and impact

The GFS Programme operates according to an **Intervention Logic** that is outlined in Annex 1. Target indicators are selected for each individual technical assistance operation upon submission of each funding proposal,⁴ depending on the type of support and activities to be implemented in the country. The expected results of the current programme – based on the funding proposals that have been approved so far – are outlined in Annex 2. If the funding and number of countries supported under the programme were to be doubled – with an additional €20 million for eight to ten additional countries – it is projected that the programme would also have double its current impact. The results that would be expected if the programme were to be extended are shown in Box 1.

Box 1:

Expected results of the extended GFS Programme (estimates)

- >585 hours of workshops delivered to central banks
- >1 300 workshop participants
- >45 policies and instruments adopted by the counterpart in the area of intervention
- >520 training courses delivered to financial institutions
- >1 100 participants in training
- >240 new investment opportunities identified by financial institutions

Beyond these numbers, the support under the programme's components I and II is expected to have a **tangible impact on the central banks and financial institutions and the way they do business**. Current beneficiaries have already reported significant changes, citing for instance that they have developed a better understanding of climate risks. See case studies 1 and 2 for more information.

² This would increase the total number of countries that the programme has assisted to 17-20.

³ Funding could be provided in annual tranches or as a one-off payment.

⁴ Following an assessment and/or scoping of needs, a funding proposal is prepared for each individual technical assistance operation under the GFS Programme, which is submitted for approval by the donor(s), in line with EIB trust fund procedures.

Box 2:

The expected impact of the Greening Financial Systems Programme

After beneficiaries receive support under Component I:

- Regulatory and supervisory climate risk practices will be improved.
- A standardised disclosure and reporting framework will be applied, supporting the emergence of a green debt market,
- A common understanding of what constitutes green finance will be achieved, helping the transition to a green economy.
- Financial systems will be more resilient with regards to climate-related risks.
- The financial system's ability to mobilise green finance will be strengthened.
- The share of financial flows aligned with national and regional climate objectives will grow.

After beneficiaries receive support under Component II:

- Financial institutions will have integrated climate risk into their operations, thus improving their ability to advise clients on investments that further climate adaptation and mitigation.
- Green financing products will be more readily available.
- Financial institutions will increase the share of climate action investments in their portfolios.

Case study 1: The Central Bank of Kenya

The GFS Programme is supporting the Central Bank of Kenya (CBK) as it positions itself as a green finance hub. The CBK has been receiving advisory support under the programme's Component I since October 2023, and this assistance was first announced at COP28 in Dubai. The two-year technical assistance scheme will enable the CBK to integrate **climate risk considerations** into Kenya's regulatory framework and will allow market participants to classify particular economic activities as green or environmentally sustainable.

"The Central Bank of Kenya is committed to the greening of the Kenyan financial sector. To this end, the CBK issued its [Guidance on Climate-Related Risk Management](#) in October 2021 to commercial banks. The guidance is intended to help banks incorporate climate risk-related considerations in their governance, strategy, risk management and disclosures frameworks. Considerable progress has been made by banks in implementing the guidance, but more remains to be done," says CBK Governor Dr Kamau Thugge regarding the GFS technical assistance.

The first phase of reforms focused on providing guidance to banks on climate risk management. The GFS Programme is supporting the second phase, which involves developing the Climate Risk Disclosure Framework for the Banking Sector and the Kenya Green Finance Taxonomy. This will ensure that the banking sector is making an effective contribution to the climate agenda by adopting a shared understanding and definition of green finance, and by creating a standardised framework for disclosure and reporting. These two policy documents – developed in line with best practices and standards – will provide the necessary clarity to guide investments, ultimately increasing the scale and impact of climate-related investments and helping the country meet its Nationally Determined Contributions. Through consultations and workshops with the financial sector, the GFS Programme is also helping the CBK to implement the regulation that it has developed.

Through Component II, the programme is also addressing the key barriers that Kenyan commercial banks face when engaging with climate finance, such as a lack of long-term funding, a perception that climate investments carry more risk, and limited experience in developing and managing climate finance.

Case study 2: The National Bank of Georgia

The National Bank of Georgia (NBG) is another example of a central bank receiving technical assistance under Component I of the GFS Programme. With the support of the EIB's technical experts, the NBG was able to conduct its first ever **climate stress test** in spring 2024. The outcomes of the test are helping to better understand the impact of climate-related risks on the country's financial sector and to build the foundations for a greener regulatory landscape in Georgia. The scenarios used in the stress test help banks to identify vulnerable sectors and regions and to advise their clients on climate change adaptation and mitigation through green investments and providing support for a sustainable, low-carbon economy.

"We now have a climate scenario analysis and stress testing framework that we can use to analyse climate-related risks within the Georgian financial sector. It will help the private sector to advance their own climate risk assessment frameworks," says Salome Tvalodze, head of the Financial Stability Division at the National Bank of Georgia.

Under Component II, the GFS Programme is helping several Georgian banks develop green financing strategies, products and processes, with the aim of mainstreaming green finance. Green loans can be used to buy energy-efficient technology, such as solar panels. These investments are reported to the NBG and integrated into the country-level reporting on green and sustainable financial flows.

"The Greening the Financial Systems Programme is highly beneficial to us and our clients, especially SMEs. It helps us build a climate-resilient system and promote green lending at the same time, and it tremendously benefits SMEs in becoming more resilient to the physical effects of climate change, helping them save money that they can invest in further growth instead," says Ana Osadze, head of ESG & Sustainability Direction at the Bank of Georgia.

1.4 Cooperation with the NDC Partnership and other partners

As part of the programme, the EIB actively engages, shares information and works closely with other multilateral development banks, UN agencies, donors and stakeholders to improve cooperation and ensure that efforts are coordinated and not duplicated. The EIB also works with organisations such as the International Standards Board, the Network for Greening the Financial System, the International Monetary Fund and others to stay abreast of standards and the financial environment as they evolve.

The EIB also works closely with the NDC Partnership to help implement their [Readiness Support for Greening Central Banks](#) initiative, ensure in-country coordination and exchange information. Examples of cooperation include:

- **A matchmaking process:** The EIB closely monitors the requests for support circulated by the NDC Partnership and offers its support through this formal process (for example in Georgia, Armenia and Uganda).
- **Mutual support in country engagements:** The NDC Partnership has benefited from the EIB's efforts in originating several engagements (for example in Kenya, North Macedonia and Ethiopia) while the NDC Partnership support unit and in-country facilitators have supported initial contacts in countries, not only in cases where the request came through the partnership, but also in other cases.
- **Coordination meetings:** The EIB participates in regular calls and/or meetings with international financial institutions that are involved in the initiative. These meetings are organised by the NDC Partnership support unit.



Coordination is crucial. It ensures synergies among the different actors, encourages peer-learning, and facilitates contact with the national authorities of countries receiving technical assistance, such as the central bank and relevant ministries.

1.5 Visibility

The EIB actively promotes the GFS Programme at every opportunity. **Both the programme and Germany – its donor – have been mentioned in press releases, conferences and all official documents drafted as part of technical assistance assignments**, such as the public consultation on [Kenya's Green Finance Taxonomy](#) that was published in 2024. There is also a [page for the programme](#) on the EIB website. See Annex 3 for a full list of communications about the programme.

The EIB aims to scale up its communications whereby a replenishment of the programme with new donors would receive greater visibility. Each signing of a cooperation agreement with a programme beneficiary (there have been 37 to date) is a good opportunity to raise awareness. The EIB will **prepare a communications plan for the programme**, which may include peer-learning events – to be organised in coordination with the NDC Partnership – to give central banks the opportunity to exchange information about their experiences. An event of this kind was first held in December 2024. While there is only a limited budget available for these activities under the current programme, **additional funding would allow the EIB to expand and improve its communications.**

2 Recap

2.1 Replenishment of the EIB Greening Financial Systems Programme

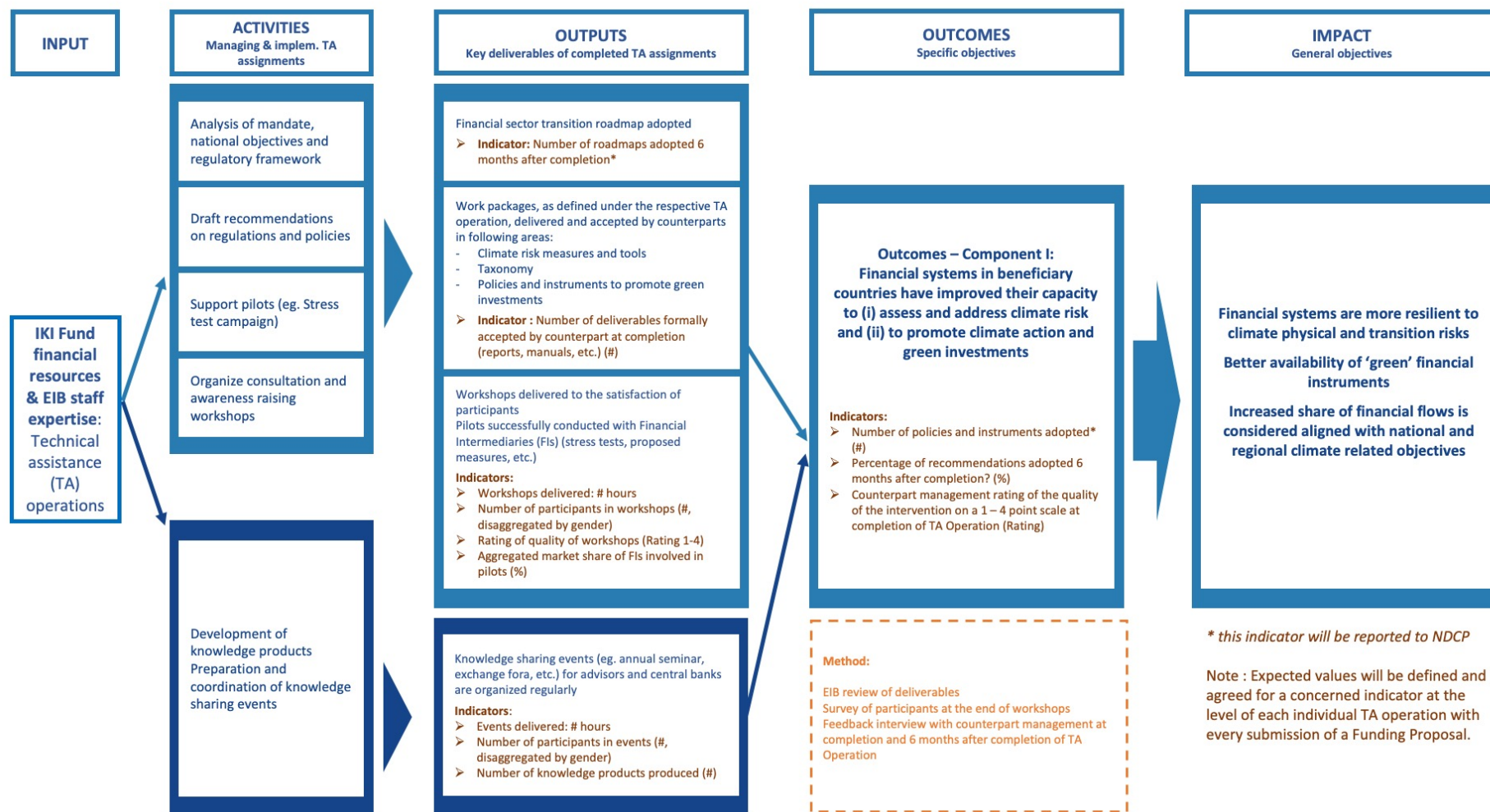
How much? €20 million	What for? Support for 8-10 more countries	Why? To reach new beneficiaries and fulfill needs that cannot be covered so far	When? 2025 until 2029
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2.2 Annexes

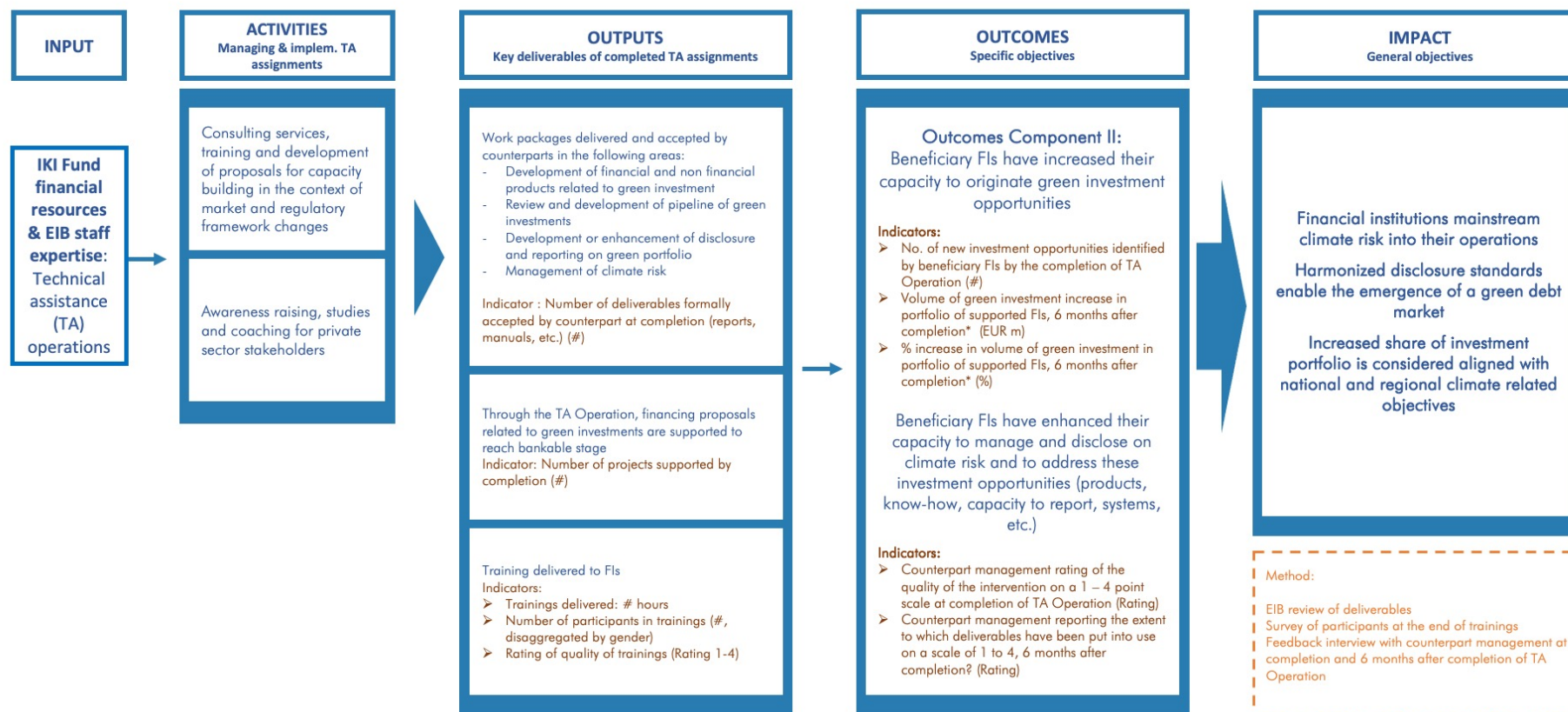
- **Annex 1:** Intervention Logic
- **Annex 2:** Expected results
- **Annex 3:** List of communications activities

Annex 1 – GFS Programme Intervention Logic

GREENING FINANCIAL SYSTEMS PROGRAMME– INTERVENTION LOGIC – COMPONENT I



GREENING FINANCIAL SYSTEMS PROGRAMME– INTERVENTION LOGIC – COMPONENT II



** this indicator will be reported to NDCP*
 Note : Expected values will be defined and agreed for a concerned indicator at the level of each individual TA operation with every submission of a Funding Proposal.

Annex 2 – Expected results of the GFS Programme up until 31 December 2024

Component I – Indicators	Planned
Number of policies and instruments adopted (#)	15
Percentage of recommendations adopted six months after completion (%)	80%
Counterpart management's rating of the intervention on a scale of 1 to 4 at completion of TA operation (Rating 1-4)	3
Number of deliverables formally accepted by counterpart at completion (such as reports and manuals) (#)	37
Workshop(s) delivered: # hours	390
Number of participants in workshop(s) (#, disaggregated by gender)	940
Rating of quality of workshops (Rating 1-4)	3
Knowledge sharing events delivered: # hours	8
Number of participants in knowledge sharing events (#, disaggregated by gender)	20
Number of knowledge sharing event products produced (#)	4

Component II - Indicators	Planned
Number of new investment opportunities identified by beneficiary FIs by the completion of TA operation (#)	180
Increase in volume of green investment in portfolio of supported FIs, six months after completion* (%)	10%
Counterpart management's rating of the intervention on a scale of 1 to 4 at completion of TA operation (Rating 1-4)	3
Counterpart management reporting the extent to which deliverables have been put into use on a scale of 1 to 4, six months after completion (Rating)	3
Number of deliverables formally accepted by counterpart at completion (such as reports and manuals) (#)	57
Training delivered: # hours	364
Number of training attendees (#, disaggregated by gender)	755
Quality of training courses (Rating 1-4)	3

Annex 3 – List of communications activities

- The EIB’s presentation of the GFS Programme during the OECD-NDC Partnership joint workshop entitled “Greening the financial sector: Needs and opportunities of developing countries and the role of development co-operation” (10 October 2022)
- Rwanda - [COP28: Rwanda Climate Finance Partnership Powers Innovative Climate Action](#) (3 December 2023)
- Rwanda - [COP28: EIB signed €20 Million Line of Credit and Technical Assistance Grant to Boost Rwanda's Climate Financing](#) (3 December 2023)
- Kenya - [EIB partners with Central Bank of Kenya to unlock Climate Finance](#) (11 December 2023)
- [Georgia - EIB Global and TBC Bank sign €70 million loan agreement to support businesses](#) (20 December 2023)
- [North Macedonia: EIB Global supports greening of the financial system through dedicated advisory programme](#) (21 February 2024)
- [Rwanda: EIB Global partners with Bank of Kigali to unlock climate finance](#) (14 March 2024)
- Promotional talk on the GFS Programme during the “[Role of central banks facing the challenge of climate change](#)” conference, organised by the Central Bank of West African States (BCEAO – Banque Central des Etats Afrique de l’Ouest) (6 February 2024)
- The EIB’s presentation of the GFS Programme during the panel discussion on “Greening Financial Systems in East Africa: Navigating the Transition to Sustainable Banking and Responsible Investments” at the [Eastern African Banking Forum](#) (15 March 2024)
- The EIB’s presentation of the GFS Programme during the NDCP-organised peer-learning event “Greening Central Banks: Learning from Experience” (27 June 2024)
- Various press releases on the public consultation on [Kenya’s green finance taxonomy](#):
 - [CBK’s new rules in bid to stamp out greenwashing - Business Daily\(businessdailyafrica.com\)](#)
 - [Kenya drafts green finance taxonomy to stamp out greenwashing - Africa Ahead \(afahpublishing.com\)](#)
 - [CBK Publishes Draft Green Finance Catalogue \(kenyanwallstreet.com\)](#)
 - [Kenyan central bank consults on green taxonomy: Environmental Finance \(environmental-finance.com\)](#)
 - [Kenya to table proposals for climate-related bank capital requirements \(responsible-investor.com\)](#)
 - [CBK Publishes Green Finance Rules to Curb Greenwashing \(knowesg.com\)](#)
 - [Kenya Unveils Green Taxonomy for Sustainable Investments \(khusoko.com\)](#)
- Greening Financial Systems Peer Learning Workshop for Central Banks (EIB Headquarters, 3-4 December 2024)
- National Bank of Georgia press release on its first climate stress test, supported by the programme: [National Bank of Georgia Conducts First Climate Stress Test to Assess Financial Sector Resilience to Climate-Related Risks](#) (6 December 2024)
- Regularly updated versions of the [Trust Funds in action](#) booklet, which has a section on the IKI Fund and the GFS Programme
- Regularly updated [donor partnerships](#) section of the EIB website, including the [IKI Fund webpage](#)

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Published by the European Investment Bank.