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MINISTRY OF ECONOMY AND SUSTAINABLE DEVELOPMENT OF GEORGIA

NATIONAL POLICY DIALOGUE ON

IMPROVING ACCESS TO GREEN FINANCE FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN GEORGIA

SUMMARY RECORD

16 July 2019, Tbilisi

This Policy Dialogue was part of the "European Union for Environment" (EU4Environment) project, implemented by the OECD in co-operation with UNECE, UNEP, UNIDO and the World Bank. It was also supported by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

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Discussion highlights

In the context of the OECD work on Green Investments and Finance in the European Union (EU) Eastern Partnership region, this Policy Dialogue discussed initiatives and financial vehicles relevant to access to green finance in the small and medium-sized enterprise (SME) sector in Georgia. The main objective was to define how access could be facilitated and green finance scaled up. The scope of "green finance" refers to those investments that provide environmental benefits in the broader context of environmentally sustainable development such as investments in clean / renewable sources of energy, energy efficiency, reductions in air, water and soil pollution, recycling and waste management, and clean transport. The key points from the discussion include:

- **The Georgian economy relies heavily on SMEs.** The government is actively promoting SME development and has put in place a number of programmes to support the sector.
- **Facilitating SMEs access to green finance can help reduce their environmental impacts and material use, and can have a positive effect on their balance sheets**. Financing SMEs that provide environmental goods and services to other business, including large eneterprises, can stimulate their growth and benefit the Georgian economy.
- **Environmental credit lines provided by International Financial Institutions (IFIs) to selected commercial banks are the main source of finance** for SME energy efficiency (EE) and renewable energy (RE) investments. While IFI-supported credit lines help improve availability of capital these credit lines target mostly larger SMEs and significant financing goes to hydropower development.
- **The main challenges facing the SME sector in accessing longer term and affordable bank finance** include: high interest rates (16%+), significant collateral requirements (often 200% of the asset value of SME companies), short repayment periods (1-2 years), dollarisation of the Georgian economy and currency mismatch on loans issued in foreign and paid pack in local currency. Non-banking financing (e.g. leasing, factoring, private equity) is limited.
- **There is a significant gap in the market of environmental finance** concerning energy and resource efficiency investments by small firms which are too big for microfinance institutions and, at the same time, not big enough for traditional bank lenders. Existing financial products (e.g. credit guarantee schemes) are not well adapted to serve this middle segment. This market gap requires special attention and should become a particular focus of government policies. To address this market gap, IFIs could cooperate more closely with microfinance institutions, such as MFO Crystal and the Credo Bank, that provide micro-lending to small and micro businesses in Georgia and help these institutions to provide more green finance to small firms.
- **The high cost of green technologies is another challenge**. Green technologies tend to be expensive and 90% of these technologies are imported from outside Georgia. The government can do more to make green technologies more affordable, including, by making EE standards mandatory, introducing tax relief on certain green technologies, enlarging the list of producers of green technologies that can benefit from state support. IFIs can also offer more diversified financial products that can facilitate access to finance rather than just loans (e.g. green trade financing, green leasing).
- **There is a strong call from the business community for improving environmental regulations and strengthening their enforcement**. More stringent environmental requirements can create higher demand for green investments, including in the SME sector.
- **Greening the banking system is crucial and the National Bank of Georgia is working on introducing more transparency and disclosure of climate-related risks by commercial banks**. Commercial banks are expected to start reporting on their share of green portfolios in 2021. Commercial banks can encourage green finance by integrating environmental requirements into any lending product and lending portfolio.
- **Developing a well-functioning capital market has great potential to complement bank lending, diversify financial channels and lower the cost of investment.** The government with support by the international community should seek to further strengthen the market and turn it into an effective source of low-cost long-term finance, including for green investments.

National Policy Dialogue on Improving Access to Green Finance for Small and Medium-Sized Enterprises in Georgia

16 July 2019, Tbilisi, Georgia

SUMMARY RECORD

Background, meeting objectives and participants

The current document presents the main issues that were discussed during the National Policy Dialogue on "Improving access to green finance for small and medium-sized enterprises in Georgia" jointly organised by the Ministry of Economy and Sustainable Development of Georgia and the Organisation for Economic Co-operation and Development (OECD).

This event took place on 16 July 2019 in Tbilisi and gathered about 70 participants representing several sectors and stakeholder groups. These included officials from the Ministry of Economy and Sustainable Development, Ministry of Environmental Protection and Agriculture, Ministry of Finance, Ministry of Regional Development and Infrastructure, National Bank of Georgia, Georgia's Innovation and Technology Agency, Enterprise Georgia. Experts from Georgian commercial banks and lending institutions involved in financing small and medium-sized enterprise (SME) investments (including in certain cases SME green projects) also took part in the meeting (Bank of Georgia, TBC Bank, ProCredit Bank, Basisbank, Isbank, Caucasus Clean Energy Fund, Microfinance Organisation Crystal). Representatives of International Finance Institutions (IFIs) (European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB) and International Organisations (EU Delegation to Georgia, United Nations Development Programme (UNDP), United Nations Industrial Development Organization (UNIDO), United States Agency for International Development (USAID) also attended the event. Managers of small and medium-sized businesses that have borrowed to invest in green projects, academics, national and international consultants, Non-governmental organisations (NGOs) were also invited to participate (see List of Participants in Annex I).

The main objectives of the meeting were to:

- ✓ Present and discuss the main findings and conclusions emerging from the analysis prepared by the OECD of possible ways to improve access to green finance for SMEs in Georgia
- ✓ Take stock of relevant initiatives, policy changes and financial vehicles in Georgia that can contribute to scaling up green lending and finance for SMEs
- ✓ Identify key challenges and ways forward to better align financial mechanisms with policy reforms to speed and scale up green investments in support of energy-efficient and low-carbon growth contributed by the SME sector.

The draft report "Access to Green Finance for SMEs in Georgia" prepared by the OECD provided background for the discussion. A number of other relevant documents and support materials were also circulated during the meeting (e.g. Environmental Lending in EU Eastern Partnership Countries, Financing Resource Efficient and Cleaner Products by SMEs in the EU Eastern Partnership Countries: A

Stakeholders’ Guidebook, Issue paper - SMEs: Key drivers of Green and Inclusive Growth, Summaries of the EU External Investment Plan: Guarantees). All documents related to the meeting are available from: http://www.oecd.org/environment/outreach/green-finance-smes-georgia.htm.

This meeting and the related project form part of the OECD work on Green Investments and Finance in the European Union (EU) Eastern Partnership region that covers six countries – Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine. This work is supported by the “EU4Environment” Action supported by the European Union and implemented by the OECD jointly with the United Nations Economic Commission for Europe (UNECE), United Nations Environmental Programme (UNEP), UNIDO and the World Bank as well as by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety through its International Climate Initiative.

Session 1: Opening session

This session featured speakers from the government of Georgia, the European Commission and Germany (in their capacity of Co-Chair of the OECD GREEN Action Task Force) who discussed the recent policy developments and trends in green investments and finance in the SME sector, including in the context of international cooperation.

Ms. **Ekaterine Mikabadze**, Deputy Minister of Economy and Sustainable Development, opened the meeting and greeted participants wishing them a fruitful and substantive discussion. Deputy Minister Mikabadze stressed that green growth policies and sustainable development are key government priorities. Given the significant role that SMEs play in the Georgian economy generating growth, jobs and innovation, improving access to finance for small businesses is high on the policy agenda of the government.

Mr. **Alexandre Darras,** EU Delegation to Georgia**,** confirmed that the European Union will continue to support Georgia in its efforts to implement commitments made under the Association Agreement with the EU, including in the area of environmental protection and low-carbon economy. The EU stands ready to deliver both expertise and green investments particularly through financial instruments made available to EBRD and EIB. Some of these instruments are specifically designed to help increase SME capacity to invest in green technologies as well as improve SME access to bank sources of finance. Mr. Darras stressed that Georgian companies and Georgian society are already sensitive to green brands. Company managers understand the positive impact that green products have on firms’ competitiveness and increased opportunities to export to EU markets. Mr. Darras pointed out that the government, donors and IFIs need to work together to ensure better access to green finance for small and medium businesses.

Mr. **Jürgen Keinhorst,** Germany, emphasised Georgia’s significant progress in implementing reforms across wider areas of the economy. This is one of the reasons why Georgia has been selected to hold OECD-supported National Policy Dialogues on a regular basis. Mr. Keinhorst also spoke about the role of the state and the role of the market in achieving low-carbon economy, which in the case of Georgia will have to be largely carried out by the SME sector. Mr. Keinhorst raised some fundamental questions in this regard. Should the state intervene to promote SME development and SME green investment (e.g. by providing grants, tax relief) or should we leave it to the market to do the work in order to avoid distorting competition? Given the insufficiently developed financial and capital market in Georgia, can we wait until markets mature and only then accelerate green financing in the economy? In any case, it is important that the state should create the right underlying conditions and provide the framework rules to incentivise all market participants to shift to cleaner and more energy and resource efficient production and consumption models as well as bring in line the SME (demand side) and financial (supply side) sectors.

The main points that emerged from the discussion during this opening session were:

- The green transition represents a significant economic opportunity creating prospects for new investments in low-carbon and energy efficient economic growth. Investments in energy efficiency are “a low-hanging fruit” and a significant driver of the green transformation in Georgia.
- Given the significant role that SMEs play in the Georgian economy, generating growth, jobs and innovation, improving access to finance for small businesses is high on the policy agenda of the government.
- The EU stands ready to deliver both expertise and green investments particularly through financial instruments made available to EBRD and EIB. There is a need for better coordination across the government, donors and IFIs to ensure improved access to green finance for small and medium businesses.
- Given the little time left to deal with climate change and other pressing environmental challenges and the need to speed up the energy transformation, the government has to step in and create the right enabling conditions that will incentivise market participants to more rapidly shift to cleaner and more energy and resource efficient production and consumption models. Waiting for underdeveloped financial and capital markets to mature and only then resolve these issues will be counterproductive.

Session 2: Policy environment for green investments in the SME sector in Georgia

This session featured a panel of high-level speakers from the Ministry of Economy and Sustainable Development (Deputy Minister Ekaterine Mikabadze), Ministry of Environmental Protection and Agriculture (Deputy Minister Nino Tandilashvili), Enterprise Georgia (Mr. Mikheil Khidureli, Director) and the National Bank of Georgia (Mr. Zviad Zedginidze, Head of Financial Stability Department) who discussed the most recent policy trends in SME development, climate and energy-related policies and the greening of banking regulations in Georgia. The session sought to determine the extent to which the existing policy framework creates demand for green investments across the SME community and the role of the government in speeding up the green transformation of the sector.

Ms. **Ekaterine Mikabadze** spoke about the role of the state in creating a relevant legislative framework and supporting regulations (e.g. introducing energy efficiency (EE) standards, supporting the deployment of renewable energy (RE) sources). Ms. Mikabadze emphasised that EE standards provide a good opportunity to generate demand for green funding. Similarly, supporting companies that build renewable sources of energy represents a good example of how small businesses can be developed on the basis of green SMEs. The government is actively working to improve access to finance for small businesses, particularly through its agencies, Enterprise Georgia and Georgia’s Innovation and Technology Agency (GITA). The government provides SME interest rate and collateral support in target sectors (e.g. tourism). A new banking sector credit guarantee scheme is being developed and will soon come into effect. GITA is putting in place matching grants programmes to support FinTechs, GreenTechs. However, simply making financing available is not sufficient to mobilise green investments. Raising the awareness of the population and the market about green economy benefits is equally important. While environmental and green perception in Georgia has increased, more work is needed to ensure the actual implementation of a critical mass of new green technologies in the country. Ms. Mikabadze stressed the need to further mobilise new green credit lines, green microfinance as well as look into new sources of finance that can be delivered through the capital markets. She emphasised the role of the National Bank of Georgia in greening the financial sector in the country.

Ms. **Nino Tandilashvili** underlined the importance of the new EU4 Environment project in supporting countries in the region in their efforts to move towards a greener path of economic development. Ms. Tandilashvili spoke about some of the green initiatives that the government has put in place in the country (e.g. National Strategy and National Plan to reduce CO_2 emissions). She gratefully acknowledged the support of donors and partners in this regard. Ms. Tandilashvili stressed that agriculture and tourism are priority sectors for Georgia. All technical requirements under DCFTA (Deep and Comprehensive Free Trade Area arrangement with the EU) were transposed to the agricultural sector and the government encourages the production of eco- and bio-products. At the same time, agri-SMEs are responsible for 9% of all CO_2 emissions, which is not a trivial number, and their carbon footprint should be significantly reduced. Similarly, the carbon impact of SMEs in the tourism sector can be reduced by supporting, for example, the use of alternative sources of clean energy in hotels and guest houses. In this context, the draft Law on Alternative Energy and the integrated permitting system for enterprises have been amended to reflect the importance of climate for the economic development of the country. Ms. Tandilashvili also emphasised the need for government support in these sectors, including the use of international financial instruments (e.g. the Green Growth Fund) to incentivise entrepreneurs to implement more green projects.

Mr. **Mikheil Khidureli** spoke about the work that Enterprise Georgia is doing to support SME development. Enterprise Georgia aims to support start-ups, improve competitiveness, build skills and help Georgia diversify its economic base with a view to increasing the country's export led potential. Enterprise Georgia already has at its disposal a number financial and non-financial instruments to support investment opportunities in the SME sector. The most popular programme on SMEs is "Produce in Georgia" launched in 2014. As of June 2019, "Produce in Georgia" reported that it had supported 503 businesses with total investment value of GEL 1.18 billion and had created nearly 18 000 jobs. Much of this was invested in the field of agriculture and tourism / hotels. Enterprise Georgia has also put in place a programme dedicated to renewable energy sources which provides micro-grants to small businesses, about 7 000 projects have been funded so far under this programme. The government is currently working on developing a new instrument, the new banking sector credit guarantee scheme, which is expected to be operationalised in the near future. The budget for this initial stage of the scheme is GEL 20 million. This new scheme is seen as key in improving SME access to bank lending products. Mr. Khidureli explained that Enterprise Georgia is well placed to manage such state programmes as his institution has an established platform to engage with smaller-scale companies across Georgia. In addition, the staff have developed capacity to identify and appraise projects which become eligible for support. However, more work is needed to better reflect environmental and climate-related concerns in the project eligibility and appraisal system of Enterprise Georgia programmes.

Mr. **Zviad Zedginidze** highlighted the need for greening the banking sector and the role of the National Bank of Georgia (NBG) in this process. Similarly to speakers before him, Mr. Zedginidze underlined the importance of the SME sector for the country's economy (e.g. agriculture provides a high share of employment in Georgia) but also in the context of green economy. Mr. Zedginidze identified high collateral requirements on bank loans as one of the major bottlenecks to increased lending to small and medium companies. The new banking sector credit guarantee scheme that the government is currently developing is expected to help alleviate this problem. In addition, Mr. Zedginidze stressed that the development of the capital market is an NBG priority: corporate bonds issuance (with focus on covered bonds[1]) is in an active phase. NBG is considering the possibility of having SME loans converted to covered bonds to increase liquidity funding and facilitate SME access to finance. With regard to NBG work on green finance, Mr. Zedginidze talked about:

(i) increased transparency and disclosure of commercial bank risks – with support by different international partners (including the OECD), NBG is developing guidance for financial

[1] Covered bonds are corporate bonds issued by a financial institution with an extra layer of protection for investors.

institutions to report and provide investors with relevant information on climate-related risks of their lending operations that can directly impact the financial stability of these institutions. Commercial banks will need to adjust their policy and have both financial and environmental risks equally weighted;

(ii) implementation of the EU Taxonomy of Sustainable Activities (EU classification system)[2] – agreed definitions and terms of sustainable development issues will help banks when they speak to investors (e.g. on Green Bonds);

(iii) introduction of macro-prudential bank regulations including reporting on systemic risks posed by ESG (environment, social and governance) concerns. Introducing ESG reporting requirements is a long-term commitment but it is a fundamental improvement and the NBG is determined to complete this work. NBG does not yet have a unified methodology for reporting on the share of commercial banks' green portfolios but NBG is working on disclosure guidance and commercial banks are expected to start reporting in 2021. As part of its green policy reform, in 2017, the NBG became a member of the Sustainable Banking Network.[3]

In summary, the main points that emerged from the discussion at the high-level panel were:

- The role of the state in putting in place the right legislative and regulatory basis that can create more demand for green investments is crucial. The government is actively promoting SME development and has put in place a number of programmes to support small and medium businesses and facilitate their access to finance. However, financing alone is not sufficient. More work is needed to raise people's awareness of green economy benefits and investing in green projects.
- Agriculture and tourism are among the key priority sectors in Georgia. While many of the firms in these sectors qualify as SMEs their aggregate carbon impact is significant. The government is developing relevant policies and instruments to help agri- and tourism businesses implement more green projects which can help reduce the carbon footprint of these sectors.
- Greening the banking system is crucial. The NBG is working on introducing more transparency and disclosure of climate-related risks facing commercial banks that can directly impact the financial stability of banking institutions. Commercial banks are expected to start reporting on their share of green portfolios in 2021.

Session 3: State of green lending for SMEs in Georgia: domestic lenders' and borrowers' perspective

Given the dominant position of commercial banks on the market, banks have an important role to play in financing SME green investments. IFIs have opened environmental credit lines with selected (eight) local commercial banks. The three main banks that have benefited most from such credit lines in Georgia are the Bank of Georgia, TBC Bank and ProCredit Bank. All three banks have different business models but they have all provided financing to SMEs. This session aimed to review the experience of the three banks

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[2] The EU taxonomy is a tool to help investors understand whether an economic activity is environmentally sustainable. The EU taxonomy contains (i) technical screening criteria for 67 activities across 8 sectors that can make a substantial contribution to climate change mitigation; (ii) a methodology and worked examples for evaluating substantial contribution to climate change adaptation; (iii) guidance and case studies for investors preparing to use the taxonomy.

[3] This Network, launched in 2012 and facilitated by the International Finance Corporation, is a voluntary community of financial sector regulatory agencies and banking associations from emerging markets committed to advancing sustainable finance in line with international good practice.

that finance EE and RE in the SME sector and identify lessons that could be used by other domestic lenders.

The session was organised as a panel discussion with the participation of the three main actors on the market of green lending: (i) domestic commercial banks that have benefited from IFI-supported environmental credit lines; (ii) IFIs that have extended such credit lines to Georgian commercial banks; and (iii) small and medium-sized companies that have borrowed from these banks to invest in green projects.

Mr. **Matthew Savage**, Oxford Consulting Partners, made introductory remarks and "set the scene" for the discussion presenting the main findings and conclusions of an OECD study on commercial banks' experience with lending to SME green investments in Georgia. Representatives of all three market actors were invited to reflect on and react to the study's findings and provide their own perspective. Ms. **Tatiana Chernyavskaya** of UNIDO concluded the session sharing lessons from UNIDO-led work on financing resource efficient and cleaner production investments in small and medium businesses.

Mr. **Matthew Savage** introduced the main findings and conclusions of the OECD study. The study looked at IFI-supported environmental credit lines for SME EE and RE projects. Normally, these credit lines are accompanied by technical assistance components and provide subsidies to final borrowers as an incentive to take out loans for green projects. While IFI credit lines help improve availability of capital loans are still issued on commercial terms. IFI credit lines also target mostly larger SMEs and significant financing goes to hydropower development.

As in many other countries and due to the fact that the sector is regarded by lenders as relatively high risk, the main challenges facing the SME community in accessing longer term and affordable finance include: high interest rates (16%+), significant collateral requirements (200% of the asset value of SME companies), short repayment periods (1-2 years), dollarisation of the Georgian economy and currency mismatch on loans issued in foreign and paid pack in local currency. Non-banking financing (e.g. leasing, factoring, private equity) is limited. To improve access to finance for SMEs, each of these key challenges needs to be addressed separately.

One key challenge facing green SMEs in particular is the gap in the market in terms of financial institutions offering green credit for micro and small-sized firms. Many of the existing banks providing dedicated green credit lines tend to serve larger SME customers and loan sizes are often larger (e.g. >EUR 100 000) than might be required for a typical energy or resource efficiency investment by an SME (often between EUR 10 000 and 20 000). On the other end of the market, micro-finance organisations serve smaller SMEs but at significantly higher interest rates. This gap in the market of environmental finance is a significant constraint to increasing energy and resource efficiency investments by small firms. Existing financial products (e.g. credit guarantee schemes) are not well adapted to serve this middle segment. This market gap requires special attention and should become a particular focus of government and IFI green policies.

By opening such credit lines, IFIs have aimed to create sustainable financial markets for clean energy projects and encourage the banking sector to continue financing such investments once the credit lines are disbursed. OECD analysis shows however that this objective has not been achieved (not only in Georgia but in other countries in the region where such credit lines are set up) and only very few banks have managed to move to a sustainable business model. Environmental lending shares the same issues as standard lending and if there are problems in the financial market, "cheap" credit (i.e. environmental subsidies) cannot be used to overcome fundamental financial market difficulties. Some market participants feel that it is commercial banks that have benefited from the softer terms of the IFI-supported environmental credit lines rather than final (SME) borrowers. Participants also think that under these circumstances commercial banks can take more risk when financing new green technologies. An important development in the recent couple of years is the diversification of the financial products offered by the IFIs (e.g. credit guarantee schemes, lending products in national currencies). These new products can help alleviate some of the lending challenges facing SMEs and improve their access to more affordable long-term finance. At the same time, the role of the state in improving SME access to finance remains crucial. Strengthening the role of SMEs in the green transition, mainstreaming environment into SME lending in general, improving environmental regulations and enforcement, promoting non-bank financing are among the policy actions that can help create higher demand for green investments and address barriers to credit.

<u>Commercial banks' perspective</u>

Representatives of the three main commercial banks were invited to share their views on the analysis. Mr. **Irakli Diasamidze**, TBC Bank, and Ms. **Ketevan Kekelashvili**, ProCredit Bank, took part in the debate. Below are some of the main points they made in their interventions:

- Mr. **Diasamidze** explained that **TBC Bank** has invested for more than 10 years in RE projects (small, medium and large) and is the leading bank in RE with an 85% share of the market. TBC has developed experience with direct syndication of loans and has put in place robust due diligence process and environmental modelling. According to TBC, lending to EE and lending to RE projects are two different issues and they need to be approached differently. RE investments are larger in size and require more equity. The lack of expertise to assess complex RE projects is also a challenge and TBC in-house capacity needs to be strengthened (e.g. more engineers are needed). With regard to EE investments, the main problem is the lack of awareness across the business community. In addition, energy prices are still relatively low and without a price incentive demand for financing EE projects will not increase dramatically.
- **ProCredit Bank**, funded with German equity, has been present in Georgia for the last 23 years, the Bank does a lot of SME finance and 90% of its clients come from the SME sector. Ms. **Kekelashvili** spoke about the Bank's green measures both in its internal practices (staff travel in electric cars, raise awareness across their clients) and externally through their lending operations. ProCredit Bank assesses every investment against specific environmental criteria and their green lending constitutes 16% of their total loan portfolio. ProCredit Bank supports mostly EE investments. In April 2019, the Bank started financing bio- and environmentally-friendly producers, it also supports the marketing and promotion of such producers. Despite the Bank's efforts, reaching out to many small clients who may want to do EE investments is a real challenge. While credit lines provide technical assistance and a grant component to borrowers, financing is still limited. In order to speed up the financing of more EE investments in the SME sector, the government could do more, including providing direct subsidies.
- **ProCredit Bank** does not benefit from the concessionality of the credit lines as the Bank's interest rates on green financial products are much lower than on other regular loans. The difference in interest rates on regular and green loans now compared to 10 years ago when the first environmental credit lines were opened is much smaller. ProCredit Bank believes that many of the hydro projects that have been financed through environmental credit lines would have been financed anyway through other sources.
- Many participants at the meeting were of the view that that there is a need for more environmental regulations. Environmental standards are the backbone of environmental policy and their enforcement can create higher demand for green investments, including in the SME sector. Commercial banks can do more to encourage companies to think green. Integrating environmental requirements and criteria into any lending product and project portfolio can be one way to impact

perceptions. Introducing the EU taxonomy can also help and the NBG can be instrumental in instituting such regulations.

IFIs' perspective

Ms. **Mariam Javakhishvili**, EBRD, and Mr. **George Zurashvili**, Energy Investment Consultants LLC, consultant to EBRD, as well as Mr. **Andreas Berkhoff**, EIB, represented the main international financiers in Georgia. The main points they made are listed below:

- Ms. **Javakhishvili** and Mr. **Zurashvili** identified a few major challenges to increased environmental lending: (i) affordability of green technologies - green technologies are expensive and in Georgia 90% of these technologies are imported; (ii) low awareness of economic and financial benefits of green investments; (iii) absence of robust environmental regulations. The EBRD colleagues believe that much can be done to make green technologies more affordable. For example, the state can make EE standards mandatory, introduce tax relief on certain technologies such as electric cars, subsidise the cost of hybrid cars, enlarge the list of producers and manufacturers of green technologies that can benefit from state support. Commercial banks can prioritise green financial products in their lending operations. IFIs can work more proactively with local commercial banks and raise awareness across bankers. IFIs can also offer more diversified financial mechanisms rather than just loans (e.g. green trade financing[4], green leasing). In addition, the EBRD team spoke about the Technology Selector (Technology Selector), an on-line shopping style platform that lists "best-in-class" green technologies that improve EE for businesses and households. The tool provides information and assists borrowers in their choice of equipment. The tool is available to use in Georgia as well. A simplified version of the tool for SMEs has been developed. These technologies have been assessed and pre-approved as eligible for EBRD financial support. The list is regularly updated to include the latest technologies and vendors. Participants at the meeting however noted that producers included in the list are only large enterprises and these technologies are not always appropriate for small companies.
- In his intervention, Mr. **Berkhoff** pointed out that EIB has set very ambitious targets for its portfolio in the region. He explained that there are plans to increase EIB lending operations in Georgia and in the Caucasus as well as offer new financial products that can facilitate access to finance such as partial portfolio credit guarantee schemes, local currency lending, dedicated lending to SMEs, technical assistance to SMEs. Credit guarantees are currently provided to two commercial banks in Georgia (TBC Bank and ProCredit Bank) under the EU Finance for Innovators (InnovFin) Programme. The InnovFin SME Guarantee scheme aims to facilitate and accelerate access to loan finance for innovative SME businesses and provides guarantees on debt financing between EUR 25 000 and EUR 7.5 million. While not targeting green SMEs *per se*, this guarantee can be used to reduce the risk on green investments made by SMEs. Mr. Berkhoff indicated that EIB can provide longer tenor for climate-related projects. To address the market gap for SME green financing, Mr. Berkhkof suggested that EIB, and IFIs in general, should cooperate more closely with microfinance institutions, such as MFO Crystal and the Credo Bank, that provide microlending to small and micro businesses in Georgia. EIB has already supported the microfinance sector (the Credo Bank) and is preparing a similar loan with MFO Crystal.

[4] Green trade financing was recently introduced by EBRD. The EBRD Green Trade Facilitation Programme offers access to a wide-reaching and well-established network of banks for financing the cross-border supply of key green technologies.

Borrowers' perspective

Three representatives of borrowers took part in the panel: Mr. **Irakli Abaishvili**, Caucasus Clean Energy Fund, Mr. **Edisher Khimshiashvili**, NOVA Ltd. and Mr. **Alexander Sokolowski**, Prime Concrete LLC.

- Caucasus Clean Energy Fund is a private equity fund, which invests in the construction of small and medium-sized hydropower plants in Georgia with an average capacity of approximately 10 to 20 MW. The Fund not only provides project developers with equity capital but also with know-how in operational, technical and strategic matters. The Fund investments facilitate the development of the nascent private equity sector in Georgia. The Fund has borrowed from TBC Bank to invest in hydro projects. Austrian Development Banks has also provided equity to the Fund. The Fund's experience shows that low awareness of green investment opportunities is one of the main constrains to increased demand for green finance in Georgia.
- NOVA Ltd. is a construction materials company, which represents big companies at the Georgian and Armenian markets. The company has borrowed EURO 3 million from TBC Bank for purchasing EE equipment and has benefited from consultancy services on the loan provided by EBRD. The most important challenges for the company when borrowing on the market are high interest rates and demanding collateral requirements.
- Prime Concrete is a leading contracting and materials company, operating throughout Georgia, specialising in civil engineering, infrastructure and port construction, aggregate and concrete production, production of reinforced concrete elements, and paved concrete materials. In 2018, the company wanted to upgrade and make its production facilities more efficient (e.g. switching from diesel power engines to electric engines, achieving 100% recycling). To implement its plan Prime Concrete went for a blended finance arrangement: an eco-loan from ProCredit Bank, a guarantee from the InnovFin Programme and support from Enterprise Georgia. While blending different sources of finance takes a lot more management time to prepare it also helps reduce the cost of capital for companies. Implementing the investment led to a 15% decrease of energy consumption and to significant cost reductions for the company.

Tatiana Chernyavskaya presented UNIDO's work on resource efficient and cleaner production (RECP) in the manufacturing sector in Georgia with a focus on financing RECP measures at SMEs. On the basis of specific projects developed by UNIDO (47 enterprises participated in this work, most of them in the food-processing sector), Ms. Chernyavskaya demonstrated the environmental and financial benefits that small and medium-sized companies can achieve as a result of implementing RECP measures. She also highlighted the major challenges faced by SMEs in accessing bank finance. Ms. Chernyavskaya explained that both commercial banks and IFIs' credit enhancement programmes are primarily targeted at big companies which makes it very difficult for SMEs (particularly in the agricultural sector) to access capital. UNIDO's work has also shown that very few commercial banks have made use of credit guarantee schemes developed by IFIs.

A survey conducted by UNIDO clearly demonstrates that the lack of adequate environmental regulations is a major bottleneck to increased demand for green investments across SMEs. For example, efforts to improve the EE of construction materials will not yield expected results if there is no state inspection to control and no laboratories to measure and verify the quality of materials. Requirements for recycling will not be implemented if there is no waste collection and management of environmentally-harmful products. While many companies see environmental regulations as imposing additional costs on businesses, there are others who think that meeting environmental standards can help differentiate good from poor quality products, make compliant companies more visible and more competitive. Representatives of the business community at the meeting confirmed the need for more stringent environmental regulations and expressed the hope that green services will start to be appreciated soon in

Georgia. A Ministry of Economy and Sustainable Development representative explained that such regulations are a priority for the government and that the Ministry is preparing a new act on Regulatory Impact Assessment (RIA). RIA will be required for all environmental projects with the aim of preventing additional burden on businesses.

The main highlights from this session included:

- IFI-supported environmental credit lines are the main source of finance of SME EE and RE investments. While IFI credit lines help improve availability of capital these credit lines target mostly larger SMEs and significant financing goes to hydropower development.
- The main challenges facing the SME community in accessing longer term and affordable bank finance include: high interest rates (16%+), significant collateral requirements (200% of the asset value of SME companies), short repayment periods (1-2 years), dollarisation of the Georgian economy and currency mismatch on loans issued in foreign and paid pack in local currency. Non-banking financing (e.g. leasing, factoring, private equity) is rather limited. To improve access to finance for SMEs, each of these key challenges needs to be addressed separately.
- This gap in the market of environmental finance is a significant constraint to increasing energy and resource efficiency investments by small firms which are too big for microfinance institutions and too small for traditional bank lenders. Existing financial products (e.g. credit guarantee schemes) are not well adapted to serve this middle green segment. This market gap requires special attention and should become a particular focus of government policies. To address the market gap IFIs could cooperate more closely with microfinance institutions, such as MFO Crystal and the Credo Bank, that provide micro-lending to small and micro businesses in Georgia.
- Another challenge to green lending is the high cost of green technologies. Green technologies are expensive and 90% of these technologies are imported to Georgia from abroad. The government can do more to make green technologies more affordable, including by making EE standards mandatory, introducing tax relief on certain green technologies, enlarging the list of producers and manufacturers of green technologies that can benefit from state support. IFIs can also offer more diversified financial products that can facilitate access to finance rather than just loans (e.g. green trade financing, green leasing).
- There is a strong call from the business community for improved environmental regulation and enforcement. Many company managers understand the positive impact that green products have on their firms' competitiveness and the increased opportunities to export to EU markets. More stringent environmental requirements can create higher demand for green investments, including in the SME sector. Commercial banks can also do more to encourage companies to think green. Integrating environmental requirements and criteria into any lending product and project portfolio can be one way to impact perceptions.

Session 4: Going beyond the commercial banking sector

This session aimed to explore other possible financial vehicles that go beyond traditional sources of private capital offered by commercial banks. It looked at international experience and the opportunities to use the capital market to raise green finance as well as at the work of energy service companies (ESCOs) to mobilise green investments.

Prof. Davit Aslanishvili of the Caucasus University and the Tbilisi State University presented the state of the equity and debt capital market in Georgia and spoke about some of the main challenges in mobilising the capital markets as a source of green finance. **Mr. Kristian Bruning**, Director of Climate Wedge shared experience from Mexico with designing a green bond for green investments in the SME sector. Last, but not least, **Mr. Lars Petter Lunden** of Sigra Group discussed international experience with setting up ESCOs as a source of green investments in the SME sector.

Prof. Davit Aslanishvili discussed the capital market in Georgia (bonds and equity) as a possible source of green financing and an alternative to the banking sector. Prof. Aslanishvili stressed that the capital market in Georgia remains underdeveloped and needs further improvement. As of today, the capital market does not represent a viable source of alternative finance for green investments.

He recalled that the capital market in Georgia was developing rapidly in the early 2000s. However, after the 2008-09 financial crisis, the government tightened market regulation. The National Securities Commission of Georgia was abolished and its powers transferred to the current regulator, the National Bank of Georgia. New, tougher rules for non-commercial banking institutions (brokerage firms - which by Georgian law are similar to investment banks, registrar companies) were introduced which led to a significant decrease of the number of market participants. Commercial banks are currently the main institutions on the capital market in Georgia. According to Prof. Aslanishvili, commercial banks have sought to dominate capital markets and manage competition. Prof. Aslanishvili explained that the two main Stock Exchanges in Georgia – the Georgian Stock Exchange and the Tbilisi Stock Exchange – are largely controlled by commercial banks or their associated holding companies. There is little effective public trading and market pricing on stocks is not sufficiently transparent. Both equity and bonds are mostly issued by banking institutions and traded on the secondary OTC (over-the-counter) market. In recent years, this “grey” market has exceeded the amounts on the open market by many times. Prof. Aslanishvili believes that most issuance and successful placement of companies (bonds, equity) is done by commercial banks for their affiliated companies. He suggests that in order to strengthen the capital market in Georgia, the government needs to intervene and change “the rules of the game”. The international community (donors, international finance institutions, international organisations) could also help in this regard. If strengthened, the capital market could become a viable alternative source of low-cost long-term green financing, including in the SME sector. The recently established Georgian Pension Fund could also be mandated to invest some of its resources in green investments while also supporting economic growth in the country.

Mr. Kristian Bruning spoke about accessing debt capital markets to finance climate solutions. Mr. Bruning explained that international capital markets are booming and that there is more liquidity than ever in these markets. He stressed that scaling up green financing is not about technology anymore as we have the technologies we need and their costs are falling; it is about financial solutions and enabling the market to finance these clean technologies. Green bonds, as a new asset class, represent a very diverse global market which is rapidly developing (USD 500 billion of total issuance in 2018). Most of the funding goes to RE and green buildings (EE). Investments in EE and distributed RE technologies (e.g. distributed solar PV (<1 MW), small and medium wind turbines (<500 kW), fuel cells, biogas, etc.) are often made by SMEs. Given that distributed RE technologies and EE are becoming increasingly important in the energy supply systems of many countries, matching smaller distributed projects with large pools of capital has become a real issue in financing such investments. This growing misalignment between smaller size capital needs and large asset pools has created the need for aggregation of smaller EE and RE projects in order to make them bankable.

It was in this context that Mr. Bruning presented different models of portfolio aggregation and securitisation as a way for SMEs to access green finance. The specific example of Mexico showed how this works in practice. The Inter-American Development Bank (IDB) has provided a USD 125 million financing for small-scale (less than 5 MW) EE projects developed by Mexican ESCOs. Despite the important role played by ESCOs in the EE market in Mexico, the funding sources they have been able to tap for such projects are usually limited, expensive, and have very short tenor, which at times makes financing unfeasible. In the first phase of this transaction, the IDB financing is structured as a warehouse line of credit (provided against receivables on projects) for up to USD 50 million in order to accumulate an aggregated portfolio of standardised EE receivables from two ESCOs. These investments are then securitised in a second phase through the issuance of green bonds in the local debt capital markets. The transaction has also mobilised USD 19 million in resources from the Clean Technology Fund, in the form of guarantees for the portfolio of projects. This scheme has had a three-fold objective: (i) to facilitate access to green long-term financing for small-scale EE projects in the SME sector and achieve CO_2 emission reductions; (ii) to further strengthen the ESCO market; and (iii) to support the development of the local debt capital market in Mexico. This experience shows that portfolio aggregation is often needed to access larger pools of capital. The availability of project contracts with similar durations (as is the case in this Mexican example) makes the securisation process much easier.

Mr. Lars Petter Lunden spoke about the role of ESCOs in mobilising finance for green investments in the SME sector. In OECD countries, the ESCO market (which first started in the USA) has been driven by public sector EE. Germany has the largest ESCO market in Europe. Mr. Lunden explained the two main ESCO schemes (guaranteed vs shared savings ESCO contracts) and how responsibilities, risks and profits are shared between the two sides. Guaranteed savings schemes are better adapted to mature markets where the owner raises finance based on an ESCO guarantee and the ESCO assumes the technology risk only. Shared savings contracts are better adapted to less mature markets where the ESCO raises finance and assumes both technology and financial risks. Experience from different countries shows that ESCOs provide a very good opportunity to improve the risk-return profile of EE projects. Despite the huge EE potential and possible profitable investments, the ESCO market in Georgia is basically non-existent. According to research carried out by Mr. Lunden some of the main challenges are related to the lack of relevant legal framework (e.g. condominium associations are not legally registered unions in Georgian law), lack of accurate inventory of public buildings in Georgia, low energy prices and high finance costs. Georgia has the possibility to learn from a number of EU countries where this market is well developed. The Czech Republic, for example, offers a very good example in this regard.

The main points that emerged from this discussion were:

- The capital (bond, equity) market in Georgia remains largely underdeveloped. Commercial banks are the main actor on the market and competition from other sources is low. As of today, the capital market does not seem to be a viable source of finance for green investments in the country. The government with support by the international community should seek to further strengthen the market and turn it into an effective source of low-cost long-term finance, including for green investments.
- Contrary to the situation in Georgia, international debt capital markets are booming and investors are chasing more green assets. Many projects, such as EE and distributed RE technologies, usually implemented by SMEs, are often too small in size to attract large investors. As exemplified by the case of Mexico, aggregation (pooling together) many small projects, securitising them as green bonds and selling them to potential investors is one way to overcome the mismatch between smaller size capital needs and large asset pools.
- Due to a number of barriers and despite the huge EE potential and possible profitable investments, the ESCO market in Georgia is basically non-existent. International experience shows that ESCOs provide a very good opportunity to improve the risk-return profile of EE projects which significantly increases their changes to get financing. Georgia could learn from a number of EU countries where the ESCO markets are well-developed and which have accumulated a lot of experience with this instrument.

Session 5: Closing session

Mr. Krzysztof Michalak (Senior Programme Manager, OECD) summarised the discussion during the meeting. Mr. Michalak stressed the importance of the SME sector as a backbone of the Georgian economy. He underlined that SMEs efforts to reduce their environmental impact and reduce the material use can have positive impacts on their balance sheets. He also pointed out the potential for SMEs to grow and contribute to the Georgian economy by providing environmental goods and services to other businesses, including large enterprises. Mr. Michalak also emphasised the important heterogeneity of SMEs (in terms of sectors, size, links with other businesses) which may need to be taken into account when discussing their finance needs. He recalled the main challenges facing the SME sector in accessing longer term and affordable finance mentioned during the meeting, such as high interest rates, high collateral requirements, short repayment periods, dollarisation of the Georgian economy and underdeveloped non-banking financing. He recognised the efforts of the Georgian government to improve access to finance for SMEs and underlined a number of successful examples that have been presented during the meeting. He also emphasised the need for urgent action particularly by closing the existing gap in the market where SME green investments are typically too big for microfinance institutions and too small for banks. Mr. Michalak reiterated a number of conclusions and recommendation made during the discussion. These included the need: to mainstream green requirements into the traditional lending to SMEs, to address environmental externalities through taxation and proper pricing, to make environmental regulations "smart" (effective but not imposing unnecessary costs), to reach out to business associations and individual business to raise awareness about the SME greening potential, to go beyond large banks by engaging smaller banks, to diversify instruments, such as risk guarantee schemes, or work with microfinance institutions.

On behalf of the OECD GREEN Action Task Force, **Ms. Kumi Kitamori** (Head of Division, OECD) and **Mr. Jürgen Keinhorst** (Germany) thanked the Georgian host, the Ministry of Economy and Sustainable Development, for the fruitful cooperation over the years and all participants for a very open, honest and productive discussion. Ms. Kitamori expressed the OECD's support for further dialogues on this and related issues in Georgia in the future. She also reminded participants about written comments on the draft report, thanked interpreters for their work during the day and declared the meeting officially closed.

ANNOTATED AGENDA

16 July 2019, Tuesday

8:30 – 9:00 *Registration and coffee*

SESSION 1 ***Opening session***

9:00 – 9:30

- Welcome address – *Ms. Ekaterine Mikabadze, Deputy Minister of Economy and Sustainable Development, Georgia and Chair of the meeting*
- Welcome address – *Mr. Alexandre Darras, Delegation of the European Union to Georgia*
- Welcome address – *Mr. Jürgen Keinhorst, Head of Cooperation with Eastern European Countries, Central Asia and South Caucasus, the Middle East and North Africa, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany and Co-Chair of the OECD GREEN Action Task Force*
- Introduction of the agenda and the objectives of the meeting – *Ms. Nelly Petkova,OECD*

SESSION 2 ***Policy environment for green investments in the SME sector in Georgia***

9:30 – 11:00

This session will review the most recent developments in the national SME policy environment as well as in climate and energy-related policies in Georgia. The session will also seek to determine the extent to which the existing policy framework creates demand for green investments in the SME sector and the role of the government in speeding up the green transformation of the sector.

Keynote speech

- Ministry of Economy and Sustainable Development – *Ms. Ekaterine Mikabadze, Deputy Minister of Economy and Sustainable Development, Georgia*

Discussants

- Ministry of Environmental Protection and Agriculture – *Ms. Nino Tandilashvili, Deputy Minister of Environmental Protection and Agriculture, Georgia*
- Enterprise Georgia – Policy instruments and financial products to support and facilitate access to green finance for SMEs – *Mr. Mikheil Khidureli, Director*
- National Bank of Georgia – *Mr. Zviad Zedginidze, Head of Financial Stability Department*

Questions for discussion:

- ***What is the role of SMEs in supporting the green and decarbonised economy and in achieving national climate-related objectives?***
- ***What are the main challenges to access green finance in the SME sector in Georgia and what actions are needed to reduce and overcome such challenges?***
- ***What are the main policy measures that the government can use to promote demand for green investments across SMEs in Georgia? What can the government do to help facilitate access to green finance for SMEs?***
- ***What can the government do to incentivise the banking sector to lend more to green projects implemented by SMEs?***

11:00 – 11:30 Coffee break

SESSION 3 **State of green lending for SMEs in Georgia: domestic lenders' and borrowers' perspective**

11:30 – 13:15 This session will review the main lessons learnt from the experience of the banks that finance SME green investments in energy efficiency and renewable energy sources in Georgia. How can the lessons from this experience be used by other domestic lenders? The session will be organised as a panel discussion and each presenter will have 7-8 minutes to make his/her main points.

Introduction

- Lessons from commercial banks' experience with lending to SME green investments in Georgia – *Mr. Matthew Savage, OECD/Oxford Consulting*

Discussants

- What works well and what could be done better when lending to SMEs in Georgia? – *Mr. Irakli Diasamidze, Head of Utilities and Energy Sector, TBC Bank and Ms. Ketevan Kekelashvili, Head of Environmental Unit, ProCredit Bank*
- IFI experience with green lending in Georgia – *Ms. Mariam Javakhishvili, Principal Banker, EBRD and Mr. Andreas Berkhoff, Senior Loan Officer, EU Neighbourhood – Banks, EIB*
- Perspectives from borrowers: How easy is it to get a loan for a green investment project if you qualify for an SME? – *Mr. Irakli Abaishvili, Associate, Caucasus Clean Energy Fund, Mr. Edisher Khimshiashvili, CEO, NOVA Ltd. and Mr. Alexander Sokolowski, Director, Prime Concrete LLC*

- Financing Resource Efficiency and Cleaner Production measures at SMEs – *Ms. Tatiana Chernyavskaya, International Project Coordinator, UNIDO*

Plenary discussion:

- ***What are the main challenges in the green lending market for SME projects from a lenders' perspective? Under what circumstances could commercial banks increase their lending to SMEs to support green projects in the sector?***
- ***Where do SME borrowers see the main challenges when applying for green loans? How can these be overcome? How can the government help SME borrowers?***
- ***Are commercial banks the best financier? Are there other financing options?***

13:15 – 14:30 Lunch, preceded by a family photo session

SESSION 4 ***Going beyond the commercial banking sector***

14:30 – 16:15 This session will explore other possible financial vehicles that go beyond traditional sources of private capital offered by commercial banks. It will look at international experience and the opportunities to use public support, green bonds to raise green finance as well as the work of energy service companies (ESCOs) to finance green investments.

- Mobilising the capital market: What future for the stock and debt capital market in Georgia? – *Prof. Davit Aslanishvili, Caucasus University, Caucasus School of Business, Tbilisi State University, Faculty of Economics and Business*
- What role for green bonds? Experience from Mexico with designing a green bond for green investments in the SME sector – *Mr. Kristian Bruning, Director, Climate Wedge*
- Role of ESCOs in mobilising finance for green investments in the SME sector – *Mr. Lars Petter Lunden, Sigra Group*

Plenary discussion:

- ***What reforms and approaches are needed in the blending of public and private finance in order to scale up funding for low-carbon and material and energy efficient investments in the SME sector?***
- ***Can issuing green bonds be a realistic option to raise addition finance for green investments in Georgia?***

- ***Is there space for ESCOs in Georgia and what is the role of the government in creating the right enabling conditions for this instrument to become operational?***

SESSION 5 ***Closing session***

16:15 – 17:00 In this session, the Ministry of Economy and Sustainable Development and the OECD will summarise the discussion at the meeting. They will also highlight new policy issues that may need to be considered for further analysis in supporting Georgia in its efforts to finance the transition to an energy-efficient and low-carbon economy with a focus on the SME sector.

- Outcomes of the discussion and next steps – *Mr. Krzysztof Michalak, OECD*
- Closing remarks from: the Ministry of Economy and Sustainable Development, Ministry of Environmental Protection and Agriculture, Germany and OECD

Plenary discussion:

- ***What are the most important policy issues that need further analysis?***
- ***How can the OECD, EU and the EU4Environment partners support the government's efforts in advancing green growth policy reforms in Georgia?***

17:00 – 18:30 Cocktail

Annex 1

List of participants

Government	
Georgia	**Ms. Ekaterine MIKABADZE** Deputy Minister *Ministry of Economy and Sustainable Development*
	Ms. Tsisnami SABADZE Head Economic Policy Department *Ministry of Economy and Sustainable Development*
	Mr. Giorgi GURGENIDZE Legal Counsel Capital Market Development and Pension Reform Department *Ministry of Economy and Sustainable Development*
	Mr. Davit ADVADZE Chief Specialist Sustainable Development Division *Ministry of Economy and Sustainable Development*
	Mr. Simon BURTCHULADZE Chief Specialist Economic Analysis and Reforms Department *Ministry of Economy and Sustainable Development*
	Mr. Giorgi KALANDAELZE *Ministry of Economy and Sustainable Development*
	Ms. Marita ARABIDZE Energy Department *Ministry of Economy and Sustainable Development*
	Ms. Natalia JAMBURIA Head of Energy Policy Department *Ministry of Economy and Sustainable Development*
	Ms. Tamar SABELASHVILI *Ministry of Economy and Sustainable Development*
	Ms. Nino TANDILASHVILI Deputy Minister *Ministry of Environmental Protection and Agriculture*
	Ms. Nino JANELIDZE First Category Senior Specialist *Ministry of Environmental Protection and Agriculture*

	Ms. Tamta JIBLADZE Public Relations Department *Ministry of Environmental Protection and Agriculture*
	Mr Shota GUNIA Head Fiscal Risks Management Division *Ministry of Finance*
	Mr. Giorgi DIDIDZE Deputy Head Department of Reforms and Innovations *Ministry of Regional Development and Infrastructure*
	Mr. Zviad ZEDGINIDZE Head Financial Stability Department *National Bank of Georgia*
	Ms. Ani VASHAKMADZE Coordinator Donor Relations and Recourse Mobilization *Georgia's Innovation and Technology Agency*
	Mr. Mikheil KHIDURELI Director *LEPL Enterprise Georgia*
Germany	**Mr. Jurgen KEINHORST** Head Cooperation with Eastern European Countries, Central Asia and South Caucasus, the Middle East and North Africa *Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU)*
	Ms. Mascha KUZAY Desk Officer *Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)*
	Mr. Mikheil KHUCHUA Advisor Policy Advice for Climate Resilient Economic Development (CRED) Programme *GIZ* *Georgia*
Domestic Financing Institutions	
	Ms. Ana KAVTARADZE Director Trade and Structured Finance Department

Bank of Georgia	**Ms. Ketevan MUMLADZE** Head Social and Environmental Risk Unit
	Ms. Natia KALANDARISHVILI Head Investor Relations and Funding
	Ms. Nino GIGAURI Head Business Development Unit Corporate Investment Banking
Basisbank	**Mr David NIKOLAISHVILI** Head SME Business Department
	Mr. Nikoloz NOZADZE Head SME Lending Department
Caucasus Clean Energy Fund	**Mr. Irakli ABAISHVILI** Associate
Isbank Georgia	**Mr. Teimuraz PIRMISASHVILI** Director Credit Sales and Marketing Division
	Ms. Dea KHUTSISHVILI Head Credit Sales and Marketing Unit
	Ms. Khatia BABUKHADI Head Financial Institutions Division
MFO Crystal	**Mr. Ilia REVIA** CEO
	Ms. Ana GETSADZE Head Green Products' Development
	Mr. Manuchar CHITAISHVILI CINO
ProCredit Bank Georgia	**Ms. Ketevan KEKELASHVILI** Head of Environmental Unit
	Mr. Sebastian FISCHER Energy Efficiency and Renewable Energy Projects Specialist
	Mr. Levan KHMIADASHVILI Energy Efficiency Expert

<table>
<tr><td rowspan="3">TBC Bank</td><td>Mr. Irakli DIASAMIDZE
Head
Utilities and Energy Sector</td></tr>
<tr><td>Ms. Tamara KHIZANISHVILI
Head
Trade and Structured Finance</td></tr>
<tr><td>Mr. Shota DATESHIDZE
Structured Finance Manager</td></tr>
<tr><td colspan="2">Small and Medium-Sized Companies</td></tr>
<tr><td>Ecoil Ltd.</td><td>Mr. Avto JVARSHEISHVILI
Director</td></tr>
<tr><td>Clean Place LLC</td><td>Mr. Alexander KUTATELADZE
Director</td></tr>
<tr><td>NOVA LTD</td><td>Mr. Edisher KHIMSHIASHVILI
CEO</td></tr>
<tr><td>Prime Concrete LLC</td><td>Mr. Alexander SOKOLOWSKY
Director</td></tr>
<tr><td colspan="2">International Finance Institutions</td></tr>
<tr><td rowspan="2">EBRD</td><td>Ms. Catarina BJORLIN HANSEN
Regional Director, Caucasus
Georgia</td></tr>
<tr><td>Ms. Mariam JAVAKHISHVILI
Principal Banker
Georgia</td></tr>
<tr><td rowspan="2">EIB</td><td>Mr. Andreas BERKHOFF
Senior Loan Officer, EU Neighbourhood – Banks
Luxembourg</td></tr>
<tr><td>Ms. Tamar ANDGULADZE
Loan and Guarantee Operations Expert
Luxembourg</td></tr>
<tr><td colspan="2">International Organisations</td></tr>
<tr><td rowspan="2">EU Delegation to Georgia</td><td>Mr. Alexandre DARRAS
Attaché, Sector Coordinator
Connectivity, Energy, Environment & Climate Change</td></tr>
<tr><td>Mr. Stig KJELDSEN
First Secretary
International Aid / Cooperation Officer
Sustainable, Smart and Inclusive Growth</td></tr>
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OECD	**Ms. Kumi KITAMORI** Head Green Growth and Global Relations Division Environment Directorate
	Mr. Krzysztof MICHALAK Programme Manager Green Growth and Global Relations Division Environment Directorate
	Ms. Nelly PETKOVA Project Manager Green Growth and Global Relations Division Environment Directorate
	Ms. Soojin JEONG Assistant Green Growth and Global Relations Division Environment Directorate
UNDP	**Mr. Malkhaz ADEISHVILI** Coordinator for Environment Improving Rural Development in Georgia Project
UNIDO	**Ms. Tatiana CHERNYAVSKAYA** International Project Coordinator Austria
USAID	**Ms. Maya ERISTAVI** Civil Society Strengthening Component Lead USAID /G4G Georgia
Academia/ Experts/ NGOs	
Business Association of Georgia	**Ms. Natia BANTSURI** Economist
Caucasus University / Tbilisi State University	**Prof. Davit ASLANISHVILI, PhD**
Climate Wedge Limited	**Mr. Kristian BRÜNING** Director
Energy Efficiency Centre Georgia	**Mr. George ABULASHVILI** Director
Energy Investment Consultants LLC	**Mr. George ZURASHVILI** Deputy Project Manager/Local Team Leader EBRD GEFF/CEEP Project in Georgia

Finance-in-Motion	**Ms. Ivane LEKVTADZE** Head Representative Office in Georgia Investment Officer
Oxford Consulting	**Mr. Matthew SAVAGE** Director
Sigra Group	**Mr. Lars Petter LUNDEN** Partner
World Experience for Georgia (WEG)	**Ms. Tutana KVRATSKHELIA** Senior Analyst
	Mr. Giorgi MUKHIGULISHVILI Lead Researcher
NGOs	**Ms. Nino CHKHOBADZE** Chair *The Greens Movement of Georgia / Friends of the Earth - Georgia*
	Mr. Tamaz VASHAKIDZE Director Centre of Innovation Development of Enterprises
	Ms. Natali ARGVILIANI Lawyer *Centre of Innovation Development of Enterprises*