



# IMPACT REPORT 2018



GREEN FOR  
GROWTH FUND



## LETTER FROM THE CHAIR

On behalf of my fellow Directors, who collectively embody the diversity, competence, and dedication required to move such a specialized fund forward, I am pleased to present the 2018 Impact Report and its complementary online version available at [www.ggf.lu/ir2018](http://www.ggf.lu/ir2018).

In nine years of operation, the GGF has steadily increased its scope and impact, becoming a significant driver of green finance in its target regions. With the success of two major events in 2018 – the clim@ competition and the inaugural Sustainable Future Forum – the secret is now out! These events attracted participants from across the globe and set a new benchmark for the visibility of green finance.

By the end of 2018, the GGF had financed nearly EUR 825 million in green investments, substantially reducing energy consumption and CO<sub>2</sub> emissions. The fund's investments are having a measurable impact on households and businesses by reducing their energy bills and CO<sub>2</sub> emissions as well as enabling them to use resources efficiently. A series of video stories initiated during the year captures the perspective of the fund's clients and end-borrowers, telling the story of this impact in their own words.

Expanding the GGF's impact requires capital, and 2018 was a record year, with EUR 125 million raised in new investor commitments, bringing the total committed capital to EUR 600 million. Importantly, private capital reached 25% of total funding, proving that public financing can bring in private investors through a well-structured fund like the GGF.

We thank you for your interest in the GGF, and our investors and partners for all their support through our journey so far.

Olaf Zymelka



**OLAF ZYMEKA**  
Chairperson of the Board of Directors

*Watch the greetings video in the online version of this report.*

## LETTER FROM THE ADVISOR

As the Advisor to the Green for Growth Fund (GGF), Finance in Motion would like to add its welcome, and thank the Board for their continued guidance in fulfilling the mission of the fund and its shareholders.

2018 was truly groundbreaking in all aspects: The fund disbursed EUR 168 million to its partners in 2018 – more than the disbursements in its first three years of operation combined, reaching a committed portfolio of half a billion euros. The GGF rolled out its Green Academy to complement the long-term capital and technical assistance provided to its partners with specialized, state-of-the-art training. The fund built the requisite synergies to put in place comprehensive green economy ecosystems to enable broader resource efficiency, scale up investments in renewable energy, and deepen institution-building.

The cumulative EUR 825 million in investments financed by the GGF have saved annually 2.75 million MWh of energy and reduced CO<sub>2</sub> emissions by 692,183 metric tons so far. The growing portfolio of renewable energy projects supported by the fund exceeds 900 MW of capacity, or more than the peak summer power demand of Moldova. With these impacts, the fund demonstrably contributes to seven of the Sustainable Development Goals, a framework which allows us to provide our stakeholders with a more holistic view of the GGF's positive environmental impact.

As we enter our 10th year advising the GGF, we remain dedicated to the mission of this important mandate.

Thank you for journeying with us.



**LLOYD STEVENS**  
Director, Finance in Motion

**ELVIRA LEFTING**  
Managing Director, Finance in Motion

*Watch the greetings video in the online version of this report.*

Elvira Lefting

Lloyd Stevens

Dr. Thomas Schiller

## CONSTANT REINVENTION TO ACHIEVE IMPACT

Since its inception in 2009, the GGF has proven that its combination of tailored technical assistance and patient capital is effective in delivering green investments and transformational benefits for partners and local stakeholders. The impressive growth story of the GGF evidences the parallel transformation that the fund has also undergone over the years to widen its offering into new geographies, push deeper into the real economy to stimulate new investments on the ground, and to target a broader set of technologies and sectors to finance. The GGF's pursuit of its goal to mainstream green finance has succeeded due to its constant reinvention in new directions.

**Wider:** The fund's thorough approach to market opening – through market studies and targeted research – has allowed it to unlock the potential in the MENA region and build up over USD 100 million in investments with committed partner institutions and renewable energy projects in only two and half years.

**Deeper:** An increased awareness of the benefits of green investments, guidance on their execution, and support to overcome key barriers are all needed to catalyze additional projects and measures. The fund has successfully developed various technical assistance approaches and has a long track record of working with partners to promote green investments in their markets.



**Broader:** The GGF has also grown in the types of projects it supports, rounding out its mission of enhancing energy efficiency and fostering renewable energy by encompassing new technologies and measures, while targeting a wider range of client segments. At the same time, the fund laid the groundwork in 2018 for a broadened approach to green finance that captures closely linked resource efficiency impacts. With this renewed approach, the fund has already made its first investments.

Change and progress are closely intertwined. For the GGF, the process of change – of ongoing innovation and reinvention – has been central to its success and enduring positive impact.

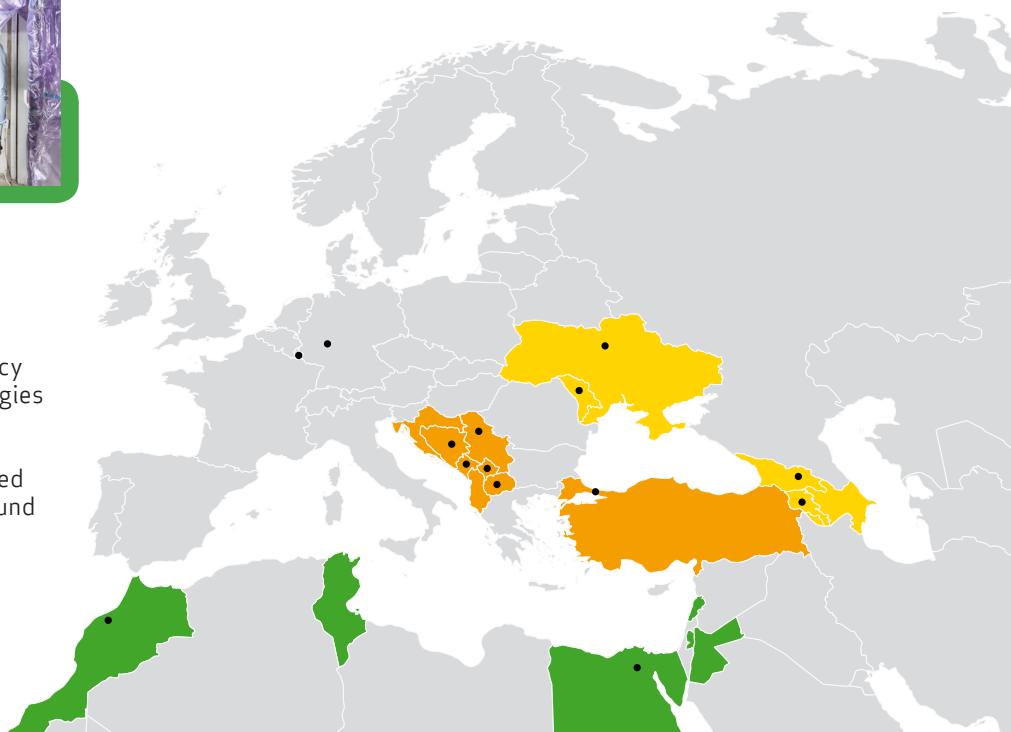
## TARGET COUNTRIES OF THE GGF:

19

### ● Offices of the Advisor Finance in Motion

- Initiated 2009: Southeast Europe  
**ALBANIA, BOSNIA AND HERZEGOVINA, CROATIA, KOSOVO\*, NORTH MACEDONIA, MONTENEGRO, SERBIA, TURKEY**
- Expansion 2012: European Neighborhood - East  
**ARMENIA, AZERBAIJAN, GEORGIA, MOLDOVA, UKRAINE**
- Expansion 2016: Middle East and North Africa  
**EGYPT, JORDAN, LEBANON, MOROCCO, PALESTINIAN TERRITORIES, TUNISIA**

\*This designation is without prejudice to positions on status and is in line with UNSC1244 and the ICJ Opinion on the Kosovo Declaration of Independence.



## KEY FIGURES

### Energy Savings

**2.8** million MWh/yr

This equals the yearly primary energy consumption of more than 400,000 Moroccan households.



### Renewable Energy

**906** MW

This is sufficient to supply 110% of Moldova's peak summer demand for power.



### CO<sub>2</sub> Emissions Reduction

**692,183** metric tons/yr

This equals planting pines over an area of 1,700 soccer fields every year.



Renewable energy generation capacity supported through GGF's investments.

Total available funding (euros)

**564.8** million



GGF Technical Assistance Facility projects to date



**296**

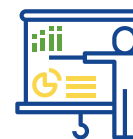
Committed investment portfolio (euros)

**482.9** million



Persons trained to date

**4,500**



Partner institutions the GGF has invested in to date

**71**



Investors and donors who have committed funds to the GGF to date

**17**





## SUPPORTING RENEWABLE ENERGY IN EGYPT

The GGF constantly strives to deepen the positive environmental impact and broaden the outreach of its investments, reaching out to a wide array of sectors. A recent investment into the nascent biogas segment in Egypt is a fine example of the GGF's impact-driven approach, as it addresses responsible management of waste while generating energy sustainably.



Last year, Alexbank, a GGF partner institution in Egypt, provided financing to a 1 MW biogas plant with funding from a GGF credit line. The plant is a waste-to-energy solution developed by the startup 'Empower' which has been actively promoting sustainable waste management in Egypt. The plant, located next to an existing wastewater treatment facility, is supplied by sewage sludge and is expected to treat 160 cubic meters of sludge per day to produce electricity and, as a side product, fertilizer. Through the use of by-products, residual waste is reduced, having a strong environmental impact of otherwise landfilled waste. This also enables additional revenue streams through the production of energy and fertilizer, while treated water can be re-used in the agricultural sector. Empower is in the process of setting up more facilities of this nature.



## BUILDING ENERGY EFFICIENCY AWARENESS AMONG KOSOVO HOUSEHOLDS

At the GGF, promoting energy efficiency goes beyond making green finance available to its partner institutions. An essential part of the fund's undertaking is building awareness about the impact of the efficient use of energy from the grassroots level up, creating a demand for green credit – a win-win for the GGF and its partners. A recent example of this effort is the 'Eco-Loan' marketing campaign of KEP Trust, a GGF partner, implemented jointly with the GGF Technical Assistance Facility.

Bearing the tagline 'Invest Today to Save Tomorrow', the campaign focuses on home owners to make them aware of the enhanced comfort and savings in energy bills resulting from energy efficiency measures like replacing windows and installing insulation. The campaign covers multiple TV and radio channels, and social media, as well as direct marketing targeting both urban and rural communities.

The housing sector in Kosovo is the largest energy-consuming sector in the country and offers a potential for energy savings of about 45% of its current consumption. Until 2016, when the GGF added Kosovo to its portfolio, energy efficiency lending in the country was limited to a few banks with products targeted mainly at larger residential schemes and businesses providing energy efficiency products and services to households. Through the GGF's holistic approach to promoting green

finance, significant awareness has been generated about the impact of improved energy efficiency in households and about availability of microloans for this purpose, which is evident from increased demand reported by the GGF's partners.



## BOOSTING COMPETITIVENESS THROUGH ENERGY EFFICIENCY IN ARMENIA AND UKRAINE

In the European Eastern Neighbourhood, Armenia and Ukraine are among the countries seeking to improve efficiency to remain competitive in international markets. Both countries have great potential to do so by improving the energy efficiency of different sectors. A common thread in this endeavour is the GGF, which has partnered with leasing companies and financial institutions to help drive this transformation. The GGF and its local partners, like OTP Leasing in Ukraine and ACBA Leasing in Armenia, provide flexible and cost-effective solutions to a variety of businesses to finance leasing of new energy-efficient equipment.



For further details, watch the short video in the online version of this report.

## SOWING THE SEEDS OF GREEN ENERGY IN PLYSKIV VILLAGE, UKRAINE

Ukraine has set itself a target of increasing the share of renewable energy in its total supply to 25% by 2035. The GGF is playing its role in helping Ukraine realize this goal by directly investing in renewable energy projects, as well as by channelling investments through its local partner institutions like ProCredit Bank. The partnership with ProCredit Bank has led to investing in a 7 MW solar farm built by the Plyskiv energy company and its parent, Tristar. This has not only contributed to the development of clean energy, but has also brought along many benefits for the local community, which now plans to welcome further green energy installations.



For further details, watch the short video in the online version of this report.



## PAVING THE WAY FOR GREEN ENERGY TRANSFORMATION

Over 200 industry leaders, energy experts, policy influencers, and up-and-coming innovators convened to explore the frontiers of green energy at the Sustainable Future Forum in Frankfurt in June 2018. At this first international GGF conference, key players in the green energy sphere from over 30 countries bent their expertise toward determining how the private sector can be mobilized to drive sustainable growth, refining approaches for mainstreaming green finance, and identifying business models that advance the green energy transformation.

Learn more about the inaugural Sustainable Future Forum in the event video in the online version of this report.



## SHAPING THE ECOSYSTEM FOR GREEN ENTREPRENEURSHIP

The atmosphere was brimming with impactful green ideas and entrepreneurial spirit at the clim@ competition, organized by Finance in Motion and sponsored by the European Commission and the German Federal Ministry for Economic Cooperation and Development (BMZ), via the GGF Technical Assistance Facility. Over 250 pioneering green entrepreneurs from 80 countries took part in this global competition to win awards to scale up their businesses. Entries were assessed based on their businesses' environmental impact, innovation, and scalability and the winners were awarded cash prizes ranging from EUR 5,000 to EUR 15,000.

Catch the competition's highlights in the short video in the online version of this report.



Find out more online at [www.ggf.lu/ir2018](http://www.ggf.lu/ir2018)

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