

Project Summary for Public Disclosure

Project Overview	
Project Name	Development of Renewable Energy Sector in Russia Project
Country	Russian Federation
Sector	Energy
Approval Date (by the Board)	12 September 2019
Total Project Cost	USD 415 million
Loan Amount	USD 300 million
Borrower	Eurasian Development Bank (EDB)
Implementation Agency	Eurasian Development Bank

I. Introduction

In order to diversify the Russian Federation's energy mix, improve energy security and reduce energy supply costs in regions with electricity grid constraints, the country introduced the Energy Sector Strategy in 2009. This Strategy envisages the goal of increasing the share of renewable energy based generation to 4.5% of total power generation in the country by 2024. Development of renewable energy sector is also driven by the need to promote domestic manufacturing of components for renewable energy which will lead to economic growth, job creation and technological development in this area. It will also help Russia to catch up with other countries that have achieved remarkable success in production of renewable energy equipment. Further, as part of its contribution to mitigate climate change, Russia targets to reduce its greenhouse gas (GHG) emissions to 75% of the 1990 level by 2030. To achieve this target, renewable energy is expected to play a significant role.

II. Project Description

The objective of the Project is to facilitate investments in renewable energy generation plants that will contribute to Russia's power generation mix in line with the country's Energy Strategy 2030, and to avoidance of the nation's carbon dioxide emissions, through the Eurasian Development Bank, a key player in financing of the energy sector in Russia.

The proposed NDB loan through the modality of a two-step loan will be used by EDB for on-lending to its identified sub-projects including wind, solar, and small hydropower (<25 MW) energy technologies.

III. Environmental and Social Aspects

The positive impacts of the Project include increase in generation capacity from renewable energy sources leading to avoidance of CO₂ emissions. After successful implementation of the Project, electricity of no less than 320 GWh will be generated annually from renewable sources leading to savings in CO₂ emissions of around 200,000 tons annually.

The Project is Category “FI-B”, in line with NDB’s Environment and Social Framework (ESF), as funding will be through a financial intermediary. The individual sub-projects are likely to be Category “B”, in accordance with NDB ESF. NDB will have the right to review the environmental and social categorization of sub-projects by EDB, and if a sub-project is categorized as Category “A” in accordance with the NDB ESF, it will require NDB’s approval. The sub-projects to be supported are required to comply with the requirements of the environmental and social framework in Russia.

IV. Financials

NDB will provide a loan without sovereign guarantee to the international organization EDB, with an amount up to USD 300 million. NDB’s financing may not exceed 80% of sub-project costs, unless otherwise agreed by NDB.

Financier	Amount (USD million)
New Development Bank	300
Other Sources (Loans, Equity)	115

V. Implementation

The Project is to be implemented between 2019 and 2023. The Eurasian Development Bank will be the Project Implementation Agency. Procurement will be conducted in compliance with the national law and regulations of Russia, and will meet the core principles of NDB’s policy.