

J.P. Morgan works with EBRD to increase and promote trade finance deals that use sustainable technology

About

The European Bank for Reconstruction and Development's (EBRD) Green Technology Selector is a digital platform that connects vendors of the best green technologies with businesses.

J.P. Morgan works with the EBRD to help our Global Trade clients secure sustainable trade financing and invest in technology that has been reviewed and approved by climate finance experts.

The challenge

Global firms that are committed to operating in an environmentally friendly manner are looking to make trade finance deals that help the planet by using sustainable green technologies.

In order to be confident that they are investing in green technologies, those firms need the expertise of climate change experts and they may also need to look beyond their traditional markets and connect with new suppliers around the globe.

At an institutional level, part of the EBRD's remit is to promote these sustainable deals and these technologies in the markets where they operate.

The EBRD aims to increase green financing to more than 50 per cent of its annual business volume by 2025. It also aims to reach net annual greenhouse gas emissions reductions of at least 25 million tons over the five-year period.

The solution

For all potentially applicable trade finance deals that take place in the EBRD's focus markets across central and eastern Europe and the Mediterranean region, J.P. Morgan approaches the EBRD with the transaction details to be evaluated.

If the technologies or materials being provided meet the EBRD's criteria under their Green Trade Facilitation Programme (Green TFP) and they have available credit capacity, then the EBRD issues a guarantee in favor of J.P. Morgan covering the non-payment obligations of the issuing bank.

Consider this example:

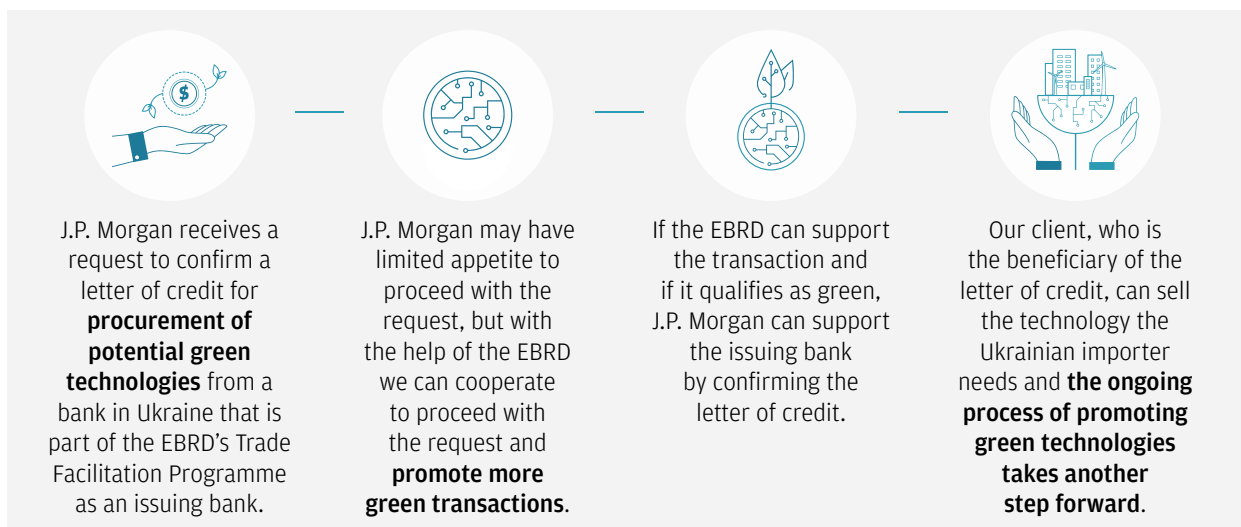
- J.P. Morgan receives a request to confirm a letter of credit for procurement of potential green technologies from a bank in Ukraine that is part of the EBRD's Trade Facilitation Programme as an issuing bank.

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- J.P. Morgan may have limited appetite to proceed with the request, but with the help of the EBRD we can cooperate to proceed with the request and promote more green transactions.
- If the EBRD can support the transaction and if it qualifies as green, J.P. Morgan can support the issuing bank by confirming the letter of credit.
- Our client, who is the beneficiary of the letter of credit, can sell the technology the Ukrainian importer needs and the ongoing process of promoting green technologies takes another step forward.

Our client can then register their technology with the EBRD's Green Technology Selector, creating more opportunities for them to grow their green business and more opportunities for environmentally minded businesses to source technology that is better for our planet.

J.P.Morgan



“We have been working on trade finance transactions with J.P. Morgan since 1999 and have supported several green trade transactions since 2016, when we launched the Green TFP. We expect sustainable trade to increase significantly in the next few years as demand for sustainably sourced materials and low-carbon and climate-resilient technologies takes off. The EBRD's Green Technology Selector is an excellent tool to mainstream green trade and green trade finance.”

- Dr Maria Mogilnaya, Principal Banker, Trade Facilitation Programme at the EBRD

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The results

- For the global trade industry: the EBRD's Green TFP stimulates the supply of high-performance technologies and materials.
- For local banks: by combining short-term trade finance instruments supported by the EBRD's TFP with medium- to long-term investment finance through the EBRD's Green Economy Financing Facilities (GEFFs), the local banks across the EBRD regions can finance exports, imports and local distribution of imported energy efficiency, renewable energy and climate technologies and materials.
- For J.P. Morgan clients and for all global firms with an ESG agenda: sourcing green technologies can add complexity and cost to transactions. As a digital platform with an easy-to-use interface, the Green Technology Selector provides greater transparency for suppliers and buyers and helps our planet by driving the growth of sustainable solutions.

Green Technology Selector

The EBRD has developed its Green Technology Selector to promote the global transfer of high-performing green technologies and materials. The online business-to-business and business-to-consumer platform with over 30,000 high-performing technologies and materials helps businesses and households reduce utility costs, increase comfort, quality of services or productivity while reducing greenhouse gas emissions and strengthening resilience to climate change. The Green Technology Selector is available in over 10 languages across over 26 countries and connects technology buyers with financial institutions and technology suppliers (manufacturers and local vendors) and improves access to green solutions and climate finance.

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