

Review of Financial Support Facilities Available for Energy Efficiency and Renewable Energy in the Western Balkans

June 2011

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Glossary

| | |
|--------------|--|
| BFSEF | Banking Facility for Sustainable Energy Finance |
| CEB | Council of Europe Development Bank |
| DG | Directorate General (of the European Commission) |
| EBRD | European Bank for Reconstruction and Development |
| EC | European Commission |
| ECS | Energy Community Secretariat |
| ECT | Energy Community Treaty |
| EE | Energy efficiency |
| EEFF | Energy Efficiency Finance Facility |
| EETF | Energy Efficiency Task Force (of the Energy Community Secretariat) |
| EIB | European Investment Bank |
| End-borrower | A physical or legal person taking a loan from a commercial bank |
| ESCO | Energy Service Company (financial intermediary) |
| EU | European Union |
| FI | Financial Intermediary |
| GGF | Green for Growth Fund |
| IEE2 | Intelligent Energy – Europe |
| IFI | International Financial Institution |
| IPA | Instrument for Pre Accession (financing) |
| KfW | Kreditanstalt für Wiederaufbau |
| LEME | List of Eligible Materials and Equipment |
| MBDP | Macedonian Bank for Development Promotion |
| MS | Member States |
| NEEAP | National Energy Efficiency Action Plan |
| RCC | Regional Cooperation Council |
| RE | Renewable energy |
| REC | Regional Environmental Centre |
| RENA | Regional Environmental Network for Accession |
| SE4F | Southeast Europe Energy Efficiency Fund |
| SEFF | Sustainable Energy Financing Facility |
| SEETO | South Eastern Europe Transport Observatory |
| SICAV | Société d'Investissement à Capital Variable |

| | |
|--------------------|---|
| SME | Small and Medium Enterprise |
| TA | Technical Assistance |
| ToR | Terms of Reference |
| UNECE | United Nations Economic Council for Europe |
| UNMIK | United National Interim Administration Mission in Kosovo |
| WBIF | Western Balkan Investment Framework |
| WPSSF – SEEF | Western Balkans Private Sector Sustainable Finance – Window for Energy Efficiency Finance |
| WeBSECLF (WeBSEFF) | Western Balkans Sustainable Energy Credit Line Facility (Western Balkans Sustainable Energy Financing Facility) |
| WeBSEDF | Western Balkans Sustainable Energy Direct Financing Facility |
| Western Balkans | Albania, Bosnia and Herzegovina, Croatia, FYR of Macedonia, Montenegro, Serbia, Kosovo (UNSCR No 1244) |

1. Executive Summary

The overall objective of this report is to provide information and analyses on the various financial support mechanisms funded by the European Commission (EC), International Financial Institutions¹ (IFIs) and bilateral donors, to promote energy efficiency in the Western Balkans. It is designed primarily for members of the Task Force on Energy Efficiency of the Energy Community Treaty but it should also contribute to future programming of such assistance in the region by the EC and IFIs.

Background

Improving energy efficiency and increasing the use of renewable energy in the Western Balkans is a high priority both politically and economically. All the Western Balkan Contracting Parties to the Energy Community Treaty² have undertaken to implement the relevant EU directives in this area with implementation deadlines that vary from 31 December 2011 to January 2017. The Parties' efforts to transpose and implement the directives are being supported by the Energy Community Secretariat (ECS) and its Task Force on Energy Efficiency is the main body through which efforts are being coordinated. The Parties are in the process of developing National Energy Efficiency Action Plans (NEEAPs) and have also committed to implementing awareness campaigns.

The European Commission, IFIs and a number of bilateral donors are active in this sector and energy efficiency together with renewable energy is an increasingly important component of donors' overall strategies and programmes in the Western Balkans. The level of activity has increased substantially in the last two years, as has the level of cooperation and coordination among the donors as evidenced by the increase in multi-donor funds such as the Green for Growth Fund.

An earlier assignment³ by this project produced a preliminary mapping and analysis of the various energy efficiency and renewable energy support mechanisms, including financial schemes such as credit lines, in the Western Balkans funded by EC, IFI, bilateral donor and commercial sources. The results provided the basis for further discussion, but it was recommended to carry out a more detailed review to determine, in particular, the availability of information in the beneficiary countries on such financial support and to identify any particular issues arising in the implementation of these schemes.

As in the first report, data was collected from public sources, but this time it was analysed and restructured before sending to IFIs for checking and providing of additional data, particularly on recent progress on implementation.

¹ For the purposes of this report IFIs include, the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), Kreditanstalt für Wiederaufbau (KfW) and the World Bank (WB).

² Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and UNMIK on behalf of Kosovo under UNSCR 1244/99.

³ Preliminary Review of Energy Efficiency Support Mechanisms Active in the Western Balkans, August 2010.

Results

25 funds were identified, as summarised in the table on the next page. There are 11 regional funds, of which 8 are loan funds (most with their own or associated technical assistance), and 3 that offer technical assistance (sometimes with small grants). The total funding available through regional facilities is 592.85 M€, 98% of which is loan funding (including associated technical assistance and grants). Most funds cover the entire region but do not necessarily operate in every country. While improving, to date Albania and Kosovo⁴ have not been well served by funds.

In terms of country specific funds, a total of 14 have been identified. As well as funds provided by the EC and the main IFIs, we find loans and technical assistance funds provided by one Contracting Party – Croatia – and bilateral donors, such as the governments of Italy, Spain and Switzerland. There are also a number of EIB SME credit facilities available in the different countries under which EE is one of a large number of activities for which loans can be made. However, in this report we focus on funds and facilities that have EE as their primary activity. The only guarantee funds identified in the region are provided by USAID/SIDA in Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia.

Overview of all funds in the region

| | No. | EUR mil. | % of total |
|--|-----------|---------------|----------------|
| Regional Total | 11 | 592,85 | 74,68% |
| Regional Loan Funds (with TA and grants) | 8 | 580,45 | 73,12% |
| Regional TA Programmes | 3 | 12,40 | 1,56% |
| Country Loan Funds (with TA and grants) Total | 5 | 64,06 | 8,07% |
| Croatia | 1 | * | Not included |
| Montenegro | 1 | 7,71 | 0,97% |
| Serbia | 3 | 56,35 | 7,10% |
| Country Mixed/EE Loan Total | 2 | 91,60 | 11,54% |
| Serbia | 2 | 91,60 | 11,54% |
| Country TA Funds Total | 2 | 3,00 | 0,38% |
| Montenegro | 1 | 1,50 | 0,19% |
| Kosovo | 1 | 1,50 | 0,19% |
| Country Grant Funds Total | 3 | 12,30 | 1,55 |
| FYRo Macedonia | 2 | 12,10 | 1,52% |
| Serbia | 1 | 0,20 | 0,03% |
| Country Guarantee Funds Total | 2 | 30,00 | 3,78% |
| Bosnia and Herzegovina | 1 | 15,00 | 1,89% |
| FYRo Macedonia | 1 | 15,00 | 1,89% |
| TOTAL: | 25 | 793,81 | 100,00% |

* varies each year according to the State budget

Limited data on loans to end-borrowers was available from the IFIs. According to the information received, EBRD has provided the most loans from a dedicated facility, with 31 loans made by May 2011 from its so-called WeBSECLF⁵. The World Bank has provided examples of lending in the public sector. Based on the efforts required to obtain information in the public realm on these funds, with some honourable exceptions, information on the existence of funds or on their achievements is not very visible/easily available. However it must be noted that several of the funds, particularly the regional funds, have only recently started operations.

Particular attention has been paid to two of the funds partially financed by the EC's IPA multi-beneficiary programme: IPA 2007/EEFF⁶ and Green for Growth Fund (GGF)⁷. Both funds are relatively new, with GGF having just over one year of operation. IPA 2007/EEFF is a conventional credit line mechanism with the EC providing the grant element. GGF is a much more structured fund incorporated under Luxembourg law with several (international) development banks and donors as investors. It aims to attract private investors in the medium term and while to date it has provided conventional loans similar to those offered by other funds, it explicitly aims to extend the range of financial products and mechanisms available.

A total of 39 banks advertising loans for dedicated EE facilities were identified (see Table 18 in the report). Croatia, the Former Yugoslav Republic of Macedonia and Serbia are the best served, with a choice in Croatia of 17 banks, Serbia of 8 and the Former Yugoslav Republic of Macedonia of 5. Some banks in Croatia have their own EE/RE lending products. No ESCOS⁸ and only one leasing company were directly identified as active in this area.

There is also little variation in banking products, although some facilities specifically indicate their intention to introduce standard products (equipment loans) and non-standard products requiring customisation or energy audits. Terms and conditions do not vary much in the region except that Albania and Kosovo appear to have generally higher interest rates than other countries. In practice, this might be compensated for by higher inflation rates. Loans have quite long durations, appropriate for investment projects, and generally have grace periods. One of the main obstacles for companies to secure financing is the need to provide large amounts of collateral, rather than receiving the loan on the basis of a good business plan.

⁵ Western Balkans Sustainable Energy Credit Line Facility

⁶ EEFF 2007 - EC provides grant funding under the IPA Multi-Beneficiary Programme for Energy Efficiency finance facilities implemented by three IFIs – EBRD, EIB and KfW.

⁷ GGF - EC is participating in the GGF Fund under the IPA Multi-Beneficiary Programme, by subscribing 20 million C-shares on behalf of the beneficiaries + contributing with additional 5 million EUR to the TA Facility of the GGF Fund. The full ownership of EC shares in the GGF will be passed on to beneficiaries by the end of 2015. The beneficiaries are the countries of the Western Balkans and Turkey. Additional EC participation in the GGF Fund (C-shares + TA Facility) is also financed under the Crisis Response Package 2009.

⁸ ESCOs (Energy Service Companies) are private sector companies which act as financial intermediaries to implement energy-efficiency measures on behalf of public sector clients. They may be eligible for preferential financing from IFIs, particularly if they operate energy performance contracts with their public sector clients, sharing the savings.

Conclusions and Recommendations

Information and Visibility of Current Funds

The main conclusion of the report is there is still a need for better information on the available funds and their implementation, and to make this information more visible, particularly to government officials who may use it to develop and support implementation of NEEAPs. At the same time, this information needs to be systematically kept up to date through regular reporting by Financial Intermediaries (FIs) and IFIs of their achievements, together with sharing their experiences.

Although loans can form a large part of the finance needed for the private sector, it has more limited application in the public sector, where borrowing is constrained by other national priorities. It is therefore essential that the financing requirements of the public sector component of the NEEAPs are discussed fully with the ministries of finance in the region. The Energy Community Secretariat (ECS) and its Task Force on Energy Efficiency could play a valuable role in this respect.

Some recommendations to improve visibility and awareness are listed below and are divided into two categories: immediate actions and medium term actions.

Immediate actions

There is an immediate need to make the funds **more visible** to government officials who need to be aware of the different funds and the contribution they can make to implementing the NEEAPs, once they are fully costed. We recommend that this is done in a number of ways:

1. ECS Task Force on EE: By using the tables provided in the report to display information on the websites of ministries of economy and environment of the relevant countries.
2. EC/IFIs: To ensure the availability of a dedicated website for each fund, with regular news and updates plus examples of typical end-borrower loans.
3. EC/IFIs: To consider making a general portal for funds and mechanisms in the region.
4. EC/ECS: To include in this portal information on EC-financed technical assistance programmes for EE (often implemented under national IPA programmes).

Medium-term actions

1. EC/IFIs/FIs: To ensure that reporting on the use of funds is prompt and detailed so that websites are kept up to date with more use of case studies to provide illustrative examples of the types of investments that can be financed and results achieved.
2. IFIs: To provide more opportunities for exchange of information and experience between experienced and less experienced banks, in a regional context, while respecting their need to compete.
3. IFIs: To begin to focus fund activities away from the private sector investments in SMEs and private households and towards the areas of housing associations, municipal services and public buildings where there are still large unmet needs for EE investments.
4. EC/IFIs: To learn from evaluations of the large funds in operation in the EU, in particular JESSICA which has been successfully used for EE projects in EU MS.

5. Financial intermediaries/banks: To shift marketing of EE away from meeting government needs (EE targets) to meeting the needs of households (comfort in the home, improvement of property) and companies (reducing costs, getting new equipment, improving range and quality of products).
6. ECS: To organise, where appropriate, events on different forms of EE investments for NEEAPs, which are relevant to ministries of finance, to assist in their planning for loan finance as well as legal and financial reforms.
7. Government officials: To set up cross-ministerial working groups for the development of the NEEAPs, especially involving ministries of finance, so that realistic plans in relation to funding and borrowing are developed.
8. Government officials: To recognise and plan for the legal and fiscal reforms to facilitate public sector borrowing and the creation of ESCOs, and to move to multi-annual accounting in the public sector to facilitate offsetting capital investment by reductions in operating costs.

Beyond the Current Funds

In carrying out the study, a number of wider issues beyond the funds themselves arose which need further consideration, namely:

- How much funding is actually needed to implement the NEEAPS?

As the NEEAPs have not been fully costed, it is not possible to say whether the current funds available are adequate to meet the needs. The adequacy of the privately disbursed funds will depend on the balance of private and public financing in the NEEAPs, and even more crucially, on the economic and financial environment of the country at the time.

- Should the newer EC-financed funds be encouraged to expand the financial mechanisms available?

While loan funding is generally the most appropriate for EE and RE investments, there is a need for a larger and more flexible range of products. A balance has to be struck between providing simple products that require little in terms of training and marketing, but that may only be suitable for a certain type of investment, and devising complex products that can address a wide range of needs but which may require considerable time to establish and substantial technical assistance to develop and market to both FIs and end users.

- Where is funding most needed (public or private sector)?

The largest energy-saving potential is in the public sector, necessitating a substantial amount of public sector borrowing, if targets are to be met. The majority of funds currently available are targeted at private sector borrowing with a major emphasis on SMEs and industry. This implies that funds and other mechanisms must be increasingly targeted at municipal services and public buildings.

- How much loan finance is viable for the public sector in Southeast Europe?

The borrowing capacity of the public sector at local and national level is limited and hence efforts will be required to find alternative models that allow funding to be made available to the public sector. World Bank programmes in Serbia can provide a model, and the use of “budget capture” could also be explored.

- Are national governments able to prioritise EE/RE and carry out the necessary legal and fiscal reforms needed to gain access to a wider range of financial mechanisms?

It is not clear how involved ministries of finance have been in the development of NEEAPs in the region and hence what degree of priority is given to investments in EE and RE by national governments.

- Is EE being marketed in the right way by banks and subsequently to end users/consumers?

Given the relative newness of the concept of energy efficiency in the region and the ongoing challenges relating to achieving cost-reflective tariffs, marketing investments as a way to be energy efficient may not be so effective. When there is a need for an industrial enterprise to re-equip, or improve its quality, this may coincide with an opportunity to profit from energy efficiency. When a household wants to improve comfort and increase the value of its property or carry out a general modernisation of an old property, this may also coincide with an opportunity to profit from energy efficiency. However it seems that without the first stimulus the second opportunity may not arise.

As the purpose of this report is to provide information on the current facilities available, these issues are not addressed in great detail here but are being raised separately with the key stakeholders.

2. Introduction

2.1 Background to this report

The countries of the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and UNMIK on behalf of Kosovo under UNSCR 1244) signed the Energy Community Treaty (ECT) with the European Union in 2005. The initial commitment to implement electricity and gas directives has been gradually extended into the environmental sector and in 2008 the Ministerial Council of the ECT set up the Energy Efficiency Task Force with the mandate to produce detailed plans for tackling energy efficiency and renewable energy issues in the Contracting Parties of the Energy Community.

The Energy Community Secretariat's (ECS) Energy Efficiency Task Force has four areas of focus in its 2011 work programme:

1. Implementation of the first National Energy Efficiency Action Plans (NEEAPs), with the emphasis on the promotion of the exemplary role of the public sector and the creation of the market for energy services;
2. Development of the monitoring and verification system and reporting on NEEAPs, in the framework of Directive 2006/32/EC, including the development of the energy data gathering and reporting system, setting up energy efficiency indicators, the use of the EU harmonised (top-down and bottom-up) measurement and verification methods.
3. Monitoring the progress in each Contracting Party based on the Road maps for the implementation of the energy efficiency directives, with the emphasis on the development of the harmonised approach to the development of energy efficiency codes and technical standards; secondary legislation; a common methodology for calculating the energy performance of buildings, as well as the cost – optimal methodology for nearly zero energy buildings, introduction of the energy labelling scheme etc.
4. Capacity building for the directives' implementation requirements, as well as for using the available regional energy efficiency support mechanisms.

The task force meets on a regular basis to support the governments in their efforts to achieve the Energy Efficiency targets they have committed to under the ECT.

2.1.1 Energy Efficiency Support Mechanisms in the Western Balkans

Under Phase 1 of the Review of Energy Efficiency Support Mechanisms, the IFI Coordination Office⁹ prepared and submitted a draft report that maps current support mechanisms in the Western Balkans to DG Enlargement in August 2010.

⁹ The European Commission (EC) financed project "Support to IFI Coordination in the Western Balkans and Turkey" aims to ensure that adequate and effective coordination takes place between the EC and the International Financial Institutions (IFIs) at policy, technical and operational level, thereby contributing to the overall socio-economic development of the beneficiary countries. The project has three main modules – policy advice and coordination, support to investment and financing initiatives and enhanced communications. It is implemented by the IFI Coordination Office.

The project builds on previous activities undertaken in this area, most notably the IFI Advisory Group and complements a range of horizontal and sectoral initiatives such as the Western Balkan Investment Framework (WBIF), the Regional Cooperation Council (RCC), the Energy Community Secretariat (ECS), the Regional Environmental Centre (REC), the Regional Environmental Network for Accession (RENA) and the South Eastern Europe Transport Observatory (SEETO).

The report noted the potential importance of such mechanisms in facilitating the countries' efforts to meet the commitments they have assumed under the ECT.

The report provided details on 33 current mechanisms (31 financial support schemes and 2 technical assistance programmes) in the region covering a range of beneficiaries (individual households, SMEs, ESCOs, public authorities) and uses (energy efficiency, renewable energy etc). The report contained some analysis of the various mechanisms (source of funds, geographic coverage, financial structures, distribution channels etc.) based on publicly available information.

Given the continuing importance of energy efficiency as part of the EU's overall strategy for energy and environment in the region and the IPA resources that are and will be allocated to this sub-sector, the EC decided to initiate a second study (which the current document reports), to expand and disseminate additional information to increase awareness and transparency with respect to the various EE funding mechanisms already identified across the region.

2.2 Approach and methodology for data collection

A three-stage approach was undertaken:

- Data was collected from public sources, specifically to check, update and expand previous data, but also to divide funds into different categories: loan funds (including credit lines), grants, TA and guarantee funds. Funds that provide finance for SMEs for a large range of activities including EE were reviewed, but the focus in this report is on those funds and facilities that have EE as a primary activity – a total of 25 individual mechanisms.
- Based on the public data, individual fund sheets were devised for each fund which provided loans (not generally for TA or grants in isolation) and these were submitted with the public data to the relevant IFIs for checking and for supplementary data to be supplied.
- As additional data was received from IFIs, it was incorporated into tables and fund sheets.

In several cases the value of funds has been changed from the official information to ensure all funds are denominated in euros. For USD denominated funds exchange rate applied is 1USD = 0,75EUR.

3. Overview and Analysis of EE and RE Support Mechanisms in the Western Balkans

3.1 Overview of funds

As a development from the previous report, the funds were analysed in the following categories: loans, TA, grants and guarantees. The bigger loan funds are packaged with TA and grants, but are classified as loans. Some TA and grant funds were merged with loans under this classification. This chapter sets out a series of tables and figures providing summary analyses of the various facilities¹⁰.

An overall summary of the funds is shown in Table 1.

25 funds were identified as summarised in the table. There are 11 regional funds of which eight are loan funds (most with their own or associated technical assistance), and three that offer technical assistance (sometimes with small grants). The total funding available through regional facilities is 592.85 M€, 98% of which is loan funding (including associated technical assistance and grants). Most funds cover the entire region but do not necessarily operate in every country.

In terms of country specific funds, a total of 14 have been identified. As well as funds provided by the EC and the main IFIs, we find loans and technical assistance funds provided by one Contracting Party – Croatia – and bilateral donors, such as the governments of Italy, Spain and Switzerland. There are also a number of EIB-financed SME funds available in the different countries under which EE is one of a large number of activities for which loans can be made. However, in this report we focus on funds and facilities that have EE as one of their primary activities. The only guarantee funds identified in the region are provided by USAID/SIDA in Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia.

The scale of funding directly available for EE and RE investments is quite significant, as can be seen in the pie charts following (Figure 1). All countries have some individual loan funds, but Macedonia and Serbia have more extensive resources.

In general funds are not specifically designated as *either* for energy efficiency *or* renewable energy so we have not analysed funds in this way. Funds may be assumed as available for both. Tables 2 and 3 outline the distribution of funds, by IFI, country and amount of funding, and summarise how funds combining loans, TA and grants are applied.

All the main IFIs are active at the regional level. There is a good range of credit lines and technical assistance, and grants of up to 20% are provided with the larger credit lines. For the EBRD's WeBPSSF¹¹ – SEEF, six loans totalling 43 M€ have been allocated out of 110 M€, together with grants (9.46 M€ allocated out of 21.5 M€) and TA are also available through the IPA 2009 Crisis Response Package. The UNECE Fund has yet to commence its lending operations, but does make technical assistance available under FEEI, therefore we have listed it as a Regional TA scheme in a later table. The Central Europe Initiative (CEI) Trust Fund operates also in Belarus, Moldova and Ukraine, and is available only through EBRD.

¹⁰ A useful source of information on many of the funds is provided by the presentations made at the ECS Investment Conference on 18 Mar 2010, which can be found online at http://www.energy-community.org/portal/page/portal/ENC_HOME/CALENDAR/Other_Meetings/2010/18_Mar

¹¹ Western Balkans Private Sector Sustainable Finance – Window for Energy Efficiency Finance

Albania and Kosovo do not have country specific loan funds dedicated for EE, whereas other countries have at least one dedicated loan fund. Albania, Bosnia and Herzegovina have no country specific TA funds, and Kosovo has funds only for TA on municipal services. Only Croatia, Macedonia, Montenegro and Serbia have grants at country level and guarantee funds exist only in Bosnia and Herzegovina and Macedonia.

In further tables (Tables 4–8), funds applying to different end-borrowers are displayed. In compiling these particular tables, we have listed those end-borrowers designated by the IFIs, as in some cases the Financial Intermediaries (banks) have included other categories.

Households: Here we can see that the main regional finance available for individual households is through GGF and KfW's regional BFSEF¹². GGF also indicates that homeowners' associations are eligible as clients but given that GGF is a relatively recent facility there is no information yet on activity with this category of borrower. For IPA 2007/EEFF, lending to individual households is explicitly excluded, but is allowed for housing associations. For this class of borrower two banks in Croatia making loans from their own finance were identified (see section 5).

SME/Industry: This sector is well catered for, with all types of funds available, especially loans from all the big regional funds. The definitions of what is regarded as lending for SMEs and what as lending for industry may well depend on the bank, IFI or the size of enterprises in the country, so cannot be regarded as fixed. Therefore, we have assumed that funds which cover SMEs also cover industry and vice versa. In general, loan funds do not appear to allocate quotas for categories of end-borrowers, but appear to work on a first come, first served basis. Hence we assume that the full value of loan funds (regional, country and mixed) is available for this category of end-borrower, i.e. 793.81 M€.

Energy companies/ESCOs: There is support for ESCO¹³ operation and for renewable energy companies in all countries. However, it may be difficult for companies which do not already have a track record to get loans, and so start-up funding could be an issue here. As loans would be the main source of funding for new companies setting up renewable energy plants, this could be a barrier to renewable facilities.

Municipalities: There are two sorts of loan funds available. Some general purpose funds are directed at municipality infrastructure (for which many potential activities may well involve energy efficiency, but this is not necessary), and other funds are strictly EE loan funds but targeted at a number of end users, and not specifically at municipalities. The first type of fund is likely to be well designed to meet municipal needs, whereas the second may not have a suitable loan product for them. Technical assistance for municipalities can also be of both types.

Government/ministries: Again, public buildings are well covered, both for loans and TA, but public borrowing capacity is likely to be a problem.

¹² Banking Facility for Sustainable Energy Finance

¹³ ESCOs (Energy Service Companies) are private sector companies who act as financial intermediaries to implement energy efficiency measures on behalf of public sector clients. They may be eligible for preferential financing from IFIs, particularly if they operate energy performance contracts with their public sector clients, sharing the savings.

Table 1 Overview of all funds in the region

| | No. | EUR mil. | % of total |
|--|-----------|---------------|----------------|
| Regional Total | 11 | 592,85 | 74,68% |
| Regional Loan Funds (with TA and grants) | 8 | 580,45 | 73,12% |
| Regional TA Programmes and Funds | 3 | 12,40 | 1,56% |
| Country Loan Funds (with TA and grants) Total | 5 | 64,06 | 8,07% |
| Croatia | 1 | * | Not included |
| Montenegro | 1 | 7,71 | 0,97% |
| Serbia | 3 | 56,35 | 7,10% |
| Country Mixed/EE Loan Total | 2 | 91,60 | 11,54% |
| Serbia | 2 | 91,60 | 11,54% |
| Country TA Funds Total | 2 | 3,00 | 0,38% |
| Montenegro | 1 | 1,50 | 0,19% |
| Kosovo | 1 | 1,50 | 0,19% |
| Country Grant Funds Total | 3 | 12,30 | 1,55% |
| FYRo Macedonia | 2 | 12,10 | 1,52% |
| Serbia | 1 | 0,20 | 0,03% |
| Country Guarantee Funds Total | 2 | 30,00 | 3,78% |
| Bosnia and Herzegovina | 1 | 15,00 | 1,89% |
| FYRo Macedonia | 1 | 15,00 | 1,89% |
| TOTAL: | 25 | 793,81 | 100,00% |

* varies each year according to the State budget

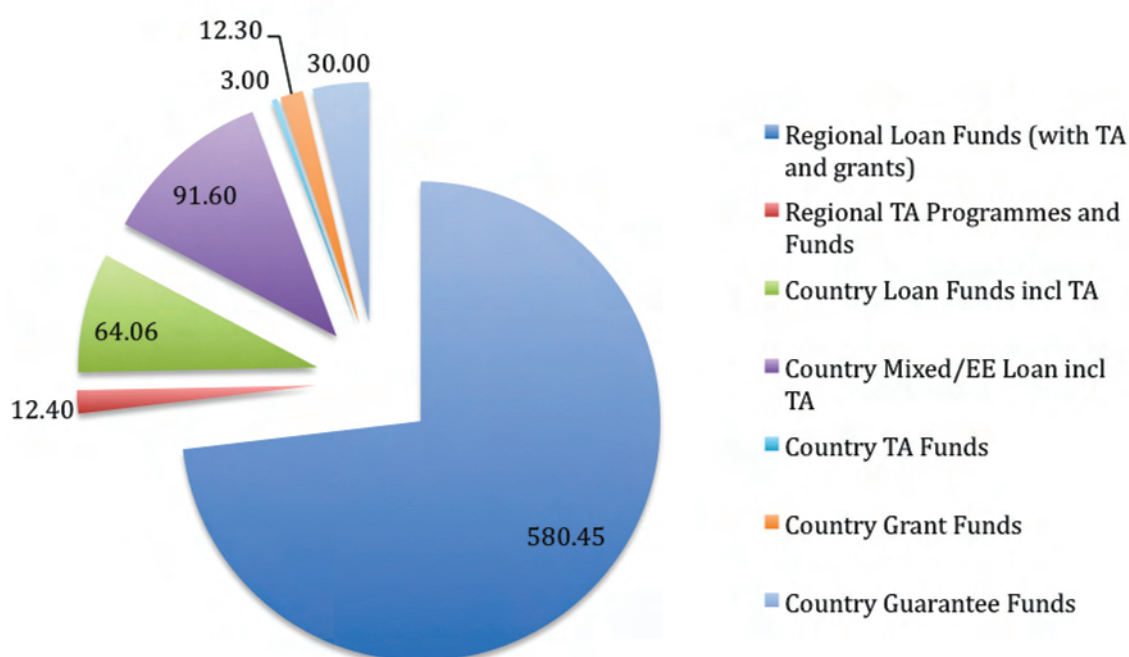


Figure 1 Share of funds by type of fund

Table 2 Operation and funding of regional funds

| IFI/DONOR | Name of Fund | Structure | | | | | Countries | | | | | | | Amount M€ | | | | | |
|---------------------------------|---|---------------|------|-----|-------|-----------|-----------------------|------------------------|---------|----------------|------------|-----------------|--------|---------------|--------------|-------|-------|-----------|--------|
| | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Albania | Bosnia and Herzegovina | Croatia | FYRo Macedonia | Montenegro | Serbia | Kosovo | Mixed/EE Loan | Loan | TA | Grant | Guarantee | |
| EBRD | WeBSEDF | | Y | Y** | | | Y | Y | Y | Y | Y | Y (incl Kosovo) | | 64,00 | 2,00 | | | | |
| EBRD | WPSSF - SEEF | | Y | | | | Y | Y | Y | Y | Y | Y (incl Kosovo) | | 50,00 | | | | | |
| KFW | Banking Facility for Sustainable Energy Finance | | Y | Y | | | | Y | | Y | Y | Y | | 116,00 | 3,50 | | | | |
| UNECE | Eastern Europe Energy Efficiency Fund/EE21 | | Y | Y | | | Y | Y | Y | | Y | | | 30,00 | 6,15 | | | | |
| USAID/Hellenic AID | SYNERGY | | | Y | | | Y | Y | Y | Y | Y | | | | 8,00 | | | | |
| GIZ | Open Regional Fund | | | Y | | | Y | Y | Y | Y | Y | Y | | | 3,00 | | | | |
| CEI Trust Fund | Italian Government at EBRD | | | Y | | | Western Balkan States | | | | | | | | | 1,40 | | | |
| EEFF 2007/IPA 2007 Total | | | | | | | | | | | | | | 139,60 | 34,70 | | | | |
| EC/EBRD | EBRD WeBSECLF | | Y | Y | Y* | | | Y | | Y | Y | Y (incl Kosovo) | | 54,80 | | 13,50 | | | |
| EC/EIB | EIB | | Y | Y | Y* | | | | | | | | | 54,00 | | 13,50 | | | |
| EC/CEB/KfW | CEB/KfW | | Y | Y | Y* | | Y | Y | | Y | Y | Y | | 30,80 | | 7,70 | | | |
| EC/EIB/KfW/EBRD | Green for Growth Fund (GGF) | | Y | Y | Y*** | | Y | Y | Y | Y | Y | Y | | 128,00 | 6,50 | | | | |
| Y* | TA and grant comes from IPA 2007 | | | | | | | | | | | | | | | | | | |
| Y** | TA comes from EBRD Institutional capacity building fund | | | | | | | | | | | | | | | | | | |
| Y*** | grant comes from EC IPA 2009 Crisis Response Package | | | | | | | | | | | | | | | | | | |
| Subtotal funds | 11 | 0 | 8 | 10 | 4 | 0 | 8 | 10 | 7 | 9 | 9 | 10 | 4 | 0 | 527,60 | 30,55 | 34,70 | 0 | 592,85 |

Table 3 Operation and funding of country funds

| IFI/DONOR | Name of Fund | Structure | | | | | Countries | | | | | | | Amount M€ | | | | | |
|--|---|---------------|-----------|-----------|----------|-----------|-----------|------------------------|----------|----------------|------------|-----------|-------------------------|---------------|---------------|--------------|--------------|-----------|---------------|
| | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Albania | Bosnia and Herzegovina | Croatia | FYRo Macedonia | Montenegro | Serbia | Kosovo | Mixed/EE Loan | Loan | TA | Grant | Guarantee | |
| USAID + SIDA | Development Credit Authority facility for EE to BiH | | | | | Y | | | Y | | | | | | | | | 15 | |
| USAID | Development Credit Authority facility for EE to FYRo Macedonia | | | | | Y | | | Y | | | | | | | | | 15 | |
| GIZ | Modernising municipal services | | | Y | | | | | | | | Y | | | 1,50 | | | | |
| GIZ | Advisory services on energy efficiency | | | Y | | | | | | Y | | | | | 1,50 | | | | |
| KFW | Municipal infrastructure credit line project (MICLP) Serbia | Y | | Y | | | | | | | Y | | 60 | | 1,60 | | | | |
| World Bank | Energy efficiency project in Montenegro | | Y | Y | | | | | | Y | | | | 7,71 | | | | | |
| World Bank | GEF Sustainable Energy Project FYRo Macedonia | | | | Y | | | | Y | | | | | | | | 4,50 | | |
| IFC | EE Loan Serbia | | Y | Y | Y | | | | | | Y | | | 15,10 | | | | | |
| World Bank | Energy efficiency project Serbia | | Y | | | | | | | | Y | | | 18,75 | | | | | |
| World Bank | Energy efficiency project Serbia additional financing | | Y | | | | | | | | Y | | | 22,50 | | | | | |
| Italian Government | Italian credit line in Serbia | Y | | | | | | | | | Y | | 30 | | | | | | |
| Croatian Government | Environmental protection and energy efficiency fund to Croatia | | Y | Y | Y | | | | Y | | | | depends on state budget | | | | | | |
| Swiss Cooperation Office | Efficient Energy Distribution | | | | Y | | | | Y | | | | | | | | 7,6 | | |
| Government of Spain | Grant of Kingdom of Spain to Serbia | | | | Y | | | | | | Y | | | | | | 0,2 | | |
| Total country funds 14 | Country funds sub-total by type of facility, country and amount | 2 | 5 | 6 | 5 | 2 | 0 | 1 | 1 | 3 | 2 | 6 | 1 | 90 | 64,06 | 4,60 | 12,30 | 30 | 200,96 |
| Total regional and country funds 25 | Total regional and country funds sub-total by type of facility, country and amount | 2 | 13 | 16 | 9 | 2 | 8 | 11 | 8 | 12 | 11 | 16 | 5 | 90 | 591,66 | 35,15 | 47,00 | 30 | 793,81 |

Table 4 Funds available for households and housing associations

| End-borrower | IFI/DONOR | Name of Fund | Structure | | | | | Countries | | | | | | |
|--|---|--|---------------|------|----|-------|-----------|-----------|------------------------|---------|----------------|------------|--------|--------|
| | | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Albania | Bosnia and Herzegovina | Croatia | FYRo Macedonia | Montenegro | Serbia | Kosovo |
| Private households | EC/EIB/KfW/EBRD | Green for Growth Fund | | Y | Y | | | Y | Y | Y | Y | Y | Y | Y |
| | UNECE | FEEI | | | Y | | | Y | Y | | Y | | Y | |
| | USAID + SIDA | Development Credit Authority facility for EE to BiH | | | | | Y | | Y | | | | | |
| | KfW | Banking Facility for Sustainable Energy Finance | | Y | Y | | | Y | Y | | Y | Y | Y | Y |
| | IFC | EE Loan Serbia | | Y | Y | Y | | | | | | | Y | |
| | USAID | Development Credit Authority facility for EE to FYRo Macedonia | | | | | Y | | | | Y | | | |
| | Total of funds available for private households by type and country | | | 0 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 4 | 2 | 4 |
| Housing association | | IPA 2007 Energy Efficiency Finance Facility (EEFF) | | Y | | | | Y | Y | Y | Y | Y | Y | |
| Total of funds available for private households & housing associations | | | 0 | 4 | 4 | 1 | 2 | 4 | 5 | 2 | 5 | 3 | 5 | 2 |

Table 5 Funds available for SMEs and industrial enterprises

| End-borrower | IFI/DONOR | Name of Fund | Structure | | | | | Countries | | | | | | |
|--|---------------------|---|---------------|----------|-----------|----------|-----------|-----------|------------------------|----------|----------------|------------|-----------|---------------|
| | | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Albania | Bosnia and Herzegovina | Croatia | FYRo Macedonia | Montenegro | Serbia | Kosovo |
| SMEs/Industry | | | | | Y** | | | | | | | | | |
| | EC/EIB/KfW/EBRD | Green for Growth | | Y | Y | | | Y | Y | Y | Y | Y | Y | Y |
| | EC/EBRD | EBRD WeBSECLF/IPA 2007 (EEFF) | | Y | Y | Y* | | | Y | | Y | Y | Y | (incl Kosovo) |
| | EC/EIB | EIB/IPA 2007 (EEFF) | | Y | Y** | | | Y | Y | Y | Y | Y | Y | |
| | EC/KfW/CEB | KfW/CEB/IPA 2007 (EEFF) | | Y | Y** | | | Y | | | | | Y | |
| | EBRD | WBPSF – SEEF | | Y | | | | Y | Y | Y | Y | Y | Y | (incl Kosovo) |
| | EBRD | WeBSEDF | | Y | Y** | | | | Y | | | Y | Y | (incl Kosovo) |
| | UNECE | FEEI | | | Y | | | Y | Y | | Y | | Y | |
| | Croatian Government | Environmental protection and energy efficiency fund for Croatia | | Y | Y | Y | | | | Y | | | | |
| | IFC | EE Loan Serbia | | Y | Y | Y | | | | | | | Y | |
| | Italian Government | Italian credit line in Serbia | Y | | | | | | | | | | Y | |
| | World Bank | GEF Sustainable Energy Project FYRo Macedonia | | | | Y | | | | | Y | | | |
| | KfW | Banking Facility for Sustainable Energy Finance | | Y | Y | | | Y | Y | | Y | Y | Y | Y |
| | GIZ | Open Regional Fund | | | Y | | | Y | Y | Y | Y | Y | Y | Y |
| Total Funds Available for SMEs and Industrial Enterprises | | | 1 | 9 | 11 | 4 | 0 | 7 | 8 | 5 | 8 | 7 | 11 | 3 |

Table 6 Funds available for energy companies

| End-borrower | IFI/DONOR | Name of Fund | Structure | | | | | Countries | | | | | | |
|--|-----------------|-----------------------|---------------|------|----|-------|-----------|-----------|------------------------|---------|----------------|------------|--------|--------|
| | | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Albania | Bosnia and Herzegovina | Croatia | FYRo Macedonia | Montenegro | Serbia | Kosovo |
| ESCOs | EC/EIB/KfW/EBRD | Green for Growth Fund | | Y | Y | | | Y | Y | Y | Y | Y | Y | Y |
| | GIZ | Open Regional Fund | | | Y | | | Y | Y | Y | Y | Y | Y | Y |
| Total funds available for ESCOs | | | 0 | 1 | 2 | 0 | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Renewable energy companies | EC/EIB/KfW/EBRD | Green for Growth Fund | | Y | Y | | | Y | Y | Y | Y | Y | Y | Y |
| | GIZ | Open Regional Fund | | | Y | | | Y | Y | Y | Y | Y | Y | Y |
| Total funds available for RE companies | | | 0 | 1 | 2 | 0 | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Table 7 Funds available for municipalities

| End-borrower | IFI/DONOR | Name of Fund | Structure | | | | | Countries | | | | | | |
|---|----------------------------|--|---------------|----------|-----------|----------|-----------|-----------------------|------------------------|----------|----------------|------------|-----------------|----------|
| | | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Albania | Bosnia and Herzegovina | Croatia | FYRo Macedonia | Montenegro | Serbia | Kosovo |
| Municipalities | EIB | IPA 2007 EE Facility | | Y | Y** | | | Y | Y | Y | Y | Y | Y | |
| | EBRD | WeBSEDF | | Y | Y*** | | | Y | | | Y | | Y (incl Kosovo) | |
| | KfW/CEB | IPA 2007 EE Facility | | Y | Y** | | | Y | | | | | Y | |
| | UNECE | FEEI | | | Y | | | Y | Y | | Y | | Y | |
| | Croatian Government | Environmental protection and energy efficiency fund to Croatia | | Y | Y | Y | | | | Y | | | | |
| | KfW | Municipal infrastructure credit line project (MICLP) Serbia | Y | | Y | | | | | | | | Y | |
| | Italian Government | Italian credit line in Serbia | Y | | | | | | | | | | Y | |
| | GIZ | Open Regional Fund | | | Y | | | Y | Y | Y | Y | Y | Y | |
| | Italian Government at EBRD | CEI Trust Fund | | | Y | | | Western Balkan States | | | | | | |
| | USAID/Hellenic AID | SYNERGY | | | Y | | | Y | Y | Y | Y | Y | Y | |
| | KfW | Banking Facility for Sustainable Energy Finance | | Y | Y | | | | Y | | | Y | Y | |
| | GIZ | Modernising municipal services | | | Y | | | | | | | | | Y |
| | USAID + SIDA | Development Credit Authority facility for EE to BiH | | | | | | Y | Y | | | | | Y |
| | USAID | Development Credit Authority facility for EE to FYRo Macedonia | | | | | | Y | | Y | | | | |
| Total funds available for municipalities | | | 2 | 5 | 11 | 1 | 2 | 6 | 8 | 5 | 7 | 6 | 9 | 2 |

Table 8 Funds available for public sector activities

| End-borrower | IFI/DONOR | Name of Fund | Structure | | | | | Countries | | | | | |
|-------------------------|----------------------------|--|---------------|------|----|-------|-----------------------|-----------|------------------------|---------|----------------|------------|---------------|
| | | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Albania | Bosnia and Herzegovina | Croatia | FYRo Macedonia | Montenegro | Serbia |
| Public Buildings | EIB/KfW/EBRD | Green for Growth Fund | Y | Y | | | Y | Y | Y | Y | Y | Y | |
| | UNECE | FEEI | | Y | | | Y | Y | | Y | | | |
| | World Bank | Energy efficiency project in Montenegro | Y | | | | | | | Y | | | |
| | World Bank | Energy efficiency project Serbia Additional Financing | Y | | | | | | | | Y | | |
| | GIZ | Open Regional Fund | | Y | | | Y | Y | Y | Y | Y | Y | |
| | Italian Government at EBRD | CEI Trust Fund | | Y | | | Western Balkan States | | | | | | |
| | IDA + Government of Serbia | Energy efficiency project Serbia | Y | | | | | | | | Y | | |
| | World Bank | GEF Sustainable Energy Project FYRo Macedonia | | | Y | | | | Y | | | | |
| | USAID/Hellenic AID | SYNERGY | | Y | | | Y | Y | Y | Y | Y | Y | |
| | | | | 4 | 5 | 1 | 0 | 5 | 5 | 4 | 6 | 5 | 7 |
| Ministries | UNECE | FEEI | | Y | | | Y | Y | | Y | Y | | |
| | Croatian Government | Environmental protection and energy efficiency Fund to Croatia | Y | Y | Y | | | | Y | | | | |
| | World Bank | Energy Efficiency Project in Montenegro | Y | | | | | | | Y | | | |
| | World Bank | Energy efficiency project Serbia | Y | | | | | | | | Y | | |
| | EBRD | Institutional capacity building | | Y*** | | | Y | Y | Y | Y | Y | Y | (incl Kosovo) |
| | Italian Government at EBRD | CEI Trust Fund | | Y | | | Western Balkan States | | | | | | |
| | GIZ | Advisory services on energy efficiency | | Y | | | | | | | Y | | |
| | World Bank | GEF Sustainable Energy Project FYRo Macedonia | | | Y | | | | Y | | | | |
| | Swiss Cooperation Office | Efficient Energy Distribution | | | Y | | | | | Y | | | |
| | GIZ | Open Regional Fund | | Y | | | Y | Y | Y | Y | Y | Y | Y |
| USAID/Hellenic AID | SYNERGY | | Y | | | Y | Y | Y | Y | Y | Y | | |
| General Fund | Government of Spain | Grant of Kingdom of Spain to Serbia | 3 | 7 | 3 | 0 | 5 | 5 | 5 | 7 | 6 | 6 | 2 |
| | | | | | Y | | | | | | Y | | |

3.2 EE/RE Loan Funds

Tables providing summary details on the funds are shown in Appendix 1. Individual information sheets on the loan funds listed below in Table 9 are contained in Appendix 3. Unless otherwise indicated, these have been verified by the relevant IFI.

Table 9 List of fund sheets

| IFI | Fund name |
|-------------------|---|
| EBRD | WeBSECLF (part of IPA 2007/EEFF 2007) |
| EBRD | WeBSEDFE |
| EBRD | WBPSSF – SEEF |
| KfW | Banking Facility for Sustainable Energy Finance |
| KfW | Municipal infrastructure credit line project (MICLP) Serbia |
| World Bank | Energy efficiency project in Montenegro |
| IFC | EE Loan Serbia |
| World Bank (IDA) | Energy efficiency project Serbia |
| World Bank (IBRD) | Energy efficiency project Serbia Additional Financing |
| World Bank | WB GEF Sustainable Energy Project in FYRo Macedonia |

Overall fund sheets for the two big funds with EC contributions (IPA 2007/EEFF 2007 and GGF) have not been prepared as the sheets would be too complex, and as they are in the early stages of implementation there is little data.

Based on the information we have been able to collect, whether at regional or country level, there is little public information on performance. The relatively recent commencement of several funds means that they are unlikely to have significant numbers of agreements with FIs or resulting projects.

EBRD WeBSECLF, part of IPA 2007/ EEFF 2007, has made significant progress in this area, with 31 loan projects. This fund is discussed later under that larger fund. Case studies of loans made can be found on their website (see <http://www.webseclf.com>).

KfW's Banking Facility for Sustainable Energy Finance has also made progress, securing agreements with nine local banks and one local leasing company, since January 2008. No data has been provided on the number of loans to date, though average loans for SMEs are €70,000 and for households are €5000. In the agreement with the FI, an allocation of around €200,000 is made for TA for each institution, though the exact volume of the TA varies with the type of project/institution as well as with the availability of funds.

3.2.1 Government Borrowing for Energy Efficiency

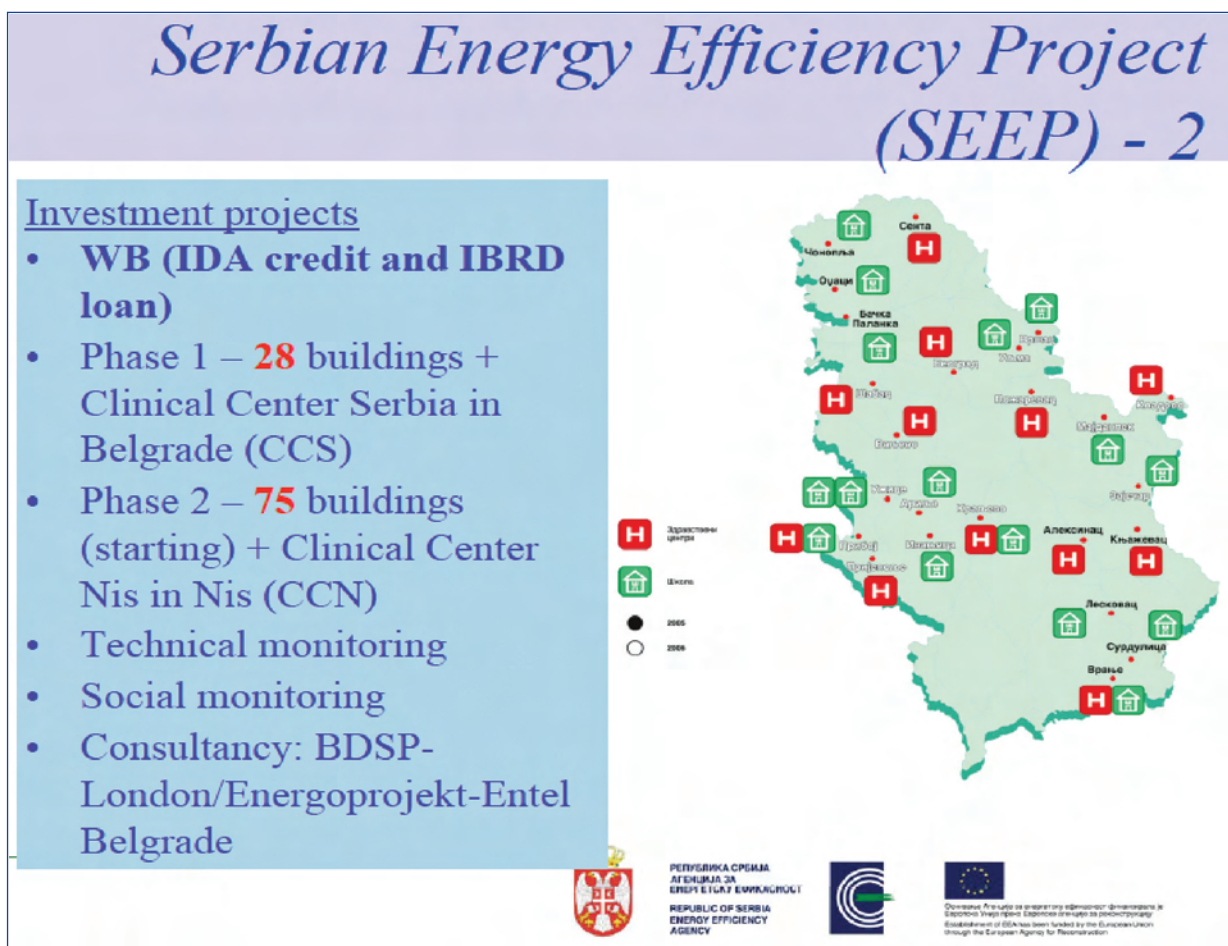
Serbia

The World Bank loans to the Government of Serbia are of interest here as a mechanism for government borrowing for energy efficiency. The loans are for a specific project with a government agency, and not made available as funds for lending to end-borrowers, either directly or through financial intermediaries. As such they represent an alternative model to credit lines.

Under the three loans (a combination of an IDA credit and an IBRD loan), a range of health and education buildings were renovated for a total of 55 MUSD together with a government contribution of 6 MUSD. The fund sheets can be found in Appendix 3. The project¹⁴ is being implemented by the Serbian Energy Efficiency Agency in two phases:

- 1st phase: World Bank IDA credit 21 (+4 contribution by Serbia) M USD, implementation 2005–2008; and
- 2nd phase: 28 (+2 contribution by Serbia) M USD (IDA Credit 10 M and IBRD loan 18 M) implementation 2009–2012.

Figure 2 Details of Serbian Energy Efficiency Project



As well as a good example of public sector EE improvements provided by loans, the project also has extensive monitoring and verification of the savings as shown in the following graph, Figure 3.

¹⁴ Details are taken from a presentation made at the ECS EE Investment Conference, Vienna, 18 March 2010. Presentation downloadable from http://www.energy-community.org/portal/page/portal/ENC_HOME/CALENDAR/Other_Meetings/2010/18_Mar

Figure 3 Results of energy-saving measures

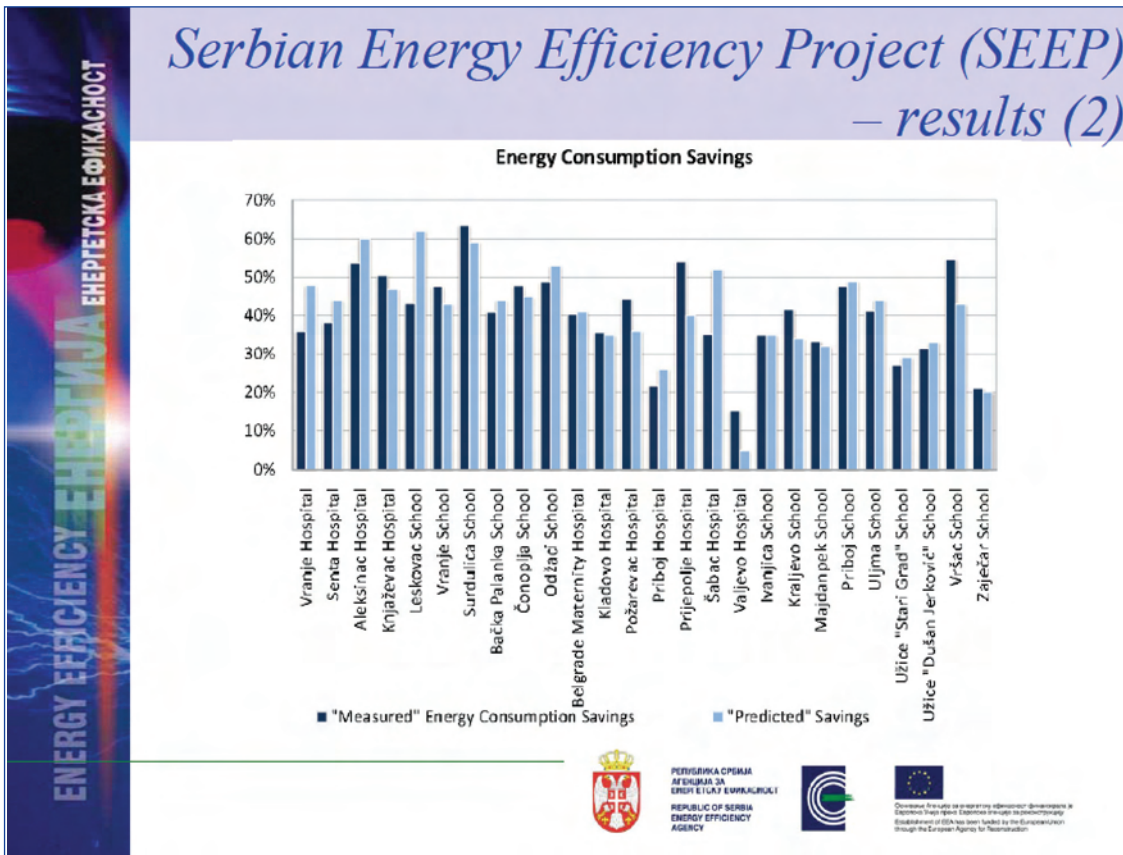
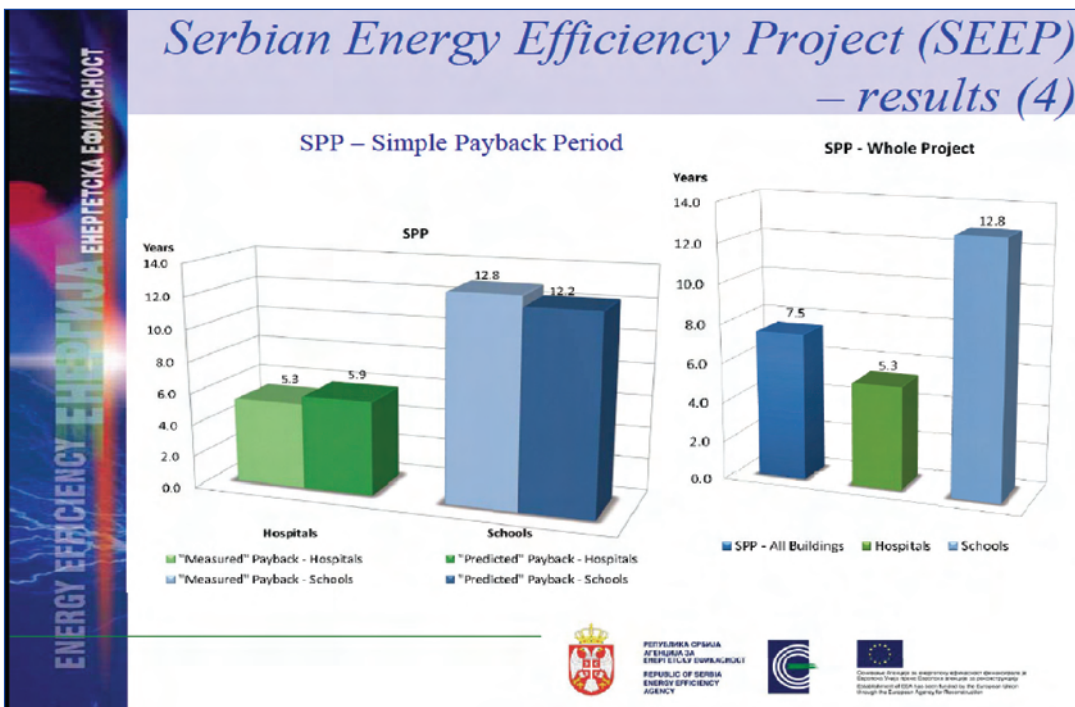


Figure 4 Payback achieved



Former Yugoslav Republic of Macedonia

Another interesting example of a different approach to funds is the World Bank grant to the Former Yugoslav Republic of Macedonia. Part of the grant is provided directly to the Macedonian Bank for Development Promotion (MBDP) which it on-lends to local FIs that in their turn on-lend to borrowers (private companies) with an obligation to use their own funds for lending also. As a result, the final borrower gets a loan of roughly \$3 for each \$1 of grant funds. When the funds revolve to MBDP they will be on-lent again. The grant is allocated as follows: SEFF (credit line): \$1.55m; TA: \$1.75m; public buildings retrofits (grant): \$2.20m; Total: \$5.5m.

The grant is also used to finance EE investments in public/municipal buildings. This is meant as a pilot for a national programme for EE in public buildings where EE investments will be paid for from state budget or IFI loans/grants, for instance, by means of “budget capture”. In this case, the future savings are estimated (“deemed saving”). Then for a certain number of years (“the pay-back period”) the annual budget allocation to the institution or its owner (e.g. the municipality) will be reduced by a percentage of the deemed annual savings (say 75 or 80%) until the investment is “paid back”. This way “budget capture” works like an EE fund without actually needing to establish such a fund. At the same time, the institution gains 20–25% of the saving itself.

3.2.2 Fund performance

Some attempts have been made to compare fund performance, showing what progress they have achieved so far. The results are shown in Table 10.

We attempted to compile data on agreements with FIs as well as numbers of loans. In particular we looked for data on energy savings and CO₂ emissions avoided. Where loans were paired with incentives (grants) we hoped to find some form of verification that the loans were used for the purposes intended. However, many funds began operation only in the last two years and little lending to end-borrowers has taken place yet.

We looked at visibility of the funds, if there was a dedicated website and if case studies of loans were available. While we managed to identify, from public information, about 100 banks lending for EE/RE investments in the region, we found that there were few dedicated websites and even then they generally contained little information for end-borrowers and few case studies.

Table 10 Fund performance

| IFI/ DONOR | NAME OF FUND | STRUCTURE | | | | | PERFORMANCE | | | | | | VISIBILITY | | |
|------------|---|---------------|------|----|-------|-----------|-------------|-----------|----------------|--|---------------------|---|-------------------|--------------|--|
| | | Mixed/FF Loan | Loan | TA | Grant | Guarantee | Start date | No of FIs | No of projects | Data on energy savings and CO2 emissions avoided | Verification by IFI | Fund sheet | Dedicated website | Case studies | |
| | Regional | | | | | | | | | | | | | | |
| EBRD | WeBSEDF | Y | Y | Y | | | na | 3 | Yes | Yes | Yes | www.webseff.com | No | | |
| EBRD | WPSSF - SEEF | Y | Y | Y | Y | | 0 | 0 | No | Yes | Yes | http://www.cropssf.hr/se-faq.html (for Croatia only) | No | | |
| UNECE | UNECE/FEEI/EE21 | Y | Y | Y | | | na | na | na | na | na | http://feei.info | No | | |
| EC/EIB | EIB credit line/IPA 2007 | Y | Y | Y | Y | | na | na | No | na | na | No | No | | |
| EC/EBRD | EBRD WEBSECLF credit line/IPA 2007 | Y | Y | Y | Y | | 8 | 28 | Yes | Yes | Yes | www.webseff.com | Yes | | |
| EC/KfW | KfW/CEB credit line/IPA 2007 | Y | Y | Y | | | 1 | na | na | na | na | No | No | | |
| KfW | KfW Banking Facility for Sustainable Energy Finance | Y | Y | Y | | | 10 | na | Yes | na | Yes | http://www.kfw-entwicklungsbank.de/EN_Home/Sectors/Financial_system_development/Innovative_Banking_Facility_for_Sustainable_Energy_Finance/index.jsp | Yes | | |
| EC/EIF/KfW | Green for Growth Fund | Y | Y | Y | | | 1 | na | No | na | na | http://www.ggf.lu/ | No | | |
| | Country | | | | | | | | | | | | | | |
| World Bank | Energy Efficiency Project in Montenegro | Y | Y | Y | | | not app | na | na | na | na | http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P107992 | Yes | | |
| World Bank | GEF Sustainable Energy Project Macedonia | Y | Y | Y | | | na | na | na | na | na | http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P089656 | Yes | | |

Table 10 Fund performance (continued)

| IFI/ DONOR | NAME OF FUND | STRUCTURE | | | | | | PERFORMANCE | | | | | | VISIBILITY | | |
|-------------------|---|---------------|------|----|-------|-----------|-------------------|-------------|-----------|----------------|--|---------------------|------------|---|--------------|--|
| | | Mixed/EE Loan | Loan | TA | Grant | Guarantee | Loan Fund Size M€ | Start date | No of Fis | No of projects | Data on energy savings and CO2 emissions avoided | Verification by IFI | Fund sheet | Dedicated website | Case studies | |
| Country | | | | | | | | | | | | | | | | |
| World Bank (IFC) | EE Loan Serbia | | Y | | | | 15.0 | 2006 | 1 | Yes | Yes | na | Yes | http://www.ifc.org/ifcext/spjweb/site1.nsf/1ca07340e47a35cd852566efb00700ceef/13698C457418F8CCD852576BA000E28E1 | Yes | |
| World Bank (IBRD) | Energy efficiency project Serbia Additional Financing | | Y | | | | 22.5 | 2007 | na | na | na | na | No | http://web.worldbank.org/external/projexts/main2?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&ProjectId=P090492 | No | |
| World Bank (IDA) | Energy efficiency project Serbia | | Y | | | | 18.7 | 2004 | na | na | Yes | na | Yes | http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&ProjectId=P075343 | Yes | |
| Croatia | Environmental protection and energy efficiency fund | | Y | Y | Y | | na | 2004 | na | na | na | na | No | http://www.fzo.eu.hr | No | |

3.3 Technical Assistance funds

There are five funds that provide EE related technical assistance on a regional basis see Table 11 and Table 12:

- EBRD's institutional capacity building fund which works with the EE window of the WBPSSF
- FEEI¹⁵, which will work in future with the UNECE EE21 Fund but at present simply provides TA
- SYNERGY, a USAID fund providing general technical assistance in EE/RE
- GIZ Open Regional Fund, again a general technical assistance fund for the region
- CEI Fund at the EBRD, which appears to be accessible only through EBRD, and covers Belarus and Moldova and has a rather small allocation for the region.

In addition, two country funds provided by GIZ as shown in Table 13 provide support for municipalities in Kosovo and to the Ministry of Energy in Montenegro

The emphasis in this report is data collection about financial facilities, so we have not collected information on EC (IPA) financed technical assistance projects for EE or RE in the region. However, it should be noted that these are usually a useful source of assistance at central government level.

Of the TA-only funds reviewed, the most relevant for financial facilities are the EBRD's institutional capacity building and the FEEI as they enable specific loan funds and grants to be disbursed. The remaining funds can be considered general technical assistance programmes to develop legal and institutional frameworks and public awareness, and provide training. This is very useful and necessary but does not contribute large amounts of funding directly for investments.

Table 11 Regional technical assistance funds – Part I

| TA Name | Source of Fund | Total Value of Fund | Purpose of TA | Financial Structure | Countries of Operation | Duration |
|--|---|---|---|---|---|--|
| Institutional Capacity Building http://www.ebrd.com | EBRD | €2m | Development of legal, institutional and regulatory framework | 100% TA | Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYRo Macedonia, Montenegro, Serbia (including Kosovo) | Q4 of 2009 – end 2012 |
| Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation (FEEI) http://feei.info | United Nations Economic Commission for Europe (UNECE) | EUR 7.5m funds for Western Balkans, for 2 EU countries and 5 NIS countries (no breakdown of the fund available) | <ol style="list-style-type: none"> 1. Source of financing with dedicated investment funds; 2. Training to help establish bankable project proposals; 3. Institutional and policy reforms; 4. Establishing network of energy efficiency managers. | 100% TA | Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, FYRo Macedonia, Kazakhstan, Republic of Moldova, Romania, Russian Federation, Serbia, Ukraine | 4 years (2008–2011) |
| Synenergy http://www.usaid.gov | USAID, Hellenic Aid | EUR 8m: USAID EUR 4m, Hellenic Aid EUR 4m | Build capacity among experts from the Energy Community Contracting Parties and Observer Countries to develop the necessary legal/policy/institutional, technical and financial skills to prepare effective policies, national plans and programs for residential and public buildings. Create sustainable framework for systemic change and mechanism for monitoring and feedback. Overcome barriers to private investment and financing for building sector energy efficiency improvements. Develop capacity among key stakeholders and centres of excellence in each country and facilitate donor coordination and expanded support for building energy efficiency. | 100% TA | Albania, Bosnia & Herzegovina, Croatia, FYRo Macedonia, Montenegro, Serbia, Ukraine, Moldova, Georgia, (Kosovo – receiving separate assistance from USAID) | May 2008 – Sep 2012 |
| Open Regional Fund – Energy Efficiency and Renewable Energies http://www.gtz.de/en/theme/n/25474.htm | GIZ | EUR 6m | Energy consumption in Southeast Europe is made more sustainable through more efficient energy utilisation | 100% TA | Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYRo Macedonia, Montenegro, Serbia | July 2008 – June 2011 (follow-up phases are planned) |
| CEI Trust Fund at the EBRD (multi-purpose fund that can be used also for sustainable energy) http://www.ceinet.org/content/cei-trust-fund-0 | Italian Government | EUR 32.5m (cumulative 1992 – 2010) EUR 1.5m for energy projects (cumulative 1997 – 2010) | Energy Efficiency (EE) where the CEI intends to support region-wide projects aimed at promoting a sustainable energy development strategy by enhancing regional co-operation on energy efficiency and investment projects development. Special attention will be paid to industrial and residential areas as well as to technology transfer. | Besides TA, the CEI Trust Fund at the EBRD also finances the Know-how Exchange Programme and other activities which are CEI specific tools. | Western Balkan states, Belarus, Moldova and Ukraine | 1992 – not limited |

Table 12 Regional technical assistance funds – Part II

| TA Name | Distribution | Beneficiary of TA | Sectors | Local Contact | Promotion | Example of Use Institutional Capacity |
|--|-----------------------------|---|--|--|---|---|
| Building http://www.ebrd.com | Direct to end beneficiary | Public: country regulators | Energy efficiency, renewable resources | Head of Energy Efficiency and Climate Change Team, Mr. Terrence McCallion, tel.: +44 20 7338 7478, e-mail: mccallit@ebrd.com | Website, seminars, direct contact with regulators | Montenegro: Review of feed in tariffs; affordability of national RES target; limits/caps on capacity for RES technologies Serbia: Review of the proposed amendments to Energy Law; support in transposition of EU RES Directive 2009/28/EC; affordability of RES targets; support to RES for heating/cooling. Croatia: Large-scale wind energy integration in Croatian power system. |
| Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation (FEEI) http://feei.info . | Direct to end beneficiary | Public: municipalities, country regulators. Private: banks, SMEs, households | Energy efficiency, renewable resources | Alexandre Chachine, Sustainable Energy Section, UNECE Sustainable Energy Division, +41 22 917 2451, alexandre.chachine@unec e.org | Seminars, training, workshops, presentations | |
| Synenergy http://www.usaid.gov/n/25474 . | Direct to end beneficiary | Public: governments, municipalities | Buildings, energy efficiency | Mr. Ira Birnbaum Energy Efficiency/GCC Coordinator ibirnbaum@usaid.gov phone: 202-712-1459. Fax: 202-216-3172 | Workshops, advice | National and municipal planning/programme design, legal and regulatory support, project preparation, awareness, financing and business development |
| Open Regional Fund – Energy Efficiency and Renewable Energies http://www.gtz.de/en/theme/n/25474.htm | Direct to end beneficiaries | Private: corporate; Public: municipalities, government ministries | Energy efficiency | Mr Dr Hartwig Rupp; email: hartwig.rupp@giz.de / Mr Johannes Elle; email: johannes.elle@giz.de | Advice, network building, knowledge management and training | |
| CEI Trust Fund at the EBRD (multi-purpose fund that can be used also for sustainable energy) http://www.ceinet.org/content/cei-trust-fund-0 | Direct to EBRD clients | EBRD clients (for TA) | Energy efficiency, renewable energy | Elisabeta Dovier, Secretariat for CEI Projects Via Genova, Trieste, Italy, email: dovier@cei-es.org | Website | Connecting stakeholders in the energy efficiency and renewable energy field in Southeast Europe and promoting regional dialogue, identifying and implementing selected approaches to improve energy efficiency and to increase the use of renewable energies, advising partner organisations, implementing small-scale projects, disseminating information |

Table 13 Country technical assistance funds

| Country | TA Name | Source of Fund | Total Value of Fund | Purpose of TA | Financial Structure | Duration | Distribution | Beneficiary of TA | Sectors | Local Contact | Promotion | Amount Disbursed | Example of Use |
|------------|---|----------------|---|---|---------------------|--------------------------|-----------------------------|--------------------------------|-------------------------------------|---|--|-------------------------------------|---|
| Kosovo | Modernising municipal services http://www.lgz.de/en/weltweit/eur-oppa-kaucasus-entralastien/kosovo/24464.htm | GIZ Fund | EUR 1,5m | A programme of small investments in the field of municipal energy efficiency, jointly financed with the municipalities | 100% TA | Jan 2006 to Dec 2013 | Direct to end beneficiaries | Public: municipalities | Energy efficiency | Ms Gabriele Becker Email: gabriele.becker@giz.de | Website | 100%; additional financing expected | Municipalities were assisted in co-financing and implementing 51 small-scale projects with about 50% of investment fund. The maximum annual amount for every project and municipality did not exceed 40,000 EUR. Investments included: modernization of public street lighting, refurbishment of public buildings (replacement of carpentry, thermo-insulation of outside walls and ceilings and/or installation of central heating), upgrading heating systems, including new installations. |
| Montenegro | Advisory services to energy efficiency www.giz.de/en/themen/25164.htm | GIZ | EUR 1,5m by Norwegian Ministry of Foreign Affairs and EUR 3,5m by German Ministry of Economic Cooperation and Development | The Montenegrin Government implements the objectives of the Energy Strategy 2025 and the Energy Efficiency Action Plan 2012. The share of overall consumption of renewable energies is to be steadily increased. Increased energy consumption is to be countered by energy-saving strategies. The prerequisites for the increased use of selected energy-saving technologies are improved. Ecological sustainability and climate protection are promoted. | 100% TA | April 2008 to March 2013 | Direct to end beneficiary | Ministry of Economy Montenegro | Energy efficiency, renewable energy | Simon Bergmann Acting Team Leader, Advisory Services to Energy Efficiency, Project Office, Bulvar Sv. Petra Cetinjskog 96, 81000 Podgorica, Montenegro Tel:+382 (0) 20 228 541 Mob:+382 (0) 69395632 Fax:+382 (0) 20 228542 E-Mail: simon.bergmann@giz.de | Website, direct contact with beneficiary | not available | Research in the general public, as well as in schools, about the awareness on energy efficiency in Montenegro. |

3.4 Grant funds

There are no pure grant funds available on a regional basis, but substantial grant funds are provided by the EC through the IPA 2007 component of EEFF 2007. These are made available as grants amounting to 20% of the total loan, paid as cash-back incentive payments when the loan investment has been implemented. The EC purchases shares in GGF and also provides funds for technical assistance.

For individual countries grant funds are available in the Former Yugoslav Republic of Macedonia and Serbia and details are outlined in Table 14. The Former Yugoslav Republic of Macedonia's grant fund from the World Bank has already been mentioned in section 3.2.1. It operates in a variety of ways: as a loan fund working through a credit line and also as a provider of grants and technical assistance. However the World Bank classifies it as a grant since it is not lending the finance.

3.5 Guarantee funds

There are no regional guarantee funds. Two country guarantee funds exist in Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia respectively. These were created by USAID and SIDA as shown Table 15.

Guarantee funds work by offering to meet the first loss incurred by a bank. This should encourage a bank to be more willing to lend on energy efficiency loans. Assuming banks are adept at assessing the risk of its borrowers, the individual risk of default should be low, thus the fund itself can be much smaller and cover a large amount of lending. No information was available on whether these funds have actually been used in the event of a loss.

In the event of a serious national or global financial crisis however, guarantee funds would be inadequate to cover a bank's full losses.

Table 14 Country grant funds

| Country | Grant Name | Source of Grant | Total Value of Grant | Purpose of Grant | Financial Structure | With own TA | Duration | Distribution | Beneficiary of Grant | Sectors | Local Contact | Promotion | Amount Disbursed | Example of Use |
|-----------------------|--|--------------------------|----------------------|---|---------------------|-------------|-----------|--|--|-------------------------------------|--|--|------------------|--|
| FYRo Macedonia | WB GEF Sustainable Energy Project http://web.worldbank.org/extemail/projects/main?pagePK=51351038&ipK=51351152&theStiePK=40941&projId=P089656 | World Bank | EUR 4,5 m | Change the current unfavourable investment and incentive conditions and create an enabling environment in FYRo Macedonia that fosters the development of sustainable energy utilisation (in this context defined as efficient use of energy and use of renewable energy sources) through providing financial, methodological, informational and institutional support. Support a large increase in energy efficiency (EE) investment through the development of a self-sustaining, market-based financing mechanism based on a principle of commercial co-financing. | 100% grant | Yes | 2007-2013 | Public: municipalities, Private: SMEs and private developers | Ministry of Economy, Macedonian Bank for Development Promotion | Energy efficiency, renewable energy | <u>Peter Johansen Pihlansen</u> <u>@worldbank.org</u> | Website, direct contact with end beneficiaries | 13% | Institutional support and technical assistance. Financing facility to support EE and RE investments through credit lines to local banks. Financial support for EE in Public Buildings. |
| FYRo Macedonia | Efficient Energy Distribution http://www.swiss-cooperation.admin.ch/macedonia/en/Home/Water_and_Wastewater_Management/Efficient_Energy_Distribution | Swiss Cooperation Office | EUR 7,6m | Replacing and supplying condenser batteries, installing energy meters, providing assistance for EE measures, and eliminating PCB-contaminated equipment in the ESM electricity distribution and supply company | 100% grant | Yes | 2004-2009 | Direct to end beneficiaries | Energy distribution company and Ministry of Economy | energy efficiency | Swiss Cooperation Office phone: 389 2 310 33 40 stislava.dodeva@sdc.net | Website, press release | not available | not available |
| Serbia | Grant of Kingdom of Spain | Government of Spain | EUR 0,2m | Technical and financial assistance for use of wind energy and solar energy | 100% grant | Yes | 2007-2010 | Direct to end beneficiaries | Serbian energy efficiency agency | Renewable energy | Energy efficiency agency, Phone: + (381) (11) 3131-957 Fax: + (381) (11) 311-16-49 E-mail: seea@seea.gov.rs | Presentation of beneficiary | not available | not available |

Table 15 Guarantee funds

| Guarantee Name | Country | Source of Guarantee | Total Value of Guarantee | Purpose of Guarantee | Financial Structure | With own TA | Duration | Distribution | Beneficiary of Guarantee | Sectors | Local Contact | Promotion | Amount Disbursed | Example of Use |
|--|-------------------------------|------------------------------------|--------------------------|---|---------------------|-------------|---------------------|--------------|---|-------------------------------------|---|--------------------------------|------------------|---|
| Development Credit Authority facility for EE www.usaid.gov/ba | Bosnia and Herzegovina | USAID (EUR 10m) and Sida (EUR 10m) | EUR 15m = USD 20m x 0,75 | Implementation of energy efficiency projects on behalf of municipalities under energy performance contracts | 100% guarantee | Yes | 4 years 2010 – 2014 | Banks, ESCOs | Private: households, Public: municipalities | Energy efficiency, renewable energy | Contact: Drazana Peranic Phone: 387-33-702-300, ext. 111 e-mail: dperanic@usaid.gov www.usaid.gov/ba | Website, press releases, banks | not available | not available |
| Development Credit Authority facility for EE http://www.usaid.gov/europe_eurasia/press/success/2007-10-02.html | FYRo Macedonia | USAID | EUR 15m = USD 20m x 0,75 | Implementation of energy efficiency projects on behalf of municipalities under energy performance contracts | 100% guarantee | Yes | 7 years 2007 - 2014 | Banks, ESCOs | Private: households, Public: municipalities | Energy efficiency, renewable energy | Margareta Lipkovska Atanasov Project Management Specialist milipkovska@usaid.gov Phone: +389 2 310 2085 Fax: +389 2 310 2463 http://macedonia.usaid.gov | Website, press releases, banks | not available | Installation of an energy-efficient heating system, electricity and lighting, and roof construction |

4. Special EU Funds

This chapter reviews the operation of the three regional EE funds where EC financing plays a significant role – Green for Growth (GGF), the IPA Energy Efficiency Finance Facility (EEFF) and Intelligent Energy – Europe IEE2.

4.1 Intelligent Energy – Europe IEE2

This general purpose fund providing technical assistance and grants serves the whole of Europe. The only country eligible from the Western Balkans is Croatia. Applications must be submitted by a team of at least three independent legal entities, each established in a different eligible country.

Projects funded range from R&D, networking, special events, publications, videos, and grants for demonstration projects. There is little public overall information about the funds available, or its performance, although individual projects are well documented on its website http://ec.europa.eu/energy/intelligent/index_en.html. The fund began operation in 2003 and has been extended from 2007 to 2013.

The programme is managed by the Executive Agency for Competitiveness and Innovation (EACI, formerly known as Intelligent Energy Executive Agency) under powers delegated by the European Commission.

We do not intend to comment further on this fund as it is not a loan fund, and it is unlikely that it could be a significant source of investment funds for the region.

4.2 IPA 2007¹⁶/EEFF 2007

The Energy Efficiency Finance Facility (EEFF) was launched in 2006 to provide funds to tackle climate change. It aims at stimulating energy efficiency investments in all types of buildings and in the industry sector by making appropriate financing available to the end-borrowers. EEFF 2006 covers the countries Bulgaria, Romania, Croatia and Turkey, and therefore it is not of interest for this study.

The implementation of EEFF 2007 started in November 2009 and covers the seven countries of the Western Balkans and Turkey. It is implemented through three separate facilities with EIB, EBRD and CEB/KfW. Based on a series of contribution agreements, EEFF 2007 combines credit lines provided by the three IFIs, extended to financial intermediaries with incentives (grants) provided by the EC. These grants aim to improve the cost-effectiveness of equipment and make the energy investment more attractive to the end user. They also cover fees of local financial intermediaries to encourage them to lend for the purpose of energy efficiency financing. The grants are worth up to 20% of the investment.

The overall objective of the programme is to financially assist the pre-accession countries (including Turkey) in increasing investments in energy efficiency in order to improve the energy performance of:

- (i) buildings according to the Directive on the Energy Performance of Buildings;
- (ii) industry sector according to the Green Paper on Energy Efficiency.

All private and public sector borrowers, except individual householders, are eligible for this fund.

Information on progress with contracting this finance facility is shown in Table 16, using EC information¹⁷. This shows that each IFI has used the fund for different purposes. Small amounts of the fund were allocated in 2009, but the main allocations have been in 2010 and some funds remain unallocated. It is much too early to speak about impact and often too early to expect any loans to end-borrowers, except via the EBRD credit line which is progressing well. The programmes are expected to operate until the end 2015.

EIB

EIB has focused mainly on Turkey, which is not the subject of this report, so we have not investigated the credit line further, except to note that there is still unallocated funding and that the consultancy agreement in the Western Balkans has not yet led to any agreements with local banks.

EBRD

EBRD has combined the EEFF 2007 Funding with its own credit line and produced the most successful loan fund we have identified in this report, with eight agreements (one repeat) with local banks in three countries. This has so far produced a total of 31 loans since its early start in 2009.

KfW

KfW also has successfully made an agreement with two local banks, Procredit Albania and Procredit Serbia. Agreements with up to two other banks are in the pipeline. In line with the approach adopted by EBRD, KfW is combining the EC funding under EEFF 2007 with its own credit lines.

¹⁷ Latest information provided by EC in April 2011

Table 16 Credit line allocations to FIs under IPA 2007/EEFF 2007

| IFI | Country | Activity | FI | EC Contribut. (Incentive) M€ | IFI Max Contributi on M€* | Loans to date M€ | Total fund size M€ | Incentives paid by 31 Mar 2011 € | EC approval | Date IFI/FI agreement signed |
|----------------------|---------------------------------------|--|-------------------------|------------------------------|---------------------------|------------------|--------------------|----------------------------------|-------------|------------------------------|
| EIB Total | WB+Turkey | | 13,50 54,00 | | 67,50 | 0 | | | EIB | Western |
| Balkans | Consultancy services (IC Consulenter) | No focus on a specific FI | 0,70 | 0 | 0 | 0,70 | | | 2010 | |
| EIB | Turkey | Consultancy services (Fichtner) + incentives | TSKB-TKB-Vafikibank | 2,00 | | 0 | 2,00 | | 2010 | |
| EIB | Turkey | Partner Bank | TSKB-TKB-Vafikibank | 8,00 | 40,00 | 0 | 48,00 | | 2010 | N/A |
| EIB | Western Balkans | Unallocated | | 2,80 | 14,00 | | 16,80 | | | |
| EBRD Total | | WeBSECLF | | 13,5 | 60,00 | 17,911 | 73,50 | 0,27 | | 4 |
| EBRD | Serbia | WeBSECLF | Banka Intesa (I and II) | 2,57 | 14,00 | 14,00 | 16,57 | | 2009 | 25-May-09 |
| EBRD | Bosnia and Herzegovina | WeBSECLF | Raffaisen Bank | 2,30 | 10,00 | 3,401 | 12,30 | | 2009 | 15-Apr-09 |
| EBRD | Serbia | WeBSECLF | Societe Generale Banka | 2,30 | 10,00 | 0,510 | 12,30 | | 2010 | Sep 10 |
| EBRD | FYRo Macedonia | WeBSECLF | Banka Ohridska | 1,15 | 5,00 | | 6,15 | | 2010 | May-10 |
| EBRD | FYRo Macedonia | WeBSECLF | ECB | 0,69 | 3,00 | | 3,69 | | 2010 | Q4 2010 |
| EBRD | Bosnia and Herzegovina | WeBSECLF | UniCredit Mostar | 1,15 | 5,00 | | 6,15 | | 2010 | Q4 2010 |
| EBRD | FYRo Macedonia | WeBSECLF | NLB Tutunska Banka | 0,92 | 4,00 | | 4,92 | | 2010 | May 2011 |
| EBRD | Serbia | WeBSECLF | Unicredit | 2,07 | 9,00 | | 11,07 | | 2011 | Mar 2011 |
| Unallocated | | | | 0,35 | | | 0,35 | | | |
| KfW-CEB Total | | | | 7,70 | 30,80 | | 38,50 | 0,00 | | |
| KfW-CEB | Albania | Loans | ProCredit Bank | 2,25 | 9,00 | N/a | 11,25 | | 2009 | not yet signed |
| KfW-CEB | Serbia | Loans | ProCredit Bank | 2,50 | 10,00 | N/a | 12,50 | | 2009 | Oct 2010 |
| Unallocated | | | | 2,95 | | | | | | |

* As per Contribution Agreement with EC

4.3 Green for Growth Fund

4.3.1 Background

The Green for Growth Fund¹⁸, originally called the SE4F was created on 17 December 2009 and from the outset was structured as an investment company with variable shared capital (“SICAV”). It was incorporated in Luxembourg under the relevant law¹⁹.

The assets of the SICAV comprise the loans (and potentially other financial instruments in the future) to partner institutions in the beneficiary countries in Southeast Europe and Turkey, while share classes reflect the risk assumed by the donors and other investors. The SICAV vehicle shown in Figure 5 allows both IFIs and the private sector to invest in the fund, by taking shares.

In March 2010 the fund name was changed to the Green For Growth Fund Southeast Europe (GGF). Investors in GGF include the EIF (as the custodian for EC funds), KfW (own funds and as custodian for funds from the German Ministry of Economic Cooperation and Development), EIB, EBRD and the private German bank, Sal Oppenheim. The World Bank’s private sector development arm, the IFC, will invest in the fund shortly. The EC, Austrian Development Bank and the German Ministry of Economic Cooperation and Development also provide funds for technical assistance. In line with its commercially driven approach, the fund is managed by a private fund manager, a consortium of Oppenheim Asset Management (Fund Manager) and Finance in Motion (Fund Advisor). Investments are expected to produce an acceptable rate of return and any dividends generated may be distributed to the different shareholders in line with their risk profile and specific developmental objectives. Further information is available on www.ggf.lu.

In our review of GGF, we have focused on the “downstream” side of the fund (how to get loans/assistance out of it), rather than how the funds are managed at the investment vehicle “upstream” side, as this is more relevant for the main target audience of this report – government officials of the beneficiary countries. GGF highlights that its governance structures and private management facilities have been designed with the intention to expedite decisions on investments and assistance for end users.

Objectives

The main objective is to help the countries of Southeast Europe achieve 20% savings in energy or 20% savings in CO2 emitted for each of its investments. These investments and the development of financial products in this sector are expected to contribute to the countries’ capacity to meet the obligations they have assumed under the ECT.

¹⁸ The EC is participating in the GGF Fund under the IPA Multi-Beneficiary Programme, by subscribing 20 million C-shares on behalf of the beneficiaries + contributing with additional Euro 5 million to the TA Facility. Full ownership of EC shares in the GGF will be passed on to the beneficiaries by the end of 2015. Additional EC funding for the GGF Fund (C-shares + TA Facility) was made available under the IPA Crisis Response Package 2009.

¹⁹ The law of 10 August 1915 on commercial companies, as amended by the Law of 19 July 1991, of the Grand Duchy of Luxembourg

Other objectives:

- Provide additional development financing for EE and small RE projects to broaden the financial base for these kinds of investments in the Southeast European Region;
- Address specific needs of underserved market segments;
- Increase awareness of EE/small RE investments among companies and private households;
- Contribute to broadening and deepening the financial sector serving those development needs;
- Harmonise and coordinate donor initiatives;
- Attract additional private capital for investments in EE/small RE projects in the region and offer investors an attractive financial return in line with market expectations.

Target Partner Institutions

- Financial Institutions (e.g. commercial banks, leasing companies) ready to finance EE demand side investments of SMEs and private households (incl. home owner associations), small scale renewable energy projects;
- ESCOs, renewable energy companies and projects, small-scale RE and EE services and supply companies, industrial companies and municipalities;

Unlike EEFF 2007, GGF provides financing for private households and several of the target partners include some of the more difficult financing propositions, e.g. housing associations and ESCOs. Therefore, more complex financing arrangements are possible in terms of guarantees, direct financing for larger borrowers and equity financing.

To date the emphasis is on loan funding which is usually more focused on the private sector given the borrowing limitations in the public sector. Both the “commercially viable” requirement of the GGF and the desire to build up an initial portfolio quickly have influenced the choice of projects to finance. However the fund has explicitly highlighted its intention to provide more varied financial products to reflect its diverse potential target partners. Clearly, it takes time to develop more complex financial products.

Possibilities for providing technical assistance and grants (incentives, subsidies) are built in. There is also a much more thorough approach to building a package of measures and assistance to prove that energy savings are achieved and concessional finance well used. This can be seen in Figure 7 and Figure 8, where different financial products are intended for standard and non-standard requirements.

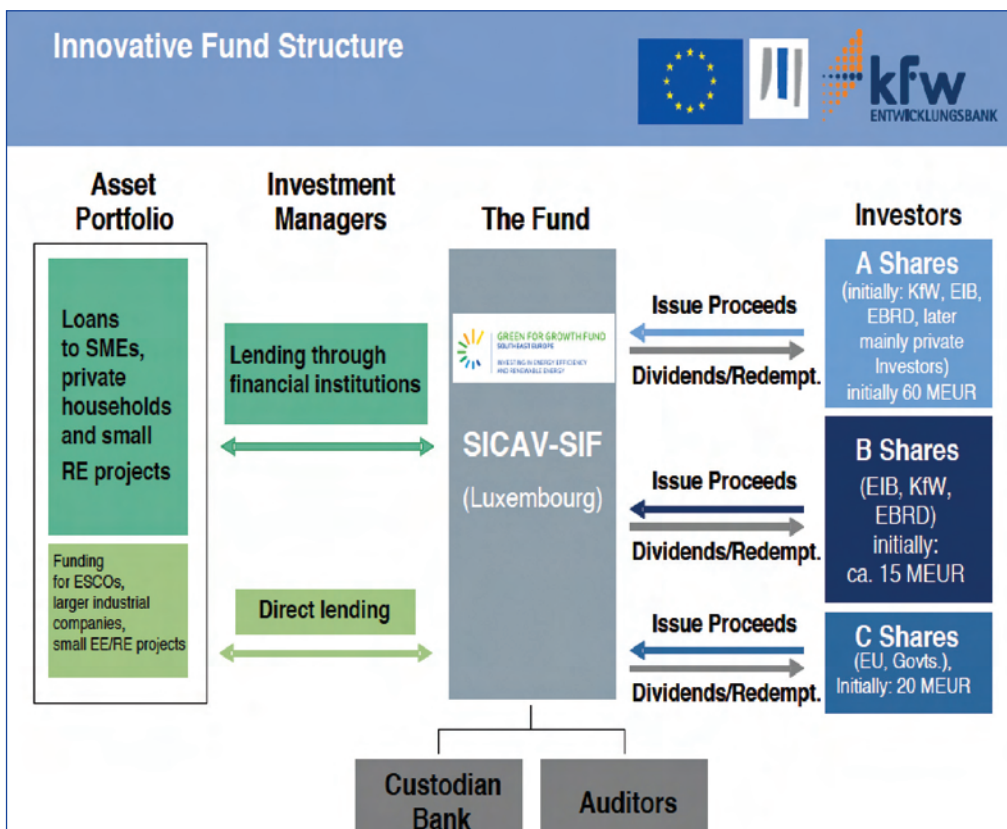
At the same time, more strategic thinking about the need to monitor energy savings is developing. This can be seen in the intention to create an information-sharing database, and some standard measures of energy saving.

4.3.2 Progress to date

A review of on-lending so far in Table 17 shows that the fund has quickly established itself in Turkey but is developing more slowly in the Western Balkans where only one local bank in the Former Yugoslav Republic of Macedonia, with previous experience of this type of lending, has signed up.

As far as technical assistance is concerned, a total of 13 projects have been approved of which three are for Turkey, one for Albania, six for Serbia and three for Macedonia. Of these, two projects (both in Turkey) have been completed, seven are underway and four have yet to start. In line with its highly targeted approach to partners, the TA projects are specifically tailored to the requirements of the individual institution. It is too early to say if this bespoke approach will yield the level of investment and savings envisaged.

Figure 5 Green for Growth Fund structure



Source: Presentation by Monika Beck (KfW) Paris 4 March 2010

Figure 6 Structure and organisation of the GGF

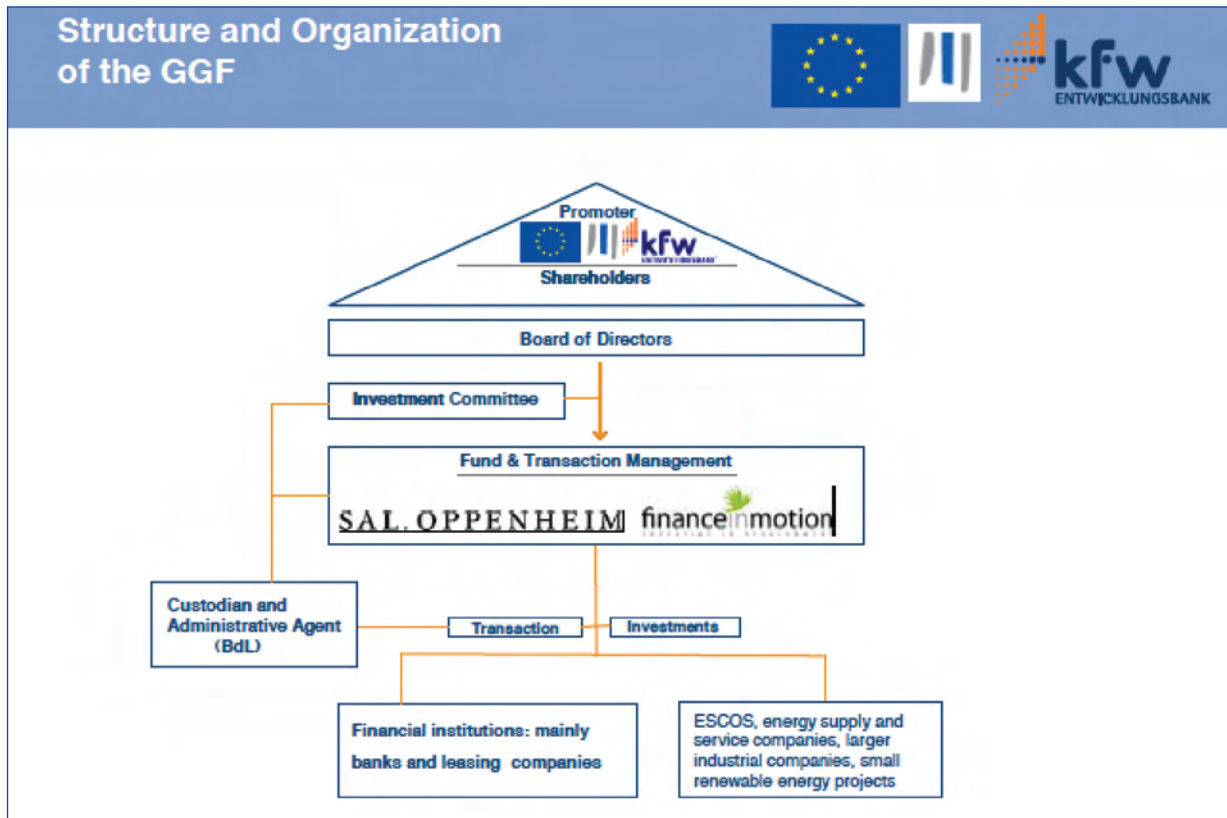





Figure 7 Types of activities under GGF

| Types of Audits and Verifications | | | |
|--|---|---|--|
| | | | |
| Audit Type: | Simplified | Standard | Comprehensive |
| Applicable Segment: | Residential Household SME standard | Residential HOA SME non-standard | Industrial |
| Project Type: | Building / Process | Building / Process | Building / Process |
| Audit Detail: | Self-audit questionnaire Only defined EE measures are acceptable | Energy audit conducted by 3rd party | Detailed energy audit / feasibility study by 3rd party, incl. economic and technical, historical and forecast analysis |
| Verification / Impact Analysis: | Check up to 25% of customers to ensure that invoices support initial questionnaire responses. Selected number of post-energy audits | Check up to 50% of customers to ensure that invoices support initial audit recommendations. Selected number of post-energy audits | Complete EEEF verification – post audit, acceptance certificate, savings indicators etc. |

Figure 8 Types of technical assistance under GGF

Technical Assistance activities

- **Build capability into partner institutions**
 - Assist banks during startup phase to develop dealflow, internal procedures and capabilities
 - 3rd party assistance to end-users to support complex projects
- **Develop EE standard measure database**
 - Key component of fund; facilitate sharing of information between investment channels/recipients
 - Verification and selected post audits to ensure integrity of savings
- **Support renewable energy**
 - Finalize business plan and facilitate co-financing
 - Don't cover preliminary or development work
- **Co-financing where achievable**

Table 17 Green for Growth Fund on-lending progress

(a) Investment projects

| Fund | Country | Activity | FI/Consultant | GGF contribution M€ |
|------|----------------|----------|---|---------------------|
| GFG | Turkey | Loans | Şekerbank | 25 |
| GFG | FYRo Macedonia | Loans | Izvozna i Kreditna Banka (Export and Credit Bank) | 5 |
| GFG | Turkey | Loans | Yapi Kredi Leasing | 20 |

(b) Technical assistance projects financed by GGF

| Country | Activity | Project Name | Objective | Project No | Status | Institution |
|---------|---|---|--|------------|-----------|---------------------|
| Turkey | Research and Development | Turkey Country Study | Turkey is highly dependent on energy imports and, therefore, has significant demand for energy efficiency and renewable energy investments. The Turkey Country Study aims to help explore possibilities to reach the fund's target group and generate energy savings and CO ₂ emission reductions. | 1/2010 | Completed | Not specified |
| Serbia | Capacity Development of Financial Institutions | Energy Efficiency Showcase Project | In regions where energy efficiency (EE) and renewable energy (RE) sectors are in an early stage, financial institutions are confronted with the task of developing appropriate products, identifying eligible clients and defining the benefits of investments into EE measures. The GGF Technical Assistance Facility developed a concept which will help potential partner institutions to recognise the advantages of EE investments by analysing the energy-saving potential and pay-back time of EE loans for SME clients through exemplary energy audits. An assessment of the energy-saving potential in the residential sector in the respective country will complete the analysis. | 2/2010 | Ongoing | Bank |
| Turkey | Capacity Development of Financial Institutions | Implementation of a Monitoring and Reporting System | In order to enable the fund's partner bank to monitor and report on energy savings and CO ₂ emission reductions resulting from the EE loans provided by the bank to its clients, the GGF Technical Assistance Facility supports the bank with the implementation of a monitoring and reporting tool and provides training for staff in handling the tool. | 3/2010 | Ongoing | Bank |
| Turkey | Capacity Development of Financial Institutions | Implementation of a Monitoring and Reporting System | The GGF Technical Assistance Facility supports the partner institution in developing a standardized approach to EE leasing and calculating energy savings and CO ₂ emission reduction. Standard measures which allow proper measuring of energy savings will be developed. Furthermore, a monitoring and reporting system will be implemented, into which the newly defined standard measures will be integrated. The TA package also includes training of staff in handling the tool. | 4a-b/2010 | Ongoing | Leasing Company |
| Albania | Environmental & Social Impact Assessment Update | Capacity Development of Non-Financial Institutions | In order to ensure proper development and sustainable implementation of the new EE lending business, the partner institution will be supported in developing an EE lending and marketing strategy as well as EE loan products. Furthermore, monitoring and reporting software is going to be implemented in order to enable the bank to monitor the energy savings and CO ₂ emission reductions of their investments. As the bank is planning to finance standard EE measures as well as non-standard measures, the GGF Technical Assistance will additionally provide funding for carrying out simple energy audits. | 5/2010 | Ongoing | Small Hydro Project |

(b) Technical assistance projects financed by GGF (continued)

| | | | | | | |
|----------------|--|--|--|-----------|---------------|------|
| FYRo Macedonia | Capacity Development of Financial Institutions | Supporting Implementation of Sustainable EE Lending | As the partner institution does not have prior experience in EE lending, the GGF Technical Assistance Facility developed a broad concept in order to support the institution in adding EE loans to their core product portfolio. The following areas are being covered through this Technical Assistance project: * Strategy and Product Development * Staff Training * Implementation of a Monitoring and Reporting System * Simple Energy Audits. In order to ensure proper development and sustainable implementation of the new EE lending business, the partner institution will be supported in developing an EE lending and marketing strategy as well as EE loan products. Furthermore, monitoring and reporting software is going to be implemented in order to enable the bank to monitor the energy savings and CO ₂ emission reductions of their investments. As the bank is planning to finance standard EE measures as well as non-standard measures, the GGF Technical Assistance will additionally provide funding for carrying out simple energy audits. | 7a-c/2010 | Ongoing | Bank |
| FYRo Macedonia | Market Enabling | Energy Auditor Workshop | In order to enable the fund's partner institutions to measure the energy saving and CO ₂ emission reduction effects of their investments in case of "non-standard measures" for energy efficiency (EE), the TAF is organising a workshop for energy auditors in FYRo Macedonia. | 8/2010 | To be started | - |
| Serbia | Capacity Development of Financial Institutions | One workshop Start-up Support for RE Project Finance | The GGF Technical Assistance Facility is supporting the financial institution in developing its internal capacities for RE lending through a RE project finance workshop, in order to provide the bank with an initial overview of the RE regulatory framework in Serbia, project development cycles, technical aspects and basic RE project finance principles. | 1/2011 | Ongoing | Bank |
| Serbia | Capacity Development of Financial Institutions | Implementation of Monitoring & Reporting System | In order to enable one of the fund's partner institutions to monitor and report on energy savings and CO ₂ emission reductions resulting from the EE loans provided by the bank to its clients, the GGF Technical Assistance Facility supports the bank with the implementation of a monitoring and reporting tool and provides training for staff in handling the tool. | 2a/2011 | Ongoing | Bank |
| Serbia | Impact Analysis & Energy Audits | E-audits & Conceptual Project Designs | The GGF Technical Assistance Facility will support the partner institution in assessing the energy savings and CO ₂ emission reduction effects of non-standard EE/RE measures implemented by the bank's clients. The TA Facility is further supporting the bank's clients by providing assistance for the development of conceptual project designs. The conceptual project designs consist of technical analyses for more complex EE/RE measures with the objective of preparing a technical basis by which the client will be enabled to order the equipment and services to implement EE/RE measures. | 2b/2011 | To be started | Bank |

(b) Technical assistance projects financed by GGF (continued)

| | | | | | | |
|--------|---------------------|---|--|---------|---------------|-----------------|
| Serbia | Awareness Raising | EE/RE Awareness Raising | In order to raise awareness with regard to the effects of EE/RE measures, the GGF Technical Assistance Facility will support the development and implementation of an awareness-raising campaign. | 2c/2011 | To be started | Bank |
| Serbia | Research & Analysis | Desk-Study on EE/RE Potential in the Agricultural Sector in FYRo Macedonia and Serbia | The GGF Technical Assistance Facility will conduct a desk-study on potential energy savings and EE/RE finance opportunities in the agricultural sector of FYRo Macedonia and Serbia EE/RE. | 3/2011 | To be started | - |
| Serbia | Research & Analysis | Environmental & Social Impact Study Energana Fuzine d.o.o. | In order to measure the environmental and social impacts of a biomass co-generation plant (CHP power), the GGF Technical Assistance Facility supports a potential Partner Institution in developing an Environmental and Social Impact Study (ESIS). | 5/2011 | Ongoing | Biomass Project |

4.4 In summary

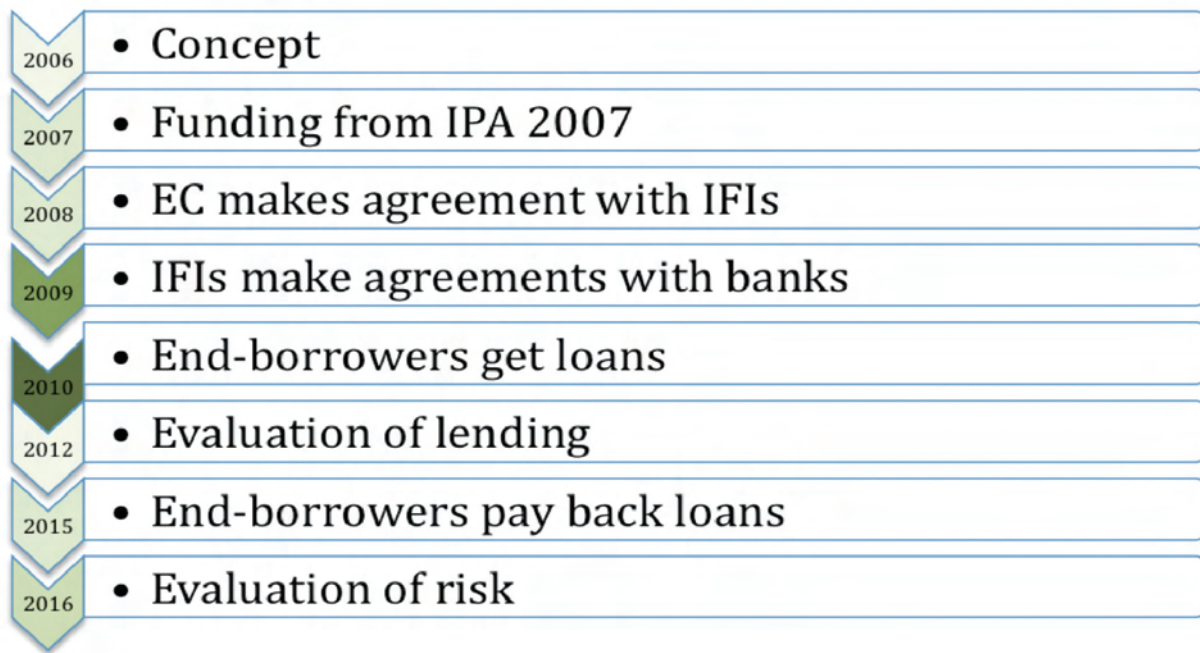
Under the EEFF 2007, EC funds are provided to IFIs who must provide matching loan funding. The EC funds can be used for consultancy or as incentives to end-borrowers or financial intermediaries up to 20% of the loan. As implemented by EBRD (which has used other funding for consultancy) this has proved rather effective. EIB has concentrated on Turkey, with little apparent activity so far in the Western Balkans. KfW has used the funds to fill a gap in the Western Balkans with lending in Albania and Serbia through Procredit Bank.

For GGF, the fund has been operating for only about a year, so it is much too soon to assess any results. Given that it is designed as an investment fund vehicle with the intention to attract further private sector investment, it clearly is a more complex fund than the “usual” credit lines that have been put in place.

Given that financing energy efficiency is a very new product for banks in the region, it may take some time for them to gain confidence in such new mechanisms. The fund aims to provide banks with greater flexibility in terms of conditions and tailor-made TA, as well as shorter response times. Only time will tell if this more tailor-made approach will deliver better results.

In general, funds take a long time to deliver projects to end users. It will be some time before an ex-post evaluation to establish the effectiveness of such funds can take place.

Figure 9 Evaluation timescales for IPA 2007



5. Overview of Role of Financial Intermediaries in EE Support Mechanisms in the Western Balkans

5.1 Banks

This part of the research was conducted from the bottom up. Publicly available data was collected from banks (and any other FIs found) which claimed to be offering loans for energy efficiency. Data was then compared with the fund sheets developed in conjunction with the IFIs and websites as a check.

In Table 18 the number of banks claiming the availability of a dedicated EE financial facility identified in this report is listed below. Some banks work with more than one fund. Some funds operate directly without financial intermediaries and some regional funds have not yet identified banking FIs to work with. Also, some banks in Croatia appear to have produced lending products for energy efficiency without being linked to a specific fund.

The following table summarises the position.

Table 18 Numbers of banks advertising identified EE funds, by country

| | Banks advertising at least one fund identified in report |
|----------------------|---|
| Albania | 1 |
| Bosnia & Herzegovina | 2 |
| Croatia | 17 |
| FYRo Macedonia | 5 |
| Kosovo (UNSCR 1244) | 2 |
| Montenegro | 4 |
| Serbia | 8 |
| Total | 39 |

The most active international banks are shown in Table 19.

Table 19 International Banks operating funds in the region

| Bank Name | Countries where bank operates an EE fund |
|------------------|---|
| Procredit | Albania, FYRo Macedonia, Serbia, |
| Raiffeisen | Bosnia & Herzegovina, Serbia, Kosovo |
| Unicredit | Bosnia & Herzegovina, FYRo Macedonia, Serbia, |
| NLB | FYRo Macedonia, Montenegro |
| Volksbank | Serbia |

5.2 Bank loan conditions

In the next table (Table 20) we show a range of interest rates for households and companies in the region. These are based on publicly available information secured from bank websites and/or publications. Since some banks do not make these public, we cannot say how representative these are for the country in question. More specific details can be found in the tables covering specific banks in individual countries.

As we focused on publicly available data (i.e. data available to the potential end-borrowers) we did not seek to determine the cost of funds to FIs, and whether they are passing on any reduced costs of funds to end-borrowers. This would require a review of confidential IFI/FI agreements which would also provide information on the way incentives are paid to banks (consultancy payments, training, marketing assistance, administrative incentives, etc.) to encourage them to learn about EE and RE financing.

Table 20 Publicly available information on indicative interest rates and other conditions for loans

| | Households | Companies | Duration of loan | Grace period | Collateral |
|----------------------|----------------|-------------------|------------------|--|-----------------------------|
| Albania | 11–16% | 12–15% | 5–12 years | Generally none | Mortgage for over 5 years |
| Bosnia & Herzegovina | No info | No info | Up to 10 years | 1–3 years | No info |
| Croatia | 7–9% | 6.5–9% | 2–12 years | 6 months–2 years | Various, up to 130% of loan |
| FYRo Macedonia | No info | 6.5–9% | 5–10 years | 1 year, (up to 3 for renewable projects) | various |
| Montenegro | No info | 6%, 8–13.5% | 7–12 years | Up to 2 years | various |
| Serbia | 9%, 5.9–14% | 5–7.5%, 10.27% | 2–12 years | Up to 2 years, 4 years for municipalities | various |
| Kosovo | 10.90% | 13.20% | Up to 10 years | None | various |

We can say that, apart from the higher interest rates in Albania and Kosovo, there is not so much difference between the conditions in different countries. However, the interest rates made public may not be available except to the best customers. Rates do however vary between banks in the same country and so customers could be advised to shop around, if they are willing to change banks. However, banks do not necessarily lend to their newest customers until they have learnt more about their business. In general, interest rates are quite high in the region, given the current low interbank lending rates. However, inflation rates are also quite high, which is some compensation, although some potential end-borrowers may be unwilling to avail of a facility as they will worry about their ability to pay the absolute value of their repayments rather than the real cost after inflation is taken into account.

Loan durations are quite good and sufficient for even long pay-back energy efficiency loans. Grace periods are acceptable, especially those for municipalities or renewable projects.

Collateral is always mentioned, in the form of mortgages, pledges, guarantees, promissory notes or deposits, but only one bank identifies the value to be provided. However, we expect this to be generally above 100% of the loan value. Such high demands may deter end users from applying for facilities.

5.3 Assessment of loan feasibility

The EEFF contribution agreement states loans are to be assessed in terms of “energy-saving ratio”. It is not clear whether all funds are using the same criteria (EBRD tends to use IRR). The lack of a consistent methodology will cause difficulties for banks taking funds from more than one source.

5.4 Type of loan products available from funds

At present, most funds only provide for one type of bank product. The EBRD managed WBPSSF-SEEF is an exception as it provides ordinary loans, plus loans based on LEME (List of Equipment and Materials) which are pre-approved ready for quick approval of loans to SMEs.

Another issue is the different criteria used to evaluate energy-saving projects. EBRD is generally using Internal Rate of Return over 10%, whereas EEFF 2007 is using Energy-Saving Ratio (“ESR”). This is an indicator measuring the reduction of energy consumption, all things being equal. It is calculated as: $ESR = AES / AEC$, where AES is Annual Energy Savings and AEC is Annual Energy Consumption. It is expressed in percentage terms.

Having several different ways to evaluate potential projects may be confusing for banks.

5.5 Other intermediaries

All financial intermediaries are local banks or local subsidiaries of EU banks, except for Serbia where a leasing company (Procredit Leasing) is also operating under the KfW programme. There are no ESCOs (except in Croatia, but these seem not to be involved in the funds in this study) although according to EBRD, one will start soon in the Former Yugoslav Republic of Macedonia.

Experience shows that for ESCOs to operate satisfactorily, the following conditions need to be available:

- Transparent public procurement to attract suitable external firms with the relevant experience
- A move from annual to three-year accounting in the public sector, to allow “loans” to be repaid by “savings” over a single accounting period
- Framework contracts to allow repetitive work to be bundled.

In general in the Western Balkans, this legal and financial framework has not yet been sufficiently developed.

5.6 Experience of banks

Three banks were invited to present their experience of using funds at the EE Workshop in Vienna on 1 December 2011. These were Banca Intesa Belgrade, Pro Credit Albania and Raiffeisen Bank International Austria. They highlighted the new nature of the energy efficiency concept in their countries and the substantial training of staff and promotional efforts required to launch such a product and to generate interest among end-borrowers. They all also reported difficulties with excessive reporting requirements. They emphasised the work needed to identify good corporate loan projects.

6. Conclusions

In the first part of these conclusions we focus on our review and analysis of the various funds that we examined in line with the Terms of Reference for this assignment. In the second part we outline some more general aspects of using loan funding for energy efficiency and costing NEEAPs.

6.1 Analyses of Funds

6.1.1 *Most active country/IFI/intermediary/end user*

Based on the accumulated information, the most active countries in using the available funds are Croatia, the Former Yugoslav Republic of Macedonia, and Serbia. They have attracted a range of funds for different purposes, and banks are active in lending, with some banks operating more than one fund.

The most active IFI appears to be EBRD, which has a number of SEFFs operating credit lines throughout Eastern Europe and the former Soviet Union. In the Balkans, detailed information is available only for one, WeBSECLF, where 31 loan projects have been generated. However, KfW's BFSEF also has agreements with 10 banks in four countries. In respect of regional funds, EIB has been concentrating on implementation in Turkey. For country funds, EIB provides a large number of funds for SMEs, which include energy efficiency as one of a large number of eligible activities. However there was little data available at the time of writing regarding the progress of these funds and whether loans are being made for energy efficiency investments.

Banks are building on their experience as can be seen by Bank Intesa in Serbia, which is lending with more than one fund and has returned for further tranches of funding.

The most active end-borrowers in practice appear to be only the private sector, generally SMEs or industrial enterprises and households. In Serbia, however, ministries have been active in renovating public buildings.

It is clear that financial intermediaries find that funds which package together loans, technical assistance and grants are easier to implement than for them to assemble such packages themselves from different IFIs, or from local services. Since we did not collect data on EU TA projects in the region, it is possible that they have also made useful contributions to the EE market, where loan funds were delivered without dedicated TA.

Given the relatively weak administrative and technical capacities of municipalities, financing packages that combine loan financing with technical assistance are likely to have greater impact. As there is a dearth of funding for the public sector in comparison with that available for the private sector, consideration should be given to re-directing some of the pure TA funds to facilitate public sector usage of financial facilities.

6.1.2 Least active areas

Both Albania and Kosovo have the least activity, though ProCredit Bank is becoming more active in both. Both have higher interest rates, which may have detracted from investments in the past period of financial crisis. However, both are agricultural countries, with little heavy industry, and thus may not have such an extensive market for EE projects.

6.1.3 Financial Intermediaries, loan products and conditions

The vast majority of financial intermediaries are banks and a diverse range of FIs has not yet developed, with only one leasing company appearing and no ESCOs listed as intermediary. Similarly bank products remain focused on simple loans and are not combined with guarantees. Loan products are beginning to diversify, with loans for households, SMEs and corporate sectors. GGF is identifying standard and non-standard products (also being developed by EBRD credit lines). Loan conditions vary between banks and within banks offering different funds, so it will pay for private sector borrowers to shop around.

While local banks are slowly beginning to take up the credit facilities being made available, it appears that accompanying technical assistance and grants are critical in securing their participation and ensuring interest by the end user. As products become more complex, additional technical assistance, training and marketing support are likely to be required.

6.1.4 Reporting

Generally there seems to be a lack of detailed reporting on the funds and thus it will be difficult to monitor and evaluate performance. The standards of reporting by IFIs to the EC on facilities financed by them are mixed with the best information available on facilities that have a grant or TA component rather than a simple credit line. The recent efforts of the EC to improve its reporting requirements are to be welcomed. Attractive and informative websites are available for some funds, but many have no such promotional tools or fail to update their website.

While enhanced reporting would greatly contribute to determining the impact of these funds on energy efficiency savings in the region, the reporting demands must be balanced with the capacity and willingness of the financial intermediaries to provide the necessary information.

6.1.5 Performance

Regarding the performance of the big funds (IPA 2007/EEFF 2007 and GGF), it is either too late for an ex-ante evaluation or too early for an ex-post evaluation. The experience of data collection shows that considerably more time and resources would be needed to collect and confirm an adequate set of data for evaluation.

However, the data we have been able to collect so far show that EBRD and KfW have been the most successful, using their own and EC funds, both in producing actual loans and in attracting local banks.

A number of different methods of delivering technical assistance are being used under the different facilities, including project specific TA and a more standardised package offered to a number of

institutions active in a facility. Again, more time is required before these can be assessed in terms of their efficiency and effectiveness.

Levels of coordination between IFIs seem to be limited at present and hence even the smaller funds are attempting to cover all types of users.

6.1.6 Visibility

Our experience shows that although information is available on the various financial facilities it takes considerable time and effort to collect it. Not all funds have dedicated websites providing information to end-borrowers, and it is not clear how much promotion banks themselves are doing. It is difficult to distinguish which fund would be appropriate for a particular application, as they are marketed in a very general way. A visit to a bank would be necessary and the end-borrower would be dependent on advice from a specific credit officer.

For the purposes of government officials trying to fund their NEEAP, additional information from fund managers would be valuable especially through a dedicated website, with examples of loans made and examples of how to calculate the benefits.

It appears that generally fund managers do not expect to promote or make visible their funds, except by rather static websites. As a consequence, they are rather reliant on the marketing efforts of the banks, which is a new area for them, although fund managers are providing some support to help them get started.

While increasing awareness of such facilities among ministry officials developing NEEAPs is one of the main aims of this report, there is also a case for more visibility for the funds in general.

6.1.7 Complexity and time delay

As the fund structures becomes more complex, with many more organisations involved in the structure, time delays are caused as each layer of management is put in place and performance targets are set in each contract. There is a risk that, with this complexity and time delay, flexibility to meet the market needs in a dynamic environment is lost. The countries have urgent deadlines from 2011 to 2013 to implement the EU Directives on energy efficiency.

6.2 Beyond the funds

The main focus of this report is to identify and explain the funds available in the Western Balkans that could be used by government officials in developing their NEEAPS. However, this begs the question of whether the funds can solve all the problems of financing NEEAPs, and of course the answer must be no.

For this reason we set out below some of the other issues that have arisen in compiling information about the funds.

6.2.1 How much funding is needed?

According to the ECS Roadmap, the NEEAPs are to achieve a 9% reduction in energy consumption by the ninth year of implementation, with an interim target for the third year. The timetable agreed by the ECS Task Force on EE for development of NEEAPs is: a first EEAP by 30 June 2010; a second EEAP by 30 June 2013; a third EEAP by 30 June 2016.

As the NEEAPs have not been fully costed, it is not possible to say whether the current funds available are adequate to meet the needs. The scale of the funds themselves has been developed independently of the NEEAPs, though presumably based on similar assessments of priorities. Nevertheless, one can say that the majority of funds are targeted at private sector borrowing with a major emphasis on SMEs and industry.

The adequacy of these privately disbursed funds will depend on the balance of private and public borrowing in the NEEAPs and, even more crucially, on the economic and financial environment of the country at the time. The lessons of the global financial crisis show that banks may not be willing to lend at reasonable interest rates (even though interbank rates are at an all-time low), and that customers may not wish to take on debt of any kind at such times.

6.2.2 Where is funding needed?

As emphasised in the recent World Bank study²⁰ the largest energy saving potential is in the public sector, (see Table 21) necessitating a substantial amount of public sector borrowing, if targets are to be met. So funds and other mechanisms must be increasingly targeted at municipal services and public buildings.

Table 21 Energy-saving potential in the Western Balkans

| Sector | Energy-Saving Potential % |
|-------------|---------------------------|
| Transport | 10 |
| Residential | 10–35 |
| Public | 35–40 |
| Service | 10–30 |
| Industrial | 5–25 |

²⁰ Status of Energy Efficiency in the Western Balkans, -A Stocktaking Report, June 15, 2010, Sustainable Development Sector Unit, Europe and Central Asia. Report No. AAA49-7B

The EC has recently proposed a new Energy Efficiency Action Plan¹⁹. This recognises the need for the public sector to take action, both as the owners of significant sections of fixed assets and economic operations and also as an example to the private sector. In the plan, the public sector will be obliged to include energy efficiency requirements in public procurement, to renovate 3% of the public building stock per year, to move towards energy performance contracting, and to support implementation of the Covenant of Mayors' commitments for energy saving.

While these new commitments do not currently apply to the Contracting Parties, they indicate future new requirements and a strong public sector requirement for funding in the future.

6.2.3 The structure of funds

The provision of loan funding as the main means of investment in EE and RE is appropriate. Grant funding creates its own subsidy mentality, and the funds supplied as loans can be re-lent as soon as they are partly or fully repaid. This preserves the capital allocated for the fund. However, the capital is allocated only for a fixed period, which is not necessarily coterminous with the NEEAPs.

However, with all the necessary safeguards to manage public funds, the larger EC funds are becoming complex and time consuming to set up. Experience could be shared with the large funds being operated to replace EU Structural Funds, the so-called JASPERS, and JESSICA funds which are being used for energy efficiency loans in some countries. These funds have been partly evaluated ex-ante and ex-post and so could give useful lessons.

Direct lending of IFIs to the public sector has also shown good results in Serbia and could be copied where sovereign guarantees are possible. The use of budget capture in the public sector, avoiding the need to create a fund, while "lending" public funds to carry out investments is also an alternative model which could be explored, once a move to multi-annual accounting has been adopted in the public sector.

6.2.4 Lack of flexibility in the funding agreements in the supply chain to the banks

Long-term agreements (five or more years) between providers of capital and fund managers can build in rigidity to the fund conditions of use. On the other hand it can make them so general they are hard to market. Given the length of time taken to set up large complex funds, the EC and IFIs should be setting them up now for implementation of the second NEEAP ready for 2013. This gives little time for evaluation of the performance of the current funds or correction if needed.

6.2.5 Capacity of end-borrowers to borrow

While loans are undoubtedly the most appropriate way to fund EE and RE, for reasons mentioned above, there are limitations on borrowings by different end-borrowers. Clearly, loans are more feasible for solvent physical and legal persons.

Assessment of solvency is the area of expertise of local banks, yet they may be risk averse where they have no expertise. Although technical assistance is generally provided to help banks assess the risks, this generally involves them moving their security from a collateral basis towards assessment of business planning and understanding of firms' financial statements.

Many of the following limitations on borrowing may be found in the region, independently of the attitudes of local banks:

Households with inadequate or uncertain income: this is likely to apply especially in rural areas, where income may be seasonal and households may not have bank accounts. Unless local banks choose to lend to these subprime borrowers or special provisions are made, this group of households, often having the least adequate housing or heating, will remain untouched by the NEEAP.

Housing Associations: this is also a difficult group to provide loans for, since the legal framework under which housing associations are set up may not be suitable for taking and repaying loans or for dealing with majority decision making. Technical assistance needs to be used to share experience and also to improve the legal framework. Anecdotal experience has shown that the same bank may assess the risk of housing associations quite differently in different countries, because of either lack of experience, or different legal frameworks.

Municipalities/government: larger municipalities may need sovereign loans to borrow, and smaller municipalities may not be able to borrow at all. Since public buildings account for a large proportion of energy consumptions in buildings, this will be a severe constraint on actions. In this case it may be better to devise schemes demonstrated by the World Bank in Serbia and the Former Yugoslav Republic of Macedonia. Another alternative may be the use of ESCOs.

6.2.6 Priority of EE in the national economy

The need for borrowing for EE has to be evaluated against other borrowing needs for the country. At present it is not clear how the priority for EE in any country has been evaluated, or even if the Ministry of Finance has been involved in discussions on the NEEAPs. It is recommended that the ECS provides scope for future discussions involving not just Ministries of Environment but also Ministries of Finance. Experience in negotiating the Memorandum of Understanding on Social Issues, which involved initiatives with Ministries of Social Security could be useful.

6.2.7 Marketing of energy efficiency

It is often assumed by the EU and governments that energy efficiency is an attractive good in its own right. However, experience, based on the amount of awareness, training and assessment that is needed to promote EE, does not demonstrate this. When there is a need for an industrial enterprise to re-equip or improve its quality, this may coincide with an opportunity to profit from energy efficiency. When a household wants to improve comfort and increase the value of its property or carry out a general modernisation of an old property, this may also coincide with an opportunity to profit from energy efficiency. But it seems that without the first stimulus the second opportunity may not arise.

7. Recommendations to Improve Visibility and Use of Funds

Immediate actions

There is an immediate need to make the funds **more visible** to government officials who need to be aware of the different funds and the contribution they can make to implementing the NEEAPs, once they are fully costed. We recommend that this is done in a number of ways:

1. ECS: By using the tables provided in the report to display information on the websites of ministries of economy and environment of the relevant countries.
2. EC/IFIs: To ensure the availability of a dedicated website on the EE activities of each fund, with regular news and updates plus examples of typical end-borrower loans.
3. EC/IFIs: To consider making a general portal for funds and mechanisms in the region, with more concrete examples of typical end-borrower loans.
4. EC/ECS: To include in this information, the implementation of EU TA projects relating to EE (often implemented under national IPA programmes).

Medium-term actions

1. EC/IFIs/FIs: To ensure that reporting on the use of funds is prompt and detailed so that websites are kept up to date, and include examples.
2. IFIs: To provide more opportunities for exchange of information and experience between experienced and less experienced banks, in a regional context, while respecting their need to compete.
3. IFIs: To begin to focus fund activities away from the private sector investments in SMEs and private households and towards the areas of housing associations, municipal services and public buildings where there are still large unmet needs for EE investments.
4. EC/IFIs: To learn from evaluations of the large funds in operation in the EU, in particular JESSICA which has been successfully used for EE projects in MS.
5. Financial intermediaries/banks: To shift marketing of EE away from meeting government needs to meeting the needs of households and companies.
6. ECS: If deemed appropriate to organise events on EE investments for NEEAPs, which are relevant to ministries of finance to assist in their planning for loan finance as well as legal and financial reforms.
7. Government officials: To set up cross-ministerial working for the development of the NEEAPs, especially involving ministries of finance, so that realistic plans in relation to funding and borrowing are developed.

8. Government officials: To recognise and plan for legal and fiscal reforms to facilitate public sector borrowing and the creation of ESCOs, and to move to multi-annual accounting in the public sector to facilitate offsetting capital investment by reductions in operating costs.

Appendices

Appendix 1 Country specific loan funds

| Country | Loan Name and Web Address | Source of Financing | Total Value of Fund | Purpose of Loan | Financial Structure | With Add-ons | Duration | Distribution | Beneficiary of Loan | Sectors | Local Contact | Promotion | Amount Disbursed | Example of Use |
|-------------------|---|---------------------|--|---|---|--------------|-------------------------------|--|---|--|---|---|------------------|---|
| Croatia | Environmental protection and energy efficiency Fund http://www.fzo.eu.hr | Croatian Government | Depends on the budget and contributions according to the Croatian laws | Researches on-site, environmental impact studies, documentation for obtaining a location permit, main design investment study, documentation for obtaining a building permit, other permissions, decisions, consents and documentation in compliance with the provisions regulating the energy sector | Loan, incentives, TA (no breakdown defined) | No add-ons | January 2004 – not limited | Bank | Public: municipalities, regional governments Private: corporate, SMEs | Energy efficiency | Ksaver 208 10000 Zagreb OIB:858286259 94 lei:01/5391 800 fax:01/5391 810 e-mail: kontakt@fzoeu.hr | Website, press releases | | |
| Montenegro | Energy Efficiency in Public Buildings – Montenegro http://web.worldbank.org/extemail/projects/main?pagePK=64283627&pk=73230&hp&SitePK=40941&menuPK=228424&ProjectId=P107992 | World Bank | EUR 7.71m | The development objective of the project is to improve energy efficiency performance in targeted public sector buildings (schools and hospitals) in order to provide a demonstrated basis for development of a sustainable energy efficiency improvement program in the public sector in Montenegro. | 92.5% loan 7.5% TA | Loan with TA | December 2008 – December 2012 | Direct to end beneficiary – the lending instrument is a Specific Investment Loan (SIL) | Public: Ministry of Education and Science, Ministry of Economic Development, Ministry of Health, Public buildings (schools and hospitals) | Energy efficiency, buildings | Gerner, Franz, fgerner@worldbank.org | Direct contact with the end beneficiary | 14% | Retrofitting of two primary schools in Pijeta and Niksic Average EE investment per school – US\$300,000 Average EE investment per hospital – US\$600,000 |
| Serbia | EE Loan http://www.ifc.org/ifcext/spw/eb/site1.nsf/c.a07340e47a35cd852566fb00700ceef13698C467418F8CD862576BA000E28E1 | IFC | EUR 15.1m | Financing Energy Efficiency improvements in housing and SMEs | EUR 15m loan + EUR 0.1m grant for TA | TA and grant | November 2006 – June 2011 | Bank | Private: individuals and SMEs | Energy efficiency and renewable energy | IFC Serbia, Sanda Dzindo, Investment Analyst, Global Financial Markets, Bul. Kralja Aleksandra 86, 11 000 Beograd, Serbia Tel: + (381 11) 30 23 754 Fax: + (381 11) 30 23 733 E-mail: SDzindo@ifc.org | Bank's marketing material, brochures | 100% | <ul style="list-style-type: none"> • Replacing old windows, roof, doors, heating bodies, pipes, boilers, • Lighting system, etc. • Introduction of gas in business premises; • Transfer to a more modern system of heating (e.g. natural gas); • Modification of existing production technologies (e.g. EE motors, automatic control systems); • Renewable Energy Sources |

Appendix 1 Country specific loan funds continued

| Country | Loan Name and Web Address | Source of Financing | Total Value of Fund | Purpose of Loan | Financial Structure | With Add-ons | Duration | Distribution | Beneficiary of Loan | Sectors | Local Contact | Promotion | Amount Disbursed | Example of Use |
|---------|---|--|---------------------|--|---------------------|--------------|-----------|--|---------------------|---------|---------------|-----------|------------------|----------------|
| Serbia | Energy efficiency project Serbia additional financing http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P090492 | WB (EUR 13.5m = USD 18m) IDA (EUR 7.5m = USD 10M) Serbian Government (EUR 1.5m = USD 2m) | EUR 22.5m | The principal aim of the proposed additional financing is to enable the government to complete the original scope of the project (energy efficiency improvements in 3 social care buildings, 8 schools and 6 hospitals left out due to a cost overrun) and to scale up energy efficiency improvements to include: (a) overhaul of the heat supply system of the Nis Clinical Centre along with energy efficiency improvements in all 17 contiguous buildings on the campus; complete lighting retrofit in 10 schools and partial lighting retrofit in 10 schools; and (b) energy efficiency improvements in an additional 7 social care buildings (such as orphanages), 20 schools and 11 hospitals across Serbia. | 100% loan | TA | 2007–2011 | Direct to end beneficiaries through projects | | | | | EUR 9m | |

Appendix 1 Country specific loan funds continued

| Country | Loan Name and Web Address | Source of Financing | Total Value of Fund | Purpose of Loan | Financial Structure | With Add-ons | Duration | Distribution | Beneficiary of Loan | Sectors | Local Contact | Promotion | Amount Disbursed | Example of Use |
|---------|---|--|---------------------|--|---------------------|-----------------------------|------------------------------|--|---|------------------------------|---|--|------------------|--|
| Serbia | Energy efficiency project Serbia http://web.worldbank.org/external/projects/main?projectId=P075343&theSitePK=40941 | WB (EUR 15.75m = USD 21m) + Government of Serbia (EUR 3m = USD 4m) | EUR 18.75m | 1. PART A: Clinical centre Belgrade; 2. PART B: Public buildings – schools and hospitals | 100% Loan | No | 2004–2011 | Direct to end beneficiaries through projects | Public: Clinical centre Belgrade, public schools | Energy efficiency | Contact: Belgrade – Vesna Kostic (11) 302-3723 vkostic@worldbank.org | Press release | 100% | |
| | http://web.worldbank.org/external/projects/main?projectId=P075343&theSitePK=40941 | | | | | | | | | | | | | |
| Serbia | Municipal infrastructure credit line project (MICLP) www.miclp-serbia.org | KNV | EUR 60m | Multipurpose project, also possible implementation of energy efficiency sub-projects | 100% loan | With TA financed separately | November 2008 – October 2011 | Banks | Public: Local governments or public utility companies | Energy efficiency, buildings | Municipal Infrastructure Credit Line Project, Čika Ljubina St 14/8, Belgrade, Phone: +381 11 218-1303, 262-1931, 263-3026 Fax: +381 11 328-2924 e-mail: info@miclp-serbia.org | Website: www.miclp-serbia.org Website, news publications, promotion through banks | EUR 40m | Improving energy efficiency of waste water management in Valjevo |

Appendix 1 Country specific loan funds continued

| Country | Loan Name and Web Address | Source of Financing | Total Value of Fund | Purpose of Loan | Financial Structure | With Add-ons | Duration | Distribution | Beneficiary of Loan | Sectors | Local Contact | Promotion | Amount Disbursed | Example of Use |
|---------------|--|---------------------|---------------------|---|---------------------|---------------|------------------|--------------|--|-------------------------------------|---|---|------------------|----------------|
| Serbia | Italian credit line http://www.skmbalcani.cooperazione.esteri.it/uit/kmbalcani/EN/Interventi/Intro.html | Italian Government | EUR 30m | Multipurpose loan can be used for EE and RE | 100% loan | TA as a grant | 2008-not limited | Banks | Private: SMEs; Public: public enterprises of municipalities | Energy efficiency, renewable energy | Banca intesa Beograd, Contact: tel: +381 (11) 225 83 83 e-mail: msp_centrala@bancaintesa.beograd.com | Websites of distributing banks, press conferences | | |

Appendix 2 Regional loan funds available for EE

| Loan Name and Web Address | Source of Financing | Total Value of Fund | Financial Structure | Countries of Operation | Duration | Distribution | Beneficiary of Loan | Sectors | Promotion | Example of Use |
|---|---------------------|---------------------|---|--|-----------------------|-----------------------------|------------------------------------|--|--|--|
| EU/EBRD Western Balkans Sustainable Energy Credit Line Facility (WeBSECLF) www.webseclf.com | EBRD | EUR 60m | 100% loan TA financed from separate multipurpose, multi-donor fund called Western Balkan Fund (EUR 2.5m). Grant-bonus financed by EC: 15–20% of loan amount after successful project implementation (EUR 13.5m). | Serbia Bosnia and Herzegovina FYRo Macedonia Montenegro | January 2009–end 2011 | Banks | Private: SMEs | Industry, buildings, renewable energy, energy efficiency | Website, conferences, presentations, training/workshops, promotional materials | Replacement of old gas boilers with condensing boilers; switch from electricity heating to fuel-based direct heating; process improvements including enhanced etc. controls |
| EBRD Western Balkans Sustainable Energy Direct Funding Facility (WeBSEDF) www.websedef.com | EBRD | EUR 63m | EUR 50m loan + EUR 11m incentive + €2M TA (loan 78% with grant 17% and TA 5%) | Albania, Bosnia and Herzegovina Croatia, FYRo Macedonia, Montenegro Serbia (including Kosovo) | 2009–2011 at least | Directly to end beneficiary | Private: SMEs Project developer | Industry, energy efficiency Renewable energy | Website, conferences, presentations, promotional materials – leaflets | Small hydro power plants; wind turbines; biomass power; heat generation facility; geothermal or solar energy for low temperature heat, space heating or domestic hot water. |

Appendix 2 Regional loan funds available for EE continued

| Loan Name and Web Address | Source of Financing | Total Value of Fund | Financial Structure | Countries of Operation | Duration | Distribution | Beneficiary of Loan | Sectors | Promotion | Example of Use |
|---|---------------------|--|--|--|--|---------------|--|-------------------------------------|---|----------------|
| EU/EBRD Private Sector Support Facility for Western Balkans window for Sustainable Energy Financing Facility (WBPFSSF - SEEF) http://www.cr.opssf.hr/se-faq.html (Croatia only at present) | EBRD | EUR 10m for EE (EUR 110m for whole fund) | Loan with TA and grants (TA and grants financed from EC IPA 2009 allocation around EUR 1,5m) | Albania, Bosnia and Herzegovina, Croatia, FYRo, Macedonia, Montenegro, Serbia (including Kosovo) | July 2010–beginning of 2013 (at least) | Banks | Private: private sector borrowers and SMEs | Energy efficiency, renewable energy | Website, conferences, presentations, promotional materials – leaflets | |
| Eastern Europe Energy Efficiency Fund (working title) | UNECE | EUR 250m (value of total fund) Information from World Bank indicates EUR 30m for Western Balkans | Not available | Albania, Bosnia and Herzegovina, FYR Macedonia, Serbia | Not yet available, operating just as TA through FEEI | Not available | Private: Corporate | Production of EE and RE equipment | Not available | |

Appendix 2 Regional loan funds available for EE continued

| Loan Name and Web Address | Source of Financing | Total Value of Fund | Financial Structure | Countries of Operation | Duration | Distribution | Beneficiary of Loan | Sectors | Promotion | Example of Use |
|--|----------------------------|--|---|---|-----------------------|--------------|---|--|--|---|
| IPA 2007/ Energy Efficiency Finance Facility (EEFF) 2007 | EC/EBRD www.webseclf.co | EUR 13.5m by EC for grants, EUR 54.80m from EIB for credit line. | 100% loan TA financed from separate multipurpose, multi-donor fund called Western Balkan Fund (EUR 2.5m). Grant-bonus financed by EC: 15–20% of loan amount after successful project implementation (EUR 13.5m). | Serbia Bosnia and Herzegovina FYRo Macedonia Montenegro | January 2009–end 2011 | Local Fis | Private: SMEs Public: municipalities and their association | Industry, buildings, renewable energy, energy efficiency | Website, conferences, presentations, training/workshops, promotional materials | Replacement of old gas boilers with condensing boilers; switch from electricity heating to fuel-based direct heating; process improvements including enhanced etc. controls |
| IPA 2007/ Energy Efficiency Finance Facility (EEFF) 2007 | EC/EIB EUR | 13.5m by EC for grants, EUR 54.80m from EIB for credit line. | 80% loans, 20% grant | Albania, Bosnia and Herzegovina Croatia FYRo Macedonia Montenegro, Serbia including Kosovo, Turkey | 8 years, 2008–2016 | Local Fis | Private: residents organised in collectives of individuals, such as housing association; Public: municipalities and their association | Buildings, industry, energy efficiency, renewable energy | Done by co-financing partners | |

Appendix 2 Regional loan funds available for EE continued

| Loan Name and Web Address | Source of Financing | Total Value of Fund | Financial Structure | Countries of Operation | Duration | Distribution | Beneficiary of Loan | Sectors | Promotion | Example of Use |
|---|---|--|--------------------------|--|----------------------------------|--|---|--|---|--|
| IPA 2007/ Energy Efficiency Finance Facility (EEFF) 2007 | EC/KfW | EUR 7.7m by EC for grants, EUR 30.8m from KfW for credit line. | 80% loans, 20% grant | Albania Bosnia and Herzegovina Croatia FYRo Macedonia Montenegro Serbia including Kosovo Turkey, | 8 years, 2008–2016 | Local Fis | Private: residents organised in collectives of individuals, such as housing association; Public: municipalities and their association s. | Buildings, industry, energy efficiency, renewable energy | Done by co-financing partners | |
| Green for Growth Fund Southeast Europe (closed-end investment company) http://www.ggf.lu/ | EC, EIB, KfW, EBRD Bilateral donors, Private investors | EUR 128m as of September 2010; aim: to increase to EUR 400m by 2015; structure is variable because this is an investment company | 100% loan (TA available) | Albania Bosnia and Herzegovina, Croatia FYRo Macedonia Montenegro Serbia Kosovo | December 2009 unlimited duration | Direct financing and majority through financial institutions (commercial banks, non-bank financial institutions such as microfinance institutions and leasing companies and other selected financial institutions) | Private: households, SMEs, energy service companies; renewable energy companies, Public: municipalities, public sector | Energy efficiency, renewable energy | Awareness-raising and market-enabling activities, press conferences | Fuel switching, e.g. oil to gas, coal to biomass; replacement of motors and drivers; insulation of windows; insulation of walls, roofs and basement ceilings |

Appendix 2 Regional loan funds available for EE continued

| Loan Name and Web Address | Source of Financing | Total Value of Fund | Financial Structure | Countries of Operation | Duration | Distribution | Beneficiary of Loan | Sectors | Promotion | Example of Use |
|--|---------------------|---------------------|--------------------------|--|----------------------------|--------------|---|-------------------------------------|-----------|---|
| Banking Facility for Sustainable Energy Finance http://www.kf-w-entwicklungsbank.de/EN/Home/Sectors/Financial_system_development/Innovative_Banking_Facility_for_Sustainable_Energy_Finance/index.jsp | KfW | EUR 113m | 100% loan (TA available) | Albania Bosnia & Herzegovina Serbia, Montenegro, FYRo Macedonia Kosovo | January 2008 – not limited | Banks | Private: SMEs, households ; Public: municipalities | Energy efficiency, renewable energy | Website | Installation of a solar heating system, solar water heating systems in hotels and business premises; systems for heating with biomass; insulation and replacement windows in commercial premises; replacement of inefficient production machines; efficient cooling chambers in the food industry; replacement of inefficient commercial vehicles with new and efficient vehicles |

Appendix 3 Data sheets for individual funds

A detailed standard template for information on individual funds has been developed. The availability of information for each fund is mixed. Information available to date has been inserted into the appropriate fields but further research would be required to complete the sheets for each fund, and some information could be confidential.

3.1 Fund sheet for EBRD Western Balkans Sustainable Energy Credit Line Facility (WeBSECLF)

| | |
|-------------------------|--|
| Name of Fund: | EU/EBRD Western Balkans Sustainable Energy Credit Line Facility |
| Website Address: | (WeBSECLF) www.webseclf.com |
| Source of Fund: | EBRD |
| IFI Contact: | Michalis Kiourktsoglou, FI Operations Leader – KIOURKTM@EBRD.COM Miroslav Maly, TC Operations Leader – malym@ebrd.com |
| Local Contact: | WeBSECLF Project Office, 10/3 Skadarska St. 11000 Belgrade, Tel 381 11 3244 334, Fax 381 11 3347 667, e-mail: info@webseclf.com |

The EBRD has developed the Western Balkans Sustainable Energy Credit Line Facility (the “Facility” or WeBSECLF), a EUR 60 million credit line available through local banks to help SMEs invest in energy efficiency and renewable energy projects worth up to EUR 2 million.

1. Structure

The WeBSECLF is made up of dedicated credit lines that provide funds to participating banks for onward-lending to SMEs in Serbia, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Montenegro.

The fund comprises a *Loan with TA* (financed from a separate fund called the Western Balkan Fund) and *Grants* (15%–20% of loan amount financed from the EC.)

The Western Balkan Sustainable Energy Credit Line Facility has two components: EUR 50m for private companies implementing industrial energy efficiency and renewable energy projects, and EUR 10m for private companies implementing building energy efficiency projects. Since loans are targeted at SMEs the maximum size of an individual loan is EUR 2 million.

The grants come in the form of Completion Fees (cash-back reimbursements) on investments, as follows:

- Industry energy efficiency sub-projects: 15% in general, and 20% for replacements of boilers and implementation of small cogeneration/tri-generation units,
- Stand-alone renewable energy sub-projects: 15% for projects eligible for feed-in tariffs (currently only grid connected electricity generation in Bosnia and Herzegovina, Serbia and the Former Yugoslav Republic of Macedonia) and 20% for projects not eligible for feed-in tariffs (in general)
- Building energy efficiency sub-projects: 20% in general.

2. Financial intermediaries

Serbia:

| | |
|-----------------------|---|
| Banca Intesa | http://www.bancaintesabeograd.com/ |
| Societe Generale Bank | http://www.societegenerale.rs/ |
| Unicredit bank | under preparation |

FYRo Macedonia

| | |
|--------------------|---|
| Ohridska Banka | http://www.ob.com.mk/ |
| IK Banka AD Skopje | http://www.ikbanka.com.mk/ |
| NLB Tutunska Banka | under preparation |

Bosnia and Herzegovina:

| | |
|-----------------|---|
| Raiffeisen Bank | http://raiffeisenbank.ba |
| UniCredit bank | http://www.unicreditbank.ba/ |

3. End users

- Private companies in industry and private owners of commercial buildings implementing energy efficiency and renewable energy projects.
- Private companies implementing stand-alone renewable energy projects.

4. Specific information on projects (to May 2011, unless otherwise specified)

| DATES | |
|--|--|
| Start date | January 2009 |
| End date | End 2011 |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 76m |
| Loan value € | 60m |
| Grant value € | |
| Direct investment grant IPA | 2007 13.5m (13.15m allocated) |
| TA grant | 2.5m |
| FINANCING | |
| IFI contribution € | 60m |
| Donor(s) contribution € | 16m |
| And, if applicable, contribution of Participating bank € | n.a. |
| Beneficiary government € | n.a. |
| PROJECT INFORMATION | |
| Value of energy sector projects € | 17,911,000 |
| Value of energy projects by sector – % | |
| Energy efficiency | 67% EE 8% (mixed EE/RE) |
| Renewables | 25% |
| Number of EE projects by country (where fund is regional) | 19 (BiH) 12 (Serbia) |
| Average total cost per project € | |
| Average loan value per project € | 1,400,000 (Bank Intesa, Serbia) 255,000 (Soc Gen, Serbia) 179,000 (Raiffaisen, BiH) |
| Average TA cost per project (if applic) € | N/A (TA is funded by Western Balkans Fund) |
| Grant to loan leverage ratio | Value of EBRD credit line: €47,000,000 Value of grant approved: €10,163,378 Leverage ratio: 0.216 (Figures to end Dec 2010) |
| ENERGY SAVINGS DATA | |
| | Results as of 31.12.2010 of the 14 completed projects in the portfolio. |
| Overall energy savings Mtoe (for 14 completed and verified sub-projects) | 1,014,351 MWh/year |
| Overall GHG impact tCO ₂ equ avoided | Average project lifetime of 15 years: 59,312 tonnes x 15 years = 889,680 tCO ₂ equ avoided as a result of the completed projects |
| Investment Cost per tCO ₂ avoided | €/tCO ₂ equ €4,095,721/889,680 tCO ₂ = 4.6 |
| Investment per energy saved €/Mtoe | €4,095,721/1,014,351 MWh/year = 4 |
| Average energy savings per project | 72.453 MWh/year |
| Average financial savings per project € | |

3.2 Fund sheet for EBRD Western Balkans Sustainable Energy Direct Funding Facility (WeBSEDF)

| | | |
|----------------------------------|--|--|
| Name of Fund: | EBRD Western Balkans Sustainable Energy Direct Financing Facility | |
| Website | www.websedff.com | |
| Source of Fund: | EBRD | |
| IFI contact: | Donald Mishaxhi – Facility Operations Leader – MISHAXHD@EBRD.COM ; Gemma Hunt – TC Operations Leader – huntg@ebrd.com | |
| Local consultant contact: | | |
| | <i>Albania:</i> | Besim Islami Mob: + 355 68 20 75 237 E-mail: besimgosa@gmail.com |
| | <i>Bosnia and Herzegovina:</i> | Danica Maljkovic Phone: +385 1 326 6 Mobile: +385 91 63 26 300 e-mail: dmaljkovic@eihp.hr |
| | <i>Croatia:</i> | Branka Jelavic Phone: +385 1 6326 117 Mobile: +385 91 11 33 999 e-mail: bjelavic@eihp.hr |
| | <i>FYRo Macedonia:</i> | Zivko Dimov Phone: +389 23 076 266 Mobile: +389 70 268 832 e-mail: zivko_d@yahoo.com |
| | <i>Montenegro:</i> | Dejan Vojinovic Phone: +382 20 228 276 Mobile: +382 69 041111 e-mail: dejan.vojinovic@seec-pg.com |
| | <i>Serbia:</i> | Rastko Mladenovic Phone: +381 11 2040 381 Mobile: +381 64 24 71 665 e-mail: rastko.mladenovic@seec-bg.com |
| | <i>Kosovo:</i> | Besim Islami Mobile: + 355 68 20 75 237 e-mail: besimgosa@gmail.com |

The facility consists of debt financing to local enterprises in the Western Balkan countries (Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia including Kosovo) for realisation of sustainable energy projects (energy efficiency and renewable energy projects). The facility is in the amount of EUR 50 million and is supported by EUR 11 million in technical assistance and grant funds. In addition, the facility is supported by an institutional capacity building component in the amount of EUR 2 million.

The WeBSEDF supports small and medium enterprises or project developers in financing sustainable energy (SE) projects, through individual loans. The maximum amount of financing for each individual project is EUR 6 million, while the minimum is set at EUR 2 million. In certain markets

where the bank is not able to offer financing through dedicated credit lines via partner banks or such credit lines are not yet operational, the lower limit is set at EUR 750,000 to allow for greater flexibility. The grant component is utilised for three main purposes: (i) project identification and preparation including preparation of rational energy utilisation plan, project environmental due diligence, energy management training, verification of the implementation of the investment programme and project monitoring; (ii) legal due diligence and preparation of legal documentation; and (iii) creating incentives for borrowers through incentive schemes.

The amount of the incentive payments under WeBSEDFF is based on the approximated quantity of CO₂ emissions avoided by each project.

1. Structure

- €50m loan
- €11m grant
- €2m for institutional capacity building

2. Financial intermediaries

None, fund lends directly to end beneficiary.

3. End users

SMEs

4. Specific project information

| DATES | |
|--|--------------------------------|
| Start Date | 2009 |
| End Date | 2011 |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 63m |
| Loan value € | 50m |
| Grant value € | |
| Direct investment grant | 8m |
| TA grant | 5m |
| FINANCING | |
| IFI contribution € | 50m |
| Donor(s) contribution € | 13m |
| And, if applicable, contribution of Participating bank € | n.a. |
| Beneficiary government € | n.a. |
| PROJECT INFORMATION | |
| Value of energy sector projects € | 14,924,341 |
| Value of EBRD financing € | 8,700,000 |
| Value of energy projects by sector € | |
| Energy efficiency | 1,478,000 |
| Renewables | 13,446,341 |
| Value of EBRD financing by sector € | |
| Energy efficiency | 1,300,000 |
| Renewables | 7,400,000 |
| Number of EE projects by country (where fund is regional) | Serbia (1), FYRo Macedonia (2) |
| Average total cost per project € | 4,974,780 |
| Average loan value per project € | 2,900,000 |
| Average TA cost per project (if applic) € | 57,000 |
| Grant to loan leverage ratio (includes TA and incentive payment) | 17.3% |

| ENERGY SAVINGS DATA | |
|--|---------|
| Overall energy savings toe (only EE projects) | 298 |
| Overall financial savings € (only EE projects) | 189,000 |
| Overall energy generated MWh (only RE projects) | 34,648 |
| Overall GHG impact tCO ₂ equ avoided | 23,681 |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ | 630 |
| Investment per energy saved €/toe (only EE projects) | 4,966 |
| Average energy savings per project toe | 298 |
| Average financial savings per project per year € (only EE projects) | 189,000 |

3.3 Fund sheet for EU/EBRD Western Balkans Private Sector Support Facility - Sustainable Energy Financing Facility (WPSSF – SEEF)

| | |
|------------------------|---|
| Name of Fund: | EU/EBRD Western Balkans Private Sector Support Facility - Sustainable Energy Financing Facility (WPSSF – SEEF) http://www.cropssf.hr/se-faq.html (Croatia only) |
| Source of Fund: | EBRD |
| IFI contact: | Teresa Godwin-Coombs, Operations Leader godwint@ebrd.com Miroslav Maly, TC Operations Leader maly@ebrd.com |

EU/EBRD Private Sector Support Facility for Western Balkans – WPSSF – SEEF is a part of a larger framework which consist of loans to participating banks up to EUR 110 million and includes two on-lending windows as follows:

- SME Competitiveness Support Facility – supporting investments by SMEs to improve competitiveness and sustainability in preparation for EU accession;
- Sustainable Energy Financing Facility – supporting investments in energy efficiency and renewable energy.

The framework is available to participating banks in Albania, Bosnia and Herzegovina, Croatia, Kosovo, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia.

The facility will increase financial intermediation and provide financing to private sector sub-borrowers for eligible upgrades and rational energy utilisation, thereby strengthening their competitiveness and their ability to operate in and gain access to the EU single market.

The framework is complemented by a grant of EUR 22.5 million provided by the European Union (“EU”) as part of the 2009 Instrument for Pre-Accession Assistance (“IPA”) Crisis Response Package. The grant will fund technical assistance, incentives to sub-borrowers and administration fees to participating banks.

EU/EBRD Private Sector Support Facility for Western Balkans – Window for Sustainable Energy Financing Facility (WPSSF – SEEF) will be used to finance sustainable energy investments in the private SME sector, covering industrial (including commercial building) and residential energy efficiency and small-scale renewable energy investments.

1. Structure

Loan proceeds shall be on-lent for five categories of investments:

- a) Commercial energy efficiency investments;
- b) Stand-alone small-scale renewable energy investments;
- c) Buildings sector energy efficiency and renewable energy investments;
- d) Energy efficiency and renewable energy in the residential sector; and
- e) Investment loans for eligible manufacturers, suppliers and installers of energy efficiency and renewable energy technology, equipment and materials.

Sub-loans financed from loan proceeds shall comply with the following criteria:

The maximum individual sub-loan amount shall be:

- EUR 5 million for energy efficiency, renewable energy and commercial buildings sector subprojects;
- EUR 300,000 for small-scale sub-projects using the List of Eligible Measures and Equipment (“LEME”) approach for establishing technical eligibility of the Sub-project;
- EUR 75,000 for residential sector sub-projects using the LEME approach for establishing the technical eligibility of the sub-Project; or
- EUR 1 million for investment loans to energy efficiency suppliers.

Sub-loans exceeding these amounts will be considered on a case-by-case basis and financed only following approval from EBRD.

The maximum aggregate sub-loan amount per sub-borrower (or end-user in the case of ESCO sponsored sub-projects) shall be EUR 5 million.

The facility is supported by a technical assistance programme to provide implementation support to participating banks and sub-borrowers, as well as financial incentives for participating banks and sub-borrowers to overcome the barriers to implementing the desired investments.

Funding for the technical cooperation and incentive programme is provided under the EC IPA 2009 funding allocation by the European Commission and the Western Balkans Multi-Donor Fund as part of the crisis response package.

The following incentive structure for sub-borrowers under the SEFF window is proposed:

- Complex energy efficiency sub-projects, including buildings sector sub-projects linked to estimated energy saving in the following tiered systems
- Energy efficiency sub-projects: 15% in general, 20% for replacement of boilers and implementation of small cogeneration/tri-generation.
- Building energy efficiency sub-projects: 15% in general, 20% for sub-projects achieving more than 40% energy saving for the full building.
- Stand-alone renewable energy sub-projects: linked to the estimated annual MWh or GJ of energy generated from renewable sources by the investment. With the exception of solar including auxiliary equipment, control systems and heat supply system photovoltaic investments that are not eligible for grant support, such completion fee will be the lower of:

1. the relevant level of incentive in EUR/MWh or EUR/GJ multiplied by the estimated annual production of energy from renewable sources; and
2. 15% of the principal amount of the relevant sub-loan contracted to implement the subproject but not less than 5% of the principal amount of the relevant sub-loan.

2. Financial intermediaries

TBC

3. End users

SMEs

4. Specific project information (to Dec 2010 unless stated)

| DATES | |
|---|----------------------------------|
| Start date | July 2010 |
| End date | 2013 |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 110m (SME CSF and SEFF) |
| Loan value € | 87.5m |
| Grant value € | |
| Direct investment grant | 22.5m EC crisis response package |
| TA grant | |
| FINANCING | |
| IFI contribution € | 87.5m (estimate for SEFF) |
| Donor(s) contribution € | 22.5m EC crisis response package |
| And, if applicable, contribution of Participating bank € | n.a. |
| Beneficiary government € | n.a. |
| PROJECT INFORMATION | |
| Value of energy sector projects € | 43m (to May 2011) |
| Value of energy projects by sector € | |
| Energy efficiency | |
| Renewables | |
| Number of EE projects by country (where fund is regional) | |
| Average total cost per project € | |
| Average loan value per project € | |
| Grant to loan leverage ratio | 9.46m:43m (to May 2011) |
| ENERGY SAVINGS DATA | |
| Overall energy savings Mtoe | |
| Overall financial savings € | |
| Overall GHG impact tCO ₂ equ avoided | |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ | |
| Investment per energy saved €/Mtoe | |
| Average energy savings per project Mtoe | |
| Average financial savings per project € | |
| Overall energy savings Mtoe | |

3.4 Fund sheet for KfW Banking Facility for Sustainable Energy Finance

| | |
|------------------------|--|
| Name of Fund: | KfW Banking Facility for Sustainable Energy Finance (no dedicated website – sourced) http://www.kfw-entwicklungsbank.de/EN_Home/Sectors/Financial_system_development/Innovative_Banking_Facility_for_Sustainable_Energy_Finance/index.jsp |
| Source of Fund: | KfW |
| IFI contact: | KfW Entwicklungsbank Financial and Private Sector Department Southeast Europe |

The KfW Banking Facility for Sustainable Energy Finance aims to make available financing for investments in energy efficiency (EE) and renewable energy (RE) which achieve 20% energy savings or 20% reduction of CO₂ emission as a result of the project

Examples for EE investments which can be included:

- Efficient air conditioning systems (heating and cooling hotels and business premises)
- Heat pump (solar water-heating systems in hotels)
- Efficient central heating systems
- Solar water-heating systems in hotels and business premises
- Systems for heating with biomass
- Insulation and replacement windows in commercial premises
- Replacement of inefficient production machines
- Efficient cooling chambers in the food industry
- Replacement of inefficient commercial vehicles with new and efficient vehicles.

1. Structure

Current portfolio EUR 113m loans with TA, no direct investment grants; 10 partner institutions.

2. Financial intermediaries

- Raiffeisen Bank (Kosovo)
- CKB (Montenegro)
- Erste Bank (Montenegro)
- NLB (Montenegro)
- Raiffeisen Bank (BiH)
- Cacanska Banka (Serbia)
- ProCredit Leasing (Serbia)

- ProCredit Bank (Serbia)
- Volksbank (Serbia)
- Raiffeisen Bank (Serbia)

3. End users

- SMEs,
- Private households
- Municipalities

4. Specific Project Information

| DATES | |
|---|---|
| Start date | Jan 2008 |
| End date | n.a. |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 116m |
| Loan value € | 113m |
| Grant value € | |
| Direct investment grant | |
| TA grant | ca. 3m EUR so far |
| FINANCING | |
| IFI contribution € | 116m |
| Donor(s) contribution € | |
| And, if applicable, contribution of Participating bank € | |
| Beneficiary government € | |
| PROJECT INFORMATION | |
| Value of energy sector projects € | |
| Value of energy projects by sector € | |
| Energy efficiency | |
| Renewables | |
| Number of EE projects by country (where fund is regional) | |
| Average total cost per project € | |
| Average loan value per project € | SME: ca. 70.000 EUR Housing: ca. 5.000 EUR |
| Grant to loan leverage ratio | |
| ENERGY SAVINGS DATA | |
| Overall energy savings Mtoe | |
| Overall financial savings € | |
| Overall GHG impact tCO ₂ equ avoided | |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ | |
| Investment per energy saved €/Mtoe | |
| Average energy savings per project (sub-loan) in kWh p.a. | 87.800 |
| Average financial savings per project € | |
| Overall energy savings Mtoe | |

3.5 Fund sheet for KfW municipal infrastructure credit line project (MICLP) Serbia

| | |
|------------------------|--|
| Name of Fund: | KfW municipal infrastructure credit line project (MICLP) |
| Website Address | www.miclp-serbia.org |
| Source of Fund: | KfW |
| IFI contact: | Municipal Infrastructure Credit Line Project Čika Ljubina St 14/8 Belgrade – phone: +381 11 218-1303, 262-1931, 263-3026 email: info@miclp-serbia.org |

This fund is intended for infrastructure investment projects of up to EUR 2.5m in all sectors:

- Water and sewage, waste water, solid waste
- Energy supply and energy efficiency
- Transport infrastructure, public transport systems and communication
- Economic and social infrastructure (health, education, housing, industry parks).

Typical projects:

- Reconstruction of existing streets and investments in the public lighting as an improvement of energy efficiency
- Procurement of special purpose vehicles and machines by public companies and local self-governments for provision of utility services (public city transportation, street cleaning and maintenance)
- Construction and reconstruction of educational, sports and cultural facilities of public interest (schools, kindergartens, sports facilities, medical centres, etc.)
- Construction of new or reconstruction of existing sewage, gas, heat water pipelines or electricity power networks, etc.

1. **Structure**

EUR 60m loan, with TA, no grant.

2. **Financial intermediaries**

Banca Intesa <http://www.bancaintesabeograd.com/>

3. **End users**

- Municipalities
- Public sector utility companies

4. Specific project information

| DATES | |
|---|---------------|
| Start date | November 2008 |
| End date | October 2011. |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 60m |
| Loan value € | 60m |
| Grant value € | |
| Direct investment grant | |
| TA grant | |
| FINANCING | |
| IFI contribution € | 60m |
| Donor(s) contribution € | |
| And, if applicable, contribution of Participating bank € | |
| Beneficiary government € | |
| PROJECT INFORMATION | |
| Value of energy projects € | |
| Value of energy projects by sector € | |
| Energy efficiency | |
| Renewables | |
| Number of EE projects by country (where fund is regional) | |
| Average total cost per project € | |
| Average loan value per project € | |
| Average TA cost per project (if applic) € | |
| Grant to loan leverage ratio | |
| ENERGY SAVINGS DATA | |
| Overall energy savings Mtoe | |
| Overall financial savings € | |
| Overall GHG impact tCO ₂ equ avoided | |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ | |
| Investment per energy saved €/Mtoe | |
| Average energy savings per project Mtoe | |
| Average financial savings per project € | |
| Overall energy savings Mtoe | |

3.6 Fund sheet for World Bank energy efficiency in public buildings – Montenegro

| | |
|------------------------|---|
| Name of Fund: | Energy Efficiency in Public Buildings – Montenegro |
| Website Address: | http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P107992 |
| Source of Fund: | World Bank |
| IFI contact: | fgerner@worldbank.org |
| Local contact: | none located |

The development objective of the project is to improve energy efficiency performance in targeted public sector buildings (schools and hospitals) in order to provide demonstrated basis for development of a sustainable energy efficiency improvement programme in the public sector in Montenegro.

The project components are listed as:

- Energy efficiency improvement in public sector buildings across Montenegro.
- Technical assistance for project implementation.

1. **Structure**

92.5% loan with 7.5% TA

2. **Financial intermediaries**

Not applicable – the lending instrument is a Specific Investment Loan (SIL)

3. **End users**

Public buildings (schools and hospitals)

4. Specific project information

| DATES | |
|---|--|
| Start date | December 2008 |
| End date | December 2012 |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 9.4m USD (92.5% loan, 7.5% TA) |
| Loan value € | 9.4m USD |
| Grant value € | |
| Direct investment grant | |
| TA grant | |
| FINANCING | |
| IFI contribution € | 9.4m USD |
| Donor(s) contribution € | |
| And, if applicable, contribution of Participating bank € | |
| Beneficiary government € | |
| PROJECT INFORMATION | |
| Value of energy projects € | Average EE investment per school – US\$300,000 |
| | Average EE investment per hospital – US\$600,000 |
| Value of energy projects by sector € | |
| Energy efficiency | |
| Renewables | |
| Number of EE projects by country (where fund is regional) | |
| Average total cost per project € | |
| Average loan value per project € | |
| Average TA cost per project (if applic) € | |
| Grant to loan leverage ratio | |
| ENERGY SAVINGS DATA | |
| Overall energy savings Mtoe | |
| Overall financial savings € | |
| Overall GHG impact tCO ₂ equ avoided | |
| Investment Cost per tCO ₂ avoided €/tCO ₂ equ | |
| Investment per energy saved €/Mtoe | |
| Average energy savings per project Mtoe | |
| Average financial savings per project € | |
| Overall energy savings Mtoe | |

3.7 Fund sheet for World Bank (IFC) EE loan Serbia

| | |
|------------------------|---|
| Name of Fund: | World Bank (IFC) EE Loan Serbia |
| | http://www.ifc.org/ifcext/spiwebsite1.nsf/1ca07340e47a35cd85256efb00700cee/13698C457418F8CD852576BA000E28E1 |
| Source of Fund: | IFC – the World Bank Group |
| IFI contact | No IFI contact given – (ProCredit bank contact) Svetlana Tolmachova Deputy General Manager, M Milankovica 17, Belgrade, e-mail: s.tolmachova@procreditbank.co.rs |

The IFC EE loan granted to ProCredit bank Beograd is a senior term loan in the amount of EUR 15m dedicated to financing energy efficiency improvements in housing and small and medium enterprises – SMEs.

The facility is dedicated to financing energy efficiency (EE) improvements, particularly:

- EE improvements in housing
- EE improvements in SMEs
- The use of cleaner and renewable sources of energy (such as natural gas, solar energy, etc.) by SMEs.

Overall, the IFC/ProCredit EE programme aims to improve energy conservation and lower CO₂ emissions. The programme also aims to address important social and economic issues associated with lowering monthly energy bills for SMEs. As a result of reduced energy costs and quality improvements, the project will contribute to improving the competitiveness of participating SMEs.

Loans product/eligible activities include:

- Replacement of old windows, roofs, doors, heating bodies, pipes, boilers, lighting system, etc.
- Introduction of gas in business premises
- Transfer to a more modern system of heating (e.g. natural gas)
- Modification of existing production technologies (e.g. EE motors, automatic control systems)
- Renewable energy sources

1. Structure

The project consists of a EUR 15 million energy efficiency senior term loan to the Bank.

2. Financial intermediaries

ProCredit Bank <http://www.procreditbank.rs/>

3. End users

- Private individuals
- SMEs

4. Specific project information

| DATES | |
|--|------------------------|
| Start date | November 2006 |
| End date | Jun 2011 |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 15,1m |
| Loan value € | 15m |
| Grant value € | 100.000 |
| Direct investment grant | |
| TA grant | 150.000 |
| FINANCING | |
| IFI contribution € | 15,1m |
| Donor(s) contribution € | |
| And, if applicable, contribution of Participating bank € | 50.000 |
| Beneficiary government € | |
| PROJECT INFORMATION | |
| Value of energy projects € | 22,6m* |
| Value of energy projects by sector € | |
| Energy efficiency | 22,6m |
| Renewables | |
| Number of EE projects by country (where fund is regional) in Serbia | 8.589 |
| Average total cost per project € | |
| Average loan value per project € | 2.632 |
| Average TA cost per project (if applic) € | |
| Grant to loan leverage ratio | |
| ENERGY SAVINGS DATA | |
| Overall energy savings (MWh/annum) / (MWh/project life, 20 years) | 30.563 / 611.257 |
| Overall financial savings (€/annum) / (€/project life, 20 years) | 1,684.639 / 33,692.788 |
| Overall GHG impact (tCO ₂ equ/annum) / (tCO ₂ equ/project life) avoided | 24.855 / 497.107 |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ (for project life avoidance) | 45.46 |
| Investment per energy saved €/MWh | 739.53 |
| Average energy savings per project (MWh/project/annum) / (MWh/project/life time) | 3.56 / 71.17 |
| Average financial savings per project (€/annum) / (€/project life) | 196.14 / 3,922.78 |
| Overall energy savings MWh/annum) / (MWh/project life, 20 years) | 30.563 / 611.257 |

* Note: Value of energy projects exceeds IFC EE loan as, in general, maturity of the EE projects was shorter than maturity of IFC EE loan and the bank was able to reutilise amortised funds. This figure relates to the period from Jan 2007 (funds were withdrawn in Dec 2006) to Dec 31, 2010.

3.8 Fund sheet for World Bank (IDA) EE loan Serbia

| | |
|-------------------------|---|
| Name of Fund: | World Bank (IDA) EE Loan Serbia |
| Website address: | http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P075343 |
| Source of Fund: | World Bank Group |
| IFI: | not located |

The loan seeks to provide financing to Serbia for an energy efficiency project that will benefit:

- (a) Students and education staff across Serbia by improving heating quality and, in relevant cases, improving air quality in renovated buildings.
- (b) Health care professionals and patients by improving heating quality and, in relevant cases, improving air quality in selected buildings across Serbia.
- (c) The municipalities which will save heating expenses for renovated school buildings and increase the life of the buildings.
- (d) The health insurance fund which will save funds required to pay for heating expenses of participating hospitals.

The project will finance:

- (a) Replacement of old and inefficient heat plant at the Clinical Centre of Serbia in Belgrade, which currently uses coal and heavy oil, with a modern and efficient gas-fired heat plant, and a small combined heat and power plant. A new heat distribution system for heat, hot water and steam will help reduce energy losses substantially.
- (b) Energy retrofits of the maternity hospital building within the Clinical Centre of Serbia complex in Belgrade. In schools and hospitals throughout Serbia, investments will include, among other things: thermal insulation of the buildings, improvement in the heat plant and heat distribution network, control system to regulate heating, and replacement or upgrading windows.
- (c) TA for project implementation, a communication programme to increase awareness about the benefits of using energy more efficiently, and training of Serbian experts to undertake further programmes of energy efficiency in residential and other sectors.

1. Structure

World Bank (IDA) USD 21m + Government of Serbia USD 4m
Loan, no grant

2. Financial intermediaries

None identified

3. End users

Public buildings in the education and health sector

4. Specific project information

| DATES | |
|---|-----------------------------|
| Start date | 2004 |
| End date | October 2011 |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of fund € | 25m USD (18.75m EUR) |
| Loan value € | |
| Grant value € | |
| Direct investment grant | |
| TA grant | |
| FINANCING | |
| IFI contribution € | 21m USD (15.75m EUR) |
| Donor(s) contribution € | |
| And, if applicable, contribution of Participating bank € | |
| Beneficiary government € | 4m USD (3m EUR) |
| PROJECT INFORMATION | |
| Value of energy projects € | 15m EUR |
| Value of energy projects by sector € | |
| Energy efficiency | 15m EUR |
| Renewables | – |
| Number of EE projects by country (where fund is regional) | N/A |
| ENERGY SAVINGS DATA | |
| Overall energy savings Mtoe | 0.02 |
| Overall financial savings € | 2m EUR |
| Overall GHG impact tCO ₂ equ avoided | 30,000 tCO ₂ equ |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ | 500 EUR/tCO ₂ |
| Investment per energy saved €/Mtoe | 750m EUR/Mtoe |

3.9 Fund sheet for World Bank (IBRD & IDA) EE Serbia – additional financing

Name of Fund: World Bank (IBRD & IDA) EE Serbia – Additional Financing

Website Address:

[http://web.worldbank.org/external/projects/main?Projectid=P090492
&theSitePK=40941&piPK=64302772&pagePK=64330670&menuPK
=64282135&Type=Financial](http://web.worldbank.org/external/projects/main?Projectid=P090492&theSitePK=40941&piPK=64302772&pagePK=64330670&menuPK=64282135&Type=Financial)

Source of Fund: IBRD+ IDA

IFI contact:

The loan seeks to provide additional financing in an amount to the Republic of Serbia (Serbia) for the energy efficiency project. The principal aim of the proposed additional financing is to enable the government to complete the original scope of the project (energy efficiency improvements in three social care buildings, eight schools and six hospitals left out due to a cost overrun) and to scale up energy efficiency improvements to include: (a) overhaul of the heat supply system of the Nis Clinical Centre along with energy efficiency improvements in all 17 contiguous buildings on the campus; complete lighting retrofit in 10 schools and partial lighting retrofit in 10 schools; and (b) energy efficiency improvements in an additional seven social care buildings (such as orphanages), 20 schools and 11 hospitals across Serbia. Energy efficiency improvements in four buildings at the University of Kragujevac will also be included.

1. *Structure*

World Bank (IBRD USD 18m + IDA USD 10m) + Government of Serbia (USD 2m)
Loan, no TA, no grant

2. *Financial intermediaries*

None

3. *End users*

Public buildings in the education and health sector

4. Specific Project Information

| DATES | |
|---|---|
| Start date | 2004 |
| End date | October 2011 |
| Years of Operation (if different from above) | 7 |
| STRUCTURE | |
| Total value of fund € | 30m USD (22.50m EUR) |
| Loan value € | |
| Grant value € | |
| Direct investment grant | |
| TA grant | |
| FINANCING | |
| IFI contribution € | 18m USD (13.5m EUR) IBRD + 10m USD (7.5m EUR) IDA |
| Donor(s) contribution € | |
| And, if applicable, contribution of Participating bank € | |
| Beneficiary government € | 2m USD (1.5m EUR) |
| PROJECT INFORMATION | |
| Value of energy projects € | |
| Value of energy projects by sector € | |
| Energy efficiency | |
| Renewables | |
| Number of EE projects by country (where fund is regional) | |
| ENERGY SAVINGS DATA | |
| Overall energy savings Mtoe | |
| Overall financial savings € | |
| Overall GHG impact tCO ₂ equ avoided | |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ | |
| Investment per energy saved €/Mtoe | |

3.10 Fund sheet for World Bank GEF sustainable energy project in the Former Yugoslav Republic of Macedonia

| | |
|-------------------------|---|
| Name of Fund: | WB GEF Sustainable Energy Project in FYRo Macedonia |
| Website Address: | http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P089656 |
| Source of Fund: | World Bank |
| IFI contact: | Peter Johansen Pjohansen@worldbank.org |

The objective of this project is to develop a sustainable market for EE and RE by supporting the development of an enabling framework, institutional capacity, and necessary financing mechanisms.

Specific objectives are to:

- Change the current unfavourable investment and incentive conditions and create an enabling environment in the Former Yugoslav Republic of Macedonia that fosters the development of sustainable energy utilisation (in this context defined as efficient use of energy and use of renewable energy sources) by providing financial, methodological, informational and institutional support.
- Support a large increase in EE investment through development of a self-sustaining, market-based financing mechanism based on a principle of commercial co-financing.

The project's goal is to develop and implement financially profitable energy efficiency projects, which can provide sustainable and increasing reductions in GHG emissions without relying on public subsidies; and to increase the availability of finance for renewable energy (RE) investments, enterprises and intermediaries through the establishment of a financial facility with a long-term timeline, which will provide seed capital for debt co-financing of RE projects.

1. *Structure*

The project has three components:

1. Institutional support and technical assistance;
2. Financial support for EE in Public Buildings;
3. SEFF – a financing facility to support EE and RE investments through credit lines to local banks.

2. *Financial intermediaries*

The credit line component works with four local banks including Ohridska Bank.

3. End users

Municipalities (grants) and SMEs and private developers (loans).

4. Specific project information

| DATES | |
|---|------------------------------|
| Start date | 2007 |
| End date | 2013 |
| Years of operation (if different from above) | |
| STRUCTURE | |
| Total value of project € | 8.2m USD (6.15m EUR) |
| Loan value € | |
| Grant value € | 5.5m USD (4.125m EUR) |
| Direct investment grant | 3.5m USD (2.625m EUR) |
| TA grant | 2.0m USD (1.5m EUR) |
| FINANCING | |
| IFI contribution € | 5.5m USD (4.125m EUR) |
| Donor(s) contribution € | |
| And, if applicable, contribution of | |
| Participating bank € | |
| Beneficiary government € | Target 2.7m USD (2.025m EUR) |
| PROJECT INFORMATION | |
| Value of energy projects € | |
| Value of energy projects by sector € | |
| Energy efficiency | |
| Renewables | |
| Number of EE projects by country (where fund is regional) | |
| Average total cost per project € | |
| Average loan value per project € | |
| Average TA cost per project (if applic) € | |
| Grant to loan leverage ratio | |
| ENERGY SAVINGS DATA | |
| Overall energy savings Mtoe | |
| Overall financial savings € | |
| Overall GHG impact tCO ₂ equ avoided | |
| Investment cost per tCO ₂ avoided €/tCO ₂ equ | |
| Investment per energy saved €/Mtoe | |
| Average energy savings per project Mtoe | |
| Average financial savings per project € | |
| Overall energy savings Mtoe | |

Appendix 4 Publicly available information from Financial Intermediaries on EE Financing Facilities by country

(includes information on EIB-financed SME credit facilities which can lend for EE activities)

Table 4.1 Albania

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|---------|-------------------|---|-----------------|----------------|---------------------|---------------------------|--|--------------------|--------------|--|
| Albania | ProCredit Bank | The EC, and co-financing by EIB, EBRD and CEB in co- operation with KFW - IPA 2007 Energy Efficiency Finance Facility (EEFF) | Loan with grant | Not identified | Up to EUR 50.000 | Private: SMEs | Households : 11 –16%, Companies : 12 –15% | 60 –120 months | none | Pledges up to 5 years; a mortgage guarantee is required for terms over 5 years |
| | Tirana Bank | EIB | 100% loan | Not identified | Up to EUR 50.000 | Private: SMEs | Interest rate not exposed | Up to 12 months | none | Any type of bank's accepted collateral can be assigned to credit lines |

Table 4.1 Albania continued

| | Fis | Fund | Structure | Fund size | Size of loan | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--------------|--------------------------|---|---|--|----------------------|---|-----------------|--------------------|-----------------------------------|---|
| | Direct | EBRD WebSEDF F | Loan 78% with grant 17% and TA 5% | Not identified | EUR 2m – EUR 6m | Private: SMEs Project developer | Market based | Up to 12 months | 6 months from commissioning | Depends on the type of financing provided |
| Not provided | EBRD WBSSSF – SEEF | Loan with TA and grants (TA and grants financed from EC IPA 2009 allocation) | Not identified | The maximum individual sub- loan amount shall be: • EUR 5m for energy efficiency, renewable energy and commercial buildings sector sub-projects; • EUR 300,000 for small-scale sub-projects using the List of Eligible Measures and Equipment | (“LEME”) approach | Private: private sector borrowers and SMEs | Not provided | Not provided | Not provided | Not provided |

Table 4.2 Bosnia & Herzegovina

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|----------------------|-----------------|---|--|----------------|---------------------|---|------------------|----------------|--------------|--|
| Bosnia & Herzegovina | Raiffeisen Bank | KfW-Banking Facility for Sustainable Energy Finance | Loan with TA | Not identified | Up to EUR 1m | Private: households, SMEs, energy service companies, renewable energy companies, public companies and institutions. | Market based | Up to 84 month | 3 years | In accordance with valid credit policies of the bank |
| | Raiffeisen Bank | EBRD WebSECL F | Loan with TA (from Western Balkan Fund) and grant (15% –20% of loan amount financed from IPA 2007) | EUR 10m | EUR 0.1m – EUR 2m | Private: private sector borrowers and SMEs | Market based | Up to 5 years | 2 years | In accordance with valid credit policies of the bank |
| | UniCredit Bank | EBRD WebSECL F | Loan with TA (from Western Balkan Fund) and grant (15% –20% of loan amount financed from IPA 2007) | EUR 5m | Up to EUR 2m | Private: private sector borrowers and SMEs | Market based | Up to 10 years | 12 months | In accordance with valid credit policies of the bank |

Table 4.2 Bosnia & Herzegovina continued

| Fis | Fund | Structure | Fund size | Size of loan | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--------------|---------------------------|---|----------------|---|---|---------------|----------------|-----------------------------|---|
| Direct | EBRD WebSEDF F | Loan 78% with grant 17% and TA 5% | Not identified | EUR 2M – EUR 6m | Private: SMEs Project developer | Market based | Up to 12 years | 6 months from commissioning | Depends on the type of financing provided |
| Not provided | EBRD WBPFSSF – SEEF | Loan with TA and grants (TA financed from EC IPA 2009 allocation) | Not identified | The maximum individual sub-loan amount shall be: <ul style="list-style-type: none"> • EUR 5m for energy efficiency, renewable energy and commercial buildings sector sub-projects; • EUR 300.000 for small-scale sub-projects using the List of Eligible Measures and Equipment ("LEME") approach for establishing technical eligibility of the sub-project; • EUR 75.000 for residential sector sub-projects using the LEME approach for establishing the technical eligibility of the sub-project; or <ul style="list-style-type: none"> • EUR 1m for investment loans to energy efficiency suppliers. Sub-loans exceeding these amounts will be considered on a case-by-case basis and financed only following approval from EBRD. The maximum aggregate sub-loan amount per sub-borrower (or end user in the case of ESCO-sponsored sub-projects) shall be EUR 5m. | Private: private sector borrowers and SMEs | Market based | Not provided | Not provided | Not provided |

Table 4.3 Croatia

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|---------|-------------------------------|-----------------------------------|-----------|----------------|---|---|--|-------------------|--|---|
| Croatia | HBOR and 17 local banks | Croatian Government and KfW | 100% loan | EUR 26m | The loan amount is not limited | Private: SMEs, energy service companies, renewable energy companies. Public: municipalities | 4% - borrowers investing in a region of special state concern, or hill or mountain area, or the islands, or borrowers having proven their competitiveness by successful sales figures in domestic and/or foreign markets, or SMEs, 6% p.a. or three-month EURIBOR + 2% b.p. annually –all other borrowers, duration up to 12 years | Up to 12 years | 2 years | *Bills of exchange and debentures *Pledge of property *Bank guarantees *Guarantees issued by the Croatian Agency for Small Businesses (HAMAG), guarantees issued by the Republic of Croatia, *Other customary security in the banking operations |
| | Istarska Kreditna Banka | Presumably bank's own funds | 100% loan | Not identified | 1. Max EUR 30.000 2. Max EUR 250.000 | Private: SMEs | 1. 6m euribor + 5% 2. 6m euribor + 4% | 7 –8 years | 1. Up to 12 months 2. Up to 2 years | Mortgage on real estate, guarantor |

Table 4.3 Croatia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--|---------------------|------------------------------------|---|----------------|---------------------|---|--|-------------|---------------------------------------|---|
| | Zagrebačka Banka | EIB | 100% loan | EUR 100M | Min EUR 5.000 | Private: SMEs, corporate Public: municipalities | Market based | 2 –12 years | 12 months | 130% of the value of loan |
| | Zagrebačka Banka | Presumabl y bank's own funds | 100% loan | Not identified | Max EUR 250.000 | Private: Households | 5,90% in first two years. After that period interest rate is variable | 360 months | None | For purchasing of house, mortgage on real estate min 110%, pledge in relation 1:1; For construction of house, mortgage on real estate min 45%, pledge in relation 1:0,30; For energy efficiency of housing, mortgage on real estate min 30% for loans up to EUR 150.000 Guarantor |
| | Direct | EBRD WebSEDF F | Loan 78% with grant 17% and TA 5% | Not identified | From 2m to 6m | Private: SMEs Project developer | Market based | 12 years | 6 months from commissio ning | Depends on the type of financing provided |

Table 4.3 Croatia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|---------|--------------|--------------------------|--|----------------|--|--|---------------|--------------|--------------|--------------|
| Croatia | Not provided | EBRD WBPSSF – SEEF | Loan with TA and grants (TA and grants financed from EC IPA 2009 allocation) | Not identified | The maximum individual sub-loan amount shall be: <ul style="list-style-type: none"> • EUR 5m for energy efficiency, renewable energy and commercial buildings sector sub-projects; • EUR 300.000 for small-scale sub-projects using the List of Eligible Measures and Equipment (“LEME”) approach for establishing technical eligibility of the sub-project; • EUR 75.000 for residential sector sub-projects using the LEME approach for establishing the technical eligibility of the sub-Project; or • EUR 1m for investment loans to energy efficiency suppliers. Sub-loans exceeding these amounts will be considered on a case-by-case basis and financed only following approval from EBRD. The maximum aggregate sub-loan amount per sub-borrower (or end user in the case of ESCO-sponsored sub-projects) shall be EUR 5m. | Private: private sector borrowers and SMEs | Market based | Not provided | Not provided | Not provided |

Table 4.4 Kosovo

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--------|-----------------------|---|--------------|----------------|--|---|------------------------------------|--|--------------|---|
| Kosovo | ProCredit Bank Kosovo | KfW – Loan to ProCredit Bank for Energy Efficiency 2008 | 100% loan | EUR 10m | Households: min 1.000 SMEs: min 10.000 | Private: households, SMEs, energy service companies, renewable energy companies | Households: 10,90% SMEs: 13,20% | Households: up to 120 months SMEs: up to 120 months | None | In accordance with valid credit policies of the bank |
| | ProCredit Bank Kosovo | KfW – Loan to ProCredit Bank Kosovo for MSME | 100% loan | EUR 15m | Households: min 1.000 SMEs: min 10.000 | Private: households, SMEs, energy service companies, renewable energy companies | Households: 10,90% SMEs: 13,20% | Households: up to 120 months SMEs: up to 120 months | None | In accordance with valid credit policies of the bank |
| | Raiffeisen Bank | KfW- Banking Facility for Sustainable Energy Finance | Loan with TA | Not identified | No limitation for amount of financing for SMEs | Private: SMEs, private households Public: municipalities | Market based | Not identified | None | For individuals: administrative fee for the salary guarantor (only for certain amounts required) For businesses: moveable assets mortgage (only for certain amounts required) |

Table 4.4 Kosovo continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--------------------|--|-----------|-----------|---|---------------------------|------------------|----------------|-----------------|---|
| Raiffeisen Bank | KfW – Loan to Raiffeisen Kosovo | 100% loan | EUR 10m | No limitation for amount of financing for SMEs | Private: SMEs | Market based | Not identified | None | For individuals: administrative fee for the salary guarantor (only for certain amounts required) For businesses: moveable assets mortgage (only for certain amounts required) |

Table 4.5 FYRo Macedonia

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|----------------|----------------------------|--|--------------|----------------|---|---|--|--|--|---|
| FYRo Macedonia | Izvozna and Kreditna Banka | Green for Growth Fund Southeast Europe | Loan with TA | EUR 5m | Up to EUR 100.000 | Private: households, SMEs, energy service companies, renewable energy companies | Up to 7% | Up to 84 months | None | 500 – 2.500 EUR – 1 guarantor / co-debtor 2.500 – 10.000 EUR – 2 guarantors / co-debtors over 10.000 EUR – mortgage over property, ratio 1:1.5 |
| | Izvozna and Kreditna Banka | EIB | 100% loan | Not identified | Investment loans Micro companies to 26.700 EUR Small companies to 266.700 EUR Medium companies to 2.666.700 EUR Loans for permanent working capital Micro companies to 20.000 EUR Small companies to 200.000 EUR Medium companies to 666.700 EUR | Private: SMEs | Fixed 6% for the first year, 3 monthly EURBOR, but not lower than 6% after the first year of repayment | From 2 to 3 years for permanent working capital From 4 to 5 years for investment loans | 6 months for permanent working capital; 12 months for investment loans | Combination of the following instruments: promissory note; mortgage on real estate; pledge of moveables and rights; deposits; other instruments acceptable to the bank. |

Table 4.5 FYRo Macedonia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|-----------------------|------|-----------|----------------|--|---|--------------------|--|---|---|
| Komercijalna Banka | EIB | 100% loan | Not identified | 1. Purchase of material assets, working capital Micro enterprises loan up to EUR 45.000 Small enterprises loan up to EUR 450.000 Medium enterprises loan up to EUR 3.500.000 2. Support to applications for permanent increase of the needs for working capital Micro enterprises loan up to EUR 15.000 Small enterprises loan up to EUR 150.000 Medium enterprises loan up to EUR 500.000 | Private: SMEs, Public: municipalities | 1. 5,5% 2. 5,5% | 1. From 4 to 5 years 2. From 2 to 3 years | 1. Up to 12 months 2. Up to 6 months | The loan is secured by usual security instruments in accordance with the bank's credit policy (mortgage on real estate, pledge of moveable property, bills of exchange etc.) |

Table 4.5 FYRo Macedonia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--|---------------------------|---|-----------|----------------|---|---------------------------|--------------------|--|--|--|
| | Komercijalna Banka | MBDP (Credits For Sustainable Energy Sources) | 100% loan | Not identified | Projects for energy efficiency: from USD 100,000 to USD 500,000 (for new projects only) Renewable energy projects: from USD 500,000 to USD 4,000,000 | Private: SMEs | From 6,5% to 8,83% | Projects for energy efficiency: up to 6 years; renewable energy projects: From 5 to 10 years | Renewable energy projects: up to 3 years | Mortgage on real estate, pledge of moveable property, bills of exchange etc. |
| | Izvozna and Kredina Banka | MBDP (Credits For Sustainable Energy Sources) | 100% loan | Not identified | Projects for energy efficiency: from USD 100,000 to USD 500,000 (for new projects only) Renewable energy projects: from USD 500,000 to USD 4,000,000 | Private: SMEs | From 6,5% to 8,83% | Projects for energy efficiency: up to 6 years; renewable energy projects: from 5 to 10 years | Renewable energy projects: Up to 3 years | Mortgage on real estate, pledge of moveable property, bills of exchange etc. |

Table 4.5 FYRo Macedonia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|-------------------|--|-----------|----------------|---|---------------------------|-----------------------|---|---|---|
| TTK Banka | MBDP (Credits For Sustainable Energy Sources) | 100% loan | Not identified | Projects for energy efficiency: from USD 100.000 to USD 500.000 (for new projects only) Renewable energy projects: from USD 500.000 to USD 4.000.000 | Private: SMEs | From 6,5% to 8,83% | Projects for energy efficiency: up to 6 years; renewable energy projects: from 5 to 10 years | Renewable energy projects: up to 3 years | Mortgage on real estate, pledge of moveable property, bills of exchange etc. |
| Ohridska Banka | MBDP (Credits For Sustainable Energy Sources) | 100% loan | Not identified | Projects for energy efficiency: from USD 100.000 to USD 500.000 (for new projects only) Renewable energy projects: from USD 500.000 to USD 4.000.000 | Private: SMEs | From 6,5% to 8,83% | Projects for energy efficiency: up to 6 years; renewable energy projects: from 5 to 10 years | Renewable energy projects: up to 3 years | Mortgage on real estate, pledge of moveable property, bills of exchange etc. |

Table 4.5 FYRo Macedonia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--|---------------------------|--|-----------|----------------|---|---------------------------|-----------------------|---|---|---|
| | NILB Tutunska Banka | MBDP (Credits For Sustainable Energy Sources) | 100% loan | Not identified | Projects for energy efficiency: from USD 100.000 to USD 500.000 (for new projects only) Renewable energy projects: from USD 500.000 to USD 4.000.000 | Private: SMEs | From 6,5% to 8,83% | Projects for energy efficiency: up to 6 years; renewable energy projects: from 5 to 10 years | Renewable energy projects: up to 3 years | Mortgage on real estate, pledge of moveable property, bills of exchange etc. |
| | Unibanka ad Skopje | MBDP (Credits For Sustainable Energy Sources) | 100% loan | Not identified | The maximum loan amount depends on the client's needs and business | Private: SMEs | From 6,5% to 8,83% | Projects for energy efficiency: up to 6 years; renewable energy projects: from 5 to 10 years | Renewable energy projects: up to 3 years | Mortgage on real estate, pledge of moveable property, bills of exchange etc. |

Table 4.5 FYRo Macedonia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|----------------|--------------------|------|-----------|----------------|---|---------------------------------------|--|---|--|---|
| FYRo Macedonia | NLB Tutunska Banka | EIB | 100% loan | Not identified | Investment loans Micro companies to EUR 26.700 Small companies to EUR 266.700 Medium companies to EUR 2.666.700 Loans for permanent working capital Micro companies to EUR 20.000 Small companies to EUR 200.000 Medium companies to EUR 666.700 | Private: SMEs, Public: municipalities | Fixed 6% for the first year, 3 monthly EURIBOR+5%, but not lower than 6% after the first year of repayment | From 2 to 3 years for permanent working capital; from 4 to 5 years for investment loans | 6 months for permanent working capital; 12 months for investment loans | Combination of the following instruments: promissory note; mortgage on real estate; pledge of moveables and rights; deposits; other instruments acceptable to the bank. |

Table 4.5 FYRo Macedonia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|---|----------------------|--|-----------|---|---------------------------|---------------|-------------------------------|--------------------|--|
| Izvozna i Kreditna Banka Skopje http://www.i kbanka.co m.mk | EBRD WebSECL F | 100% loan TA financed from separate multipurpose, multi-donor fund called Western Balkan Fund (EUR 2.5m). Grant-bonus financed by EC: 15–20% of loan amount after successful project implementation (EUR 13.5m). | EUR 3m | Up to EUR 1m | Private: SMEs | Market based | Up to 60 months/5 years | Up to 12 months | In accordance with valid credit policies of the bank 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Guarantee by another entity 5. Deposit 6. Other security instruments according to the bank's decision. 7. Moveable pledge on the equipment or goods |
| Ohridska Banka | EBRD WebSECL F | 100% loan TA financed from separate multipurpose, multi-donor fund called Western Balkan Fund (EUR 2.5m). Grant-bonus financed by EC: 15–20% of loan amount after successful project implementation (EUR 13.5m). | EUR 5m | From EUR 100,000 up to EUR 2,000,000 | Private: SMEs | Up to 11% | Up to 60 months/5 years | 2 years | In accordance with valid credit policies of the bank 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Guarantee by another entity 5. Deposit 6. Other security instruments according to the bank's decision. 7. Moveable pledge on the equipment or goods |

Table 4.5 FYRo Macedonia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--------------------------------|----------------|-----------------------------------|----------------|---|---|---|---|-----------------------------|--|
| Ohridska Banka | EIB | 100% loan | EUR 5m | Up to EUR 0.1m | Private: SMEs, Public: municipalities | 9,00% | Up to 5 years | Up to 6 months | Mortgage of real estate; Equipment collateral; Other instruments acceptable for banks participant in the project |
| ProCredit Bank | EIB | 100% loan | Not identified | From EUR 5.000 – EUR 30.000 | Private: Households, SMEs, Public: municipalities | Households: 13,4 6%, SMEs: 12% | Households: up to 120 months SMEs up to 60 months | None | In accordance with valid credit policies of the bank |
| Stopanska Bank (Bitola/Skopje) | EIB | 100% loan | Not identified | Micro companies to EUR 20.000 Small companies to EUR 200.000 Medium companies to EUR 2.000.000 min EUR 10.000 | Private: SMEs, Public: municipalities | Fixed 6% for the first year, 3 monthly EURIBOR, but not lower than 6% after the first year of repayment | From 4 to 5 years | Up to 12 months | Mortgage of real estate; Equipment collateral; Other instruments acceptable for banks participant in the project |
| Direct | EBRD WeBSEDF F | Loan 78% with Grant 17% and TA 5% | Not identified | From EUR 2m to EUR 6m | Private: SMEs Project developer | Market based | 12 years | 6 months from commissioning | Depends on the type of financing provided |

Table 4.5 FYRo Macedonia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--|--------------|-------------------------|--|----------------|---|--|---------------|--------------|--------------|--------------|
| | Not provided | EBRD WBPSF – SEEF | Loan with TA and grants (TA and grants financed from EC IPA 2009 allocation) | Not identified | The maximum individual sub-loan amount shall be: • EUR 5m for energy efficiency, renewable energy and commercial buildings sector subprojects; • EUR 300,000 for small-scale sub-projects using the List of Eligible Measures and Equipment (“LEME”) approach for establishing technical eligibility of the sub-project; • EUR 75,000 for residential sector sub-projects using the LEME approach for establishing the technical eligibility of the sub-project; or • EUR 1m for investment loans to energy efficiency suppliers Sub-loans exceeding these amounts will be considered on a case-by-case basis and financed only following approval from EBRD. The maximum aggregate sub-loan amount per sub-borrower (or end user in the case of ESCO-sponsored sub-projects) shall be EUR 5m. | Private: private sector borrowers and SMEs | Market based | Not provided | Not provided | Not provided |

Table 4.6 Montenegro

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|------------|------------------------------------|---|--------------|-----------|---------------------|---|--|--------------------|--------------------|---|
| Montenegro | Atlasmont Banka | Presumably bank's own funds | 100% loan | EUR 14,1m | Up to EUR 0.3m | Private: SMEs, Public: municipalities | 5,19% | Up to 84 months | Up to 36 months | 1. Mortgage 2. Pledge 3. Guarantee of legal or private person 4. Cash deposit 5. Other bank guarantee 6. Collection order with authorisation, etc. |
| | Crnogorska Komerijalna Banka | KfW- Banking Facility for Sustainable Energy Finance | Loan with TA | EUR 12m | Not identified | Private: SMEs | Product price, i.e. interest rate is determined on the basis of economic and financial analysis of the company, credit history, turnover on the account with CKB, collateral quality and value, etc. | Not identified | Up to 6 months. | In accordance with valid credit policies of the Bank |
| | Opportunity Bank | KfW - Opportunity Bank Energy Efficiency | 100% loan | EUR 2m | Not identified | Private: SMEs | Market based | Not identified | Not identified | In accordance with valid credit policies of the bank |
| | First Financial Bank | EIB | 100% loan | EUR 2m | Not identified | Private: SMEs | Market based | Not identified | Not identified | In accordance with valid credit policies of the bank |

Table 4.6 Montenegro continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--|----------------------------|---|--------------|----------------|---|---------------------------|---------------|--------------------|--------------------|---|
| | Hipotekarn a Banka | EIB | 100% loan | Not identified | Depends on the clients' needs and credit evaluation | Private: SMEs | 8 –13,5% | Up to 84 months | None | 1. Mortgage 2. Pledge 3. Guarantee of legal or private person 4. Cash deposit 5. Other bank guaranteee 6. Collection order with authorisation, etc. |
| | NLB Montenegr obanka | KfW- Banking Facility for Sustainabl e Energy Finance | Loan with TA | EUR 2m | Up to EUR 0.125m | Private: SMEs | 7,00% | Up to 84 months | Up to 24 months | * Loans up to EUR 10,000: no mortgage, the company uses bills of exchange and promissory note (if the sales estimates are possible and additional means of securing: guarantors, pledge ...) * Loans over 10,000 EUR: mortgages and no-load limits, the value of the mortgage at least two times higher than the value of the loan. |

Table 4.6 Montenegro continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|------------|--|-----------------------|---|----------------|--|---------------------------------------|----------------|---------------------|-----------------------------------|---|
| Montenegro | Direct | EBRD WeBSEDF F | Loan 78% with grant 17% and TA 5% | Not identified | From EUR 2m to EUR 6m | Private: SMEs Project developer | Market based | 12 years | 6 months from commissioning | Depends on the type of financing provided |
| Direct | WB EE in Montenegro | 92,5% loan 7,5% TA | Not identified | Not identified | Public: Ministry of Education and Science, Ministry of Economic Development , Ministry of Health | Market based | Not identified | Not identified | Not identified | Erste Bank |
| | KfW- Banking Facility for Sustainable Energy | Finance | Loan with TA | EUR 3,5m | Not identified | Private: SMEs | Market based | Up to 120 months | Not identified | Not identified |
| | Not identified | GGF | Loan with TA | Not identified | Not identified | Not identified | Not identified | Not identified | Not identified | Not identified |

Table 4.6 Montenegro continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--------------|---------------------------|---|----------------|--|--|---------------|--------------|--------------|--------------|
| Not provided | EBRD WBPFSSF – SEEF | Loan with TA and grants (TA financed from EC IPA 2009 allocation) | Not identified | The maximum individual sub-loan amount shall be: <ul style="list-style-type: none"> • EUR 5m for energy efficiency, renewable energy and commercial buildings sector subprojects; • EUR 300,000 for small-scale sub-projects using the List of Eligible Measures and Equipment (“LEME”) approach for establishing technical eligibility of the sub-project; • EUR 75,000 for residential sector sub-projects using the LEME approach for establishing the technical eligibility of the sub-project; or • EUR 1m for investment loans to energy efficiency suppliers Sub-loans exceeding these amounts will be considered on a case-by-case basis and financed only following approval from EBRD. The maximum aggregate sub-loan amount per sub-borrower (or end user in the case of ESCO-sponsored sub-projects) shall be EUR 5m. | Private: private sector borrowers and SMEs | Market based | Not provided | Not provided | Not provided |

Table 4.7 Serbia

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--------|-----------------|------------------------|--------------------------------|----------------|---------------------------------|---|--|-------------------------------|--------------------|--|
| Serbia | Banca Intesa | KfW (MICLP) | With TA financed separately | EUR 60m | Up to 1.2m | Public: local governments or public utility companies | Variable interest rate: EURIBOR + 4,5% Fixed interest rate: 6,5% fixed | Up to 84 months/7 years | Up to 12 months | Promissory notes, mortgage, authorisation to charge the sub- account budget |
| | Banca Intesa | Italian Credit Line | TA as a grant | Not identified | From EUR 50.000 –EUR 0.1m | Private: SMEs, Public: public enterprises of municipalities | 5,79% | Up to 96 months/8 years | 2 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Guarantee by another entity 5. Deposit 6. Other security instruments according to the bank's decision 7. Moveable pledge on the equipment or goods |

Table 4.7 Serbia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--|-------------------|--|---|----------------|--|--|---|-------------------------------|--------------------|---|
| | Banca Intesa | EBRD WEBSECL F | Loan with TA (financed from a separate fund called Western Balkan Fund) and grant (15% –20% of loan amount financed from EC) | EUR 13m | From EUR 0.1m to EUR 2m in foreign currency or dinars counter value at average | Private: SMEs | From EURIBOR 3m + 5.75% p.a. to EURIBOR 3m +7.00% p.a. depending on the credit capability, size and amount of deposit by credit user with the bank | Up to 60 months/5 years | 2 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Guaranteee by another entity 5. Deposit 6. Other security instruments according to the bank's decision 7. Moveable pledge on the equipment or goods |
| | Cacanska Banka | KM- Banking Facility for Sustainable Energy Finance | Loan with TA | EUR 5m | Up to EUR 0.4m | Private: households, SMEs, energy service companies, renewable energy companies | 8,38% | Up to 5 years | Up to 12 months | Depends on client credit rating and maturity of the loan: promissory note, authorization, pledge, mortgage, guaranteee agreement of another legal entity |
| | Cacanska Banka | Italian Credit Line | TA as a grant | Not identified | From EUR 50,000 –EUR 0.1m | Private: SMEs | 5,45% | Up to 96 months/8 years | 2 years | Depends on client credit rating and maturity of the loan: promissory note, authorisation, pledge, mortgage, guaranteee agreement |

Table 4.7 Serbia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|----------------|-------------|-----------|-----------|---------------------|--|--|--|---|--|
| Cacanska Banka | EIB Apex II | 100% loan | EUR 45m | Up to EUR 12.5m | Private: SMEs, corporate, Public: municipalities | Interest rate fixed or floating (formed by EIB based on 3m EURIBOR + 3.5%) | SMEs: up to 12 years Public – municipalities : up to 15 years | SMEs: up to 4 years Public – municipalities: up to 5 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Moveable pledge on the equipment or goods 5. Other security instruments according to the bank's decision 6. Guarantee by another entity |
| Erste Bank | EIB Apex II | 100% loan | EUR 25m | Up to EUR 12.5m | Private: SMEs, corporate; Public: municipalities | Interest rate fixed or floating (formed by EIB based on 3m EURIBOR + 3.5%) | SMEs: up to 12 years Public – municipalities : up to 15 years | SMEs: Up to 4 years Public: municipalities: Up to 5 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Moveable pledge on the equipment or goods 5. Other security instruments according to the bank's decision 6. Guarantee by another entity |

Table 4.7 Serbia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--|--------------------|-------------|-----------|----------------|---|--|---|--|---|--|
| | Eurobank EFG | EIB Apex II | 100% loan | Not identified | Up to EUR 12.5m | Private: SMEs, corporate | Interest rate fixed or floating (formed by EIB based on 3m EURIBOR + 3.5%) | Up to 12 years | Up to 4 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Moveable pledge on the equipment or goods 5. Other security instruments according to the bank's decision 6. Guarantee by another entity |
| | KBC Banka | EIB Apex II | 100% loan | Not identified | EUR 1m up to EUR 2m; EUR 2m up to EUR 12.5m | Private: SMEs, Public: municipalities | 3m EURIBOR + 4%–9% | 1. 2–12 years 2. 2–15 years | 1. From 2 to 4 years 2. Up to 5 years | In accordance with valid credit policies of the bank |
| | Komercijalna Banka | EIB Apex II | 100% loan | Not identified | Up to EUR 12.5m | Private: SMEs, corporate; Public: municipalities | Interest rate fixed or floating (formed by EIB based on 3m EURIBOR + 3.5%) SMEs: up to 12 years Public – municipalities: up to 15 years | SMEs: Up to 12 years Public: municipalities: Up to 15 years | SMEs: up to 4 years Public – municipalities: up to 5 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Moveable pledge on the equipment or goods 5. Deposit 6. Other security instruments according to the bank's decision 7. Guarantee by another entity |

Table 4.7 Serbia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|-------------------------|---------------------|---------------|----------------|-----------------------------|---|--|---|---|--|
| Komercijalna Banka | Italian Credit Line | TA as a grant | Not identified | From EUR 50.000 – EUR 0.1m | Private: SMEs | 5,19% | Up to 96 months/8 years | 2 years | Depends on client credit rating and maturity of the loan: promissory note, authorisation, pledge, mortgage, guarantee agreement |
| OTP Bank | EIB Apex II | 100% loan | Not identified | Up to EUR 12.5m | Private: SMEs, corporate; Public: municipalities | Interest rate fixed or floating (formed by EIB based on 3m EURIBOR + 3.5%) | SMEs: Up to 12 years Public: municipalities : Up to 15 years | SMEs: up to 4 years Public – municipalities: up to 5 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Moveable pledge on the equipment or goods 5. Other security instruments according to the bank's decision 6. Guarantee by another entity |
| Privredna Banka Beograd | Italian Credit Line | TA as a grant | Not identified | From EUR 50.000 – EUR 0.1Mm | Private: SMEs | 5,49%–6,26% | Up to 96 months/8 years | 2 years | Depends on client credit rating and maturity of the loan: promissory note, authorisation, pledge, mortgage, guarantee agreement |

Table 4.7 Serbia continued

| Fis | Fund | Structure | Fund size | Size of loan | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|-------------------------|-------------|-----------|----------------|---|--|---|---|---|---|
| Privredna Banka Beograd | EIB Apex II | 100% loan | Not identified | Min EUR 40,000 | Private: SMEs, corporate; Public: municipalities | Interest rate 3m EURIBOR + 3,90% (5,26% – 5,83%) | SMEs: up to 12 years Public – municipalities: up to 15 years | SMEs: from 1 to 3 years Public – municipalities: up to 5 years | 2. Mortgage on real estates 2. Guarantee by another entity 3. Other security instruments according to the bank's decision |
| ProCredit Bank | IFC | 100% loan | EUR 15M | Households: up to EUR 20,000 SMEs, corporate: up to EUR 0.1m | Private: SMEs | Households: from 9,09% SMEs, corporate: 11,01–32,28% | Up to 84 months | None | Households: Loans up to EUR 5,000 are approved without guarantor and collateral. For loan amounts over EUR 5,000 one creditworthy guarantor or collateral is required. For loan amounts over EUR 10,000 mortgage is required. SMEs, corporate: loans up to EUR 10,000 are approved without guarantor and pledge for maturities up to 24 months. For maturities over 24 months, one creditworthy guarantor or pledge is necessary. Loan amounts ranging from EUR 10,001 – EUR 25,000 are approved with one creditworthy guarantor and/or pledge in the form of moveable or immovable property. For loans with maturities over 60 months, pledge is obligatory. For loans ranging from EUR 25,000 – EUR 100,000 pledge in the form of moveable or immovable property is necessary. For loans with maturities over 60 months, mortgage is necessary. |

Table 4.7 Serbia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|-------------------|---|--------------|----------------|---|---|--|-----------------|--------------|---|
| ProCredit Bank | KfW-Banking Facility for Sustainable Energy Finance | Loan with TA | Not identified | Households: up to EUR 20.000 SMEs, corporate: up to EUR 0.1m | Private: SMEs | Households: from 9,09% SMEs, corporate: 11,0,1–32,28% | Up to 84 months | None | Households: Loans up to EUR 5,000 are approved without guarantor and collateral. For loan amounts over EUR 5,000 one creditworthy guarantor or collateral is required. For loan amounts over EUR 10.000 mortgage is required. SMEs, corporate: loans up to EUR 10,000 are approved without guarantor and pledge for maturities up to 24 months. For maturities over 24 months, one creditworthy guarantor or pledge is necessary. Loan amounts ranging from EUR 10,001 – EUR 25 000 are approved with one creditworthy guarantor and/or pledge in the form of moveable or immovable property. For loans with maturities over 60 months, pledge is obligatory. For loans ranging from EUR 25,000 – EUR 100,000 pledge in the form of moveable or immovable property is necessary. For loans with maturities over 60 months, mortgage is necessary. |
| ProCredit Leasing | KfW-Banking Facility for Sustainable Energy Finance | Loan with TA | EUR 15m | Up to EUR 2.000 | Private: households, SMEs, energy service companies, renewable energy companies | 10–12% | Up to 5 years | None | In accordance with valid credit policies of the bank |

Table 4.7 Serbia continued

| | Fis | Fund | Structure | Fund size | Size of loan | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--|-----------------|---|--------------|----------------|---|---|---|---|--|--|
| | Raiffeisen Bank | KfW-Banking Facility for Sustainable Energy Finance | Loan with TA | EUR 15m | Households: EUR 200 – SMEs: from EUR 30,000 –0.1m | Private: households, SMEs, energy service companies, renewable energy companies | Households: 9.90%, SMEs: from 6 months EURIBOR + 7.10% up to 6months EURIBOR + 10.00%, variable | Households: up to 60 months SMEs: up to 84 months (max to 31.12.2015) | None | Households: promissory notes SMEs: promissory notes, mortgage of real estate acceptable to the bank and/or pledge of moveable assets and/or bank guarantee and/or business guarantee of another legal entity and/or cash deposit. The precondition is that at least 30% of company's turnover has to be channelled through the bank. |
| | Raiffeisen Bank | EIB Apex II | 100% loan | Not identified | From EUR 30,000 to EUR 12.5m | Private: SMEs, corporate; Public: municipalities | Interest rate fixed or floating (3m EURIBOR + 3.80% / 3m EURIBOR + 4.30%) | SMEs: up to 12 years Public – municipalities: up to 15 years | SMEs: Up to 4 years Public – municipalities: up to 5 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Moveable pledge on the equipment or goods 5. Other security instruments according to the bank's decision 6. Guarantee by another entity |

Table 4.7 Serbia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|-----------------------|----------------------|---|----------------|---|---|--|---|---|--|
| Societe Generale Bank | EBRD WeBSECL F | Loan with TA (financed from separate Western Balkan Fund) and grant (15%-20% of loan amount financed from EC) | EUR 10m | From EUR 0.1m up to EUR 2m in foreign currency or dinars counter value at average | Private: SMEs | EURIBOR 3m + 6,00% (7,39% p.a.) | Up to 60 months/5 years | 2 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Guarantee by another entity 5. Deposit 6. Other security instruments according to the bank's decision 7. Moveable pledge on the equipment or goods |
| UniCredit Bank | Italian Credit Line | TA as a grant | Not identified | From EUR 50.000 – EUR 0.1m | Private: SMEs | Market based | Not identified | 2 years | Depends on client credit rating and maturity of the loan: promissory note, authorisation, pledge, mortgage, guarantee agreement |
| UniCredit Bank | EIB Apex II | 100% loan | Not identified | Up to EUR 12.5m | Private: SMEs, corporate; Public: municipalities | Interest rate fixed or floating (formed by EIB based on 3m EURIBOR + 3.5%) | SMEs: up to 12 years Public – municipalities: up to 15 years | SMEs: up to 4 years Public – municipalities: up to 5 years | 1. Promissory notes 2. Contracting authority 3. Mortgage on real estates 4. Moveable pledge on the equipment or goods 5. Other security instruments according to the bank's decision 6. Guarantee by another entity |

Table 4.7 Serbia continued

| | Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end- borrower | Interest rate | Duration | Grace period | Collateral |
|--------|-----------|---|---|----------------|-----------------------------|--|---|---|--|---|
| Serbia | Volksbank | KfW- Banking Facility for Sustainable Energy Finance | Loan with TA | EUR 10m | From EUR 5,000 | Private: households, SMEs, energy service companies, renewable energy companies | Households: from 5,9%–14,32% SMEs: 10,27% | Households: up to 360 months SMEs: from 12 to 240 months | Households: None SMEs: up to 6 months | Loans for renovation or reconstruction of business premises -- mortgage, promissory note; Loans for purchasing of equipment and vehicle – one guarantor, promissory notes, mandatory car insurance |
| | Direct | EBRD WeBSSEDF F | Loan 78% with grant 17% and TA 5% | Not identified | From EUR 2m to EUR 6m | Private: SMEs Project developer | Market based | 12 years | 6 months from commissioning | Depends on the type of the financing provided |

Table 4.7 Serbia continued

| Fis | Fund | Structure | Fund size | Size of loan Eur | Eligible end-borrower | Interest rate | Duration | Grace period | Collateral |
|--------------|-------------------------|--|----------------|---|--|---------------|--------------|--------------|--------------|
| Not provided | EBRD WPSSF – SEEF | Loan with TA and grants (TA and grants financed from EC IPA 2009 allocation) | Not identified | The maximum individual sub-loan amount shall be: <ul style="list-style-type: none"> • EUR 5m for energy efficiency, renewable energy and commercial buildings sector subprojects; • EUR 300.000 for small-scale sub-projects using the List of Eligible Measures and Equipment (“LEME”) approach for establishing technical eligibility of the sub-project; • EUR 75.000 for residential sector sub-projects using the LEME approach for establishing the technical eligibility of the sub-project; or • EUR 1m for investment loans to energy efficiency suppliers Sub-loans exceeding these amounts will be considered on a case-by-case basis and financed only following approval from EBRD. The maximum aggregate sub-loan amount per sub-borrower (or end user in the case of ESCO-sponsored sub-projects) shall be EUR 5m. | Private: private sector borrowers and SMEs | Not provided | Not provided | Not provided | Not provided |

Appendix 5

Outline proposal: dissemination of information to government officials

Overall objective

Increased availability of up-to-date comprehensive information on energy efficiency financial mechanisms available in the Western Balkans among government officials.

Project purpose


Development and dissemination of information/promotional material on energy efficiency financial mechanisms among beneficiary countries for government officials.

Deliverables

1. Dedicated page for seven Ministry of Environment and Ministry of Economy websites. The page should provide listing of financial mechanisms (funds) available in the relevant country, sorted by end user (public/private, company, household, housing association, municipal infrastructure, public buildings).
2. Downloadable information sheet in pdf format for each fund (approved by owner of fund).
3. One-page case study for each fund, indicating typical scope and application (supplied by owner of fund). (Can be repeated in different countries, if appropriate.)

Activities

1. Discussions with officials and webmaster about technical requirements for website materials.
2. Review of IFI coordination revised report describing support available, mechanisms (approx. 31) and materials provided by IFIs (approx. 25).
3. Production of an initial dissemination template (using high-quality graphic design standards) for page, information sheet and case study.
4. Production of materials for each country, ensuring visibility requirements for each IFI.
5. Translation into local languages.
6. Finalisation of materials.
7. Support for ministry webmaster in loading materials on website.



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