



**European
Investment
Bank**

The ED bank

Energy Community Renewable Energy Coordination
Group 3rd Meeting, Vienna 7 March 2017

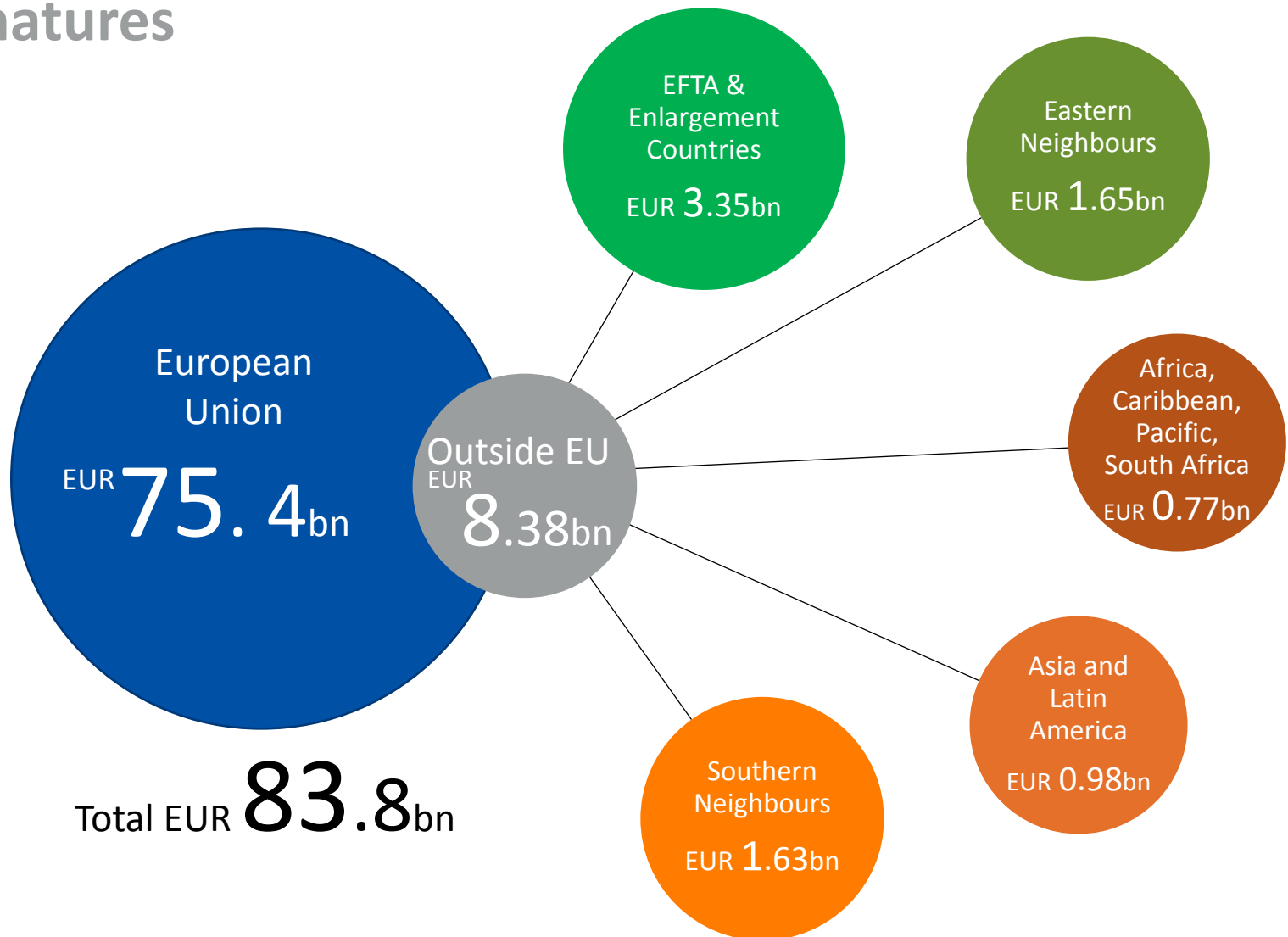
Dr. Zoran Stanic, Dipl.Ing.

The EIB at a glance

- Established in 1958 under the Treaty of Rome
- Shareholders: EU Member States
- AAA-rated by the three major rating agencies
- Largest multilateral lender and borrower in the world
- Some 450 projects each year in over 160 countries
- Headquartered in Luxembourg & 44 local offices employing around 3,000 staff

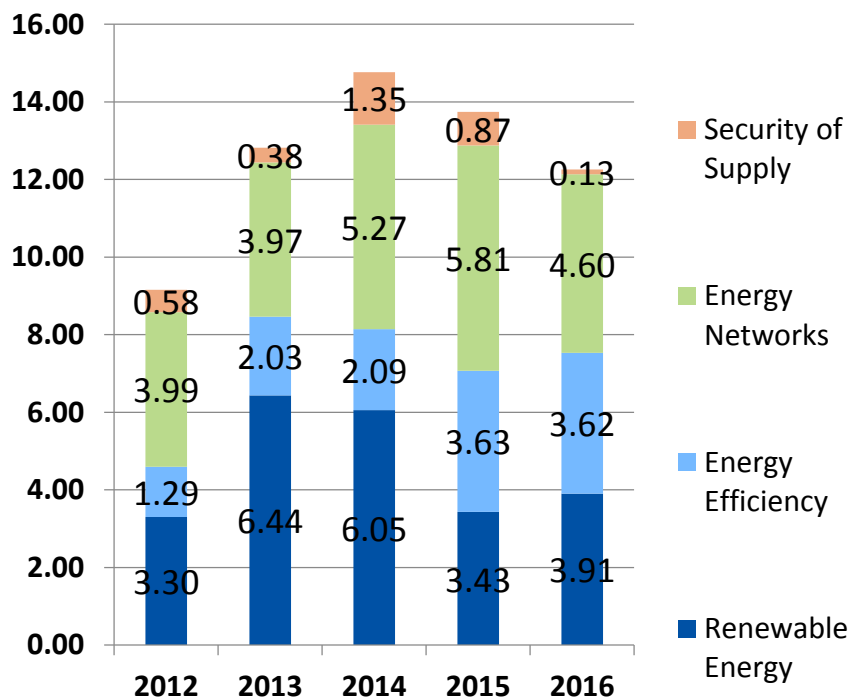
EIB Group financing in 2016: EUR 83.8bn

Signatures

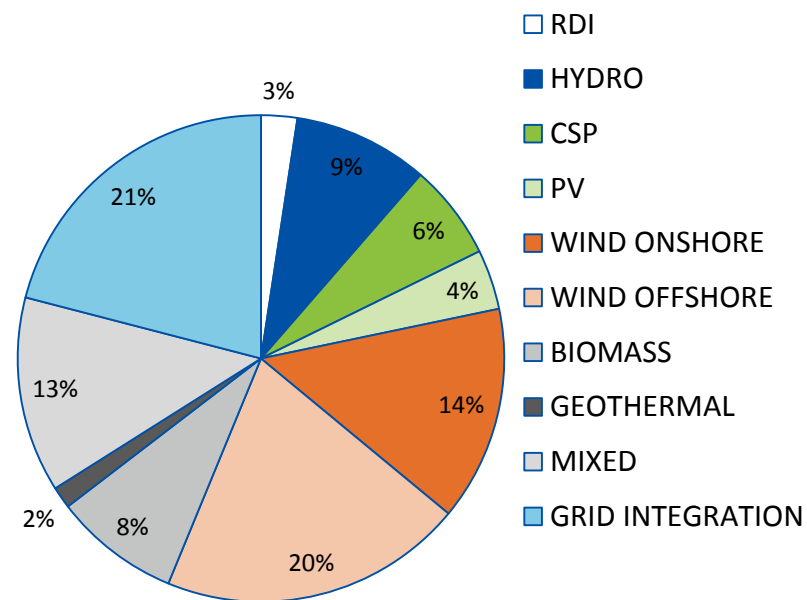


EIB Energy Lending

EIB Energy Lending 2012-2016
in EUR bn

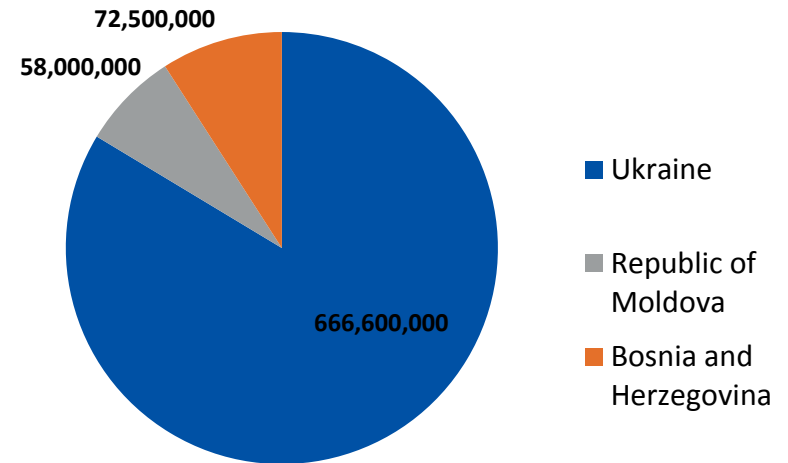
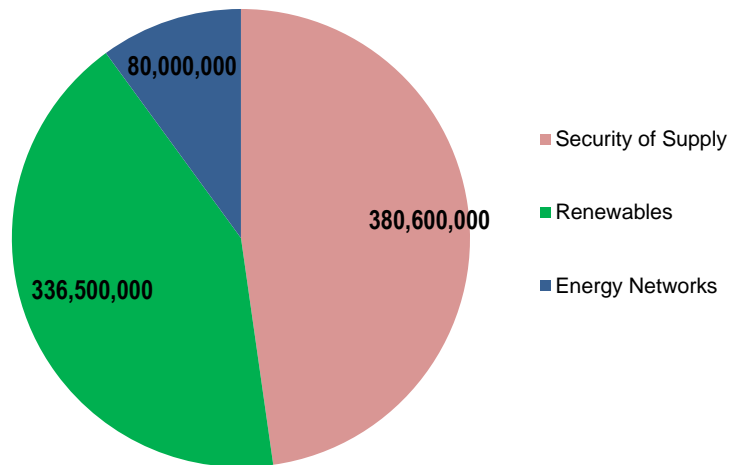


Total RE Lending Breakdown 2012-2016



EIB Energy Lending in Energy Community Member States

Energy lending 2012-2016



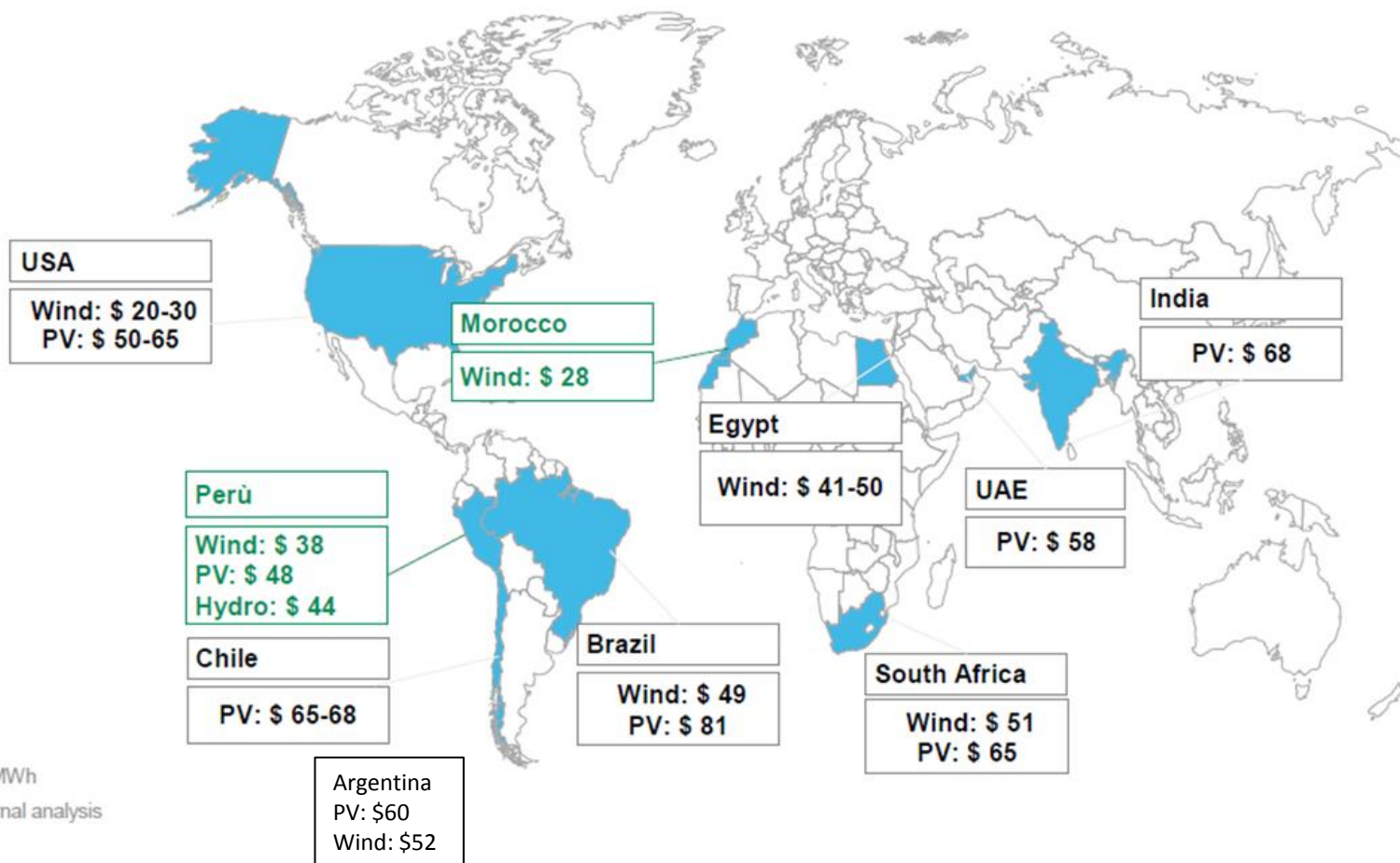
Recent EIB RE projects in EnC member states

- ▶ **RENEWABLE ENERGY HPP VRANDUK**, new 20 MW run-of-river HPP on river Bosna, BIH
 - ▶ **GREEN FOR GROWTH FUND I, II, III**, debt fund focusing on small scale EE and RE projects in SEE
 - ▶ **HYDRO POWER PLANTS REHABILITATION**, upgrading and refurbishment of 21 hydropower units along river Dnieper, Ukraine
 - ▶ **ZLETOVICA IRRIGATION AND HYDRO POWER**, irrigation of some 4,500 ha in the region of municipalities Probistip and Kratovo and construction of 8 small HPPs, FYROM (supported by TA / WBIF)
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- ▶ **Technical Assistance**
 - TA for financing preparation of Feasibility study including Technical Design, Environmental and Social Impact Assessment and Tender documentation for construction works
 - **Wind farm Poklecani**, 110 MW, BIH
 - **Wind Farm Vlastic**, 50MW, BIH
 - EIB follows together with other IFIs WB6 Hydropower Master Plan (assessing potential for sustainable HPP in the region), contracted by DG NEAR

Current status and opportunities for RE in EnC

- ▶ Hydropower is the backbone, but needs renewal and new capacity development
- ▶ Other RE technologies are nascent, except in Ukraine which has established wind and solar PV projects
- ▶ Smaller RE project developments are beginning to pick up in other countries (Monte Negro, FYROM, Serbia...)
- ▶ Variations from country to country but generally large RE potential; >100 GW total technical potential
- ▶ Rapidly falling capital costs (e.g. wind, solar PV) => cost competitive at most suitable locations

Example of RE auction tariffs / MWh



Challenges

(much of this applies to all countries...)

- ▶ Commercial / Off-take risk
- ▶ Regulatory / lack of stable and sufficient support schemes for RE
- ▶ Complex concession, permitting and EIA procedures / Natura 2000, land allocation clearance
- ▶ Strategic Environmental Assessment missing
- ▶ NGOs scrutiny in relation to protected areas
- ▶ Grid issues related to connection and commissioning
- ▶ Procurement issues (e.g. lack of national remedy mechanism)

How can EIB help

- ▶ The Bank has significant experience in providing technical assistance and advisory to promoters
- ▶ It has strong technical expertise in energy sector, in all RE technologies, both mature and emerging
- ▶ It has the benefit of working both inside and outside the EU, spreading best practices from EU counterparts with more experience to less experienced promoters
- ▶ It works in close collaboration with EU Commission ensuring that EU values and standards are properly integrated in projects outside the EU

EIB products: we help catalyse investment

LENDING	BLENDING	ADVISING
<ul style="list-style-type: none">• Project Loans• Intermediated Loans• Equity Participation• Guarantees	Combining EIB finance with EU budget (e.g. Instrument for Pre-Accession – IPA / WBIF)	Prepare, evaluate and support the implementation of projects
Attracting FUNDING for long-term growth		

Core Due Diligence requirements



- ▶ 2013 EIB [Energy Lending Criteria](#)
 - ▶ Focus on EE, RES and grids
 - ▶ Emissions Performance Standard < 550g CO2/kWh
 - ▶ Mature versus Emerging Renewables

- ▶ EIB [Guide to Procurement](#)

- ▶ Environment and Social [Handbook](#)

- ▶ Economic justification ([Economic Appraisal](#))
 - ✓ RES: Mature technologies - LCOE below conventional
 - ✓ RES: Sustainability of support mechanism

Introducing the EIB'S Economic Resilience Initiative (ERI)

Overall approach

- Request from the European Council in March 2016
- EIB set up the Economic Resilience Initiative to support regions outside Europe affected by the refugee crisis
- Initiative will provide loans and grants to support growth, employment, infrastructure and social cohesion in the Southern Neighbourhood and Western Balkan countries
- Endorsed by Brussels European Council in June 2016 / Bratislava European Council in September 2016

Economic Resilience Initiative Focus

Sectors:

- Social sector, SMEs and Microenterprises, Water, Sanitation & Waste, Post disaster/conflict recovery & risk reduction, Sustainable transport
- **Energy:** investment in energy generation and transmission infrastructure is key for economic development
 - State owned corporates with no recourse to the State
 - Private sector projects that would not otherwise be pursued due to their high risk
 - TA and grants for projects preparation and implementation

Conclusions

- EIB sees large potential for investments in RE in EnC member states
- EIB is keen to continue supporting RE projects in EnC member states as they will be needed to achieve the long term climate goals
- It is offering a wide range of financial instruments as well as our technical expertise in TA (e.g. ERI, WBIF)
- EIB objective is to stimulate growth, employment as well as to contribute to the decarbonization of the European economy
- Adequate regulations should attract substantial capital and financing