

# Western Balkans Regional Energy Efficiency Programme (REEP)

22<sup>nd</sup> Energy Efficiency Coordination Group Meeting  
Vienna, 11 March 2020

The Programme is funded by EU IPA, the European Western Balkans Joint Fund and EBRD Shareholders Special Fund, and implemented by EBRD in cooperation with the Energy Community Secretariat



This project is funded by  
the European Union



**European Bank**  
for Reconstruction and Development

**KFW**



# Case study



# Agenda

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REEP OVERVIEW

PROGRESS UPDATE



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# REEP Overview

REEP & REEP PLUS & REEP PLUS EXT  
 WINDOWS



Objective: Sustainable Market for energy efficiency in the Western Balkans

### 2 Intermediated Financing

**WeBSEFF**

- Credit lines to local banks for project finance
- For SME & public sector projects (small scale RE & EE)

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**GEFF**

- Credit lines to local banks for project finance
- For residential sector projects

### 4 Direct Lending to Public Sector

- Project finance to States, cities, municipal companies
- For public building EE

**KFW**

### 3 Direct Financing

Western Balkans Sustainable Energy Direct Financing Facility

- Project finance to private sector (incl. ESCOs)
- For medium scale RE and EE

### 1a ESCO Support

- Legislative support
- Technical project preparation

### 1b Policy Dialogue

- EED, EPBD legislation and strategic documents
- Policy implementation support

### Activity update

1. **Policy support:** ESCO contract templates produced and shared with all WB6 countries and formally adopted in 4 countries
2. **Two feasibility studies** completed: Split Street Lighting (February 2020) and Vitez&Teslic biomass district heating project (January 2020);
3. **ESCO project preparation support** on-going in the region (2 consultancy contracts):
  - a) **North Macedonia**
    - a) 5 street lighting projects (contract value of approx. EUR 3.5 m) were prepared and tendered: Radovish, **Makedonska Kamenica**, Valandovo, Vasilevo, **Ceshinovo Obleshevo**. Two contracted.
    - b) Additional 15 municipalities expressed interest in receiving support. Prioritisation/preparation of projects in progress.
    - c) Ceremony event of signing the first EPC street lighting projects at the presence of the Ministry of Economy organized on 19<sup>th</sup> February 2020.
  - b) **Serbia**
    - a) 1 street lighting project prepared in Pirot. Tender to be launched in Q2 2020.
    - b) Additional 4 municipalities expressed. On-going discussion on scoping/defining the projects.
  - c) **Montenegro**
    - a) Received interest from 3 municipalities. On-going discussion on scoping/defining projects

# REEP / REEP Plus

## ESCO Projects Preparation: Summary

### TECHNICAL ASSISTANCE FUNDS

	<b>Allocated</b>	<b>Remaining</b>
ESCO policy	1,033,400	12,562
REEP ESCO project preparation	3,641,880	282,602
REEP Plus ESCO project preparation	1,000,000	431,170
<b>Total</b>	<b>5,675,280</b>	<b>726,334</b>

### NEXT STEPS

- Complete current assignments
- Finalise detailed review of projects prepared over the past years
- Based on the study of the information above plan next steps accordingly

# REEP/ REEP Plus

## Window 1 - Policy assignments delivered

40 policy outputs delivered, 35 adopted/ accepted by the relevant authorities;  
8 policy assignments currently ongoing

### Croatia (2013-2016)

1. EPBD: Inspections
2. EPBD: Software
3. EPBD: EPC registry
4. EED 7: Art.7 implementation

### Bosnia and Herzegovina

5. RS/ EPBD: Inspections
6. RS/ EPBD: NCM
7. RS/ EPBD: EPC
8. RS/ EPBD: MEPS
9. Fed/ EPBD: NCM
10. Fed/ EPBD: EPC registry
11. Fed/ EPBD: Software, training

### Montenegro

12. EED 6: Procurement
13. EED 7: Art.7 implementation
14. EED 15: EE in transmission
15. Eco-design regulations (x7)
  - EED: NEEAP



### Albania

16. EPBD: Primary law
17. EED: NEEAP
  - EPBD: 3 regulations
  - EED: Primary law

### North Macedonia

28. EED/EPBD: Primary law
29. EPBD: Software
30. EPBD: Inspections
31. - 33. EPBD regulations (NCM, MEPS, EPC)
  - EPBD: 3 regulations
  - EED 7: Art.7 implementation

### Serbia

18. EPBD: Inspections
19. EPBD: Alternatives to inspection
20. EED 6: Procurement
21. EED 7: Art.7 implementation
  - EPBD: 3 regulations

### Kosovo

22. EPBD: Primary Law
23. EPBD: NCM
24. EPBD: EPC
25. EPBD: MEPS
26. EPBD: Inspections
27. EPBD: Software
  - EED: BRS
  - EED: Art 7 implementation

# REEP/ REEP Plus

## Window 1 - Policy - News since last EECG

### Adoptions and finalizations

- ✓ NMK EE Law: adopted by National Assembly
- ✓ Bosnia-RS: Beneficiary accepted EPBD deliverables:
  - Amended regulations: NCM, MEPS, EPC
  - Supplemental guidance documents
- ✓ Bosnia-Fed: Final training on EPC software for calculation and certification

### Project milestones achieved

- ✓ ALB EE Law: Public consultation process concluded, final round of amendments addressed by REEP team
- ✓ ALB EPBD Regulations: Final workshop in Tirana
- ✓ KOS EED Art 7: Multi-stakeholder workshop on EEO and selected alternative measures
- ✓ KOS BRS: Second BRS draft submitted

### New assignments

- ✓ NMK EPBD regulations: kicked off TOR drafting
- ✓ NMK EED Art 7 compliance: kicked off TOR drafting

# REEP/ REEP Plus

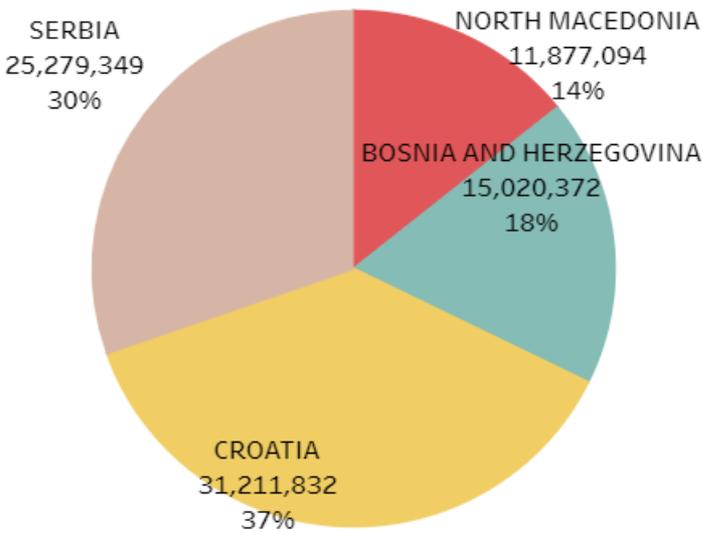
## Window 2 -Intermediated Financing

	WebSEFF II (EBRD)	GEFF WB (EBRD)	KFW	Total
<b>Eligible Countries</b>	6 Western Balkans (WB) countries & Croatia	6 Western Balkans countries	Bosnia & Herzegovina, Serbia	-
<b>Target sector</b>	Municipal, Corporates	Residential	SMEs	-
<b>Financing to date</b>	EUR 107 mln (of which, EUR 62 mln in the WB countries)	EUR 66 mln	EUR 50 mln	EUR 223 m
<b>Active Countries</b>	3 WB countries (BiH, NMK, Serbia) & Croatia	5 WB countries (Albania, BiH, Kosovo, NMK, Serbia)	Bosnia & Herzegovina, Serbia	-
<b>No of PFIs</b>	9	15	4	28
<b>Sub-Loans</b>	EUR 84.4 mln	EUR 19.4 mln	EUR 16.3 mln	EUR 120.1 mln
<b>Avg. Sub-Loan Size</b>	EUR 253,567	EUR 5,225	EUR 38,102	EUR 26,886
<b>No of Sub-projects</b>	333	3,707	427	4467
<b>CO2 emission reductions</b>	124,629 t/year	5,792 t/year	7,734 t/year	138,155 t/year
<b>Primary energy savings</b>	561,652 MWh/year	16,267 MWh/year	27,127 MWh/year	605,046 Mwh/year

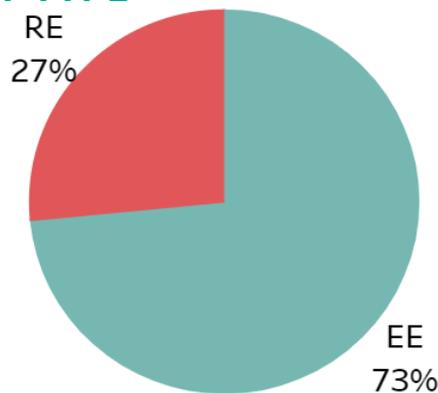


**KFW**

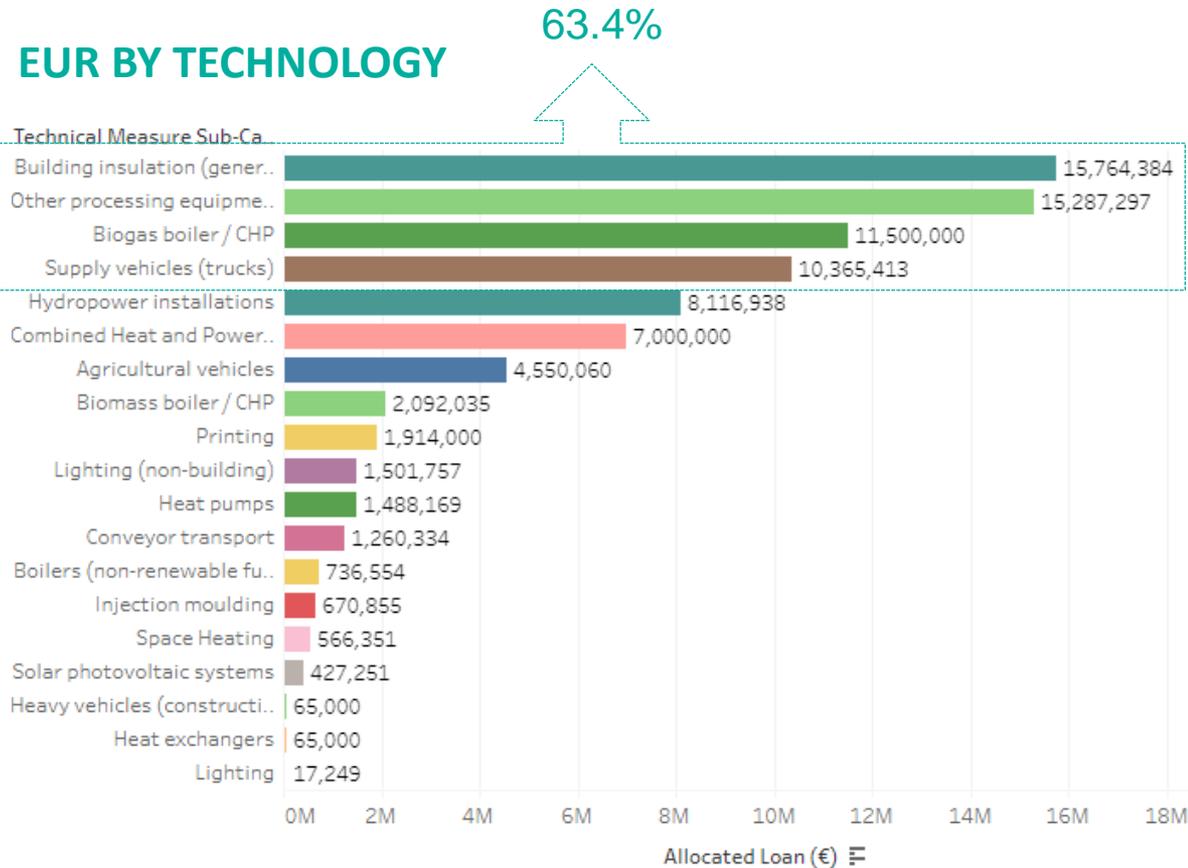
### EUR BY COUNTRY



### EUR BY TYPE



### EUR BY TECHNOLOGY

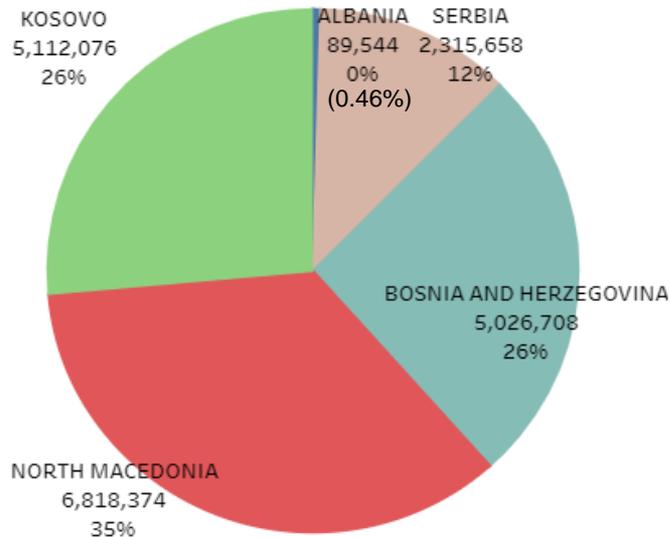


# REEP Plus

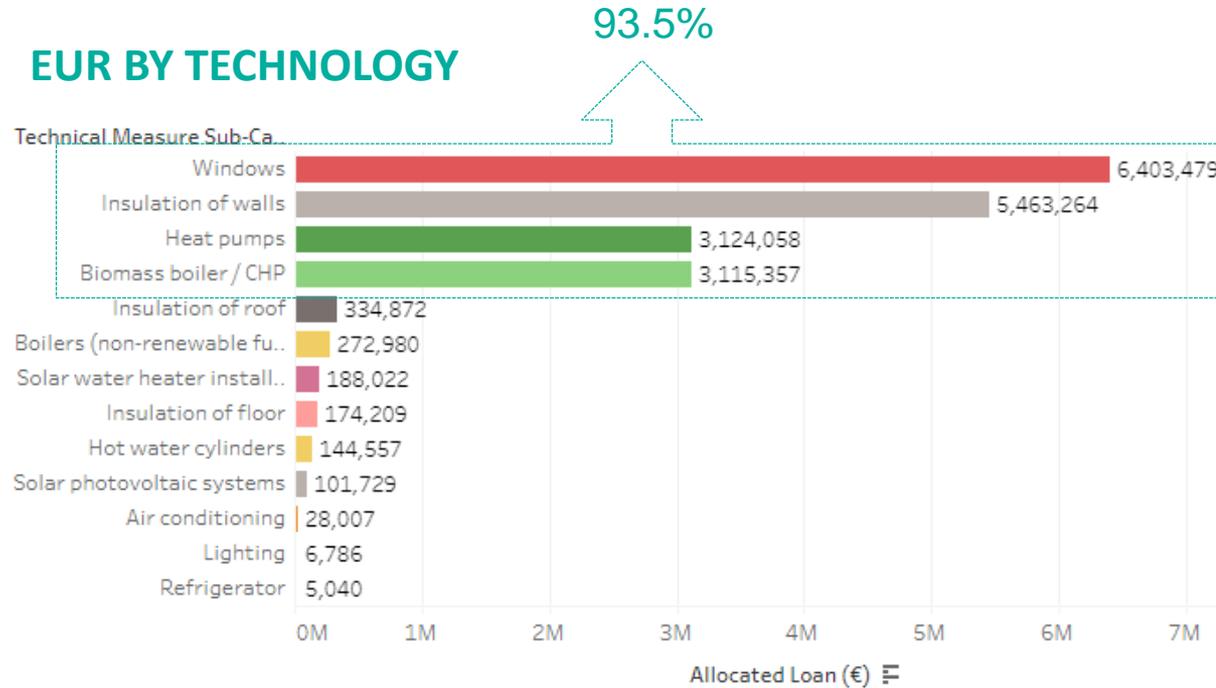
## WBG/GEFF: Residential Facility

### Sub-Loan Portfolio

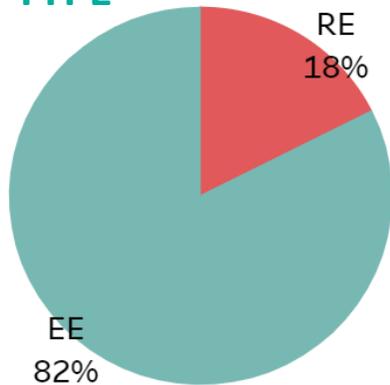
#### EUR BY COUNTRY

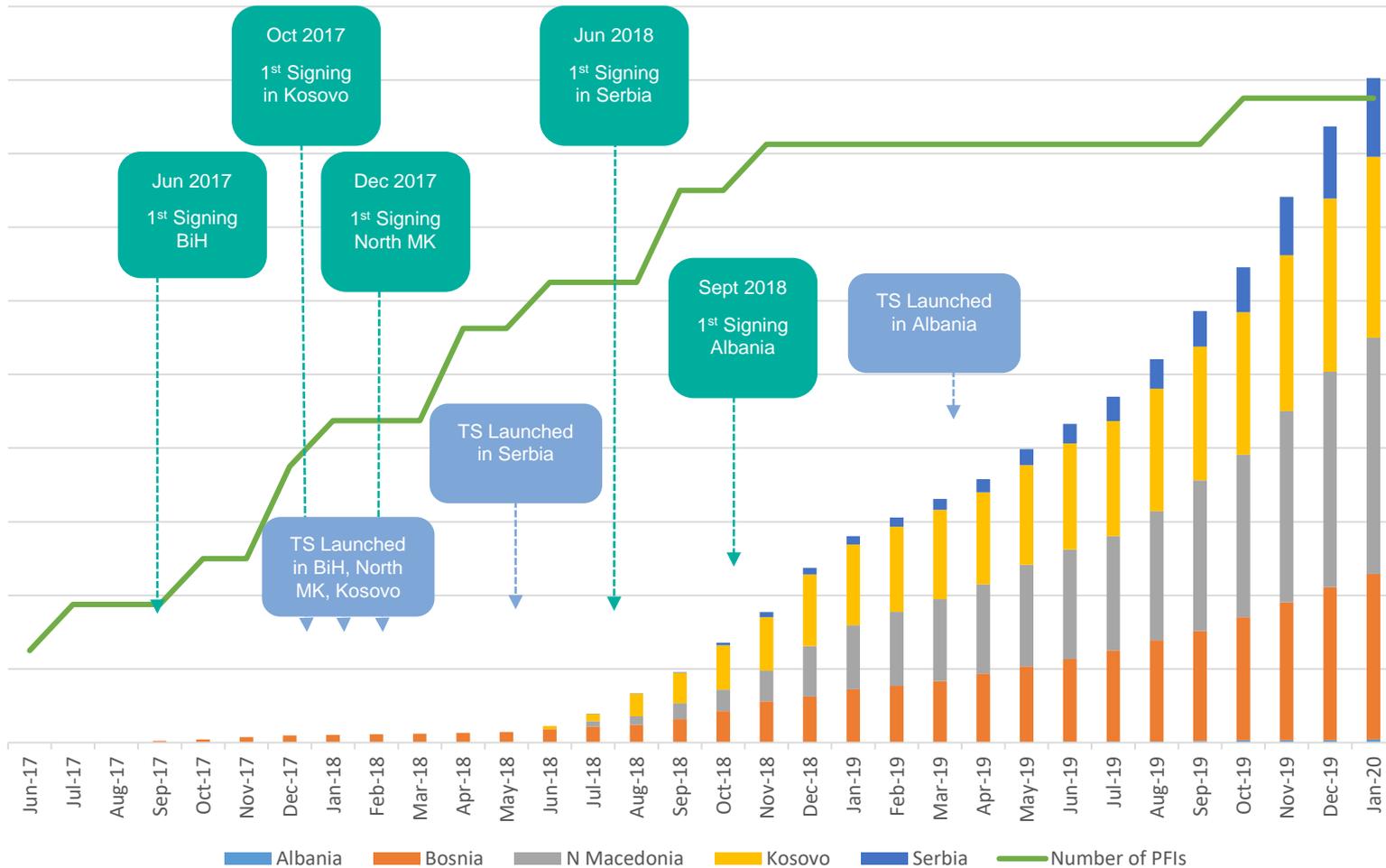


#### EUR BY TECHNOLOGY



#### EUR BY TYPE





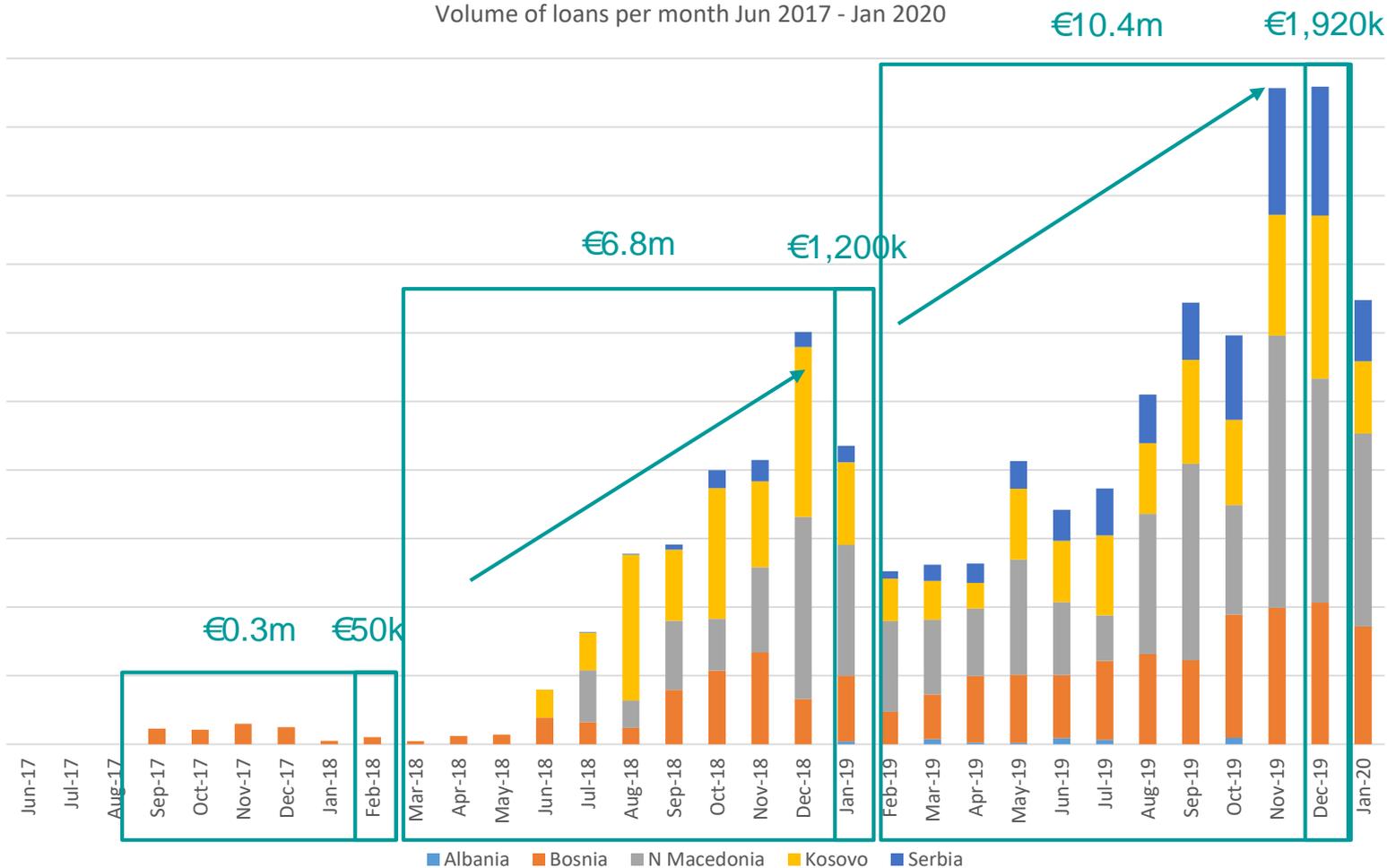
# REEP Plus

## WBGEFF: Residential Facility

### Sub-Loan Verification Per Month



Volume of loans per month Jun 2017 - Jan 2020





- First building-level sub-project in BiH
  - Refurbishment and verification of the first multi-apartment building to be completed in March 2020.

- New signing (Dec 2019 – Feb 2020)
  - OTP Albania (new PFI)
  - 2<sup>nd</sup> and 3<sup>rd</sup> loans with Sparkasse Bank N Macedonia
- First signing in Montenegro expected in 2Q/3Q 2020
  - Due diligence completed



## WBGEFF Residential Facility – Pilot Project in Albania

- Pilot project with Union Bank Albania
- local construction company is developing a new residential area in Tirana with around 1250 apartments named “Mangalem 21”
- **GEFF participated in Phase 1 of the project with financing of EE technologies that meet GEFF eligibility criteria in new buildings for a total of EUR 226,289 (expected incentives EUR 45,258)**
  - Innovative way to influence/raise building standards in the country and create a demand for high efficiency residential buildings
  - Implemented technologies: exterior walls insulation, roof / basement insulation, windows, doors, heat pumps, lighting
  - Expected energy savings compared to baseline:> at least 25%

- Mangalem 21 site plan
- The buildings of Mangalem 21 – phase 1 are marked in yellow.



### PROGRESS

- **6 projects financed** to date (3 SHPP, 1 biomass, 2 biogas), for a total of €25.9m
  - *no new projects since the previous SC meeting*
- **1 more project** approved for up to €6.0m (SHPP)
- **All projects** are operational, delivering renewable energy broadly in line with original estimates

### RESULTS

- **21.2MW** installed, equivalent to the annual electricity needed by the street lighting systems of cities the size of Sarajevo, Tuzla and Mostar combined
- CO<sub>2</sub> emissions saved: **325,974 tonnes/year**

# REEP Plus and Extension

## Window 4 - Direct Lending to Public Sector

### EBRD ACTIVITIES / PIPELINE

- First transaction signed June 2018: A sovereign EBRD loan of EUR 10 million for EE retrofit of the Zenica Cantonal Hospital.
- Two municipal public building renovation programmes board approved and expected to be signed in **Sarajevo and Pristina** by Q2 2020 under REEP extension;
- On-going pipeline development under Window 4: 5 scoping studies were launched in Bosnia-Herzegovina, Kosovo, North Macedonia, Montenegro and Serbia to support the identification, prioritisation and structuring of EE investments in public buildings;
- Demand exceeds the supply thus additional sources of funding (outside REEP) are being investigated by the EBRD for WB6.

# Montenegro - Rehabilitation of public buildings – Phase III

Comprehensive refurbishment and new construction program incl. remote monitoring

- Investment loan – EUR 45 mln
- EU grant - ca. 5 mln

- 1) Focus on schools (also admin and social buildings)
- 2) New construction of a “Nearly-0-Energy building”
- 3) Energy Monitoring System

- EU approval: December 5, 2019
- Signing: December 13, 2019
- Q1 2019: Tender for Consultant



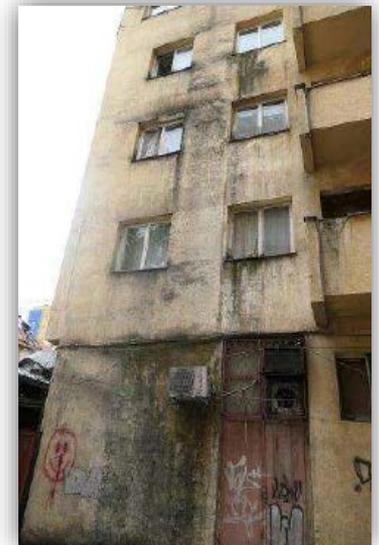
Source: Kiefer, Kynast



# Macedonia - Rehabilitation of student dormitories - Phase I

## Energy Efficient Rehabilitation of 7 Student Residences

- Investment loan - EUR 20 mln
- Investment grant from REEP+, ca. EUR 5 mln
  
- 7 residences in 4 cities
- 3177 students
  
- EU approval: December 5, 2019
- Signing. December 19, 2019
- Q1 2019: Tender for Consultant



Source: Kiefer, Kynast

# Thank you

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## EBRD

- Remon Zakaria, Lead, Associate Director, Energy Efficiency and Climate Change
- Ana Bachurova, Associate, Energy Efficiency and Climate Change
- Veronika Spacapan, Principal, Energy Efficiency and Climate Change
- Yasuko Goto, Principal, Financial Institutions

## KfW

- Bodo Schmülling, Principal Project Manager, Energy and Mobility (LEa3), Southeast Europe, Turkey