

REEP & REEP Plus update

Regional Energy Efficiency Programme for the Western Balkans

Funded by the European Union



In cooperation with the
Energy Community Secretariat



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Sarajevo
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<https://www.ebrd.com/news/video/ebrd-and-eu-support-energy-efficiency-improvements-in-serbia.html>



Topics for discussion

Overview of Regional Energy Efficiency Programme (REEP) and its extension (REEP Plus) in the Western Balkans

Progress Update on Programme Windows

- Policy Dialogue & ESCO Support
- Intermediated Financing
- Direct Financing
- Direct Lending to Public Sector

Donor Visibility



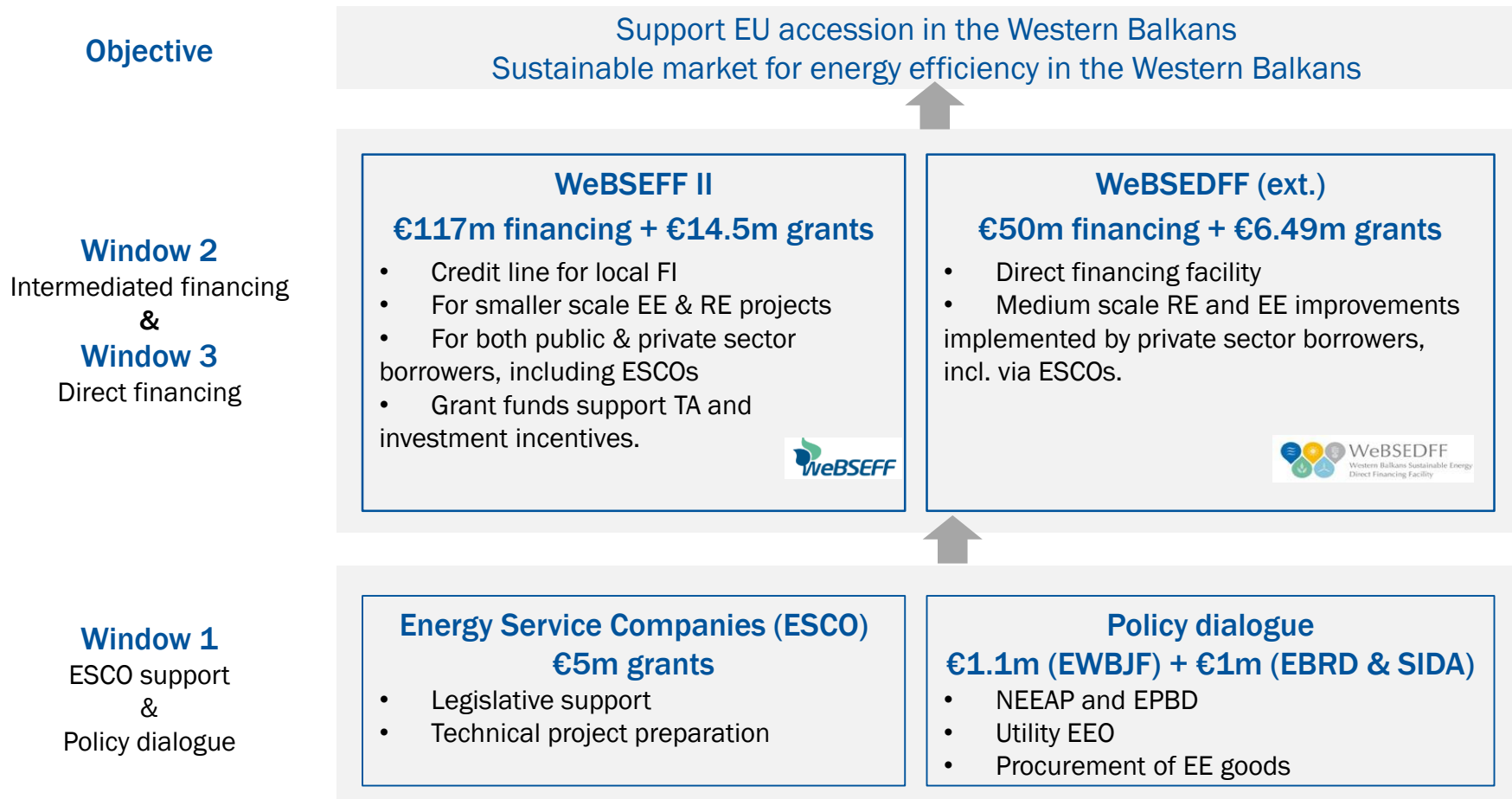
Programme Structure



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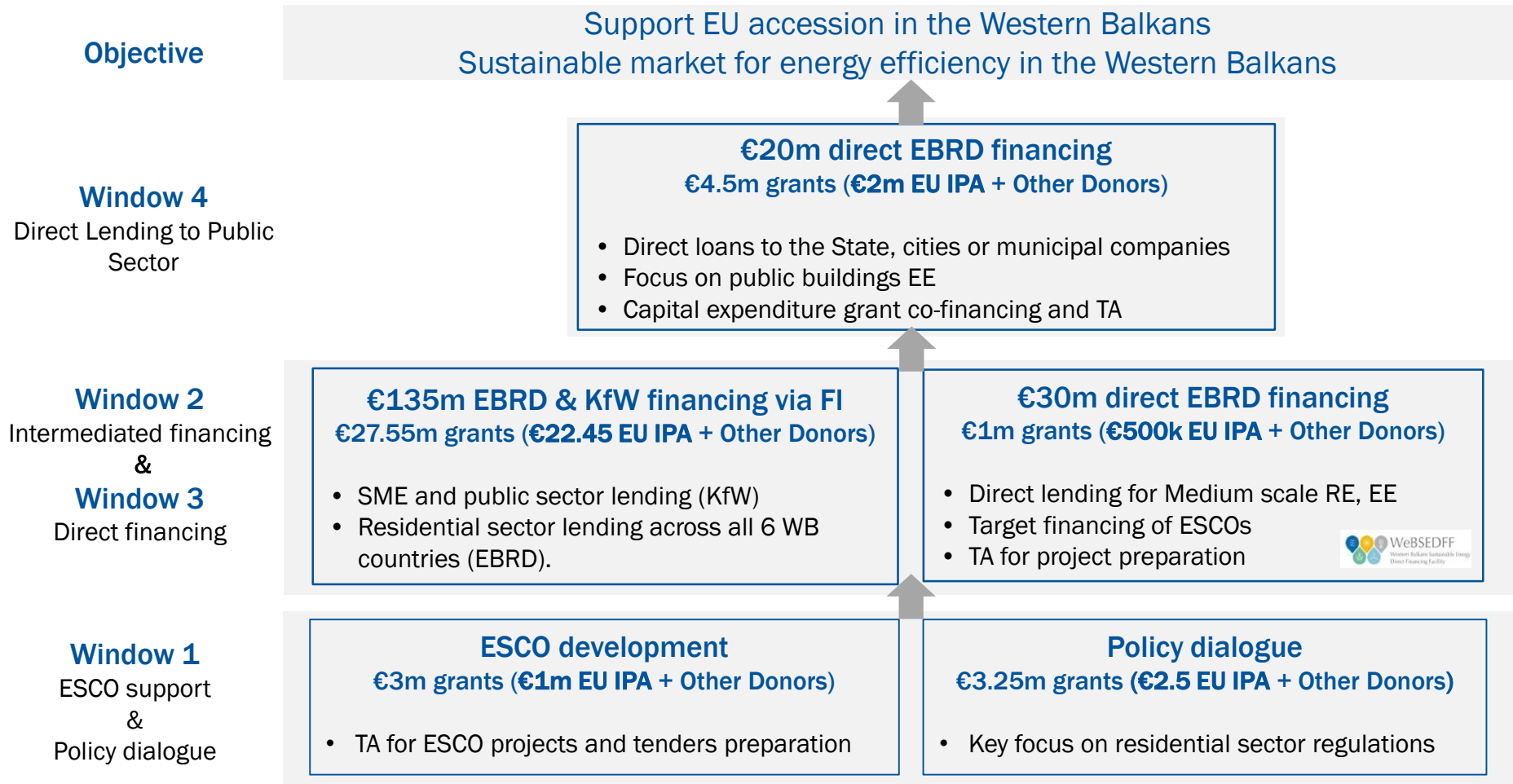
REEP Structure (2013 – 2016)

REEP is an **integrated package** of **finance, technical assistance** and **policy dialogue**, implemented jointly with the **Energy Community Secretariat**



REEP PLUS Structure (2017 – 2019)

REEP Plus is an **integrated package** of **finance**, **technical assistance** and **policy dialogue**, implemented jointly with the **Energy Community Secretariat**



Window 1

(a) ESCO Support; (b) Policy Dialogue



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REEP Window 1 Overview

At a glance: 35 deliverables, incl. ESCO contract templates for 5 countries, and 28 policy outputs;
29 accepted/adopted, or likely to be adopted by mid-2019

Croatia

1. ESCO contract template ✓
2. ESCO enabling legislation ✓
3. EPBD: Inspections ✓
4. EPBD: Calc. Software
5. EPBD: EPC registry specs
6. EED: Article 7 (EEO scheme) ✓

Bosnia and Herzegovina

7. Fed/ ESCO contract template ✓
8. Fed/ EPBD: Calc. Software ✓
9. Fed/ EPBD: EPC reg. specs ✓
10. Fed/ EPBD: NCM ✓
11. RS/ ESCO contract template ✓
12. RS/ EPBD: Inspections ✓

Montenegro

13. ESCO contract template ✓
14. EED 6: Procurement ✓
15. EED 15: EE in transmission ✓
16. EED 7: EEO secondary leg. ✓

Albania

17. EPBD: Primary Law ✓
18. EED: NEEAP ✓

Serbia

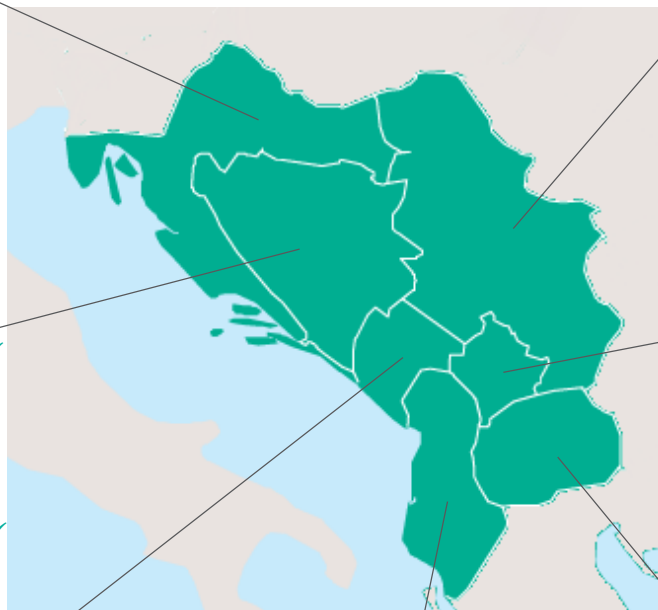
19. ESCO contract template ✓
20. ESCO enabling legislation ✓
21. EPBD: Inspections ✓
22. EED 6: Procurement ✓
23. EED 7: Policy notification ✓
24. EPBD: Alternatives to heating inspection ✓

Kosovo

25. EPBD: Primary Law ✓
26. EPBD: NCM ✓
27. EPBD: EPC ✓
28. EPBD: MEPS ✓
29. EPBD: Inspections ✓
30. EPBD: Calc. software ✓

North Macedonia

31. EPBD: MEPS
32. EPBD: NCM
33. EPBD: EPC
34. EPBD: Inspections
35. EPBD: Calc. software ✓



€5 million for Window 1a (EU WBIF), €2 million for Window 1b (EU WBIF, SIDA, EBRD SSF)

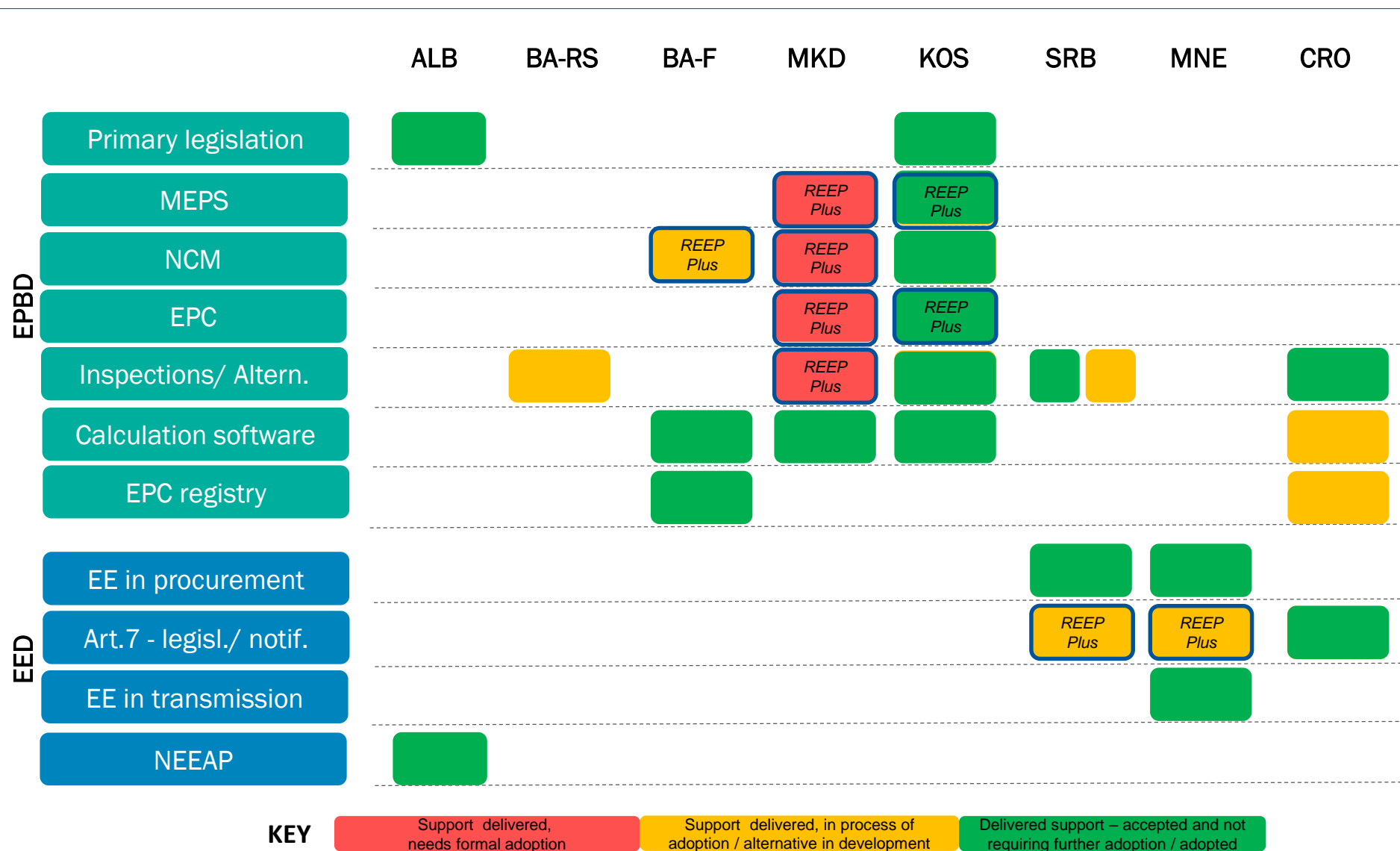


Policy Deliverables under REEP (2013-2016)

Themes and Adoption Status






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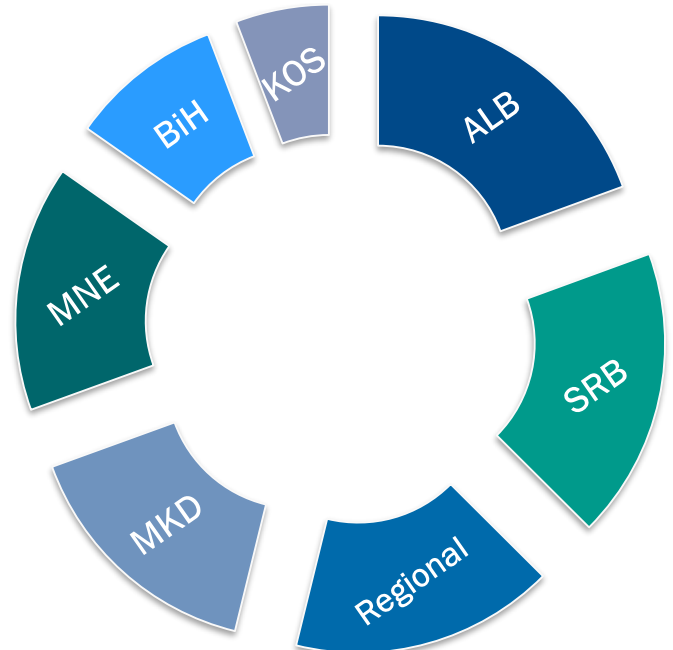
REEP Plus policy assignments build on previous activities and target new policy areas

	ALB	BA-RS	BA-F	MKD	KOS	SRB	MNE	Regional
EE primary legisl. (EED, EPBD)	Completed			Completed	Ongoing, expected completion in by mid-2019			
EPBD regulations & software	Ongoing, expected completion in by mid-2019	Ongoing, expected completion in by mid-2019	Ongoing, expected completion in by mid-2019	Scope of support under consideration	Completed	Ongoing, expected completion in by mid-2019		
Building renovation strategies		Scope of support under consideration			TOR			
nZEB plans								
NEEAP / NECP	Scope of support under consideration			Scope of support under consideration			TOR	
EE in procurement						Ongoing, expected completion in by mid-2019	Ongoing, expected completion in by mid-2019	
EED Art.7 - legisl./ notification					TOR	Ongoing, expected completion in by mid-2019	TOR	Completed
EE in heating and cooling						Scope of support under consideration		
EE in transmission							Ongoing, expected completion in by mid-2019	
Training energy auditors			TOR					
Eco-design & Labelling							Completed	

 Completed
  Ongoing, expected completion in by mid-2019
 Scope of support under consideration

Policy Assignments: Budget allocation

(end-FEB'2019)



ESCO Market Development REEP / REEP Plus

OBJECTIVE

- Increase public sector low carbon investments by using private sector expertise and finance in ESCO projects.
- Promote an enabling legislative environment for ESCO business models in the Western Balkans and by providing technical support for project/tender preparation.

ACTIVITIES AND RESULTS (COMPLETED 1H/2018)

- **Legislative support of EE projects, including** primary and secondary legislation; regulations on procurement, laws, taxation, budgeting.
- **Model ESCO contract templates** for energy performance contracting and energy supply contracting,
- **Standardising public procurement and contracting** documents and processes to lower transaction costs,
- **Energy Efficiency Project Preparation Support.**

INVESTMENT OUTCOMES

- Total potential capex of >€98m in public sector low carbon investments arising from REEP policy and technical support.

ESCO MARKET DEVELOPMENT OUTCOMES

- Market in Serbia developing, 33 street lighting ESCO projects [approved](#), biggest implemented project to date in [Krusevac](#). ESCO project in Veliko Gradiste: [see film](#).
- Market in Bosnia Herzegovina gradually developing,
- North Macedonia market initiated with 12 municipalities indicating interest in street lighting ESCO projects.
- First discussions in Kosovo and Albania.



Project preparation

- ☀️ Tendered, contracted or implemented
- 📍 Feasibility studies done
- 📍 Tenders under preparation

ESCO policy work

Legal analysis and ESC, EnPC contract templates prepared for all Western Balkan countries.

ESCO support continues under REEP Plus

BACKGROUND

- **EUR 1 million** of technical assistance to support preparation of ESCO projects (additional to EUR 350k remaining funds)

UPCOMING ACTIVITIES

- Deepening the ESCO market development
 - Reducing transaction costs during project preparation by supporting authorities to make approval processes efficient and clarify secondary legislation. This would allow ESCO projects that are not feasible today due to long payback periods.
 - This applies mainly to Serbia and Bosnia Herzegovina
- Broadening the ESCO market development
 - Mainstreaming/piloting newer project types (buildings, district heating and water)
 - Mainstreaming additional commercial concepts of energy supply contracting
 - This applies mainly to Serbia and Bosnia Herzegovina

Window 2

Intermediated Finance



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WeBSEFF II - Results Update

TOTAL ACHIEVEMENTS

Countries	Bosnia & Herzegovina, Croatia, North Macedonia, Serbia
Private Financial Institutions (PFIs)	9 (2 BiH, 3 Croatia, 2 Serbia, 2 North Macedonia)
Total financing available to PFIs	EUR 117 mln
Total signed sub-loan amount to date	EUR 82.3 mln (+EUR 2.5m since last EECG)
Total no. of sub-projects to date	312 (+6 projects since last EECG)
Current pipeline value	EUR 5.66 mln / 10 Sub-projects
Total CO ₂ savings	135,817 t/year (+18k t/yr since last EECG)
Total equivalent primary energy savings (MWh/y):	556,635 MWh/year (+55k MWh/yr since last EECG)
- (which includes Renewable energy capacity added (MW):	56 (MW) (+2 MW since last EECG)

WeBSEFF II – Current status

- **90% of the funds under the existing facility (EUR 92 million) were utilised**, remaining amount unutilised mostly by one PFI in Croatia (~EUR 9 million); funds fully utilised in BiH and close to full utilisation in North Macedonia and Serbia
- **EUR 25 million** extended, of which EUR 15 million was signed in Serbia with a repeating PFI in October 2018 and is now 18% utilised
- **Overall funds committed by PFIs is EUR 107 million**, and the remaining EUR 10 million is expected to be committed by Q3 2019
- Almost **EUR 0.9m TC funds** remaining for disbursement of sub-loans (relating to generic tasks such as marketing, pipeline origination, preliminary eligibility, verification etc.)
- Current pipeline, primarily under the above mentioned credit line, stands at **EUR 5.66 million** for 10 sub-projects, all in the private sector (heat pumps, cogeneration, RE and process equipment)

WeBSEFF II Case Study

Advertisement media lighting in Serbia

CLIENT

Alma Quattro d.o.o. is a leading outdoor advertisement company in Serbia, with over 4,300 billboards, scrollers, columns, and bigboards across the country.

PROJECT

- Replacement of lighting on 165 city lights, 95 backlights and 13 megaboards with newest generation LED lamps and spotlights
- Expected reduction of lighting costs as a result of reduced energy consumption
- Expected reduction of maintenance costs due to improved quality of equipment

FINANCIAL STRUCTURE

Total project cost/loan	€224,342/ € 200,000
Incentive amount	€20,000 (10%)



EXPECTED IMPACT

- Annual savings: €14,753
- Payback period: 4 years
- Primary energy savings (MWh/a): 1,427
- CO2 emissions reduction (

WeBSEFF II Case Study

Public lighting replacement in Serbia

CLIENT

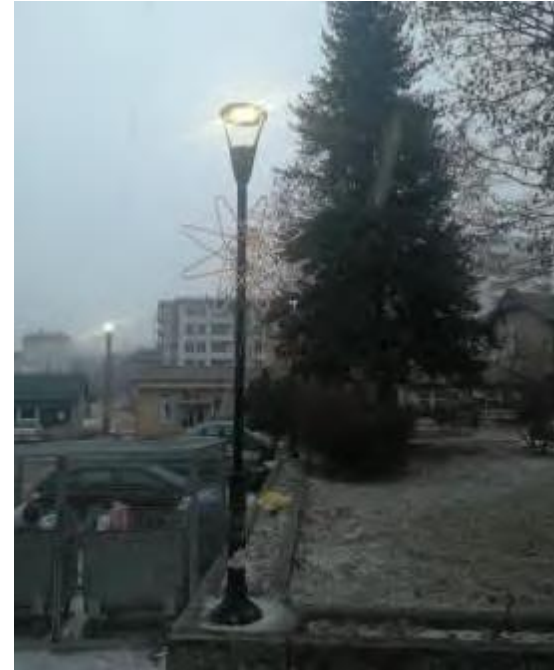
Municipal administration of Boljevac located in eastern Serbia with approximately 15,000 inhabitants.

PROJECT

- Replacement of 2,167 fluorescents, sodium and metal halogen lamps and spotlights with new efficient
- Expected reduction of maintenance costs due to improved quality of equipment and guarantee provided by the producer of the technology
- **82%** reduction in street lighting electricity costs

FINANCIAL STRUCTURE

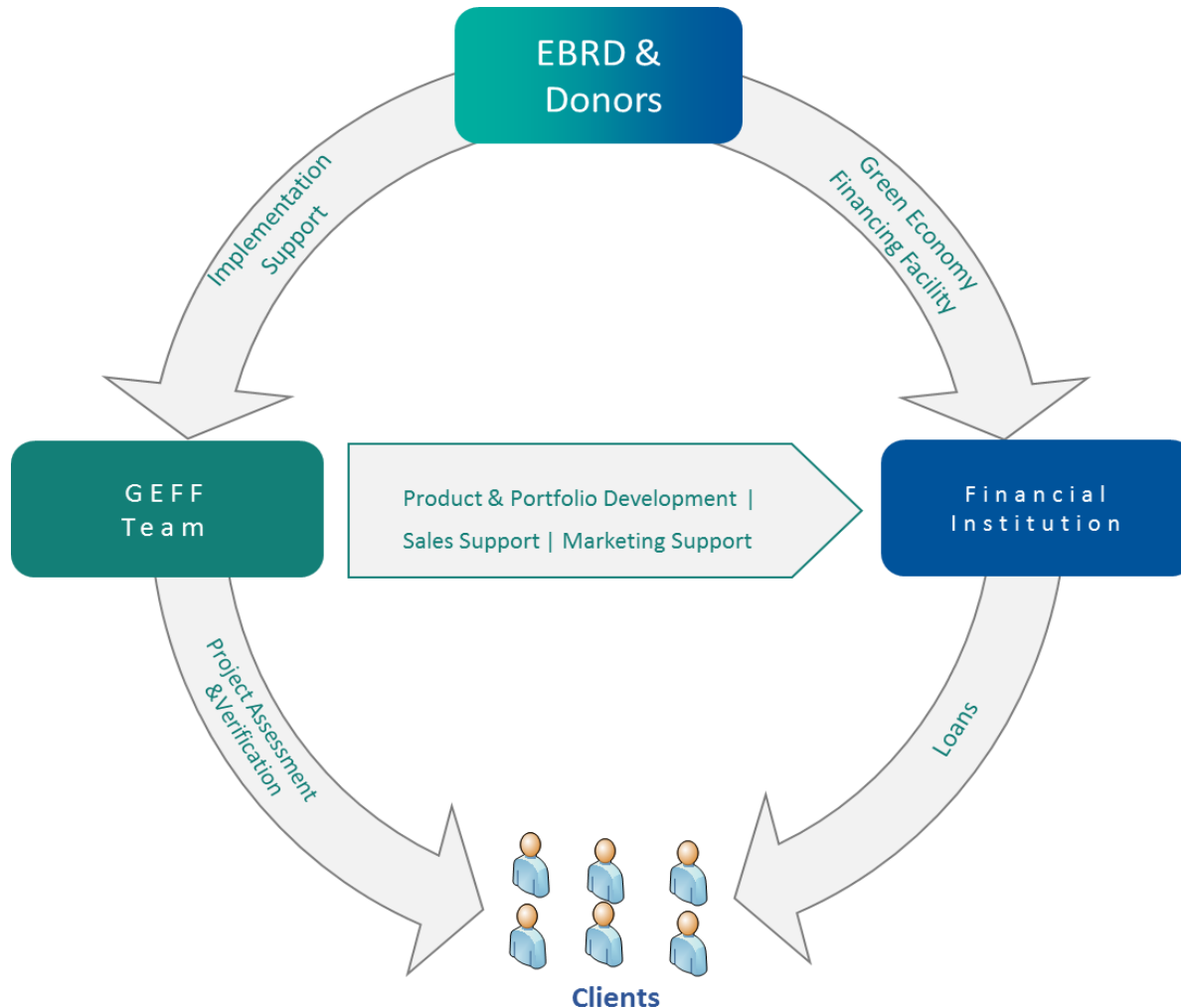
Total project cost/loan	€359,028 / €119,676
Incentive amount	€17,951 (15%)



EXPECTED IMPACT

- Annual electricity cost savings: €146,600
- Payback period: 2.45 years
- Primary energy savings: 3,340 MWh/a
- CO2 emissions reduction: 475 t/annum

GEFF Residential – Model & Structure



- EUR 85m EBRD financing for residential EE investments across the WB6
- GEFF implementation supported by EU grants:
 - ✓ Investment Incentives (EUR 17.5mIn)
 - ✓ Technical Assistance (EUR 5.1mIn)

Funding: Progress to March 2019

Country	Credit lines signed (#)		Signed (€m)		Expected Signing in 2019 (€m)	Total (€m)
	At Nov 2018	At Mar 2019	At Nov 2018	At Mar 2019		
Albania	2	2	9.0	9.0	3.0	12.0
Bosnia & Herzegovina	4	4	22.0	22.0	0.0	22.0
North Macedonia	2	2	4.0	4.0	6.0	10.0
Kosovo	3	3	8.5	8.5	5.0	13.5
Montenegro					2.0	2.0
Serbia	2	2	10.0	10.0	15.5	25.5
Total	13	13	53.5	53.5	31.5	85

- Total signing amount has **not changed** from previous period; **EUR 53.5 million** with **13 PFIs**
- EBRD aims to sign all EUR 85 million with 16-18 PFIs by YE2019

Impact: Progress to March 2019

Key figures	
Countries	5 countries: Bosnia & Herzegovina, North Macedonia, Serbia, Kosovo, Albania
Total Financing provided to PFIs	EUR 53.5 million
Total signed sub-loan amount	EUR 5.82 million (+ EUR 1.81m since last EECG)
Total no. of sub-projects	1,100 (+EUR 309 since last EECG)
Average sub-loan amount	EUR 5,291
Total GHG emissions avoided	5,692 t/year (+4,280 t/yr since last EECG)
Total equivalent primary energy savings (MWh/y):	20,490 MWh/year

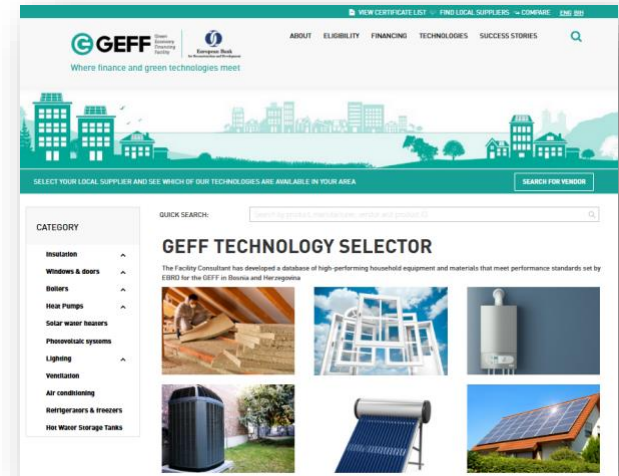
Implementation Deliverables (Technical Assistance)

Technology Selector (online platform of GEFf eligible technologies) launched in 5 countries and available **on local websites**, supporting the PFI lending process:

- Products available: >10,000 (+ 3,000 since last EEG)
- Total number of suppliers: >3,000

Regional hubs: Two regional hub offices established, Belgrade and Tirana

Capacity building to PFIs: trained >1,000 loan officers in 13 PFIs (+ 2 PFIs since last EEG)



Awareness Raising Donor Visibility

Vendor workshops to attract local vendors & suppliers to register their EE products on the TS and develop the market for green technologies .

Next workshop planned for Banja Luka in April, in cooperation with Unicredit Bank



Launch events

Sarajevo (November 2017)

Pristina (March 2018)

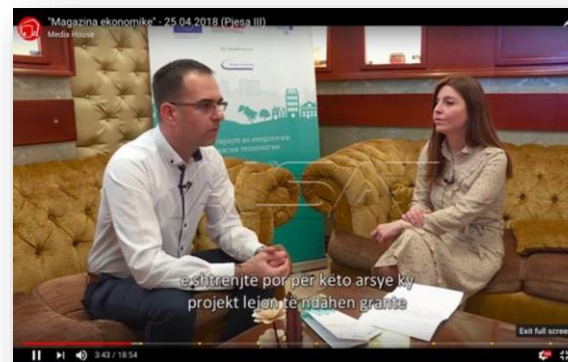
Skopje (April 2018)

Belgrade (September 2018)

Tirana (planned March 2019)



Marketing campaigns following the launch events, including billboards, digital campaigns, TV and radio appearances



Awareness Raising Donor visibility (cont'd)

The screenshot shows a webpage with a teal header. On the left, the GEFF logo (Green Economy Financing Facility) and the European Bank for Reconstruction and Development logo are displayed. The tagline 'Where finance and green technologies meet' is below the logos. Navigation links for 'GEFF FACILITIES', 'ABOUT GEFF', and 'ABOUT THE EBRD' are in the top right, along with social media icons for Twitter and a search icon. The main content area features a video player with the title 'Resident of Kosovo invests in an energy efficient home'. To the left of the video is a sidebar with four categories: 'Investor' (Homeowner), 'Location' (Kosovo), 'Investment' (Windows and doors), and 'Donor' (EU, Austria, WBIF). Below the video are social media sharing icons for Facebook, Twitter, LinkedIn, and a 'Print' button.

Case studies : Two new success stories published on [local websites](#) for BiH and Kosovo

Window 2: Intermediated Financing KfW

Loan Agreements signed until December 2017

REEP plus SME sector	
Countries	Bosnia & Herzegovina, Serbia
Number of PFIs	2 PFIs (1 BiH and 1 Serbia)
Total Financing provided to PFIs	EUR 16 mln
Total signed sub-loan amount to date	940.500 EUR
Total no. of sub-projects to date	59
Total GHG emissions savings	892 t / year
Total equivalent primary energy savings (MWh/y): - <i>includes renewable energy capacity added (MW):</i>	280 MWh / year

Window 2: Intermediated Financing KfW

Loan Agreements signed in December 2018

REEP plus SME sector	
Country	Serbia
Number of PFIs	2 PFIs
Total Financing available to PFIs	EUR 34 mln
Total signed sub-loan amount to date	none
Total no. of sub-projects to date	none
Total CO ₂ savings	Too early to report
Total equivalent primary energy savings (MWh/y): - <i>includes renewable energy capacity added (MW):</i>	Too early to report

Window 3

Direct Financing



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FINANCIAL STRUCTURE

Direct finance	€50m
Incentives	€4.24m
Technical cooperation	€2.25m

PROGRESS

- **6 projects** financed to date (3 SHPP, 1 biomass, 2 biogas), for a total of €25.9m **+1 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
- CO2 emissions saved: **325,974 tonnes/year**

ISSUES

- Continuing challenges with identifying suitable ESCO projects for financing

Direct Financing (REEP Plus)

BACKGROUND

- **EUR 20-30 million** EBRD financing for up to 12 projects, without grant co-financing
- To be utilized for direct loans to developers of renewable energy projects, as well as ESCOs and possibly industrial energy efficiency projects
- The REEP Plus funding will be used for covering due diligence and other finance preparation costs (on a cost sharing basis)

PROGRESS TO JANUARY 2019

- First project identified – a wind farm in Kosovo of 32 MW (EBRD financing of up to EUR 27.5 million). REEP Plus funding (up to EUR 50k) used to support the technical due diligence

UPCOMING ACTIVITIES

- Identification of other potential projects for financing and development of a pipeline will take place over the next 12-24 months

Window 4

Direct Lending to Public Sector



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Direct Lending to Public Sector

BACKGROUND

- EUR 20 million EBRD financing for up to 4 projects, with EUR 2 million grant co-financing available (ca. 10% grant)
- To be utilized for direct loans to states, cities or municipal companies to improve EE in public buildings (i.e. schools, hospitals, government buildings)
- First transaction signed in June 2018: A sovereign EBRD loan of EUR 10 million for EE retrofit of the Zenica Cantonal Hospital.
- The loan is accompanied with a EUR 1 million investment grant (WBIF) and EUR 200k for project preparation and procurement support.
- Tender for works is expected to be published in Q1'2019.
- Another transaction is expected to be signed in 2019 which will utilize the remaining grant amount.



Direct Lending to Public Sector

Current KfW-Pipeline / preparatory activities

- In active discussions with all 6 Western Balkan Contracting Parties.
- Mixture of scaling up existing programs and new programs
- Targeted public buildings in the educational, administrative, health and social sector
- Demand exceeds the supply (reduction from originally 25m to 15m EUR)
- Most advanced/ prepared programs in Albania, Serbia and Montenegro
- Standardized Energy Audits partly existing
- For cross-country comparisons, unified calculation methodology and approach applied (room for coordination of promoted approaches across the Balkans)
- Cooperation with Fraunhofer Institute for Building Physics
- Showcases planned to promote “exemplary role of the public sector” (e.g. energy plus, passive house, building automation systems, deployment of RE etc.)

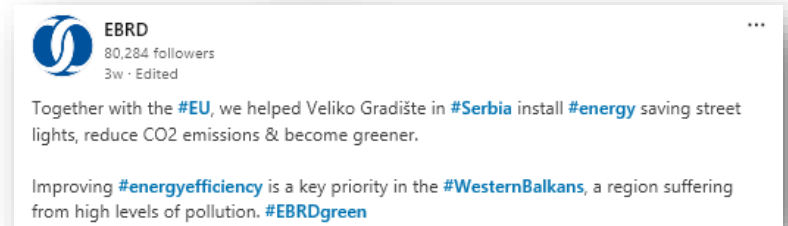
Donor Visibility



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EU Visibility and Communications

- **Launch events/press:** four countries + announcements (press/social media etc)
- **Various videos:** tell human story and impact
 - Serbia street lighting video: 23,000 views and growing
 - Zenica video: almost 125,000 views
 - More in planning
- **Dedicated colleague based in Belgrade** for EU-funded activities (REEP, infrastructure, etc.) in WB
- **Continuous promotion:** features, photo/AV material, social media, events, etc.



Thank you

