

# 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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Vienna

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for Reconstruction and Development

Bosnian homeowner invests in a pellet stove to keep warm



# Topics for discussion

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**Overview** of Regional Energy Efficiency Programme (REEP / 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**



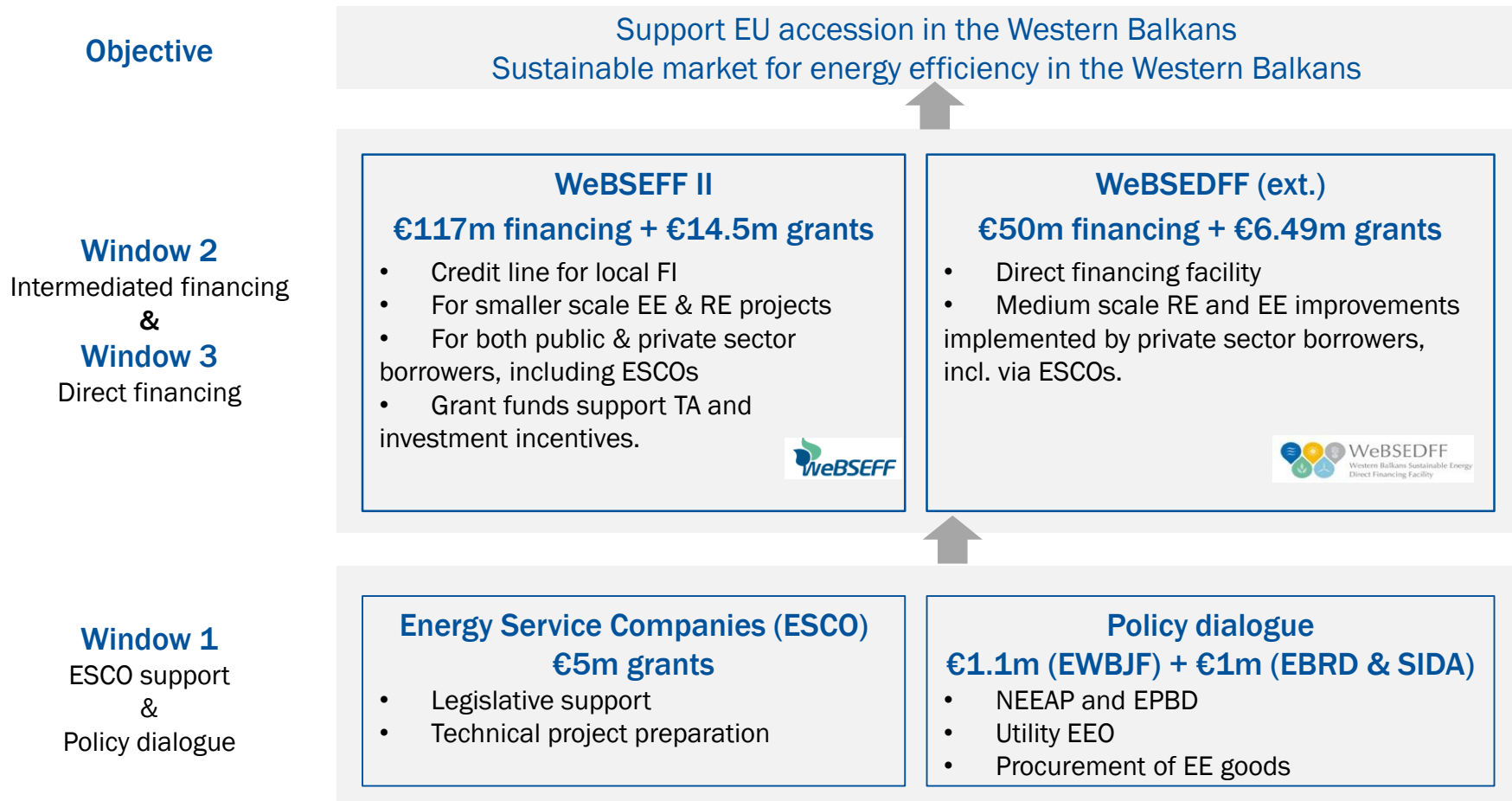
# Programme Structure



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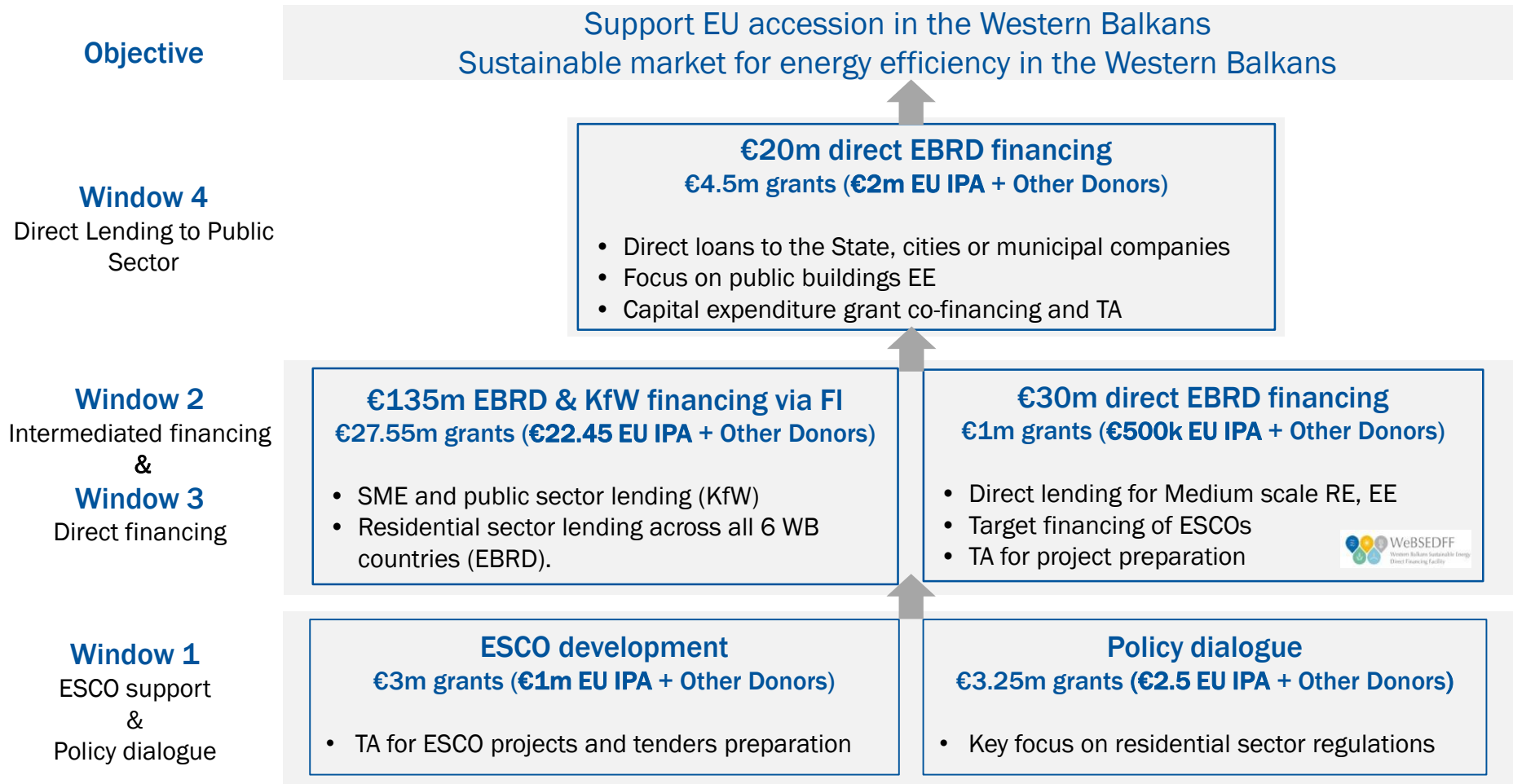
# REEP Structure (2013 – 2016)

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

## Deliverables Overview

35 deliverables, incl. ESCO contract templates for 5 countries, and 28 policy outputs;  
**31 adopted / accepted by beneficiaries**

### 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

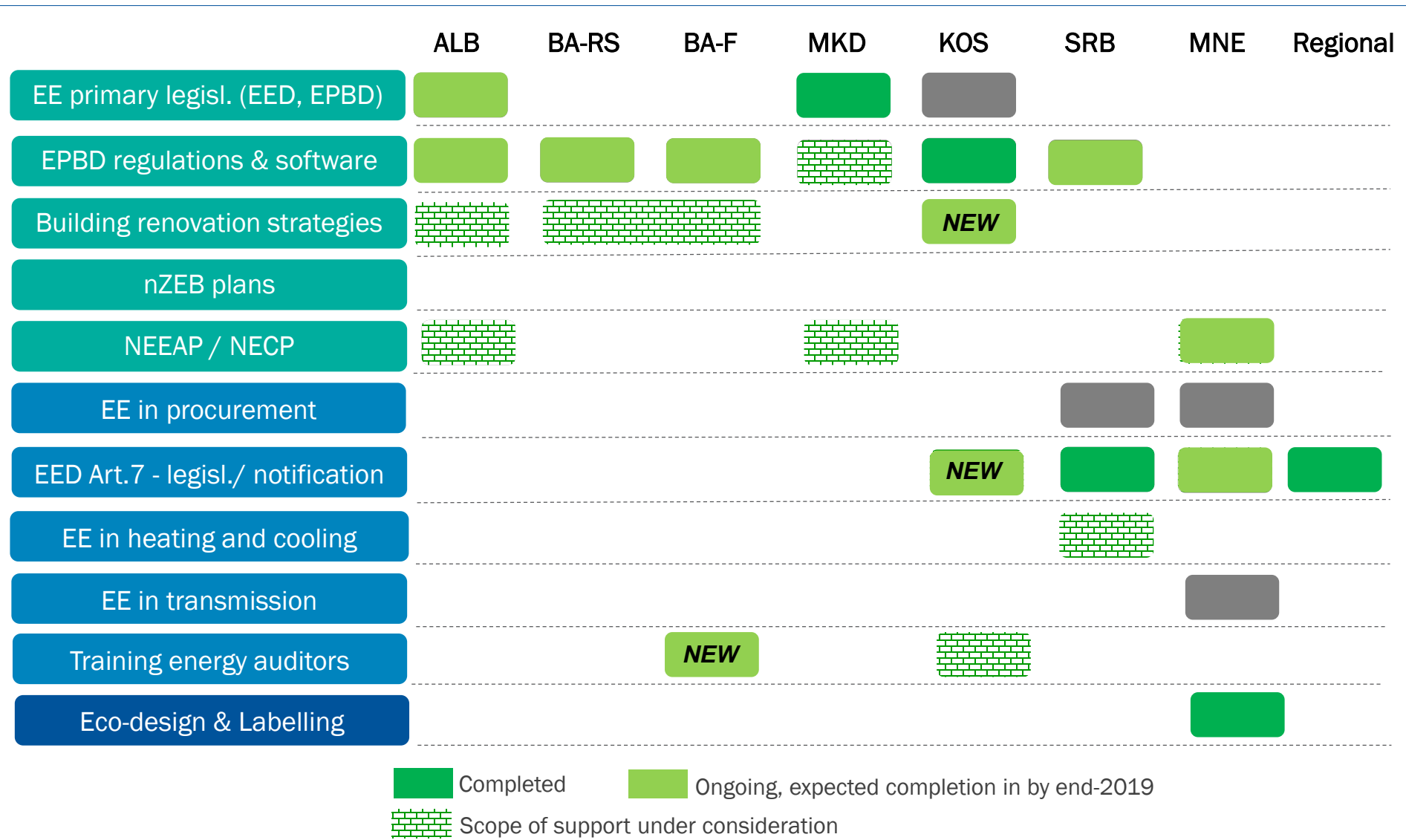
31. EPBD: MEPS
32. EPBD: NCM
33. EPBD: EPC
34. EPBD: Inspections
35. EPBD: Calc. software ✓



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



# REEP Plus policy - building on previous activities and targeting new policy areas



# ESCO Market Development

## 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 >€109m 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 Market Development

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## 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 (PFI)s	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 81.1 mln
Total no. of sub-projects to date	315 (+3 projects since last EECG)
Current pipeline value	EUR 12.3 mln / 23 Sub-projects
Total CO <sub>2</sub> savings	120,299 t/year
Total equivalent primary energy savings (MWh/y):	548,412 MWh/year
- (which includes Renewable energy capacity added (MW):	55 MW

## 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 North Macedonia, and close to full utilisation in Serbia
- **EUR 25 million** extended, of which EUR 15 million was signed in Serbia with a repeating PFI in October 2018 and is now **26%** utilised for signed sub-loans, whilst the portfolio and pipeline combined amounts to **92%**.
- **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 0.75m 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 12.29 million** for 23 sub-projects, two of which are in the public sector (waste and water collection vehicles) and the remainder in the private sector (vehicles, buildings, biomass boilers/CHP, Solar PV, hydropower, heat pumps, cogeneration, and process equipment).

# WeBSEFF II Case Study

## Replacement of boilers in six public sector buildings in Serbia

### CLIENT

Resalta d.o.o. is a leading supplier of energy services for the benefit of Municipality of Mali Idjos in Serbia

### PROJECT

- Replacement of boilers in six public sectors buildings: a municipality building, a police station, a health centre and three primary schools
- Expected reduction of energy costs and CO2 emissions as a result of reduced energy consumption over a total heated area of
- Expected reduction of maintenance costs due to improved quality of equipment
- Improved heating conditions raising comfort level for pupils, patients and public servants

### FINANCIAL STRUCTURE

Total project cost/loan	€393,192 / € 280,000
Incentive amount	€28,000 (10%)



### EXPECTED IMPACT

- Annual energy cost savings: €135,667
- Payback period: 3 years
- Primary energy savings (MWh/year): 1,298
- CO2 emissions reduction (tonnes/year): 416
- Total combined heated area: 20,360m<sup>2</sup>

# GEFF Residential: Funding Progress to June 2019

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

- 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



# GEFF Residential: Impact Progress to June 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 9.00 million (+ EUR 3.18m since last EECG)
Total no. of sub-projects	1,650 (+550 since last EECG)
Average sub-loan amount	EUR 5,456
Total GHG emissions avoided	2,901 t/year
Total equivalent primary energy savings (MWh/y):	8,205 MWh/year

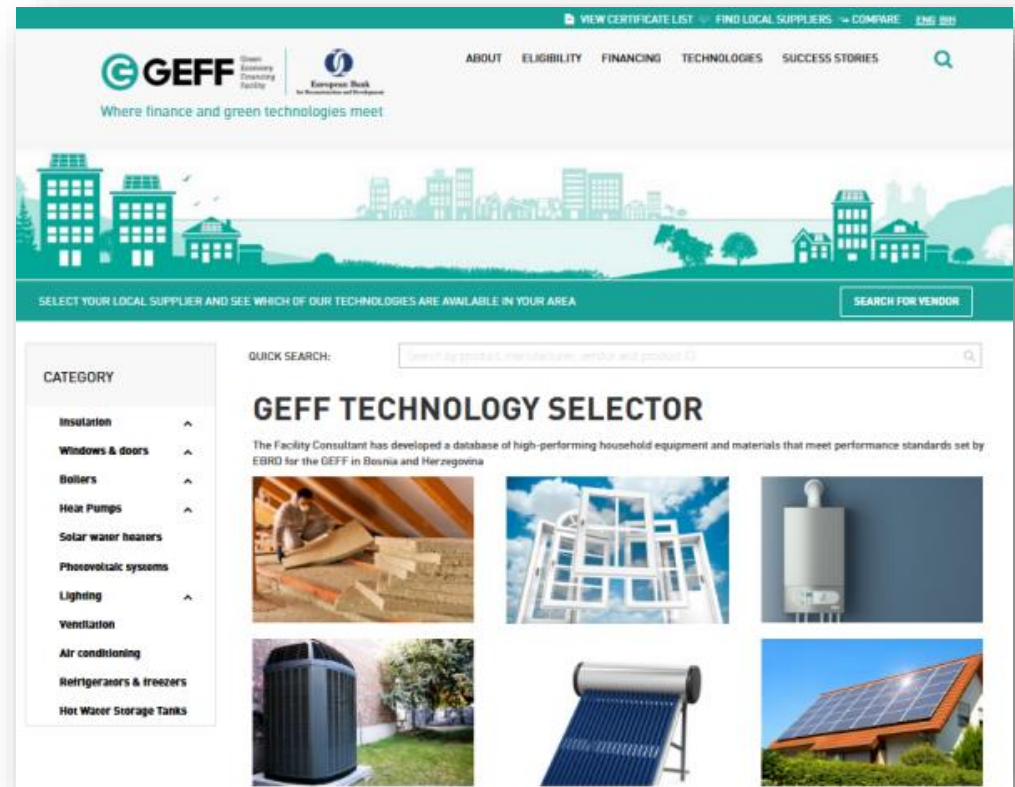
# Implementation Deliverables

## 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: >18,000 (+8,000 since last EEGG)
- Total number of suppliers: >4,000 (+1,000 since last EEGG)

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



**Capacity building to PFIs:** trained >1,000 loan officers in 13 PFIs

# Awareness Raising



## Launch events

- Sarajevo (Nov 2017)
- Pristina (Mar 2018)
- Skopje (Apr 2018)
- Belgrade (Sept 2018)
- Tirana (Mar 2019)

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



# Awareness Raising

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

- Latest in Banja Luka in April, in cooperation with Unicredit Bank



The screenshot shows the GEFF website header with the logo and navigation menu. Below the header is a banner with a city skyline illustration. The main content area is titled "Success Stories" and includes the text "Make your project one of GEFF's success stories." There are two featured success stories: "Success Story from Sremska Mitrovica" dated 30.04.2019 and "Success Story from Zemun" dated 23.04.2019. At the bottom, there are logos for "Supported by:" (European Union) and "In cooperation with:" (Federal Ministry Republic of Austria Finance, Women Business Initiative WBIF, and Energy Community).

**Case studies :** Four new success stories published on local websites for Serbia, BiH, and North Macedonia

# 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

## WeBSEDF / 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 JUNE 2019

- First project approved – a wind farm in Kosovo of 32 MW (EBRD financing of EUR 19.0 million). REEP Plus funding (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 Q3'2019.
- Another transaction is expected to be signed in Q2'2020, which will utilize the remaining grant amount.



# Direct Lending to Public Sector

## Current KfW-Pipeline / preparatory activities

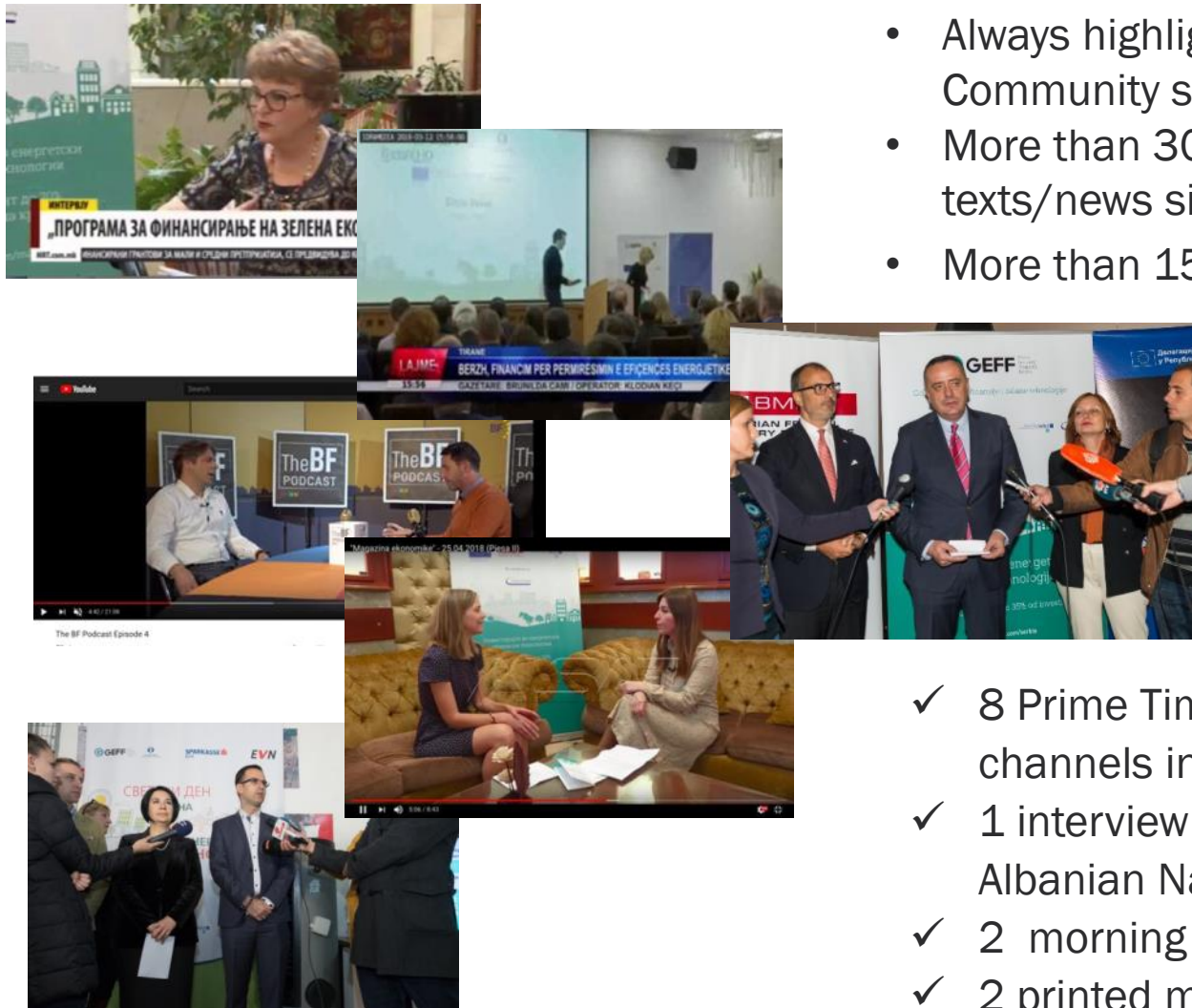
- In active discussions with all 6 Western Balkan Contracting Parties.
- Mixture of scaling up existing programs and new programs
- Targeted public buildings in the educational, administrative, health and social sector
- Demand exceeds the supply (reduction from originally 25m to 15m EUR)
- Most advanced/ 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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# Communication Activities



- Always highlight donor and Energy Community support
- More than 30 publications of PR texts/news since last EEGG
- More than 15 TV/radio interviews
- More than 30 news items following GEFF Launch in Albania
- ✓ 8 Prime Time news on the top rated TV channels in country
- ✓ 1 interview with Matteo Colangeli on Albanian National Television (RTSH)
- ✓ 2 morning shows
- ✓ 2 printed media
- ✓ 18 online news

# Communication Activities

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

**Next planned in June: S**

- Subotica (Serbia)
- Kumanovo (North Macedonia)

**Joint event with PFIs and Vendors in Tuzla (BiH).**



**Marketing campaigns** digital campaigns, TV and radio appearances, fairs



# Communication Activities

**Case studies :** Four new success stories published on [local websites](#) for Serbia, BiH and North Macedonia.

The screenshot shows a webpage with a teal header. On the left, there are logos for GEFF (Green Economy Financing Facility) and the European Bank for Reconstruction and Development. The main navigation includes 'GEFF FACILITIES', 'ABOUT GEFF', and 'ABOUT THE EBRD'. A search icon and a Twitter icon are also present. Below the header, the article title 'Resident of Kosovo invests in an energy efficient home' is displayed. To the left of the main image is a sidebar with four categories: 'Investor' (Homeowner), 'Location' (Kosovo), 'Investment' (Windows and doors), and 'Donor' (EU, Austria, WBIF). The main content area features a video player showing a two-story brick house with a play button overlay. At the bottom of the page, there are social media icons for Facebook, Twitter, and LinkedIn, along with a 'Print' button.

# Thank you

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