

Western Balkans Regional Energy Efficiency Programme (REEP)

Energy Efficiency Coordination Group
Online, 10 June 2020



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European Bank
for Reconstruction and Development

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New GEF case study



Agenda

- Update since last EECG meeting
- Impact of COVID-19 on REEP
- EBRD response/measures taken
- REEP replenishment
- REEP and COVID-19 recovery

REEP Overview

€78.8 m
EU grants

€25.9 m
other grants

€512 m project financing

Objective: Sustainable Market for energy efficiency in the Western Balkans

2 Intermediated Financing



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



- 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

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3 Direct Financing



- 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



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REEP &
RUEEPs &
REEP PLUS
REEP PLUS Ext
WINDOWS

Update since Last EECG (March'20)

Policy

- ✓ 3 new policy assignments under preparation (> 11 pieces of regulation)
- ✓ 2 kick-off meetings
- ✓ 3 assignments finalized, delivered to beneficiary, awaiting formal government adoption / approval
- ✓ 2 policy deliverables awaiting

Intermediated finance

GEFF

- ✓ New signing: Ohridska Banka
- ✓ + EUR 1.7mIn new sub-loans (in total EUR 21.2mIn)
- ✓ + 279 new sub-loans (in total 4,009)

WBSEFF II

- ✓ + EUR 0.5mIn new sub-loans (in total EUR 84.6 mIn)
- ✓ + 2 new sub-loans (in total 334)

Public buildings

- ✓ 4 on-going assignments
- ✓ 1 tender launched, 1 under advanced preparation

Impact of COVID-19 on REEP

- **Pipeline** negotiations on hold for EBRD intermediated finance
 - GEF: gradual restart of negotiations to achieve signing before summer in Montenegro, Kosovo and North Macedonia.
- **On-lending** activities slowed, but did not stop
 - PFIs focused on dealing with lockdown measures
 - In the public sector, the slow-down has been more significant, also because of upcoming general elections in Serbia (June 2020).
 - SMEs are expected to gradually resume pre-pandemic level of activity and investments.
- In Serbia: **suspension of PPAs** with significant effect on their cash flows in March/ April - affecting two biogas projects in the REEP portfolio. PPAs were restored in May.
- Delays in the **signing** of public buildings transactions with municipalities in Kosovo and Bosnia and Herzegovina
- ESCO **project preparation** on-hold in most countries
- Ongoing **policy** work only slightly delayed; proactive beneficiaries in preparation of new policy assignments

EBRD Response

Intermediated finance

- TC activities adjusted to accommodate lockdown situation and based on each PFI's needs
→ physical capacity building activities replaced with webinars
- Marketing will be activated gradually in line with the easing of measures in each country.
 - On the occasion of the World Environment Day (5 June)
 - WBSEFF II envisages more focus on social media
- WBSEFF borrowers supported COVID-19 response - donations of respirators, masks and disinfectants to health centers

Direct lending (private sector)

- For RES projects affected by PPA suspension (biogas in Serbia) - EBRD is considering a deferral of the principal payments to alleviate the cash flow pressures

Public buildings & ESCO project preparation support

- Virtual meetings with municipalities
- Developed guidelines for virtual energy auditing

Policy assignments

- Online scoping missions and kick-off meetings with beneficiaries

REEP next phase – preliminary overview

REEP Next phase overview – Renewable Energy & Energy Efficiency

Window 1a



ESCO Support TA



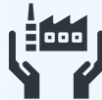
Legislative & project
preparation support

Window 2

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Intermediated Financing through local banks



RE & EE projects in
SMEs



EE and RE in the
residential sector



EE in the municipal
sector



Window 3



Direct Financing to Private Sector (project and corporate finance)



Small and Medium
scale
RE & EE projects



Window 4

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Direct Financing to Public Sector (sovereign/sub-sovereign)



EE and RE in
buildings



Sustainable heating
and cooling



Innovation and smart
solutions

Window 1b



Policy Dialogue TA



Policy support

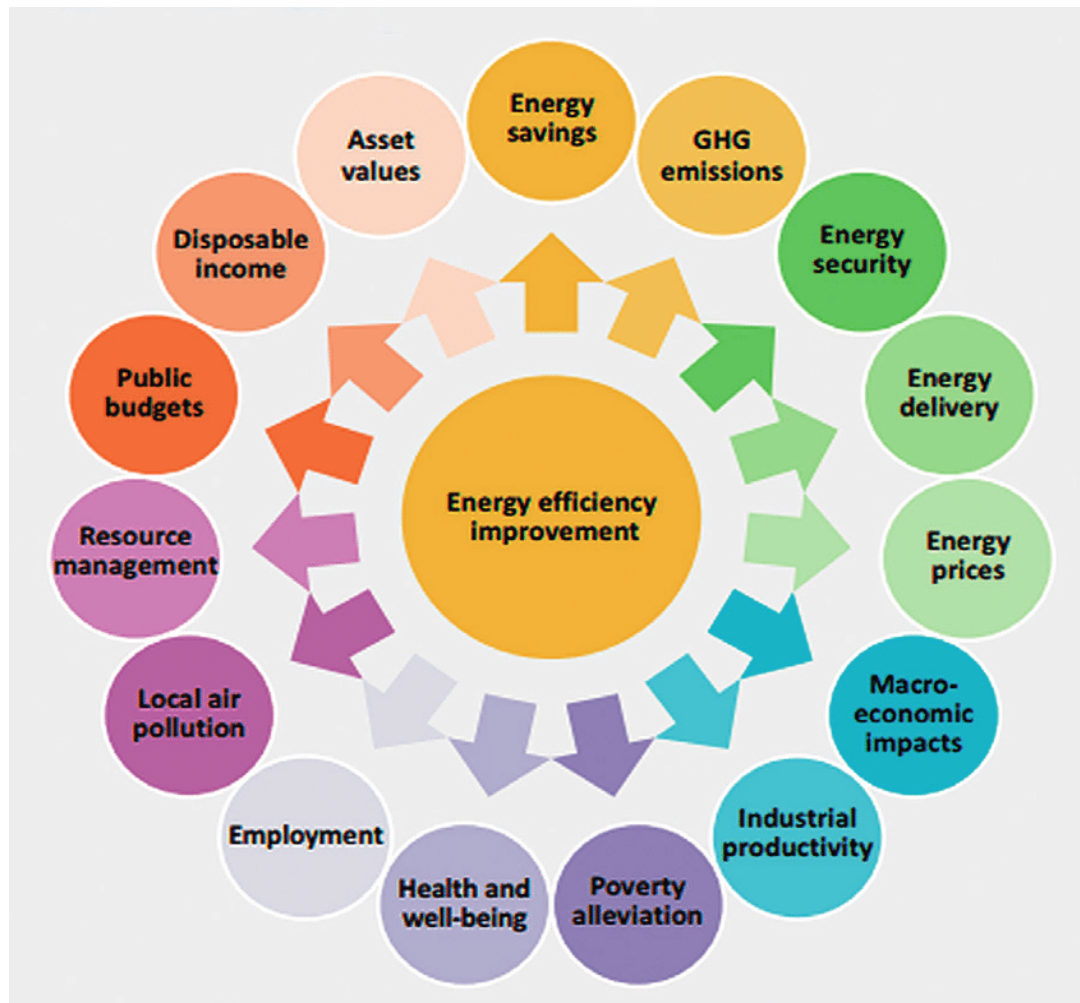
REEP and COVID-19 recovery

Investments targeting energy efficiency in buildings are recognized as key area of opportunity for COVID-19 recovery:

- When homes are upgraded to higher efficiency standards, more than half of the total investment typically goes directly to labour
- Green buildings provides a powerful demonstration effect for other sectors of the economy while creating large employment opportunities for private sector construction companies.
- Green buildings deliver savings twice. It not only saves households and businesses money in the short-term but also lowers the cost of the energy transition overall by reducing the need to build energy infrastructure.

REEP and COVID-19 recovery

... and let's not forget the multiple benefits of energy efficiency!



Thank you

Presenters

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