



Ministry of Economic Development

Establishment of Kosovo EE Fund to support EED implementation, strong role of public sector and local authorities

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Energy Efficiency Directive Transposition

- Energy Efficiency Law Transposes the EED
- Key concepts of EE Law
 - Establishes the Kosovo Energy Efficiency Fund (KEEF) ***;
 - Defines duties and responsibilities of KEEA;
 - Sets the Targets to be achieved by Kosovo in line with requirements of the Directive;
 - Defines the structure and the content of National Energy Efficiency Action Plan (NEEAP) and Municipal Energy Efficiency Action Plans (MEEAP);
 - Establishes the Energy Efficiency Obligation Scheme
 - Provides definitions as required by the Directive;
 - Creates the basis for adoption of secondary legislation on (6) annexes of the Directive;
 - Creates the basis for adoption of secondary legislation (10 Internal Regulations) on KEEF operation

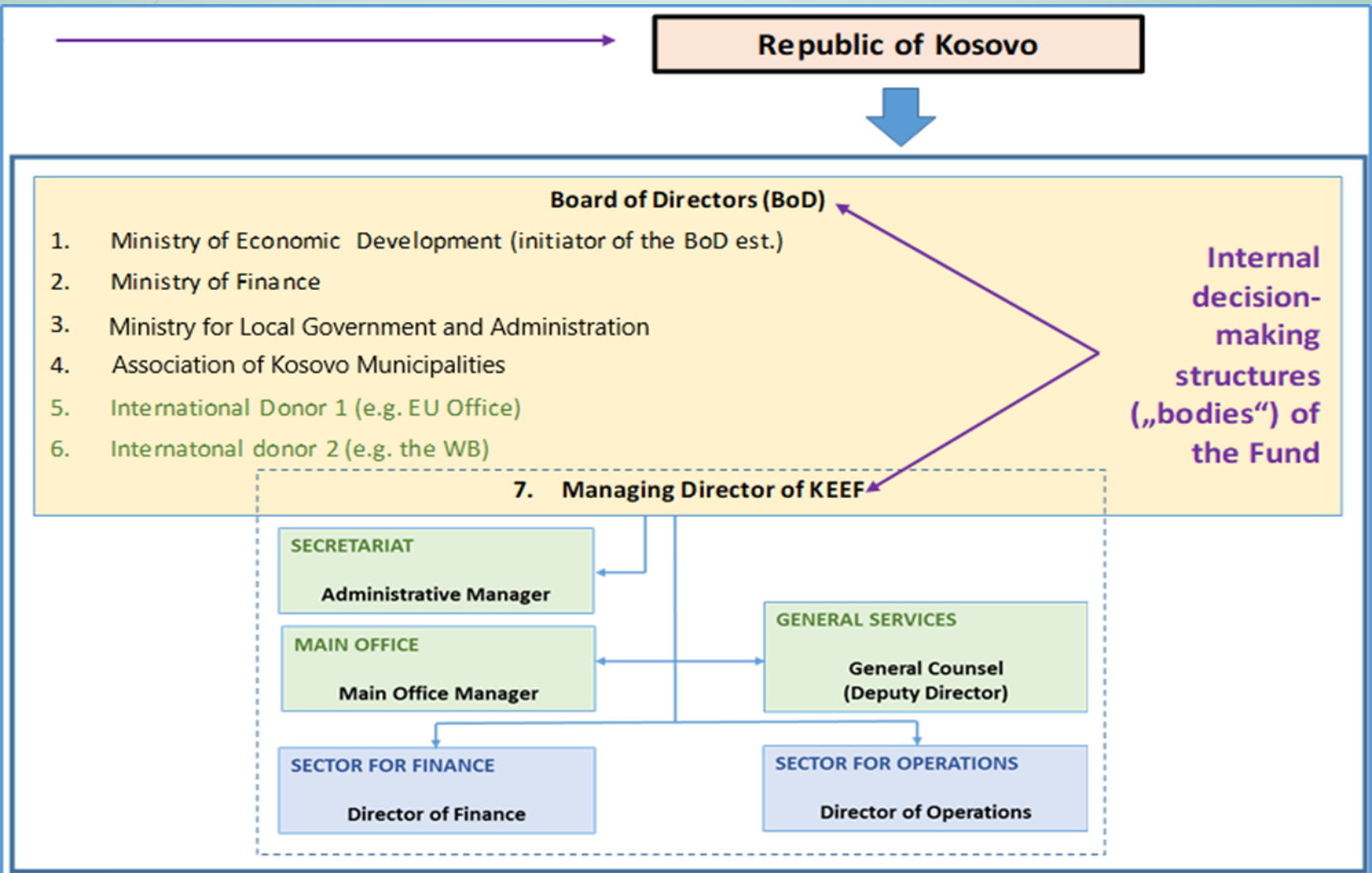


Kosovo Energy Efficiency fund

- KEEF is established by LoEE as independent, autonomous and sustainable non-profit legal entity to enable Government of Kosovo to achieve its EE-policy objectives;
 - The Fund operates on a “program basis” (i.e. NEEAP, MEAPs and other strategic planning documents adopted by GoK);
 - KEEF has the right to: contract, invest in EE-projects and receive any return of investment, receive and provide grants and donations and other financial instruments;
 - KEEF has full operational and administrative autonomy and functions outside the framework of the GoK structures and the Kosovo Civil Service. It is not considered as budget organization in terms of Law on Public Finance Management and Accountability and Law on Budget of Kosovo;
 - Any revenue derived by the KEEF from donations, return on investment, fees and any other charges lawfully received or levied pursuant to this Law and applicable legislation, shall be governed by the provisions of LoEE and Internal Regulations (IRs) of the Fund;
 - KEEF is entitled to have its own accounts in banks established in Kosovo;
 - KEEF operates throughout the territory of Kosovo;
 - KEEF shall comply with applicable financial, social, health and environmental standards



How will KEEF be organized?





How will KEEF function?

- KEEF shall operate on a sustainable basis with sufficient fees or resources to cover its administrative and operating costs. To ensure its sustainability, KEEF shall, in principle, operate under the revolving mechanism.
- KEEF can maintain in parallel a non-revolving component to provide grants, partial guarantees and other non-revolving financing instruments.
- Allocation of funds to the revolving or to the non-revolving component shall be specified in the relevant agreements prior to the transfer of the funds to KEEF.
- Both revolving and non-revolving components of the fund will be monitored separately, using separate monitoring and accounting systems.



Sources of funding KEEF

- **Initial capital** of the Fund enabling its **establishment** and the **initial years of operation** until the Fund becomes fully self-sustainable. The initial capital can be used to cover operating expenses and shall be safeguarded under by the **Ministry responsible for Finance**. The initial capital can be provided either from the **State Budget or donors assistance or from combination** of both sources;
- **Capital contributions** by the Government of Kosovo or donors in form of grant or subsidies;
- **“In kind” contributions** by the Government of Kosovo such as provision of office space and the like;
- **Revolved capital** invested in the form of ESA Energy Saving Agreement and other products;
- **Income from investments** in form of fees, charges and interests;
- **The interest income** from deposited capital and assets;
- **Capital contributions** deriving from other sources such as the **Energy Efficiency Obligation Scheme (EEOS)**



First initial capital for operation of KEEF

- 1mil. EUR contribution from the State Budget (SB) – planned to become available in January 2019 by when the KEEF would be established and registered (MoF).
- The EU Office in Kosovo (EUOK) remains committed to contribute 10m EUR IPA-grant to the KEEF (likely deadline: by May 2019)
- The World Bank could add a 5 mil Eur from the allocated recourses to municipal public buildings under the 31m US\$ loan agreement (WB/IDA, 2014)



Who can apply for KEEF funds ?

- **Only municipal energy efficiency projects (MEEP) proposed for implementation in the MEEAPs will be eligible for the Fund's support**
- The Fund should follow a **“program approach”** (MEEAPs, NEEAP, etc.)
- The projects should be evaluated and implemented on a basis of a **“First Come, First Serve”** (FCFS) principle, based on Invitation to Expression of Interest (Eoi) published by the Fund
- Financial resources initially invested by the Fund will be repaid by the Beneficiary under the fixed repayment scheme including allowable fees and service charges as envisaged in LoEE, which will be reinvested by the Fund in new investment projects (**revolving principle**)
- Support by **grant shall be considered in exceptional cases only** (very small municipalities and in cases of considerably low “comfort level” of e.g. <50%)



Milestones in Roadmap for establishment and operationalization of KEEF

- Establishment of the BoD (7 members)
- Adoption of the 1st-priority package of IRs by the BoD
- Selection of the Managing Director (complete BoD)
 - Additional KEEF (core) staff is recruited
 - Adoption of the 2nd-priority package of IRs by the BoD by (deadline in the LoEE – within 6 months after the BoD becomes operational)
- All new staff members are trained „on-the-job“ on how to use the adopted IRs



Thank you very much for your attention!