



USAID Competitiveness Project
USAID Projekat za razvoj konkurentnosti

The USAID Serbia Competitiveness Project

Sector: Renewable Energy and Energy Efficiency

Inventory of Existing Credit Facilities of International Financial Institutions for Renewable Energy and Energy Efficiency Projects in Serbia

Belgrade, December, 2009

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TABLE OF CONTENTS

Executive Summary	3
1. EBRD - WeBSECLF.....	5
1.1. Facility Overview	5
2. EBRD - WeBSEDF.....	18
2.1. Facility Description	18
3. KfW - Regional Facility for Renewable Energy and Energy Efficiency.....	20
3.1. Facility Description	20
3.2. Participatory Financial Institutions in Serbia	21
4. KfW - Municipal Infrastructure Credit Line Project (MICLP)	25
4.1. Facility Description	25
4.2. Participatory Banks in Serbia.....	26
5. EIB - Apex III Credit Facility.....	28
5.1. Facility Description	28
5.2. Participatory Banks in Serbia.....	28
6. Italian Credit Line for SMEs.....	29
6.1. Facility Description	29
6.2. Participatory Banks	29
7. Republic of Serbia – Revolving Credit Fund	30
7.1. Facility Description	30
7.1. Participatory Banks	30
8. International Finance Corporation - EE Loan to ProCredit Bank Beograd	31
8.1. Facility Description	31
8.2. Participatory Banks in Serbia.....	31
9. International Finance Corporation - Residential Energy Efficiency (REE)	34
9.1. Description of Initiative	34
10. World Bank - Energy Efficiency Project	35



10.1.	Project Description	35
11.	Global Energy Efficiency and Renewable Energy Fund (GEEREF)	36
11.1.	Fund Description	36

Executive Summary

The USAID Competitiveness Project is supporting selected manufacturing firms to perform energy audits to determine energy losses and identify methods to save energy, thereby reducing costs and improving productivity. Preliminary energy audits of ten companies have been conducted. Firms are now being selected for detailed audits which will determine the return on investment (ROI) and payback period for energy efficiency investments.

Additionally, the Project will advise these firms on how to access finance for projects they choose to implement.

There are currently eight credit facilities whose criteria include energy efficiency related applications and that are available under favorable terms. Five of these credit lines are dedicated to renewable energy, energy efficiency, green building and environmental projects. The following credit lines are currently available and being accessed by Serbian enterprises:

1. EU/EBRD – WeBSECLF, a regional facility for the Western Balkans with a 60 M Euro credit line available through local banks to help SMEs invest in energy efficient and renewable energy projects valued at 2 M Euros or less. Banca Intesa Beograd is currently the only participating bank in Serbia.
2. EBRD – WeBSEDF, a regional facility for the Western Balkans and Croatia. This 50 M Euro facility is complementary to WeBSECLF and offers financing to larger scale projects - 1 to 6 M Euros - via direct financing from EBRD.
3. KfW - A regional Facility for Renewable Energy and Energy Efficiency. Loans for this facility are offered via selected local commercial banks and other financial institutions to finance investments related to energy savings for households and the SME sector. The maximum loan amount is typically 1 M Euro with a target of securing at least 20% in energy savings per investment. There are currently four financial institutions in Serbia that participate in the 50 M Euro program. They include Volksbank a.d. Beograd, Raiffeisen banka a.d. Beograd, Čačanska banka a.d. Čačak and ProCredit Leasing d.o.o. Beograd.
4. KfW – The Municipal Infrastructure Credit Line Project (MICLP) is a 50 M Euro credit line for the financing of municipal infrastructure projects in Serbia. Along with infrastructure projects, energy efficiency and



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environmental protection projects can be financed through this credit line. The funds are disbursed to eligible municipalities and public sector utility companies via Serbian on-lending banks, and the overall project cannot exceed 2.5 M Euros. Individual loans under this facility are limited to a maximum of 800 Euros. K. Banca Intesa Beograd is currently the only participating bank in Serbia.

5. EIB Apex III – A 250M Euro credit line aimed at SMEs with individual loans up to 12.5M Euros. Available through seven local intermediary banks.
6. Italian Credit Line – A 30M Euro credit line for SMEs. Minimum 70% of individual loan must be used to acquire equipment from Italy.
7. Republic of Serbia Revolving Credit Fund – Subsidized credit line for the purchase of fixed assets. Individual loans from EUR 20,000.00 to EUR 200,000.00.
8. The IFC EE loan granted to ProCredit bank Beograd is a senior term loan in the amount of 10 M Euros dedicated to financing Energy Efficiency (EE) improvements in MSEs. Loans dispersed through this facility typically do not exceed 100,000 Euros.

Apart from financing, these facilities also include a technical assistance component.

Beyond the aforementioned facilities, there are three other initiatives by IFIs that are worth mentioning:

- The International Finance Corporation's (IFC) Residential Energy Efficiency (REE) regional initiative currently being established;
- The World Bank's Energy Efficiency Project in Serbia;
- The Global Energy Efficiency and Renewable Energy Fund (GEEREF) for which Serbia qualifies.



1. EBRD - WeBSECLF

1.1. Facility Overview

Investment in sustainable energy and energy efficiency is a priority for the European Bank for Reconstruction and Development (EBRD). In 2006, the Bank launched its Sustainable Energy Initiative (SEI), which aims to double the investment in supply and demand-side energy efficiency and renewable energy. To meet this goal, the Bank developed the Western Balkans Sustainable Energy Credit Line Facility (WeBSECLF) that allows banks in the region to extend loans designed to increase energy efficiency and develop renewable energy projects. The program is applicable to Serbia, Bosnia and Herzegovina, FYR Macedonia and Montenegro. The EBRD has also secured financing from the EU for a technical assistance project to assist local participatory banks to promote and develop viable projects.

WeBSECLF is a 60 M Euro credit line available through local banks to help SMEs invest in energy efficiency and renewable energy projects up to 2 M Euros.

The EBRD has developed the following incentives to encourage SMEs to take advantage of this opportunity:

Cash-back reimbursements on investments as follows:

- 20% for boilers and small cogeneration/ tri-generation facilities;
- 15% on all other eligible industrial energy efficiency investments;
- 20% on investments in energy efficiency of commercial buildings;
- 20% on investments in renewable energy (or 10% if feed-in tariffs available¹).

Technical support:

To assist SMEs and participating banks assess and develop viable projects, the EBRD has secured funding from the European Union's Western Balkans Fund to finance a 30-month technical assistance project. The project was awarded to EnconServices/DAI for implementation. A team of engineers and financial analysts will assist potential borrowers to determine project eligibility, complete required audits, Rational Energy Utilization Plans (REUPs), cash flow analyses and project financial indicators. The team will also offer support to Bank Loan Officers and the Credit Committee. The project began in January 2009 and is scheduled to end in mid-2011.

¹ Currently only in Bosnia and Herzegovina, and FYR Macedonia.



Project Components

The Western Balkan Sustainable Energy Credit Line Facility comprises a series of dedicated credit lines that provide funds to participating banks for onward lending to SMEs. The EBRD anticipates there will be six participatory banks in the four countries in the region.

The project is comprised of two components:

Component 1 is for:

- Private sector industrial companies that implement energy efficient projects;
- Private companies that implement renewable energy projects.

The EBRD estimates loans valued at up to 50 M Euros will be contracted to implement approximately 200 business plans (REUPs) under this component.

Component 2 is for:

- Private companies that implement energy efficient programs and/or renewable energy programs in buildings used for commercial services.

The EBRD anticipates 10 M Euros will be expended under this component.

Project Eligibility

The Facility is available for the following types of loans:

1. Industrial Energy Projects
2. Building Sector Energy Efficiency Projects
3. Renewable Energy Projects

Eligible IEE projects:

The following are examples of eligible industrial energy projects:

- Onsite co-generation of heat and electricity;
- Onsite tri-generation of electricity and cooling and heating systems;
- Rehabilitation of boilers (enhanced controls, economizers, improved insulation, regenerative burners, automatic blow-down, etc.);
- Replacement of old gas boilers with condensing boilers;
- Switch from electricity heating to fuel based direct heating;
- Process improvements, including enhanced controls;
- Rehabilitation of steam distribution systems, including the installation of steam traps, and increased condensate recovery;



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- Installation of heat recovery from processes (e.g., installation of economizers for pre-heating purposes, heat recovery for space heating, heat recovery for drying, etc.), and/or air ventilation;
- Installation of absorption chillers;
- Installation of new chillers;
- Installation of Variable Speed Drives on selected electric motors;
- Rehabilitation of compressed air systems (e.g., decentralization and/or resizing of air compressors, replacing of old air compressors with new efficient ones);
- Rehabilitation of power distribution systems (e.g., replacement of old or oversized transformers, installation of capacitors to reduce reactive power consumption, etc.);
- Implementation of Energy Management Systems.

Eligible EE projects for buildings

The following are examples of building sector energy efficiency projects:

- Replacement of old and inefficient boilers with efficient ones, with or without fuel switching;
- Installation of on-site micro-cogeneration/tri-generation systems;
- Rehabilitation of heat substations and installation of heat meters;
- Balancing of heating systems, installation of individual heat control devices;
- Implementation of Building Management Systems;
- Replacement of existing windows with new, double-glazed windows, low-emission glazing;
- Thermal insulation of the building envelope (external walls, roofs, basements);
- Replacement of existing heating systems (thermal insulation of pipes, tanks and machinery equipment);
- Installation of heat recovery systems from air ventilation system and/or processes (e.g., installation of economizers for pre-heating purposes);
- Replacement of existing inefficient energy processes (e.g. cooking, washing, drying) with new, highly efficient solutions;
- Replacement of existing lighting with highly efficient solutions, such as dimming, daylight sensors, presence sensors, algorithmic lighting, and grouping of luminaries;
- Free cooling;
- Compressor replacement/rehabilitation;
- Additional shading (jalousies, structural elements, etc.);
- Frequency modulation of pumps, fans, drives and motors;
- Variable air-volume air-conditioning systems;
- Installation of rolling doors;

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- Implementation of renewable energy systems in buildings (e.g. solar thermal collectors, biomass boilers, geothermal energy utilization for heating and/or cooling with or without heat pump);
- Surface water energy utilization for heating and/or cooling with heat pump, solar heating and/or cooling).

Eligible RES projects

The following are examples of eligible Renewable Energy Projects:

- Individual wind turbines with an installed capacity not exceeding 2 MW;
- Installations of multiple wind turbines with a collective installed capacity not exceeding 4 MW;
- Run-of-river hydropower plants with an installed capacity not exceeding 5 MW (applicable to both new installations and the rehabilitation of existing installations);
- Solar-thermal water systems for the production of hot water for processes and/or space heating/cooling and/or sanitary water heating;
- Solar-thermal drying systems;
- Biomass combustion systems generating heat and/or electricity;
- Biogas stations;
- Geothermal heat pumps.

Ineligible Projects

End Borrowers who are involved in the following activities are ineligible for WeBSECLF funding: gambling, real estate aimed at making a profit on sales in the short and medium term, banking, insurance or financial intermediation, and the manufacture, supply or trade in arms.

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Application Process

Step 1. Application

Applicants should send a completed application form (either in Serbian or English) to the Project Office. An authorized representative of the company must sign the application. Forms should be sent to the attention of the WebSECLF Program Administrator and should include electronic copies of the documents, either on CD/diskette or by electronic mail, if available.

Step 2. Initial Eligibility Check

The Project Team will notify applicants of its decision regarding initial project eligibility in writing within 10 working days of receiving an application and all required supporting documentation. The Project Office will contact applicants in case of missing or unclear information in application forms. An initial eligibility decision will only be made once all required information is submitted.

Initial eligibility determination will be based on three criteria:

1. Type of project;
2. Compliance with relevant environmental legislation, particularly (but not restricted to) the Habitat Directive on the assessment of the effect that certain public and private projects have on the environment;
3. Industry Sector Indicator, which is calculated using information provided by the sub-borrower in the application. The energy savings of a project, expressed as an Industry Sector Indicator (ISI) (which is calculated by the EnCon) shall be greater than or equal to Serbia's national requirement for this type of project. In the absence of a national requirement, the ISI shall be no less than 0.20.

Initial eligibility is not a guarantee that an applicant will be awarded a loan and an incentive fee under the program. Final determination of eligibility for financing and grant funding can only be made once the business plan (REUP) is complete, the project complies with required environmental issues, and a minimum 10% Internal Rate of Return (IRR) for the Sub-project is achieved (unless otherwise agreed upon by EBRD and the PB).

Step 3. Letter of Engagement/Waiver Letter

Upon confirmation of initial eligibility and prior to commencing work on an REUP, the prospective borrower is required to submit a Letter of Engagement/Waiver Letter absolving EBRD from any losses, claims, damages or liabilities to which the Bank may become subject as a result of services provided. Since borrowers may only benefit from

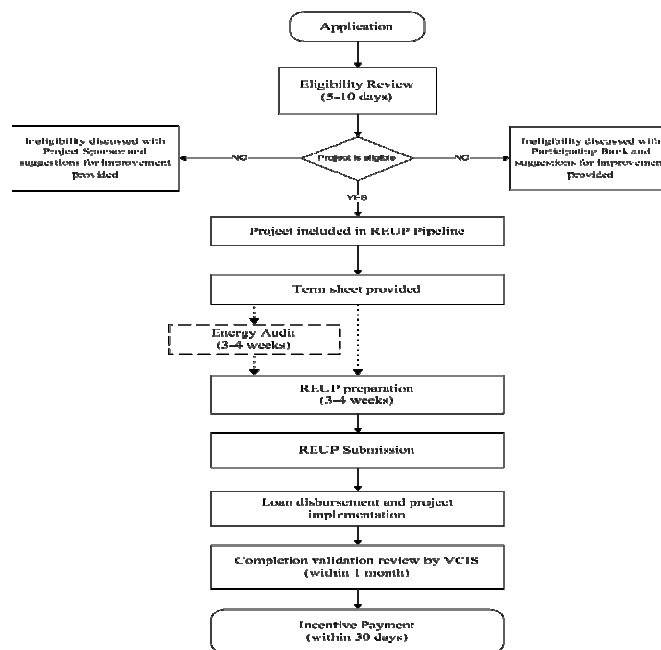
one EC grant, they will be required to state in writing that they have not received any other EC grant support for the same project.

Step 4. Term Sheet

Upon submission of the Letter of Engagement/Waiver Letter, the Applicant should negotiate a term sheet directly with the selected Participating Bank. A copy of the Term Sheet must be submitted to EnCon.

Step 5. REUP Development

Once a positive initial eligibility determination has been made, a signed Letter of Engagement/Waiver Letter has been submitted and a term sheet has been obtained from a participating bank, the Project Team will commence the REUP development process. Once an REUP is completed, the Project Team will then submit the REUP to the participating bank, which will then determine whether it is willing to go forward with financing the project. The bank will make its decision independently of the Project Team.





Grant Payment Procedure

In order to qualify for the incentive grant, projects must be verified by an independent Verification Consultant Industry Sector (VCIS). The VCIS for this Facility will be appointed by the EBRD.

The responsibility of the VCIS is to:

- Ensure that the proceeds of each loan awarded to an SME has met the eligibility criteria and that funded investments have been completed according to the terms of the REUP;
- Ensure that fees due upon completion are approved for release by the EBRD (acting on behalf of the European Commission), only when a project has met eligibility criteria, and that no recommendation on release of administration fees will be given such validation exists.

The Completion Validation Review (CVR) comprises the following tasks:

- The VCIS will conduct a site visit to each Project once a substantial portion of it has been completed;
- The VCIS will validate that the project has been substantially completed according to the REUP and the CVR checklist agreed upon with the Bank;
- The VCIS will provide the EBRD and the relevant PB with an opinion on whether the sub-project has been substantially completed according to the REUP and the eligibility criteria; this opinion will be offered as a written memo and a CVR certificate will be issued based on the CVR checklist;
- When requested by the EBRD, the VCIS shall analyze the draft REUP in its development stage and advise the Bank's Operation Leader on the suitability and risks associated with the development of the project.

Each Completion Validation Review will include:

- An evaluation on the completion and commissioning of the Project, including a confirmation of compliance with the initial plans outlined in the energy audit or similar assessment. In cases of deviation from stated plans, the review will include a justification and explanation of any consequences on the outcome of the Project;
- A copy of the acceptance certificate signed by the Borrower at the conclusion of the commissioning tests, where applicable;
- A statement of the ISI.

Once it completes its task, the VCIS will receive from EnCon an REUP for each borrower when a PB has approved a loan. The VCIS will also receive a monthly report on implementation progress and a notification of expected Project completion.

Completion Validation

If a project has been commissioned during the reporting period, the sub Borrower is advised to submit the CVR request to the Project Consultant. The project completion notification (*Ready for Completion Validation Review* notification) is then sent by the Project Manager to the Verification Consultant along with the Validation Review Checklist.

The Verification Consultant will undertake the following tasks:

- Conduct a site visit to each project once the project has been substantially completed;
- Validate the project according to the terms of the REUP, SEA and/or other Loan documentation upon which the Sub-project has been completed and the CVR checklist;
- Provide to the PC, the EBRD and the relevant PB, an opinion on whether the Sub-project has been substantially completed according to the REUP, SEA and/or other documentation and the eligibility criteria. Such an opinion will be offered as a written memo and a CVR certificate will be issued based upon the CVR checklist.

The Verification Consultant will receive from the PC the REUP or SEA for each Sub-borrower once a loan has been approved by a PB, monthly reporting on implementation progress and a notification of expected Sub-project completion. The letter must be sent one month before planned completion, unless otherwise indicated by the EBRD.

The Verification Consultant will prepare the verification plan and agree on Sub-project verification site visits with the Project Consultant according to the Monthly Reports from the PC. The PC will provide the relevant REUPs and/or SEAs to the Verification Consultant, who will use them to evaluate selected Sub-projects. Procedure Completion Validation Review includes the following specific steps to be undertaken by the Project Consultant and the Verification Consultant:

Project Consultant

- Develops a CVR specific to the project on the basis of the CVR Template and includes this in the REUP;
- Monitors the project implementation and reports expected project completion dates in a Table entitled *Portfolio and Pipeline Reporting* in the Monthly Report. The Project Consultant will also send this Table separately to the Verification Consultant on a monthly basis;
- Requests that the Sub-borrower submit the CVR Completed Check-List, as provided in the REUP. Informs the Sub-borrower of his/her responsibility to



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maintain a Sub-project file containing the CVR Completed Check-List and all supporting documentation in order to facilitate the review by the Verification Consultant;

- Notifies the Verification Consultant that the Sub-project is ready for Completion Validation Review using the *Ready for Completion Validation Review* notification template, which is to be sent by the Sub-borrower along with the completed Completion Validation Review (CVR) Checklist.

Verification Consultant

- Contacts the Sub-borrower to set a deadline by which the Verification Consultant must carry out the CVR; the deadline must be set within one month from the completion date as given by the Sub-borrower in the *Ready for Completion Validation Review Notification*;
- Visits the Sub-borrower to conduct the CVR and hires translation services, as necessary;
- Signs off on the CVR Certificate of Validation and sends it to the Sub-borrower, the Participating Bank and the EBRD.

Sub-Borrower

It is also expected that the following steps be undertaken by the Sub-borrower:

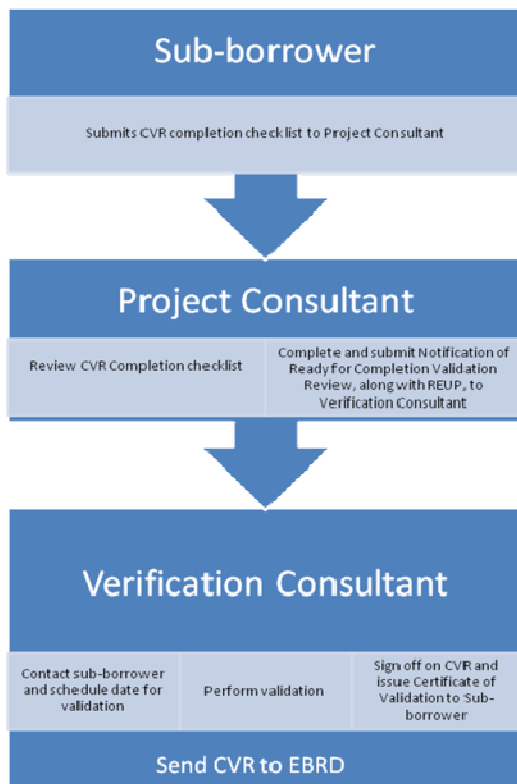
- Completion and signing of the first page of the Completion Validation Review Completed Checklist, including Sub-project information for verification, and forwarding the *Ready for Completion Validation Review Notification* to the Project Consultant for transmission to the Verification Consultant.
- Maintaining a project file containing the *Completion Validation Review (CVR) Completed Checklist* and all supporting documentation in order to facilitate the review by the Verification Consultant during the CVR.
- Sending the Verification Consultant a good quality map indicating the location of the project site relative to a large city. This map should be sent at approximately the same time as the *Completion Validation Review (CVR) Completed Checklist*.
- Providing copies of any supporting documents in the project file deemed essential by the Verification Consultant to support a positive validation during a site visit.

Completion Fees to Sub-Borrowers

Completion Fees are paid to Sub-borrowers upon the successful implementation and verification of completion of the Sub-project by the Verification Consultant. The Sub-borrowers will be eligible to receive a completion payment calculated as a percentage of the Loan amount. The amount of completion fee payments for energy efficiency and small renewable energy projects (as a percentage the Loan amount) are as follows:

1. Industry energy efficiency projects: 15% in general, 20% for replacement of boilers and implementation of small cogeneration/ tri-generation;
2. Stand-alone renewable energy projects: 15% for projects eligible for feed-in tariff (currently only in Bosnia and Herzegovina, and FYR Macedonia), 20% for projects not eligible for feed-in tariffs;
3. Commercial building energy efficiency and/or renewable energy projects: 20% in general.

The Completion Fee is payable in Euros in the account designated by the Sub-borrower in the Loan Agreement with the Participating Bank.



REUP Structure

The Rational Energy Utilization Plan (REUP), or Business Plan, for Energy Efficiency Projects under WebSECLF should contain the following elements:

1. Executive Summary

- 1.1. Recommendation on the project and its eligibility
- 1.2. Summary of borrower's background information
- 1.3. Summary of expected project benefits
- 1.4. Summary of project background
- 1.5. Results of project cash flow analysis (feasibility)
- 1.6. Financing plan
- 1.7. Assessment of Impact of Project on Energy Balance of Serbia

2. Project Background

- 2.1. Project base line and problem identification
- 2.2. Description of recommended technical measures
- 2.3. Project investments
 - 2.3.1. Base project investments (design, equipment, installation and working capital)
 - 2.3.2. Other project investments (contingency, interest paid during construction, principal paid during construction, VAT, duties)
- 2.4. Project cash-flows
 - 2.4.1. Operational costs breakdown (for all projects)
 - 2.4.2. Revenues such as energy and other cost savings, revenues from energy sales, Carbon Credits
- 2.5 Activity Based Schedule (ABS) (including inter-alia a plan for obtaining the necessary permissions, permits and licenses)
- 2.6 Completion Validation Review (CVR) check-list

3. Financing Plan

- 3.1. Type and amount of financing required
- 3.2. Proposed financial schemes including the project sponsor's contribution
- 3.3. Proposed terms and conditions of financing (loan currency, grace period, maturity, interest rate, other bank's fees)
- 3.4. Specific sub-loan under EBRD's Credit Line from the Participating Bank (terms and conditions)

4. Project Cash Flow Analysis

- 4.1. Project cash flow statements
- 4.2. Project cash flow analysis
 - 4.2.1. Statements for cash flow analysis (net cash flow, discounted net cash flow, cumulative cash flow)



4.2.2. Capital Investment Decision Indicators (financial IRR, NPV, payback period)

4.2.3 Projected Cash Flow Including CO2 Emission Reduction Sales

5. Other Project Benefits

5.1. Greenhouse gas emission reduction against the baseline without the project (following a similar method as for Joint-Implementation projects)

5.2. Other environmental improvements (incl. inter-alia reduced emissions of NO_x, SO_x, dust, waste and waste water)

5.3. Productivity improvements

5.4. Other benefits (inter-alia and not limited to reduced maintenance, social impact, improvement safety and work hygiene)

6. Compliance with Environmental, Health and Safety Standards

6.1. Compliance with National Environmental Standards and with Habitats and Wild Birds Directive

6.2. Compliance with National Health, Safety and Fire-Precaution Standards

APPENDIX A. IMPLEMENTATION COSTS AND PROJECT SCHEDULE

APPENDIX B. MONTHLY CASH FLOW AND LONG-TERM DEBT

APPENDIX C. FINANCIAL STATEMENTS, OFFERS AND CONTRACTS FOR PROJECT IMPLEMENTATION

Appeals Process

1. If an Applicant disagrees with a negative initial or final eligibility determination, he or she has the right to appeal the decision. Within 30 days of receiving the initial determination, he or she may appeal the decision by submitting a letter stating the case for reconsideration to: Mr. Edward T La Farge, Director, EnCon Services Ltd., Skadarska Str 10/3, Belgrade 11 000, tel/fax 381 11 3244 168, Email: webseclf@enconservices.com. The applicant must also submit any supporting documentation. A written response will be sent by electronic email or fax within 15 days of receiving the request for appeal.

2. If the Applicant still does not agree with a negative decision at the first level of appeal, he or she may appeal a second time directly to the funding agency, the European Bank for Reconstruction and Development (EBRD), via its Operations Leader for the project: Operation Leader Technical Co-operation, European Bank for Reconstruction and Development (EBRD), One Exchange Square, London EC2A 2JN, United Kingdom, fax +44 20 7338 6942. The second appeal will only be considered if it is sent within 30 days of the date of the first appeal response letter. To appeal at the second level, the Applicant must provide an English language copy of the original application, a copy of the first appeal letter and the written response from Mr. Edward T La Farge. The EBRD will consider the final appeal letter within 30 days and will inform the Applicant of its decision in writing. Should the decision remain negative, the Applicant can appeal no further.

If the Applicant receives a negative determination of eligibility after direct consultation with EBRD, the Applicant's appeal will be directed to EBRD by the Project Team at the first level of appeal, rather than proceeding through the two-stage process.

1.2. Participatory Banks in Serbia

Thus far, Banca Intesa Beograd is the only participatory bank in Serbia. The initial contract signed with the EBRD related to WeBSECLF is valued at 10 M Euros.

Loans from WeBSECLF can be used by privately owned business entities registered in Serbia and are creditworthy in accordance with business practices of the bank.

Terms and conditions for sub-borrowers:

Maximum value of the project	5.000.000 Euros
Participation	minimum 15% from the total value of the project
Credit amount	From 100.000 Euros up to 2.000.000 Euros in foreign currency or dinars counter value
Tenor	5 years including a grace period up to 2 years, which is determined depending on the needs of the project
Repayment schedule	Equal monthly installments
Interest rate	From Eurobor 3M + 5,75 % p.a. to Euribor 3M +7,00 % p.a.
Fees:	Depending on the credit capability, size and amount of deposit by credit user with the bank
- Request processing fee	1% of the amount of realized credit
- Fee for unused money in the period of availability	0,75% p.a.
- Credit monitoring fee:	no
- Early payout fee	3% on the amount of credit with early pay out
Collateral	in accordance with valid credit politics of the Bank
Completion fees to sub-borrower	15% up to 20% from the amount of realized credit EBRD, directly paid to credit user after verification of the project by the consultant.



Contact Banca Intesa Beograd:

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2. EBRD - WeBSEDF

2.1. Facility Description

The EBRD established the Western Balkans Sustainable Energy Direct Financing Facility (WeBSEDF) as a way to offer debt financing for sustainable energy projects to local enterprises in Albania, Bosnia & Herzegovina, Croatia, FYR Macedonia, Montenegro and Serbia. The funding is geared toward the following types of companies:

1. Private sector industrial companies that implement energy efficient projects and;
2. Private companies that implement renewable energy projects.

Complementary to the Western Balkans Sustainable Energy Credit Line Facility (WeBSECLF), the WeBSEDF is designed to cover larger scale investments via direct financing from the EBRD. The total funding available is 50 M Euros. Individual loans offered under the facility range from 1M to 6M Euros. Tenors for this facility can last up to 12 years, including an appropriate grace period. Interest rates are market-based. The collateral required depends on the type of financing provided.

Incentive Payments

Incentive payments will be offered to eligible projects once construction of the facility is complete and the facility is fully operational. The amount of the payment is determined up front based on the estimated CO₂ emission reductions generated by the project. Incentive payments will be applied toward reducing the outstanding loan principal and can reach up to 15 % of that sum. The EBRD will assess investment projects based on information provided by the sponsors (feasibility studies, energy audits, business plan, etc.). Technical consultants are hired by the EBRD to prepare energy audits and to supply the Bank with a technical evaluation of prospective projects.



The WeBSEDF facility can disburse up to 11 M Euros in incentive payments and technical cooperation funds. Cooperation funds are intended for hiring a project consultant (to participate in project evaluation), a verification consultant (to verify the successful completion of each project and to advise on the eligibility for incentive payments) and a legal adviser (to conduct due diligence and prepare the legal documentation). Consultant costs are minimal to none for the project sponsors.

Application Procedure:

Inquiries must be addressed to EBRD headquarters.

Contacts at EBRD Headquarters:

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Project Proposals:
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Contacts at EBRD Belgrade Offices:

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Tel: 011 / 212 0529
Fax: 011 / 212 0534



3. KfW - Regional Facility for Renewable Energy and Energy Efficiency

3.1. Facility Description

The main component of this facility is a fund that is disbursed via selected local commercial banks to finance investments related to the use of environmentally sound renewable energy sources. The fund is also intended to increase demand-side oriented energy efficiency.

In the area of renewable energy sources, the facility is open to private and public investors. The financing is typically offered according to the following conditions:

- Tenor: 7 years with a 3-year grace period;
- Interest Rate: subject to individual arrangements with partnering banks (or other financial institutions);
- Management Fee: 1% flat, up-front;
- Commitment Fee: 1% p.a.

Financing should be geared toward investments related to energy savings in the SME sector and households. The maximum loan amount is typically limited to 1 M Euros. The aim shall be to reach at least 20% in energy savings per investment. In addition to funding, there is also a technical assistance component.

Application Procedure:

Inquiries should be addressed to KfW's office in Serbia.

Contacts for KfW's office Serbia:

Miloš Stevanović, DEG Representative and Project Coordinator Financing Sector

E-mail: milos.stevanovic@kfw.de

Jasmina Vulović, Deputy Director and Project Coordinator Energy

E-mail: jasmina.vulovic@kfw.de

Branka Dajić, Project Coordinator Water and District Heating

E-mail: branka.dajic@kfw.de

Adress: Župana Vlastimira 6, 11040 Beograd, Serbia

Telephone: 011 / 13 67 12 73, 13 67 01 28, 12 66 65 44

Fax: 011 / 13 67 12 73, 13 67 01 28, 12 66 65 44

E-mail: kfw.belgrade@kfw.de



3.2. Participatory Financial Institutions in Serbia

In January 2009, KfW signed agreements totaling 50 M Euros with several financial institutions according to the framework of the Regional Facility for Renewable Energy and Energy Efficiency. They include:

- ProCredit Leasing d.o.o. Beograd - 15 M Euros;
- Volksbank a.d. Beograd - 10 M Euros;
- Raiffeisen banka a.d. Beograd - 20 M Euros;
- Čačanska banka a.d. Čačak - 5 M Euros.

In addition to funding, the above financial institutions have also each received technical support in the amount of 200,000 Euros.

Terms and conditions of loans provided by financial institutions:

ProCredit leasing d.o.o. Beograd:

Leasing for business entities and households:

- Minimum leasing amount: 2000 Euros;
- Tenor: up to 5 years;
- Own contribution: 30%;
- Interest rate: 10-12% p.a.;
- Collateral: No additional collateral is required.

Application Procedure:

An application must be submitted in person either to a branch office of ProCredit leasing, or to the head office:

ProCredit Leasing d.o.o Beograd

Address: Bulevar Despota Stefana 68c, 11000 Beograd, Srbija

Telephone: 011 / 3012 700

Fax: 011 / 3012 713

E-mail: info@procreditleasing.rs

Web: www.procreditleasing.co.rs

Volksbank a.d. Beograd

1. Business loans for the reconstruction of energy efficient business premises:

- Minimum loan amount: 10,000 Euros;
- Maximum loan amount: no limit;
- Tenor: Up to 20 years;
- Interest rate (Nominal): 9,95% p.a. (EIR 10,33%);
- Collateral: First rank mortgage over real estate.
-

In some cases, a 20% contribution from the borrower is required.

2. Business loans for the purchase of energy efficient vehicles and equipment:

- Minimum loan amount: 5,000 Euros;
- Maximum loan amount: no limit;
- Tenor: Up to 7 years;
- Interest rate (Nominal): 9,95% p.a. (EIR 10,73%);
- Collateral: Mortgage of real estate is mandatory for amounts over 20,000 Euros. For smaller amounts: pledge of vehicle/equipment and/or business guarantee. Full insurance of the vehicle/equipment is mandatory.

Household loans for reconstruction of energy efficient premises:

- Tenor: Up to 30 years.
- DTI: up to 50%.
- Interest rate (Nominal): 6,65% p.a. (EIR 7,08%).
- Collateral: First rank mortgage of real estate and mandatory insurance of the loan with the National Corporation for Mortgage Loans Insurance (NKOSK).

4. Household loans for the purchase of energy efficient vehicles and durable consumer goods:

- Tenor: Up to 5 years;
- DTI: up to 30%;
- Own contribution: min 30%;
- Interest rate (Effective): 11,4% p.a.

Contacts:

Petar Grujic, Head of Retail Division

Address: Bulevar Mihaila Pupina 165g, 11070 Beograd, Srbija

Telephone: 011 / 201 7047

Fax: 011 / 201 3270

E-mail: petar.grujic@volksbank.co.rs

Web: www.volksbank.co.rs

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e-mail: office@compete.rs

www.compete.rs



Application procedure:

An application can be submitted in person to any Volksbank branch office.

Raiffeisen banka a.d. Beograd

Business loans:

- Maximum loan amount: determined on a case by case basis;
- Tenor: 12 months;
- Interest rate: determined on a case-by-case basis. The rate depends on the assessed creditworthiness of the borrower, offered collateral and level of business co-operation with the borrower;
- Collateral: Mortgage of real estate acceptable to the bank and/or pledge of movable assets and/or bank guarantee and/or business guarantee of another legal entity and/or cash deposit. The precondition is that at least 30% of company's turnover has to be channeled through the bank.

Contacts:

Address: Bulevar Zorana Đinđića 64a, 11070 Beograd, Srbija

Telephone: 011 / 3202 100

Fax: 011 / 2207 080

E-mail: info@raiffeisenbank.rs

Web: www.raiffeisenbank.rs

Application Procedure:

Applications can be submitted in person to any Raiffeisen banka branch office.

Čačanska banka a.d. Čačak

Business loans:

- Maximum loan amount: 400,000 Euros;
- Tenor: Up to 5 years;
- Interest rate (Nominal): 7,5% p.a. (or Euribor 6M + 5% p.a.);
- Collateral: Mortgage (depending on the tenor) and/or business guarantee of another legal entity.



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Contacts:

Address: Pivarska 1, 32000 Čačak, Srbija

Telephone: 032 / 302 193, 302 162, 302 285, 302 287, 302 288, 302-289, 302-290

Fax: 032 / 225 048 and 348 898

E-mail: krediti.privreda@cacanskabanka.co.rs

Web: www.cacanskabanka.co.rs

Application Procedure:

Applications can be submitted in person to any Čačanska banka branch office.

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Dalmatinska 17, 11000 Belgrade, Serbia
Tel. +381 11 2769 464
Fax. +381 11 32 92 378
e-mail: office@compete.rs
www.compete.rs



4. KfW - Municipal Infrastructure Credit Line Project (MICLP)

4.1. Facility Description

This project is geared toward improvements of municipal infrastructure in Serbia and consists of two components:

1. KfW Credit Line;
2. Technical Assistance.

KfW Credit Line

KfW Entwicklungsbank (the German Development Bank) has launched a dedicated Credit Line for the financing of municipal infrastructure projects in Serbia. A total amount of 50 M Euros is available for eligible projects in the areas of:

- Water and sewerage, waste water treatment;
- Solid waste management;
- Environmental protection and pollution control;
- Energy supply and energy efficiency;
- Transport infrastructure, public transport systems and communication,
- Infrastructure for economic development (e.g. industrial areas);
- Social services (housing, including energy efficiency and heating systems, health, education, community services).

The credit line is being disbursed to eligible municipalities and public sector utility companies via Serbian on-lending banks, according to standard procedures for municipal borrowing. The overall project should not exceed 2.5 M Euros. Individual loans under this facility are limited to a maximum of 800,000 Euros. The loans can be used for new investments or for modernization, expansion and rehabilitation of existing facilities.

Technical Assistance

Disbursement of the credit line is via a Technical Assistance Project that offers support to municipalities to prepare and implement their projects. A total of ca. 90 months (until mid 2010) of on-site consultancy work is available for:

- Project selection and establishing of priorities;
- Technical and financial project preparation;
- Development of technical project documentation;
- Development of loan tender documents and assistance with loan tendering;



- Assistance with contractor selection, bid evaluation and implementation monitoring;
- Support for debt management and loan administration.

The assistance also includes support for workshops and exchange forums, provision of toolkits and management instruments and dedicated trainings in areas where a group approach is feasible and cost effective.

Energy Efficiency

One of the components of this project is related to energy efficiency. In order to be eligible, projects in this area should be aimed at enhancing performance of energy systems through reduction of costs, savings of energy consumption and reduction of the negative environmental impacts of energy consumption.

This project is being implemented via a project office managed by SKGO (Standing Conference of Cities and Municipalities in Serbia) with the assistance of GFA Consulting Group Hamburg and local partners. As of September 2009, 25 M Euros was either disbursed or earmarked from the credit line.

Application Procedure:

An expression of interest must be addressed to the MICLP office in Serbia.

Contacts at MICLP's offices in Belgrade:

Municipal Infrastructure Credit Line Project

Dr.-Ing. Heinrich Poell, Team Leader and
Milorad Filipovic, Lead economist

Address: Cika Ljubina 14/8, 11000 Belgrade, Serbia

Phones: 011 / 218-1303, 262-1931, 263-3026

Fax: 011 / 328-2924

Mobile: 065/ 628-4665

E-mail: info@miclp-serbia.org

www.miclp-serbia.org

4.2. Participatory Banks in Serbia

Banca Intesa Beograd is currently the only participating bank in Serbia.



Terms and conditions of on-lending agreements:

Tenor: up to 7 years;

Grace period: up to 1 year (in some exceptional cases, up to 2 years);

Interest rate:

Clients are offered two rates:

- Fixed rate of 6.75%, or
- Variable rate: Euribor 3M + 5,5% p.a.

Contacts at Banca Intesa Beograd:

Aleksandar Kovačević, Manager for SMEs and Municipalities

Address: Milentija Popovića 7b, 11070 Beograd, Serbia

Phone: 011 / 225 8383

Fax: 011 / 201 1357

E-mail: aleksandar.kovacevic@bancaintesabeograd.com

Web: www.bancaintesabeograd.com



5. EIB - Apex III Credit Facility

5.1. Facility Description

A total facility of EUR 250,000,000 is available to be dispersed for the following purposes:

- Financing of SME projects (up to 100% of the value of the project);
- Financing of infrastructure projects promoted by local authorities;
- Financing of industrial investments in the fields of knowledge economy, energy, environmental protection, health and education, industry, tourism and other services sectors in the Republic of Serbia.

Lending Terms:

- Individual loan amount up to EUR 12,500,000.00
- Interest rate fixed or floating (formed by EIB based on 3m EURIBOR + 3.5%)
- Loan maturity and grace period:
 - o for SMEs up to 12 years; grace period: up to 4 years
 - o for infrastructure projects up to 15 years; grace period: up to 5 years
 - o for equipment leasing up to 7 years; grace period: up to 2 years

5.2 Participatory Banks in Serbia

Applications for the facility are available from local branches of the following banks:

- Unicredit Bank Srbija (www.unicreditbank.rs)
- Erste Bank (www.erstebank.rs)
- OTP Banka Srbija (www.otpbanka.rs)
- Čačanska Banka (www.cacanskabanka.co.rs)
- Komercijalna Banka (www.kombank.com)
- Privredna Banka Beograd (www.pbb-banka.com)
- Raiffeisen Banka (www.raiffeisenbank.rs)
- Eurobank EFG (www.eurobankefg.rs)



6. Italian Credit Line for SMEs

6.1. Facility Description

A EUR 30,000,000 facility is available to be dispersed to SMEs whereby at least 70% of each individual loan may be used for the procurement of equipment, spare parts, technology and industrial licenses of Italian origin. At most 30% of each individual loan may be used for covering expenses in the country – expenses of current assets and goods necessary for project implementation.

Lending terms:

- Individual loan amounts from EUR 50,000 to EUR 1,000,000
- Interest rate – fixed up to 4.9%
- Loan maturity up to 8 years
- Grace period up to 2 years

6.2. Participatory Banks

Applications for the facility are available from local branches of the following banks:

- Unicredit Bank Srbija (www.unicreditbank.rs)
- Čačanska Banka (www.cacanskabanka.co.rs)
- Komercijalna Banka (www.kombank.com)
- Privredna Banka Beograd (www.pbb-banka.com)
- Banca Intesa (www.bancaintesabeograd.com)



7. Republic of Serbia – Revolving Credit Fund

7.1. Facility Description

This is a general credit line aimed at financing SMEs, entrepreneurs and trading companies for the procurement of fixed assets.

Lending terms

- Amount of individual loans from EUR 20.000.00 to EUR 200,000.00
- Interest rate quarterly EURlibor + 3.25%
- Loan maturity up to 5 years
- Grace period up to 1 year

7.1. Participatory Banks

- Unicredit Bank Srbija (www.unicreditbank.rs)
- Erste Bank (www.erstebank.rs)
- OTP Banka Srbija (www.otpbanka.rs)
- Čačanska Banka (www.cacanskabanka.co.rs)
- Komercijalna Banka (www.kombank.com)
- Privredna Banka Beograd (www.pbb-banka.com)
- Raiffeisen Banka (www.raiffeisenbank.rs)



8. International Finance Corporation - EE Loan to ProCredit Bank Beograd

8.1. Facility Description

This project consists of a 10 M Euro energy efficiency senior term loan to the Bank. The facility is dedicated to financing Energy Efficiency (EE) improvements, particularly:

- EE improvements in MSEs and;
- The use of cleaner and renewable sources of energy (such as natural gas, solar energy, etc.) by MSEs.

Overall, the IFC/ProCredit EE program aims to improve energy conservation and lower CO₂ emissions. The program also aims to address important social and economic issues associated with lowering monthly energy bills for MSEs. As a result of reduced energy costs and quality improvements, the project will contribute to improving the competitiveness of participating MSEs.

Application Procedure:

Inquiries can be address to IFC's office in Belgrade.

Contacts at IFC's Office in Belgrade:

Giovanni Daniele, Resident Representative
Adress: Bulevar Kralja Aleksandra 86, 1100 Belgrade, Serbia
Telephone.: 011 / 302-3750
Fax: 011 / 302-3740
E-mail: GDaniele@ifc.org

8.2. Participatory Banks in Serbia

The energy efficiency term loan was designed specifically for ProCredit Bank Beograd. Business loans offered by ProCredit bank are aimed to facilitate investments that achieve enhanced energy efficiency through:

- Replacing old windows, heating bodies, pipes, boilers, lighting system, etc.
- Introduction of gas in business premises;
- Transfer to a more modern system of heating that preserves the environment (e.g. natural gas);



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- Introduction of energy efficient technologies and systems;
- Introduction of modern heating systems, hot water systems, air conditioning, ventilation, as well as equipment for renewable energy (e.g. solar plates);
- Reconstruction of heating systems, roof construction, isolation systems, etc.;
- Purchase of energy saving equipment (e.g. equipment with the *Energy Star* mark);
- Transfer to vehicles fueled by gas and other types of fuel that preserve the environment;
- Renovation of internal and external insulation of walls, roof, attic, basements, balcony, etc.;
- Renovation of insulation of all windows and doors in a business premise.

Loans related to the adaptation, renovation or reconstruction of business premises that enhance energy efficiency may be awarded to entrepreneurs, legal entities and agricultural households.

Terms and Conditions:

Loan amounts depend on the credit worthiness of clients and maturities are up to 84 months.

- Loans up to 10,000 Euros are approved without a guarantor and pledge for maturities up to 24 months. For maturities over 24 months, one credit worthy guarantor or pledge is required;
- Loans ranging from 10,000 – 25,000 Euros are approved with one credit worthy guarantor and/or pledge in the form of movable or immovable property. For loans with maturities over 60 months, a pledge is obligatory;
- For loans over 25,000 Euros, a pledge in the form of movable or immovable property is necessary. For loans with maturities over 60 months, a mortgage is necessary.

Loans granted from this facility are typically worth 100,000 Euros.

Application Procedure:

Applications can be submitted in person to any ProCredit bank branch office.

Contact ProCredit Bank:

ProCredit Leasing d.o.o Beograd

Address: Bulevar Despota Stefana 68c, 11000 Beograd, Srbija

Telephone: 011 / 3012 700

Fax: 011 / 3012 713

E-mail: info@procreditleasing.rs

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9. International Finance Corporation - Residential Energy Efficiency (REE)

9.1. Description of Initiative

IFC is currently working to develop a new program in the Balkans focused on residential energy efficiency (REE) within the framework of the regional project related to Sustainable Finance / Energy Efficiency Finance. The program aims to further develop sustainable private investments in REE. This means facilitating market practices and conditions and creating an environment that allows for private capital to be utilized in energy-efficient renovations and maintenance of multi-family residential buildings. Specifically, local and international credit organizations should find it feasible to lend to Multifamily Real Estate (MRE) owners for the purposes of undertaking energy-efficient renovations. The capacity of relevant market participants, including energy auditors, maintenance companies, energy providers and MRE residents shall be strengthened in order to provide sustainable demand for REE financing and construction goods and services.

The Project will be focused on the following two pillars:

1. Legal and regulatory environment development;
2. Capacity building for market stakeholders, i.e. direct work with lenders, energy suppliers, engineering and energy audit firms, municipalities, and maintenance companies.

Status:

There are currently no activities related to Residential Energy Efficiency (REE) project in Serbia.

Contacts at IFC's Office in Serbia:

Nebojša Arsenijević, Associate Operations Officer

E-mail: NArsenijevic@ifc.org

Address: Bulevar Kralja Aleksandra 86, 11000 Belgrade, Serbia

Telephone: 011 / 3023 750

Fax: 011 / 3023 740



10. World Bank - Energy Efficiency Project

10.1. Project Description

The development objective of this project is to improve energy efficiency in heating buildings. More energy efficient buildings lower heating costs and have associated health and functional benefits for users. An additional objective is to reduce the local and global environmental impact of dirty fuels for heating buildings in Serbia.

The original scope of this project was to undertake energy efficiency improvements in three social care buildings, eight schools and six hospitals. The World Bank has secured additional financing for energy efficiency improvements, including:

- Rehabilitation of the heating supply system of the Nis Clinical Center; this includes energy efficiency improvements in all 17 contiguous buildings on the campus, complete retrofitted lighting in 10 schools and partial retrofitted lighting in 10 schools;
- Energy efficiency improvements for seven additional social care buildings, 20 schools and 11 hospitals across Serbia. Energy efficiency improvements will also be made to four buildings at the University of Kragujevac.

Contacts at World Bank's offices in Serbia:

Vesna Kostić, External Affairs Officer
Address: Bulevar Kralja Aleksandra 86-90, Belgrade, Serbia
Telephone: 011 / 30 23 700
Fax: 011 / 3023 732
E-mail: vkostic@worldbank.org



11. Global Energy Efficiency and Renewable Energy Fund (GEEREF)

11.1. Fund Description

GEEREF is an innovative fund that offers global risk capital via private investment for energy efficient and renewable energy projects in developing countries and economies in transition. The program aims to accelerate the transfer, development, use and enforcement of environmentally sound technologies for impoverished regions of the world, helping to bring secure, clean and affordable energy to people on the ground. GEEREF is both a sustainable development tool and a support system for global efforts to combat climate change. It is sponsored by the EC, Germany and Norway and receives support from the European Investment Bank (EIB) and the European Investment Fund (EIF).

GEEREF is a European Commission project sponsored by the Directorate General for Environment and Directorate General for Europe Aid Co-operation (AIDCo). The European Commission and the EIB announced the project at the December 2007 global climate conference in Bali, Indonesia. The overall investment is 150 M Euros, 80 M Euros of which will be funded from the Community budget.

Geographic Scope

GEEREF will place special emphasis on serving the needs of the ACP, a group of 79 African, Caribbean and Pacific developing countries. It will also support regional funding in Latin America, Asia and neighboring states of the EU. Priority will be given to investment in countries whose energy efficiency and renewable energy policies are conducive to private sector engagement. GEEREF was registered as Official Development Assistance (ODA) by the OECD Development Assistance Committee (DAC).

Benefits

Investment would provide approximately 1 gigawatt of clean energy capacity to recipient countries, offering sustainable energy services to 3 million people and a reduction of up to 2 million tons of carbon dioxide emissions. This investment would also reduce air pollution and create jobs and income.

Beneficiary Projects

GEEREF supports renewable energy and energy efficiency project developers and small and medium-sized enterprises (SMEs) as part of its technology and geographic scope.



The fund focuses on projects valued at under 10 M Euros, provides valuable investment, and fills a substantial gap in the market. Only projects that meet strict investment criteria can qualify for GEEREF funding.

Technology Scope

GEEREF will support a broad range of energy efficient and renewable energy projects and technologies, including small hydropower, biomass and on-shore wind farms. Solar power has the capacity to provide stable energy solutions to remote areas.

Fund Structure

GEEREF is a public-private partnership, offering risk sharing and co-funding opportunities for commercial investors and public investors. It will invest in private equity funds that specialize in providing equity finance - financing in return for shareholdings - to small and medium-sized regional projects and enterprises. These funds will be required in order to demonstrate that the projects they invest in contribute to the aims of GEEREF, are financially viable and are in line with market standards.

Fund Size and Potential

The funding target for GEEREF is 200 M Euros. Pledges received thus far are valued at approximately 110 M Euros. An additional 1 BN Euros could be mobilized through private sector involvement either at the target fund level or final beneficiary projects.

Sources of Funding

The EC, Germany and Norway have committed funds to GEEREF. In addition, several international financial institutions and commercial organizations have expressed an interest in co-financing GEEREF.

The EIF has assisted sponsors in setting up and launching GEEREF. EIF and EIB will select the investment opportunities, monitor the investments and fundraise. GEEREF is managed by the EIB Group. The fund combines the sector and country knowledge of the European Investment Bank (EIB) in financing projects outside Europe and the know-how of EIB's affiliate, the European Investment Fund, in financial structuring and private equity. The EIF is an international financial institution and Community body specializing in risk financing for SMEs through investment in private equity funds and the issue of guarantees. The EIF presently invests in 290 private equity funds with total commitments of over 4.5 BN Euros. The EIF also offers advice on structuring financial support for SMEs in the context of the European Fund for Regional Development. The EIF is AAA-rated and enjoys the status of a multilateral development bank.



Investments by GEEREF will aim to:

- Reduce poverty through access to sustainable energy services;
- Cut greenhouse gas emissions;
- Achieve an attractive return for investors.

Application procedure:

Inquiries can be addressed to the European Investment Fund.

Contact for the European Investment Fund

Address: 96 boulevard Konrad Adenauer, L-2968 Luxembourg

Telephone: +352 42 66 88 1

E-mail: geeref@eif.org