

Western Balkans Sustainable Energy Financing Facility II

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for Reconstruction and Development



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The EU/EBRD Western Balkans Sustainable Energy Credit Line Facility II (WeBSEFF II) is an investment facility established by the EBRD to provide debt financing for energy efficiency projects and small renewable energy projects implemented by private companies, Energy Service Companies (ESCOs) and municipal entities in the Western Balkans. It aims to unlock the significant potential in the region to reduce energy intensity and promote diverse sources of green energy. WeBSEFF II follows on the success of the first WeBSEFF launched in 2009 (www.webseff.com).

WeBSEFF II will be used as an instrument to encourage private and municipal borrowers to pursue sustainable energy projects that are often challenging to develop, finance and implement. It is designed to provide tailor-made financing, accompanied by assistance from technical consultants to borrowers and the local commercial banks. In addition, WeBSEFF II provides incentive payments to the borrowers, paid on completion of the projects, which are linked to the greenhouse gas emission abatements achieved by them. Donor support for this operation has been provided by the European Union.

Eligible investments

Industrial energy efficiency and commercial building sector energy efficiency projects, ESCO projects, municipal buildings energy efficiency and small renewable energy projects.

Eligible countries

Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Kosovo, Montenegro and Serbia.

Eligible companies (borrowers)

Local private enterprises, firms, businesses, sole proprietors or other private legal entities formed under

the laws of any eligible country and operating in those countries. For municipal sector projects - municipalities or public or private companies delivering municipal services and directly responsible for the implementation of the investments; or private Energy Saving Companies (ESCOs) implementing an energy efficiency investment in co-operation with one or more municipalities. In the case of renewable energy projects operated under a concession arrangement, the company needs to have acquired that concession in a competitive tender.

Financing parameters

Loans under WeBSEFF II will be provided via Participating Banks in individual eligible countries. Individual loans will not exceed €2 million for private and €2.5 million for municipal sector and ESCOs and can cover up to 100 per cent of investment costs. Interest rates are market based as determined by Participating Banks.

Investment incentives

Investment incentives are provided to eligible projects upon successful project completion. The amount of the incentives is determined upfront based on the estimated energy savings and CO₂ emission reductions generated by the project. The investment incentives are applied towards reducing the outstanding loan principal and can reach up to 10 per cent of the loan amount for private sector and up to 15 per cent of the loan amount for municipal sector and ESCO projects.

Technical Assistance

A project implementation team will be hired by the EBRD in order to create awareness about the Facility among potential borrowers. The Participating Banks will assess the creditworthiness of potential borrowers according to their standard procedures. The project

implementation team will provide free-of-charge advice (usually based on an energy survey at the potential borrower's site) to help identify and evaluate energy efficiency and renewable energy investment opportunities and will supply Participating Banks with a technical and financial assessment of the potential project.

Operating modalities

WeBSEFF II can provide up to €75 million for providing loans and up to €11.5 million from the incentive payments and technical cooperation funds provided by the European Commission. The technical cooperation funds will be used for hiring a project consultant (to assist in project preparation and marketing), and a verification consultant (to verify the successful completion of each sub-project and to advise on the eligibility for incentive payments), as well as for investment incentives to eligible projects.

Terms and conditions

WeBSEFF II operates on a strictly commercial basis, supporting only financially viable projects and seeking commercial returns on financed investments.

Next steps

For further information, or to request financing, please contact the EBRD staff listed below or your local EBRD office.

Contacts

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