Energy Community Renewable Energy Coordination Group 3rd Meeting, Vienna 7 March 2017

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The EIB at a glance

• Established in 1958 under the Treaty of Rome

• Shareholders: EU Member States

• AAA-rated by the three major rating agencies

• Largest multilateral lender and borrower in the world

• Some 450 projects each year in over 160 countries

• Headquartered in Luxembourg & 44 local offices employing around 3,000 staff
EIB Group financing in 2016: EUR 83.8bn

Signatures

European Union
EUR 75.4bn

Outside EU
EUR 8.38bn

EFTA & Enlargement Countries
EUR 3.35bn

Eastern Neighbours
EUR 1.65bn

Africa, Caribbean, Pacific, South Africa
EUR 0.77bn

Asia and Latin America
EUR 0.98bn

Southern Neighbours
EUR 1.63bn

Total EUR 83.8bn
EIB Energy Lending 2012-2016
in EUR bn

EIB Energy Lending 2012-2016
in EUR bn

Total RE Lending Breakdown 2012-2016

- Security of Supply
- Energy Networks
- Energy Efficiency
- Renewable Energy

- RDI
- HYDRO
- CSP
- PV
- WIND ONSHORE
- WIND OFFSHORE
- BIOMASS
- GEOTHERMAL
- MIXED
- GRID INTEGRATION

European Investment Bank Group
06/03/2017
EIB Energy Lending in Energy Community Member States

Energy lending 2012-2016

- Security of Supply: 80,000,000
- Renewables: 336,500,000
- Energy Networks: 380,600,000
- Ukraine: 666,600,000
- Republic of Moldova: 72,500,000
- Bosnia and Herzegovina: 58,000,000
Recent EIB RE projects in EnC member states

- **RENEWABLE ENERGY HPP VRANDUK**, new 20 MW run-of-river HPP on river Bosna, BIH
- **GREEN FOR GROWTH FUND I, II, III**, debt fund focusing on small scale EE and RE projects in SEE
- **HYDRO POWER PLANTS REHABILITATION**, upgrading and refurbishment of 21 hydropower units along river Dnieper, Ukraine
- **ZLETOVICA IRRIGATION AND HYDRO POWER**, irrigation of some 4,500 ha in the region of municipalities Probistip and Kratovo and construction of 8 small HPPs, FYROM (supported by TA / WBIF)

**Technical Assistance**

- TA for financing preparation of Feasibility study including Technical Design, Environmental and Social Impact Assessment and Tender documentation for construction works
  - **Wind farm Poklecani**, 110 MW, BIH
  - **Wind Farm Vlasic**, 50MW, BIH
- EIB follows together with other IFIs WB6 Hydropower Master Plan (assessing potential for sustainable HPP in the region), contracted by DG NEAR
Current status and opportunities for RE in EnC

- Hydropower is the backbone, but needs renewal and new capacity development
- Other RE technologies are nascent, except in Ukraine which has established wind and solar PV projects
- Smaller RE project developments are beginning to pick up in other countries (Monte Negro, FYROM, Serbia...)
- Variations from country to country but generally large RE potential; >100 GW total technical potential
- Rapidly falling capital costs (e.g. wind, solar PV) => cost competitive at most suitable locations
Example of RE auction tariffs / MWh

Source: IEA, EIB
Challenges
(much of this applies to all countries...)

- Commercial / Off-take risk
- Regulatory / lack of stable and sufficient support schemes for RE
- Complex concession, permitting and EIA procedures / Natura 2000, land allocation clearance
- Strategic Environmental Assessment missing
- NGOs scrutiny in relation to protected areas
- Grid issues related to connection and commissioning
- Procurement issues (e.g. lack of national remedy mechanism)
How can EIB help

- The Bank has significant experience in providing technical assistance and advisory to promoters.
- It has strong technical expertise in energy sector, in all RE technologies, both mature and emerging.
- It has the benefit of working both inside and outside the EU, spreading best practices from EU counterparts with more experience to less experienced promoters.
- It works in close collaboration with EU Commission ensuring that EU values and standards are properly integrated in projects outside the EU.
## EIB products: we help catalyse investment

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<th>LENDING</th>
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<td>• Project Loans</td>
<td>Combining EIB finance with EU budget (e.g. Instrument for Pre-Accession – IPA / WBIF)</td>
<td>Prepare, evaluate and support the implementation of projects</td>
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<td>• Intermediated Loans</td>
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<td>• Equity Participation</td>
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<td>• Guarantees</td>
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Attracting FUNDING for long-term growth
Core Due Diligence requirements

› 2013 EIB Energy Lending Criteria
  › Focus on EE, RES and grids
  › Emissions Performance Standard < 550g CO2/kWh
  › Mature versus Emerging Renewables

› EIB Guide to Procurement

› Environment and Social Handbook

› Economic justification (Economic Appraisal)
  ✓ RES: Mature technologies - LCOE below conventional
  ✓ RES: Sustainability of support mechanism
Introducing the EIB’S Economic Resilience Initiative (ERI)

Overall approach

- Request from the European Council in March 2016
- EIB set up the Economic Resilience Initiative to support regions outside Europe affected by the refugee crisis
- Initiative will provide loans and grants to support growth, employment, infrastructure and social cohesion in the Southern Neighbourhood and Western Balkan countries
- Endorsed by Brussels European Council in June 2016 / Bratislava European Council in September 2016

Economic Resilience Initiative Focus

Sectors:

- Social sector, SMEs and Microenterprises, Water, Sanitation & Waste, Post disaster/conflict recovery & risk reduction, Sustainable transport
- **Energy**: investment in energy generation and transmission infrastructure is key for economic development
  - State owned corporates with no recourse to the State
  - Private sector projects that would not otherwise be pursued due to their high risk
  - TA and grants for projects preparation and implementation
Conclusions

• EIB sees large potential for investments in RE in EnC member states

• EIB is keen to continue supporting RE projects in EnC member states as they will be needed to achieve the long term climate goals

• It is offering a wide range of financial instruments as well as our technical expertise in TA (e.g. ERI, WBIF)

• EIB objective is to stimulate growth, employment as well as to contribute to the decarbonization of the European economy

• Adequate regulations should attract substantial capital and financing