GREEN ECONOMIC DEVELOPMENT PROGRAMME

Energy Efficiency Revolving Fund

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UNDP CO BiH
Pilot projects
(initial raising awareness on EE)
2010 - 2013

Institutionalization
(Systematic approach to energy management)
2013 - 2018

Self-sustainable EnM mechanisms
(favorable EE investing environment)
2016 - onwards
GREEN ECONOMIC DEVELOPMENT „GED“ - Five Programme Components

- **Cost savings for public sector / budget**
- **Employment of domestic work force**
- **Reinvestment in local priorities and infrastructure**
- **Creating a favorable environment for financing EE measures in BiH**
- **Institutionalization of energy management (PC2)**
- **Legislative framework - financial mechanisms (PC3)**
- **Capacity Building (PC1)**
- **Infrastructure measures (PC4)**
- **Public awareness (PC5)**

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**Cost savings for public sector / budget**

**Employment of domestic work force**

**Reinvestment in local priorities and infrastructure**
GREEN ECONOMIC DEVELOPMENT – Partners on the project

- SIDA/Swedish Embassy (partner on the GED project from 2015)
- Ministry of Foreign Trade and Economic Relations of BiH

**FBIH**
- Environmental Fund of the FBiH
- Tuzla Canton
- Una-Sana Canton
- Central Bosnia Canton
- Canton 10
- West Herzegovina Canton
- Canton Sarajevo
- Bosnian-Podrinje Canton

**RS**
- Environmental Protection and Energy Efficiency Fund of the Republic of Srpska
- Ministry of Education and Culture
- Ministry of Health and Social Welfare
- Ministry of physical planning, civil engineering and ecology of RS (WB PIU)
Update on GREEN ECONOMIC DEVELOPMENT project

- Energy Efficiency Revolving Fund within Environmental Fund in FBiH update
- 27 EE infrastructure projects of public sector buildings in 2015
- 45 EE infrastructure projects of public sector buildings planned in 2016
- Energy, costs, emission monitoring via EMIS software - decision adopted by five Cantons in FBiH; training for end-users under the Ministry of Health and Ministry of Education of RS currently being delivered
- Building typology for public sector buildings (administration, education and healthcare) for FBIH and RS in QR1 2017 (methodology aligned to EPBD and GiZ’s residential sector typology)
- MoU to be signed with PIU of WB’s EE loan in Federation of BiH (for 2017)
- Seven public sector building retrofitted with PIU of WB’s EE loan in Republika Srpska
GREEN ECONOMIC DEVELOPMENT „GED“ - Five Programme Components

- Capacity Building (PC1)
- Institutionalization of energy management (PC2)
- Infrastructure measures (PC4)
- Legislative framework - financial mechanisms (PC3)
- Public awareness (PC5)

Creating a favorable environment for financing EE measures in BiH

- Cost savings for public sector / budget
- Employment of domestic work force
- Reinvestment in local priorities and infrastructure
Energy Efficiency Revolving Fund

- Support Environmental Protection Funds for improving EE&Env financial mechanisms

2014.
- Study on improving financial mechanisms to Funds in the field of EE for FBiH and RS Funds

2015.
- Technical assistance in establishing EE Revolving in FBiH Fund - methodology, internal documents and acts (Regulations), the Terms of Reference for a strategic partner for the issuance of commission loans
- Study on improvement of financial mechanisms in Environmental Protection Fund FBiH (Waste water treatment and waste)

2016.
- Technical assistance to establish EE RF – operationalize the RF in FBiH
- Technical assistance in establishing EE Revolving in RS Fund - methodology, internal documents and acts (Regulations), the Terms of Reference for a strategic partner for the issuance of commission loans

- Fule switch project tailored financial mechanisms (fossil fuels to biomass)
- Public lighting
- Performance-based-granting
Energy Efficiency Revolving Fund in FBiH

- Development took 2.5 years – from idea in late 2013 to operationalization in mid 2016

- TA for establishing EE Revolving Fund at FBiH Environmental Fund:
  - Methodology on project evaluation,
  - Internal documents and acts,
  - Rulebook on criteria for evaluation of applications for financing EE projects through EE RF,
  - Guideline for users of Revolving Fund for EE projects,
  - Terms of Reference for a strategic partner for the issuance of commission loans,
  - Financial model for evaluating cash flow/initial funding of projects.
Energy Efficiency Revolving Fund in FBiH

- Key challenges
  - Legal basis for EE RF
  - Procurement of strategic partnership for issuing commission loans
  - Identifying strategic partner for commission loans
  - Motivate end-users to go from grant to loan financing
Energy Efficiency Revolving Fund in FBiH

- EE RF enabled to finance following EE projects:
  - EE in public and residential sector
  - EE in industrial processes
  - EE within existing energy generating units and primary distribution systems, and
  - Renewable energy sources as EE measures
Energy Efficiency Revolving Fund in FBiH

• EE RF general conditions (modalities vary from call for proposals to call for proposals):

• Max loan amount per project – 250.000 BAM
• Max loan amount per client – 1.000.000 BAM
• Grace period – 6 to 12 months
• Maturity – up to 7 seven years (incl grace period)
• Collateral – defined per contract for each project separately
• Interest rate – from 0 to 4%
• Troškovi obrade– from 0 to 1%
• Min co-financing – 10%
Energy Efficiency Revolving Fund in FBiH

- EE RF evaluation process - four evaluations steps

Financial criteria
(client’s creditworthiness)

EF’s strategic partner, i.e. commercial FI

Technical and economic criteria
(eligibility of EE project)

Environmental Fund

Environmental and development criteria
(eligibility of EE project)
Energy Efficiency Revolving Fund in FBiH

- 1st call for proposals in August 2016; open for applications for 60 days

- EE loans for:
  - EE in public and residential sector
  - EE in industrial processes

- Total budget – 2,000,000 BAM

- Loan modalities:
  - Max loan amount per project – 250,000 BAM
  - Grace period – 12 months
  - Maturity – up to 7 seven years (incl grace period)
  - Collateral – bank guarantee
  - Interest rate – 2%
  - Troškovi obrade – 1%, or minimum 250 BAM
  - Min co-financing – 10%
Energy Efficiency Revolving Fund in FBiH

APPLICATION

Evaluation – 2 steps

Financial institution (evaluation of client’s creditworthiness)

Env Fund (evaluation of project’s technical and economic criteria)

The application meets the RF requirements

Information on evaluation

Preparation for signing of Loan Agreement (up to 6 months)

end of process

yes

no

LOAN AGREEMENT DURATION

- Reporting on energy savings
- Repayment of EE loan

IMPLEMENTATION PERIOD

- 12 months grace period for implementation of EE project - repayment of interests
- Project funded based on financial tranches in accordance with documented realization of project phases

LOAN AGREEMENT SIGNED between Client and Financial Institution

end of process

yes

no
Energy Efficiency Revolving Fund in FBiH

- Currently evaluation procedure in on-going
- Four application received – two for EE in public and residential sector, two for EE in industrial processes
Energy Efficiency Revolving Fund in FBiH

The goals:

• Enable higher volume of EE financing in BiH by enabling a portfolio of different EE financing products within Env Funds in BiH

• Switch from grant financing to loan financing (with performance based granting)

• Enable BiH to meet its EE obligations

• Generate employment in BiH

• Study „Analyzing the employment impact of EE measures in Bosnia and Herzegovina“, i.e. 1m € invested in EE generates 98 green jobs annually
Energy Efficiency Revolving Fund in BiH

GREEN JOBS
Analysing the Employment Impact of Energy Efficiency Measures in Bosnia and Herzegovina
Thank you!

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