

BALKAN RENEWABLE ENERGY PROGRAM (BREP) WITH A FOCUS ON SMALL HYDRO POWER PLANTS (SHPP)

**- Conference on Financing Energy Efficiency and Renewable Energy
Investments for Climate Change Mitigation-**

Skopje, June 30 2011

Dimitar Dimitrovski, Policy/Legal Specialist

About IFC

IFC is a Member of the World Bank Group

IBRD
International Bank
for Reconstruction
and Development

Est. 1945

Role: To promote institutional, legal and regulatory reform

Clients: Governments of member countries with per capita income between \$1,025 and \$6,055.

Products:

- Technical assistance
- Loans
- Policy Advice

IDA
International
Development
Association

Est. 1960

To promote institutional, legal and regulatory reform

Governments of poorest countries with per capita income of less than \$1,025

- Technical assistance
- Interest Free Loans
- Policy Advice

IFC
International
Finance Corporation

Est. 1956

To promote private sector development

Private companies in 179 member countries

- Equity/Quasi-Equity
- Long-term Loans
- Risk Management
- Advisory Services

MIGA
Multilateral
Investment and
Guarantee Agency

Est. 1988

To reduce political investment risk

Foreign investors in member countries

- Political Risk Insurance

← Shared Mission: To Promote Economic Development and Reduce Poverty →



BREP - Brief Description



GOAL

To fully enable creation of RE/SHPP market in Albania, Bosnia and Herzegovina, and Macedonia;

To support development and financing of SHPP in the three countries.

OBJECTIVES (COMPONENTS)

Improvement of existing RE regulatory framework

Assistance to SHPP sponsors

Assistance to financial institutions (banks)

BREP Program Identified Stakeholders

SPONSORS



PUBLIC SECTOR

- Government,
- Agencies,
- Power companies,
- Municipalities

TECHNICAL SUPPORT

- Manufact. companies
- Engineering and Consulting companies
- IFIs Advisory Services and Technical Assistance

FINANCIAL INSTITUTIONS

- Local banks
- International FIs
(IBRD, IFC, EBRD, EIB, KfW)



MAIN ACTIVITIES

General

- In-depth research of existing framework
- Regional knowledge and best practice exchange
- Alignment with EU/Energy Community Treaty requirements



Specific

- Developing/Improvement of feed-in tariff systems
- Improvement of PPA with “take-or-pay” clause integration
- Full implementation of “step-in” rights
- Improvement of SHPP sponsor selection criteria

MAIN ACTIVITIES

General

- B2B matchmaking events in cooperation with chambers of commerce
- Regional knowledge and best practice exchange



Specific

- Cross-check of existing SHPP designs
- Workshops on SHPP design and modern technologies
- Support to the concessionaire (sponsor) associations
- Providing tools and advices on SHPP projects bundling

MAIN ACTIVITIES

General

- Country level assistance to financial institutions
- Regional knowledge and best practice exchange

Specific

- Development of SHPP financing manual
- Development of template for SHPP cash-flow projections
- In-depth support for selected FIs
- Case studies to promote SHPP investment by FI sector



Outline of IFC Investment Products

Financial Products - From Equity to Debt



- Corporate and JV
- Typically 5-15% shareholding (not to exceed 20% of total equity)
- Long-term investor, typically 6-8 year holding period
- Not just financial investor, adding to shareholder value
- Usually no seat on board
- Infraventures (early equity investments)

- Subordinated loans
- Income participating loans
- Convertibles
- Other hybrid instruments

- Senior Debt (corporate finance, project finance)
- Fixed/floating rates, US\$, Euro and local currencies available
- Commercial rates, repayment tailored to project/company needs
- Long maturities: 8-20 years, appropriate grace periods
- Range of security packages suited to project/country
- Mobilization of funds from other lenders and investors, through cofinancings, syndications, underwritings and guarantees

Thank you for your attention



Dimitar Dimitrovski,
BREP Policy/Legal Specialist
Phone : +389 2 3223 306
Fax : +389 2 3223 298
Mobile : +389 70 38 38 01
E-mail : ddimitrovski@ifc.org

