

# Balkan Renewable Energy Program (BREP)

## Comprehensive Approach to Unlock Renewable Energy Market in the Balkans

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# IFC - 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 184 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



# IFC - Internal Structure

## Advisory Services (AS)

IFC Provides Advice, Including to:

- Businesses
- Public-Private Partnerships
- Supporting the Private Sector

## Investment Services (IS)

IFC Investing Solutions Include:

- Loans
- Syndicated Loans
- Equity Finance
- Structured Finance
- Risk Management Products
- Local Currency Financing
- Private Equity & Invest. Funds
- Trade Finance



# Balkan Renewable Energy Program



BREP Countries	
ALB	Albania*
BIH	Bosnia and Herzegovina*
MAC	Macedonia**
MNE	Montenegro***
KOS	Kosovo***
SRB	Serbia***
MDA	Moldova*** (limited scope)

( BIH - IDA-Blend; KOS, MDA - IDA )

\* Started FY10; \*\* Started FY12; \*\*\* Started FY13

Component	Activities
C1	Regulatory framework improvements
C2	Support to renewable energy sponsors (Market and company level)
C3	Support to financial institutions (Market and bank level)

# C1. Investment Climate - Approach

## Investment Climate Targets

- Align national regulation with EU; Fulfill obligations in accordance to EC Treaty of SEE;
- Design appropriate incentive mechanisms;
- Increase transparency of concessions granting procedure (credibility);
- Design investment promotion tools and mechanisms for SHPPs;
- Increase “bankability” of projects and decrease collateral requirements;
- Make predictable cash flow analysis and conditions for project financing.



# C1. Investment Climate - Results

- Signed agreements with all 6 countries
- Including ongoing work in KOS, MAC, MNE more than 50 LD delivered
- Capacity building of public institutions

Country	Legal Document	Enacted
SRB	Decree on Feed-in Tariffs	Jan, 2013
	Decree on Privileged Status	
	Decree on End-User Fee Calculation	
	Preliminary PPA	Jun, 2013
	PPA for producers above 5MW	
	PPA for producers bellow 5MW	
ALB	Law on Renewable Energy	May, 2013
BIH (RS)	Law on Renewable Energy and Efficient Cogeneration	May, 2013
	Law on Concessions	Jun, 2013
BIH (FBIH)	Law on Renewable Energy and Efficient Cogeneration	Sep, 2013



# C2. Support to Private Sector - Approach

## Market Level Interventions

- B2B workshops,
- Support to Associations,
- Knowledge sharing
- Promotion of new technologies

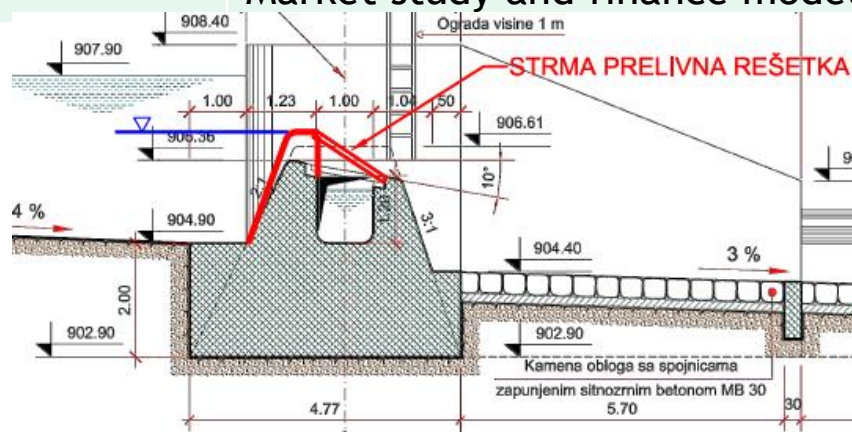
## Company Level Interventions

- Designs cross-check,
- Business plan preparation,
- E&S assessment
- CDM projects registration



# C2. Support to Private Sector - Results

Country	Project/Service Description	Type
ALB	B2B - Linking international and local SHPP companies Registration of Programmatic CDM for SHPPs Revision of Feasibility study for 7 SHPPs	Market Company Company
BIH	Support in SHPP tender preparation Revision of feasibility studies of SHPP system Revision of concept design of SHPP system	Market Company Company
MAC	Pre-feasibility study preparation for biomass plant	Company
SRB	Analysis of biogas plants costs and incomes in Serbia Market study and finance model for Pump-Storage HPP	Market Company





# C3. Support to Banks - Approach

## Market Level Interventions

- Training material development
- Integration of Regulatory/ Budgeting/ Engineering and Risk in the Finance Manual
- Country Level Workshops

## Bank Level Interventions

- In-depth Training for SHPPs and PF
- Support in First SHPP Assessment
- Portfolio Analysis and Recommendation ( in the second year)



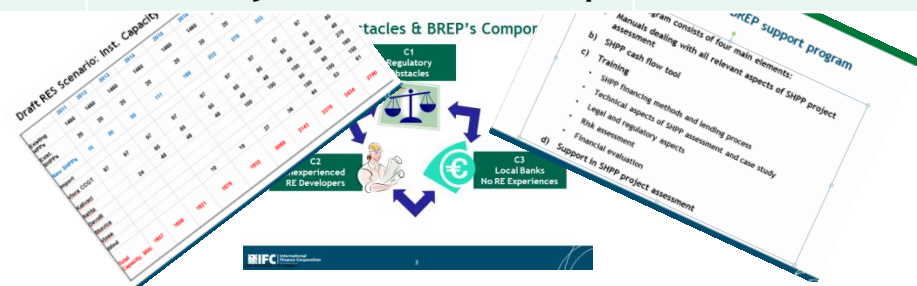
# C3. Support to Banks - Results

## Training material development



- **Technical Manual (all relevant aspects of SHPP project assessment)**
  - Engineering Manual
  - Legal Manual
  - Budgeting Manual
  - Risk Manual
- **Finance Manual (consolidate the 5 areas of expertise)**
- **SHPP Cash Flow Tool (Finance Modeling)**

Cnt	Project/Service	Type
ALB	Country level workshop Support Credins Bank Support Intesa Bank	Market Bank Bank
BIH	Country level workshop Support UniCredit Mstr Support UniCredit BL	Market Bank Bank
KOS	Country level workshop	Market
MAC	Country level workshop	Market
MNE	Country level workshop	Market
SRB	Country level workshop	Market



# Conclusions

- Multi-Sectoral Approach: regulation, private sector, financial institutions, local community, NGOs
- Taking care about regional/national specific framework and needs
- Alignment of Key International Players
- Affordability: offered solution shall not be too expensive
- Long Term Sustainability: energy (infrastructure) projects assume long term operation
- Pilot Projects / Massive Implementation: Pilot projects are good but only if it is possible to replicate under same conditions.
- Include Local Economy as much as possible: sometimes is hard to promote RE if all products and services are coming from abroad.
- Global warming is very important but put equal attention to reduction of local pollution.