

# WESTERN BALKANS: EBRD VALUE PROPOSITION TO THE PRIVATE SECTOR AFTER COVID-19 SHOCK

## EBRD – A brief overview

Ana Draskovic, Director, Head of EBRD Business Development

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**European Bank**  
for Reconstruction and Development

# EBRD - An overview



European Bank  
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An international financial institution supporting the development of sustainable well-functioning market economies

## Triple-A rating

(from all three main rating agencies (S&P, Moody's and Fitch))

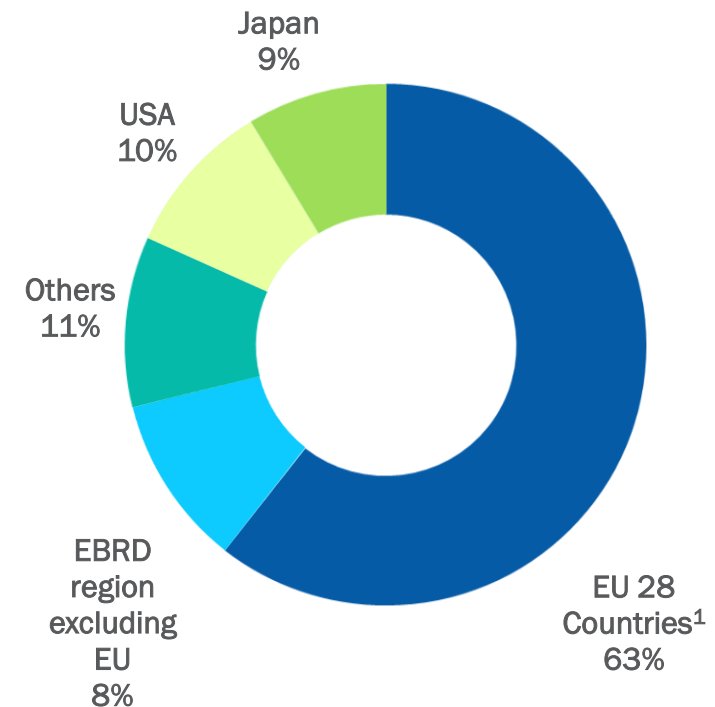
Owned by 69 countries and 2 inter-governmental institutions

(the EU and EIB)

€30 billion  
Capital base

- 1991** Established
- 1992** Russia and 11 other members of the former Soviet Union join
- 2007** The Czech Republic becomes the first country to “graduate” from the EBRD
- 2012** Starts investing in Egypt, Jordan, Morocco and Tunisia
- 2016** 25th anniversary; China becomes 67th member
- 2017** Starts operating in Lebanon and in West Bank and Gaza
- 2018** India and San Marino become members
- 2019** Libya becomes a member

## Shareholding structure



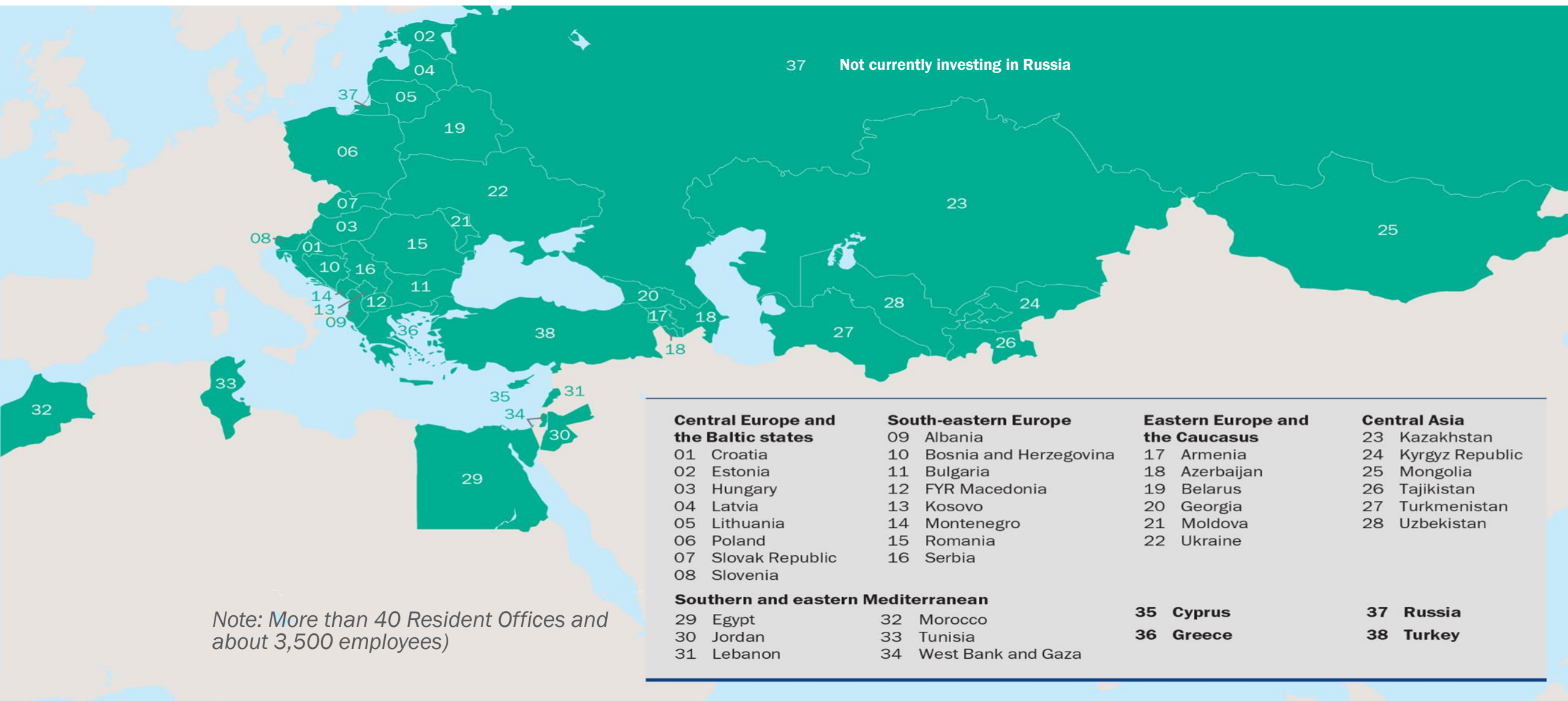
1. Includes European Community and European Investment Bank (EIB) each at 3%. Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%

# EBRD Countries of Operations

## ....across three continents



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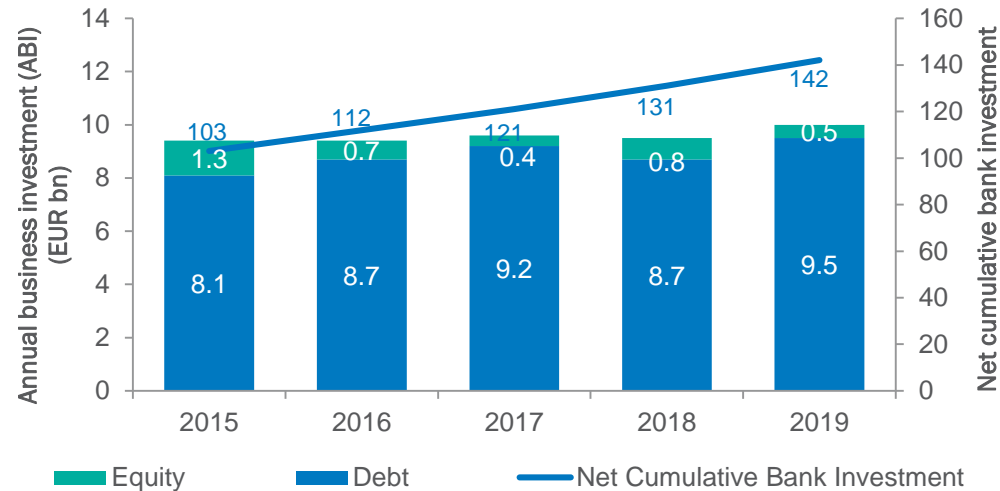


# EBRD's Investments



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**Since 1991, EBRD invested over €142 billion in around 5,670 projects**



## EBRD Top 10 investee countries in 2019 (€m)

1	Egypt	1,214
2	Ukraine	1,225
3	Turkey	1,002
4	Poland	833
5	Kazakhstan	685
6	Greece	571
7	Uzbekistan	517
8	Serbia	517
9	Belarus	391
10	Romania	372

**In 2019**

**€10 bn**

**452**  
projects

Private sector accounted for share of

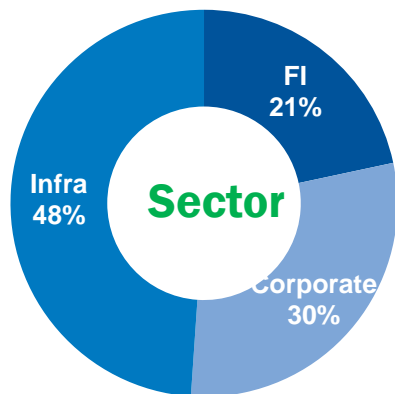
**79%**

Debt: **83%**

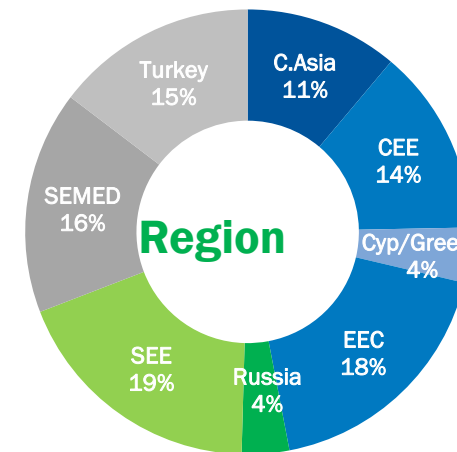
Equity: **9%**

Guarantee: **8%**

## EBRD Portfolio (December 2019): € 46 billion



- Financial Institutions 21% (Banks, Leasing, Insurance, Other)
- Corporate 30% (Agribusiness, M&S, P&T, ICT, Equity funds)
- Sustainable Infrastructure 48% (Transport, Municipal Infrastructure)



- Central Asia 11%
- Central Europe & Baltics 14%
- Cyprus & Greece 4%
- Eastern Europe & Caucasus 18%
- Russia 3%
- South-Eastern Europe 19%
- SE Mediterranean 16%
- Turkey 15%

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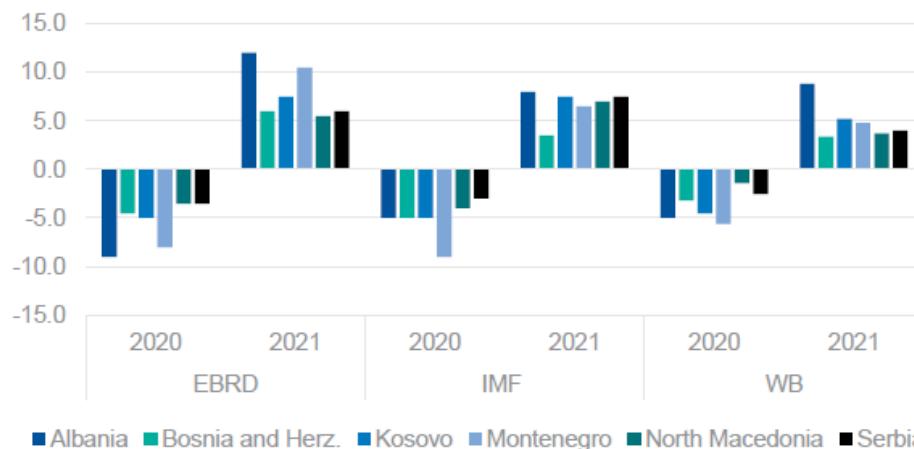
# EBRD in the Western Balkans-Agribusiness sector

July 2020



# Growth outlook in the region: Recession of close to 5% in 2020 followed by 7% recovery in 2021

GDP forecasts for Western Balkans  
(%)



	EBRD		IMF		WB		EC	
	2020	2021	2020	2021	2020	2021	2020	2021
Western Balkans	-4.8	7.1	-4.2	6.8	-3.1	4.7	-3.0	4.0
Albania	-9.0	12.0	-5.0	8.0	-5.0	8.8	-4.8	4.2
Bosnia and Herz.	-4.5	6.0	-5.0	3.5	-3.2	3.4		
Kosovo	-5.0	7.5	-5.0	7.5	-4.5	5.2		
Montenegro	-8.0	10.5	-9.0	6.5	-5.6	4.8	-5.9	4.4
North Macedonia	-3.5	5.5	-4.0	7.0	-1.4	3.7	-3.9	4.0
Serbia	-3.5	6.0	-3.0	7.5	-2.5	4.0	-4.1	6.1

# Agribusiness-Covid 19 impact



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- 1** Route to market  
Initial volatility within WB and WB-EU trade links demonstrated point of strong local supply chains wherever possible
- 2** Consumer confidence and behavior  
Consumers have been tilting towards staple, e-commerce is a new opportunity, social distancing measures affecting retail
- 3** Strategic sector-sowing season timely done  
Governments have tailor made safety measures during lockdowns to enable agriculture season to be prepared on time

Sector proved **defensive** with portfolio holding well!!!



- 1 Importance for local economies

In addition of being important contributor to GDP and employment, the sector was proven to be the key stabilizing factor during pandemic of Covid 19
- 2 Regional integration

A number of cross-border investments in particular among ex YU has helped in re-integrating markets, reinvigorating common brands and created new opportunities for foreign investors
- 3 Driver of future growth

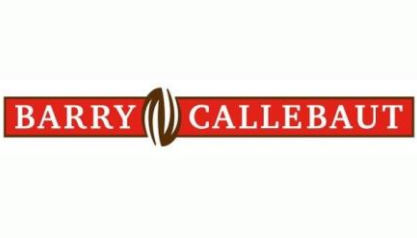
With growth of global population, disposable income and increasing pressure on resources, the region can play its role as it is the sector where it can be competitive

EBRD has been financing local and regional champions in their investment plans, cross-border investments in wider ex YU region (Western Balkans plus Slovenia and Croatia) in addition to foreign investors with tailor made instruments from debt to equity.

- 1** Consolidation  
Further consolidation is expected particular post Covid in a number of sectors (food retail, sugar, dairy, edible oil as well farming etc.)
- 2** Infrastructure investments  
Region is at cross roads of many pan European corridors and recent investments in motorways, railways and finally starting on waterways (Danube) are already helping in attracting inv.
- 3** Further integration  
Free trade agreements with EU, further EU integration, free trade with Russia and CIS (Serbia) or with Turkey (BiH) in addition to free trade within WB

Legacy of 1990s have impacted image of the region, but that has been changing as well. Region has become more integrated in global supply chains, more presence of foreign companies is noticed. Serbia has been praised by FT in attracting FDIs across sectors.

# Notable M&A and FDI activities in the sector essentially in Serbia, albeit with regional presence



In 2020 BC started the construction of state of the art facility in Serbia with investment volume expected to reach EUR 50m

# EBRD agribusiness focus in Western Balkans



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- Promote **new foreign direct investment**
- Support agribusinesses, including export-oriented SMEs, to **enter high-end markets such as EU** by producing high-quality food
- Enhance **cross-border investments**
- Facilitate **public-private platforms** to improve policy transparency and increase investor confidence
- Link agribusinesses with **new technologies and research** to promote innovation and improve efficiency
- **Ca EUR 750m** sector investments in **Serbia** as dominant agribusiness player; focus in other countries on local champions and SMEs



# Narrowing the gap – EBRD's added value

The EBRD is the largest institutional investor in the region. The Bank's contribution includes:

- 1** Regional expertise  
Extensive knowledge of local economy, business environment and practices, with 20 years of successful track record in the region
- 2** Good government relationships  
Excellent working relationship with governments. EBRD can provide political comfort to partners by engaging in policy dialogue with regulators and industry bodies
- 3** Strong appetite for risk  
EBRD's sizeable and diversified portfolio and its mandate to complement private sector financiers given the Bank the capacity to act as a risk taker and offer bespoke fin products

EBRD has been supporting and boosting private sector investments both by minority equity investments and providing different types of financing instruments such as senior, subordinated, mezzanine and PIK loans.

# Selected Italian companies present in the region

Italy is the largest foreign direct investor in Serbia and one of the largest overall in the Western Balkans region



Present in the region since  
**2006**

In 2016, the EBRD provided  
€7.25m debt financing  
supporting production  
capacity increase in Serbia

INTESA  SANPAOLO  UniCredit

The EBRD has a long standing  
cooperation with Intesa  
SanPaolo and UniCredit in  
Serbia, Albania and Bosnia  
and Herzegovina

## Other notable Italian companies present in the region



Present in the region  
since **2008** through its  
subsidiary FCA Srbija



Present in the region  
since **2006**

**CAL  
ZE  
DO  
NIA**

Present in the region  
since **2016**

**GEOX**

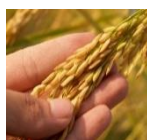
Present in the region  
since **2016**

# Advisory in the Agribusiness Sector

## Grain sector:

We work with both companies and the government to strengthen public-private dialogue, improve policy transparency and increase investor confidence.

Serbia



- Serbia approved as a wheat exporter to Egypt (after 30 years) as result of EBRD-FAO policy dialogue
- Grain Association supported in hosting a roundtable at Global Grain in Geneva (Europe's biggest grain event)
- "Serbia grains and oilseeds market review – Infrastructure, development and possibilities for export" developed; first national grain conference organised in October 2019.
- Serbia become a member of International Grain Council in 2020

## Water management and irrigation:

In partnership with the FAO, we are supporting the Government of Serbia with the drafting of its Irrigation Development Strategy and the identification of specific policy and investment options for increased agricultural productivity, sustainability and climate change resilience via enhanced and newly developed irrigation networks.

Serbia



- As of July 2020, public-private Working Group formed to prepare the Strategy and related five-year Action Plan
- EBRD/FAO to support identifying and map priority irrigation investments for the 2020-2030 period
- EUR 15m loan signed for first stage of investments

## Meat and dairy:

Jointly with the FAO, the EBRD supported improvements to the competitiveness of the meat and dairy sectors:

Serbia



- Policy dialogue with approximately 40 industry and associations representatives from the meat and dairy sectors in Serbia on improving competitiveness and upgrade of biosecurity measures to facilitate meat exports
- Risk Communication in Food Safety trainings around the aflatoxin issues for 40 public and private sector stakeholders from the meat and dairy sector in 2016
- Launch of the first private quality label for meat producers to register as “**Serbian quality**” in 2018

## Food Retail:

The EBRD is supporting food retail businesses to identify and apply **circular economy business models** to their processing and production cycles through advisory on **appropriate labels and branding, value chain efficiency, and food waste and loss. Outcomes include:**

Montenegro



- Identification of opportunities for Voli, a market leader in Montenegro, to build local produce supply as brand differentiator, develop an energy use plan, analyse business environmental and social risks.
- Sales training for staff and employment/inclusion program with school students resulted.

Greece







- Production of country reports on food waste and loss, and created guidelines that highlight good sector practice for the integration of the circular economy approach into relevant stages of the food supply chains



# Advisory in the Agribusiness Sector

## Horticulture:

Jointly with the FAO, the EBRD is supporting agricultural producers and governments to develop, strengthen, and market **Geographical Indications (GIs) origin-based food quality labels** in the Western Balkans, as well as engage in policy dialogue and training in the sector. Outcomes **include:**

Croatia		<ul style="list-style-type: none"><li>- Supported local Baranja ham and Neretva mandarins to receive GI status at national and EU level in 2015</li></ul>
Serbia		<ul style="list-style-type: none"><li>- Supported oblacinska sour cherry, Arilje raspberries, and a vegetable puree to receive GI status</li></ul>
Montenegro		<ul style="list-style-type: none"><li>- Supported Crnogorska Goveda pršuta along with dried and smoked sheep meat Crnogorska Stelja trcrivrf to receive GI status in 2018.</li><li>- Trained 100 fruit and vegetables suppliers and buyers/aggregators on best practices in value chain integration between 2018 and 2019</li></ul>
Albania		<ul style="list-style-type: none"><li>- Supported small businesses through advisory and via the Albanian Agribusiness Support Facility.</li><li>- Completed a study on the support of the agribusiness segment and promising areas to support.</li></ul>
Greece		<ul style="list-style-type: none"><li>- Provided technical support for olive oil small producers</li></ul>



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# Manufacturing and Services in Western Balkans

July 2020

*Patryk Borzecki, Regional Head M&S*



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## Working with EBRD in the corporate sector Manufacturing and Services (M&S)

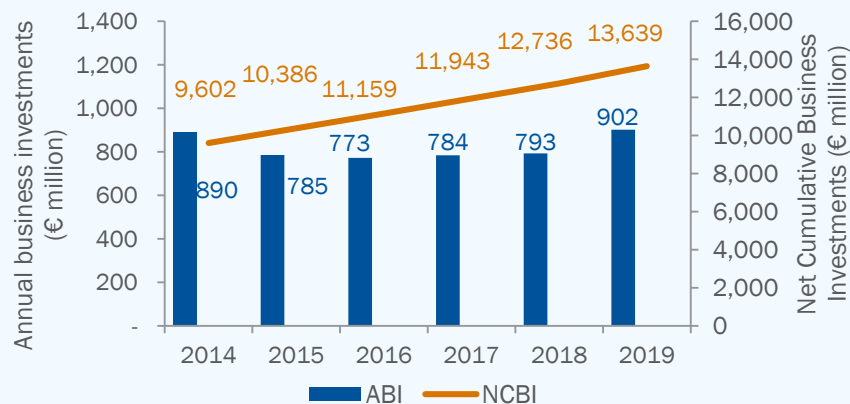
# Manufacturing and Services Achievements



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## M&S outline

EBRD M&S is the single largest investor across Central and Eastern Europe and CIS



€ invested in 2018

€793 million as at year end 2018 (signed 63 projects)

€ invested in 2019

€902 million as at 31 Dec 2019 (signed 62 projects)

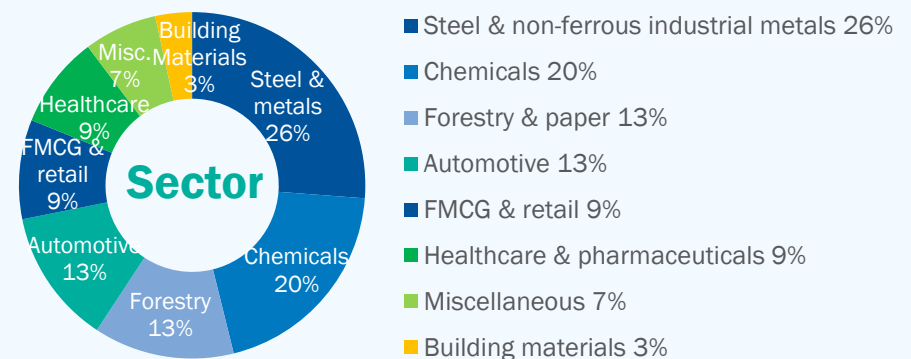
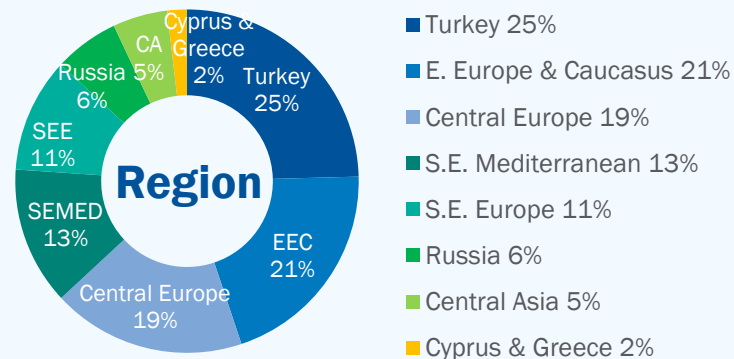
Active portfolio

€3,701 million as at 31 Dec 2019 (265 projects)

### M&S sub-sectors

Automotive	Building materials
Chemicals	Forestry & paper
FMCG & retail	Healthcare & pharmaceuticals
Steel & non-ferrous metals	Miscellaneous

## M&S portfolio as at 31 December 2019: €3.7 billion



# Manufacturing and Services Clients

EBRD M&S clients include both small and medium-sized enterprises as well as some of the world's industry leaders:



# Manufacturing and Services Instruments & Objectives



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## Financing :

- Mostly senior debt, but also bonds, Schuldschein and equity (including portage)
- Capex and working capital financing
- Guarantees (under Risk Sharing Facilities with local Partner Banks)
- Local and regional projects

## Objectives:

- capex financing to boost competitiveness (capacity increase, cost savings, R&D, development of local suppliers, production output, increased operational & energy efficiency, increased safety, profitability, capacity utilisation, improved quality)
- Green Economy (limit climate change, improved environmental performance),
- Integration (entering new markets)
- Improved financial management/ corporate governance
- Transfer of skills
- Working capital management
- Restructuring
- Refinancing

# Manufacturing and Services

## Western Balkans – Recent Projects



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Company	Country	Year	Sector	Type
APM	Albania	2017	Metal	Capex/ w cap
Santefarm	Kosovo	2017	Pharma	Capex
BG Reklam	Serbia	2017	Marketing	Capex/Refinancing
GSA	Albania	2017/2018/2019	Metal	w/c/Capex/Guarantee
Reks	Kosovo	2018	Chemical	Capex/Green
CPH Chemie	BiH	2018	Chemical	Capex (greenfield)/Bond
Forma Ideale	Serbia	2018	Furniture	Portage Equity/ Capex/M&A/w/c
Toplana Zenica	BiH	2019	Metal	Capex/ Green
Teraplast	Serbia	2019	Plastic	Capex/skill transfer
Tarkett	Regional	2019	Flooring	Capex/ Schuldschein Issuance
Aktiva	N Macedonia	2019	Metal	Capex
BelMedic	Serbia	2019	Health	Capex
TEM Mandeks	BiH	2020	Electrical	Capex/Restructure
Istrabenz Plini	Serbia	2020	Chemical	Capex/ Expansion
Alb-Star	Albania	2020	Metal	w/c under RSF





## Examples of M&S projects in Western Balkans

# CPH Chemie + Papier Holding Bosnia and Herzegovina

## Project outline

Company	CPH Chemie + Papier Holding	Signing date	October 2018
Geography	Bosnia and Herzegovina	Instrument	Bond
Sector	Chemicals	Amount	€5.7 million



## Project highlight


An example of a transaction which supports Foreign Direct Investments into a country that has received limited private sector investments in recent years, as well as strengthening the Sponsor's overall competitiveness in the value chain.

EBRD supported CPH Chemie + Papier Holding AG, a Swiss industrial group in its green field investment into Bosnia and Herzegovina.

The newly established subsidiary of CPH Chemie, manufactures synthetic zeolites, which are granules that are used to reduce moisture and odours in polyurethane, pharma manufacturing and other industrial uses. The Bank participated in a CHF 100 million, 5-year bond issuance taking a ticket of CHF 6.5 million.

# Pharmaceutical distributor Kosovo

## Project outline

Company	Santefarm sh.p.k..	Signing date	July 2017	
Geography	Kosovo	Instrument	Senior Debt	
Sector	Pharma	Amount	€ 1.9 million	

## Project highlights

The primary objective of the Project was based on improved competitiveness: the Company's investment plan was expected to improve operational efficiency. In addition, the project supported improvements in the financial management.

The EUR 1.9 million of capital expenditures were related to the construction and launch of a greenfield logistics centre with a semi-automatic system for order preparation and a warehouse management system.

It supported profitability margins by reducing rental costs and increasing productivity and operational efficiencies in addition to the increase in capacity/space which enabled increasing market share by expanding the product portfolio.

## Project outline

Company	BG Reklam	Signing date	November 2017
Geography	Serbia	Instrument	Loan
Sector	Marketing	Amount	€ 1.7 million



## Project highlights

Focus on competitiveness and improved governance. The growth in operations was supported with an investment in a more advanced Management Information Systems as well as improvements in the financial management.


In order to support further growth and increase profitability, the Company invested in new equipment, secured working capital financing and refinanced long-term loans.

The loan has had a 1 year grace period and 5 years of repayment. Additional EUR 0.3 million was provided as an uncommitted tranche to cover working capital needs or smaller equipment investments following growth in operations.

Uncommitted tranche was at the Bank's sole discretion.

## Project outline

Company	REKS LLC	Signing date	December 2017
Geography	Kosovo	Instrument	Loan
Sector	Chemicals	Amount	€ 6.3 million



## Project highlights

EUR 6.3m EBRD Loan financed a greenfield plastic recycling facility in Kosovo, including construction costs, purchase of equipment and working capital needs.

The Project was classified as “Green” falling under the Green Economy Transition initiative.

The structure assumed a committed and uncommitted tranches.

# Heat & Power Plant (CHP) Bosnia and Herzegovina

## Project outline

Company	Toplana Zenica d.o.o	Signing date	November 2018
Geography	Bosnia and Herzegovina	Instrument	Senior Loan
Sector	Metal	Amount	€ 41 million



## Project highlights

Long term capex financing in the form of a senior loan of EUR 41 million to Toplana Zenica for the construction of a new Combined Heat & Power Plant (CHP) fully guaranteed by Arcelor Mittal.

The EBRD financing was focused on energy efficiency improvements and improved environmental performance of the CHP in terms of CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub> and dust emissions, resulting from the replacement of equipment with new BAT units as well as change in fuel mix (discontinuing use of coal and maximising the recovery of waste gases from the steel plant).

# TeraPlast Group

## Serbia, Romania, Slovakia



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### Project outline

Company	TeraPlast Group	Signing date	April 2019
Geography	Serbia, Romania, Slovakia	Instrument	Senior Loan
Sector	Building material	Amount	€16 million



### Project highlights

An example of a regional financing worth 16m euro covering a Group operating in Serbia, Romania and Slovakia. Capex financing which made a significant contribution to skills transfer via training in close collaboration with established local training providers to offer learning and other work-based training opportunities/ vocational training to young people.

The company also engaged to improve its Corporate Governance by implementing various measures directed at improving company's procedures, internal regulations and transparency.

At least 120 young people were aimed to receive training and receive certification through the project.

## Project outline

Company	Istrabenz Plini Beograd	Signing date	February 2020
Geography	Serbia	Instrument	Senior Loan
Sector	Chemicals	Amount	€7 million



## Project highlights

The first transaction with SIAD, a leading global Italian chemical group with some operations in the Western Balkans and in other Bank's COOs: Bulgaria, Hungary, Poland, Romania and Slovakia. SIAD's strategy approved by its shareholders assumes further expansion in the Western Balkans in the coming years.

The Bank's financing will be used to construct a filling station in Simanovci, 35km north-west of Belgrade, which will allow to fill cylinders with industrial gases onsite.

The investment will allow the company to increase gas volumes towards supplying higher demand of their industrial and retail customers in Serbia, and potentially cover other neighbouring countries. The Projects is qualified for 20% GET.



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# EBRD – Energy: Opportunities and projects in the Western Balkans

Confindustria, 15<sup>th</sup> July 2020

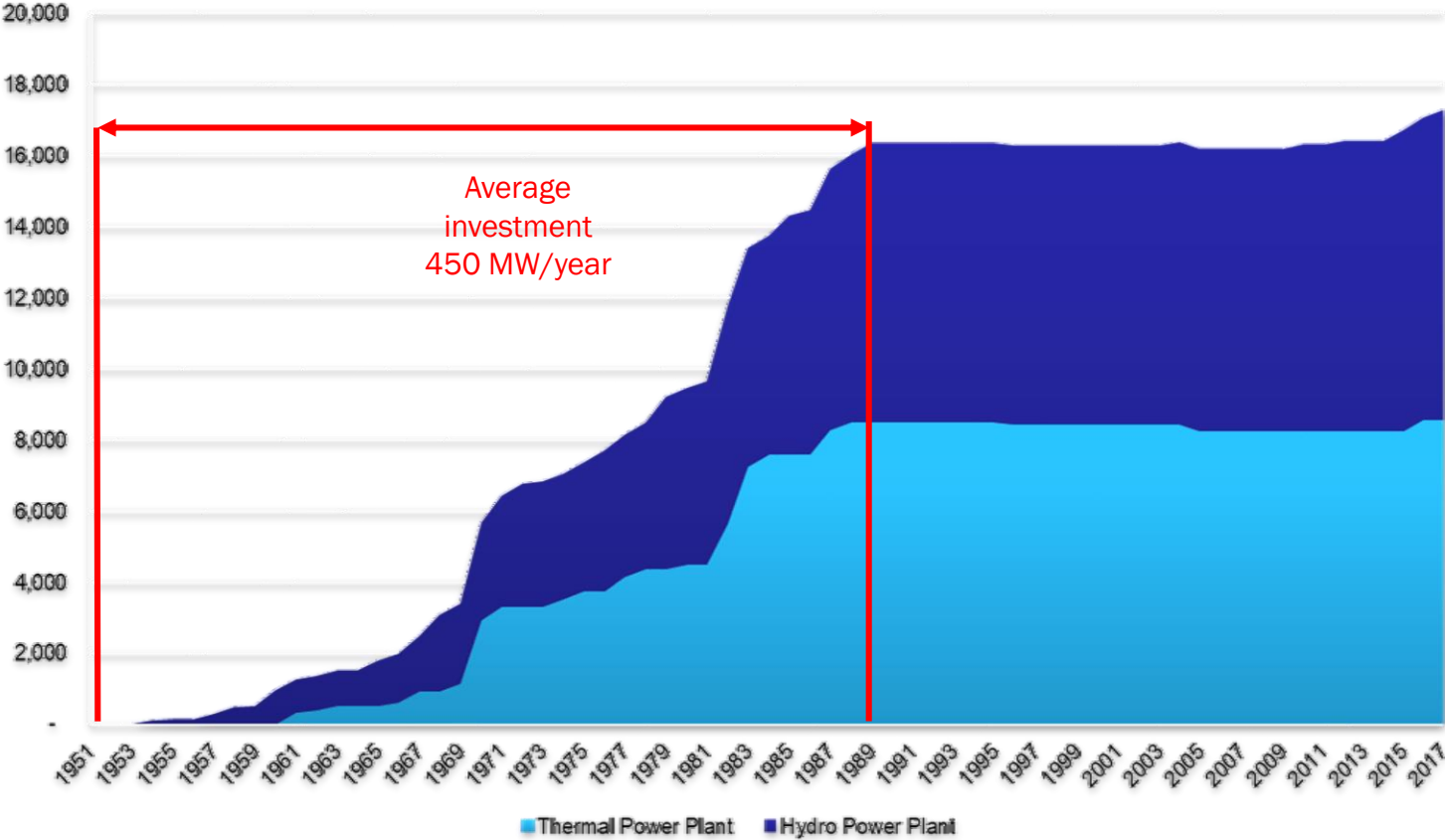


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# The Western Balkan Gap



Cumulative generation capacity of hydro and thermal in WB (MW)



- Almost all generation capacity in WB dates back before 1990 (former-Yugoslavia)
- Lack of investments during the past 20 years is evident in all WB6 Countries.
- New and clean generation capacity primarily from Wind and Solar is urgently needed to meet the growing energy demand in the WB6 Countries and sustain regional Decarbonization.
- Need for increasing energy mix, market coupling and regional integration (spot market development, cross border balancing and regional capacity allocation).

- **RES investments** to be accompanied by clear strategies and backed by transparent policies and measures with a collective shift from RES tendering to **AUCTION scheme**;
- More emphasis on **just transition** to support the decarbonisation and RES investment.
- **Transformation of the electricity** sector –transitioning to a resource diversified sector, decentralized operators and new market mechanisms and ownership models;
- Increasing **energy mix**, market coupling and **regional integration** (spot market development, cross border balancing and regional capacity allocation);
- Dissemination of **demand-side technologies** such as smart grid technologies, electricity storage devices and energy efficient technologies.



## So what are our energy priorities in the Western Balkans?

*New Energy Sector Strategy, calling for an even stronger commitment to ditch coal investments*

### Decarbonisation

- ✓ **Scaling-up the share of renewable energy**
  - TA in Albania, North Macedonia, Serbia and Kosovo to introduce **RE auctions** and attract competitively priced private investment into the sector
- ✓ **Penetration of gas**
  - Supporting Albania, Montenegro and Kosovo Gas Master Plans
  - Supporting feasibility studies for gas storage in Albania and gas transm./distr. in Albania and N. Macedonia
- ✓ **Just Transition**
  - Pilot project in North Macedonia

### Fostering the development of energy markets

- ✓ **Improving infrastructure eg. reinforcements and through supporting smarter electricity grids**
  - EPCG project in Montenegro - 85% consumers with smart metering systems by 2020
- ✓ **Cross-border interconnectivity and market integration**
  - Intercon. btw Montenegro-Serb-Italy, Kos-Alb-North Macedonia, B&H-Croatia-Serbia
  - Supporting gas pipeline feasibility studies connecting B&H to Croatia, Kosovo to Albania/N. Macedonia and for the IAP<sup>3</sup> pipeline

### Improving governance and operating standards

- ✓ **Through energy efficiency, climate change resilience and inclusive economies, by supporting SOE and management practices of energy firms**
  - KESH<sup>1</sup> in Albania – energy sector reform package including the New Power Law, KESH's corporate governance
  - EPS<sup>2</sup> – corporate governance & ES practices
  - Albgaz gas TSO Capacity Building, drafting of Gas Transmission Network Code
  - B&H gas market reforms

1. KESH: Incumbent power generation company in Albania; 2. EPS: incumbent power generation and distribution company in Serbia; 3. IAP: Ionian-Adriatic Pipeline

# EBRD in Western Balkans



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## Bosnia and Herzegovina:

The first non-sovereign loan to state utility company for the introduction of smart metering and network upgrade (2016): EUR 15 m loan; project resulting in significant loss reduction in the system and efficiency improvements.

## Montenegro:

The first greenfield energy project in 30+ years (2015): 72MW Krnovo wind farm ; EUR 48.5m project finance loan to Akuo Energy and financing introduction of smart metering in the country (2014-2019): EUR 64 m loan to state owned EPCG.

## Albania:

First large scale solar tender won by a developer supported by EBRD at a unprecedented low price (2020) : 140 MW solar plan to be built by French developer Voltalia with a 2.5 EURc/Kwh bidding price.

## Serbia:

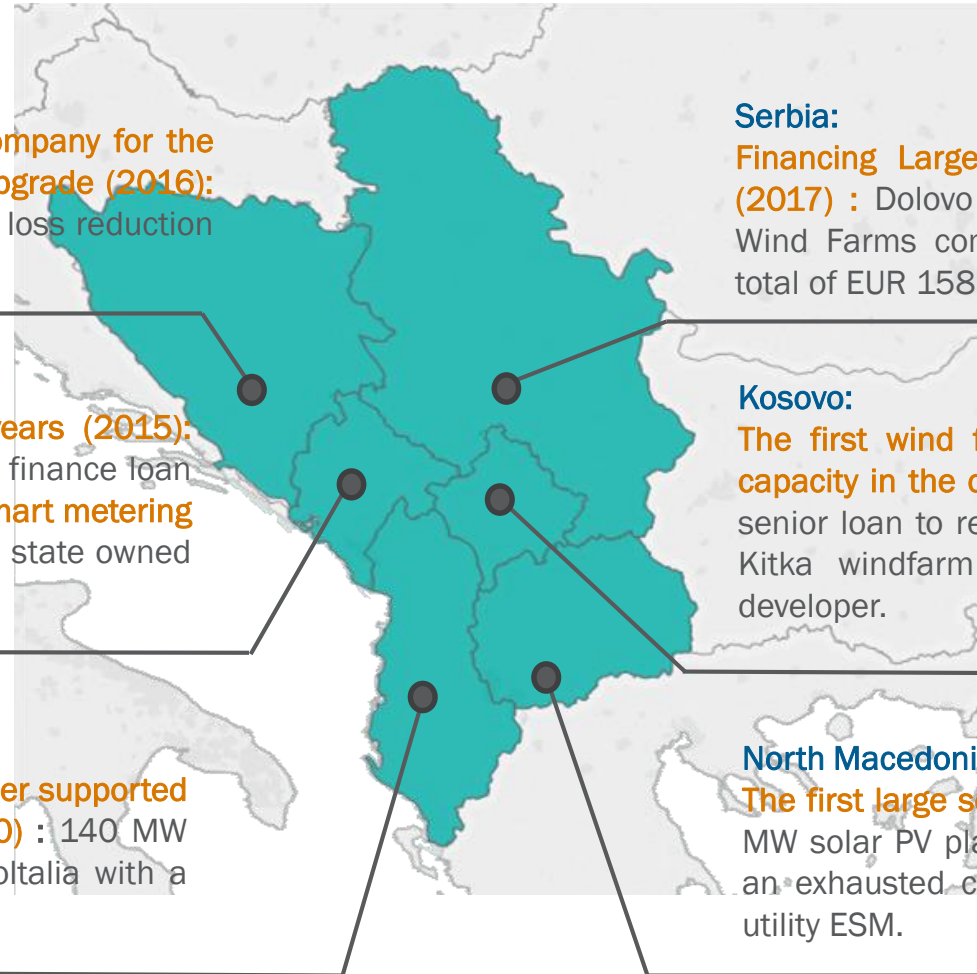
Financing Largest windfarms in the Western Balkans (2017) : Dolovo (158 MW) and Kovacica (104.5 MW) Wind Farms commissioned and operating since 2019; total of EUR 158 m project financing.

## Kosovo:

The first wind farm and first larger scale generating capacity in the country for 30+ years (2019) EUR 18m senior loan to re-finance the construction of a 32.4MW Kitka windfarm in Eastern Kosovo built by private developer.

## North Macedonia:

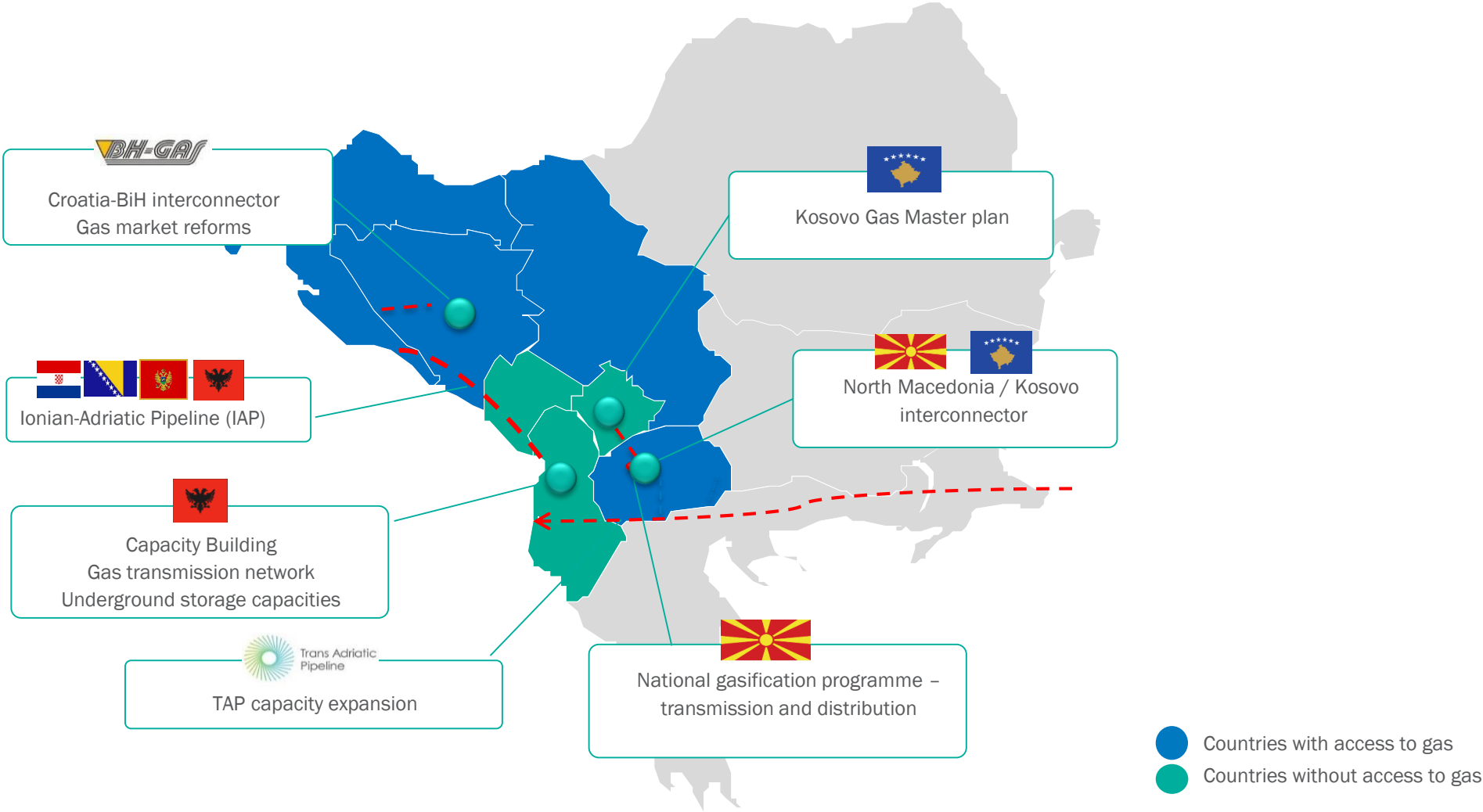
The first large scale PV plant in the Country (2019): 10 MW solar PV plant located next to the TPP Oslomej on an exhausted coal mine pit. EUR 5.9m loan to public utility ESM.



# Gas Sector Pipeline Overview



European Bank  
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# 2017 - Dolovo and Kovacica Wind Farms, Serbia



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**Largest windfarms in the Western Balkans.** Financing construction and operation of two windfarms in Serbia with capacity of 158MW and 104.5MW, both commissioned.

## Dolovo

- **Borrower:** Vetroelektrane Balkana d.o.o. (Serbian SPV)
- **Sponsor:** Masdar (60%), Taaleri (30%), DEG (10%)
- **Capacity:** 158 MW
- **Project Size:** EUR 300 million
- **EBRD A/B loan:** EUR 108 million
- **Co-Financier:** IFC (EUR 108 million)
- **Structure:** Senior loans to the Borrower on a secured limited recourse basis
- **Offtaker:** EPS, with a 12-year PPA

## Kovacica

- **Borrower:** Electrawinds K-Wind d.o.o. (Serbian SPV)
- **Sponsor:** Enlight (100%)
- **Capacity:** 104.5 MW
- **Project Size:** EUR 190 million
- **EBRD A loan:** EUR 50 million
- **Co-Financier:** Erste Bank (ECA covered loan)
- **Structure:** Senior loans to the Borrower on a secured limited recourse basis
- **Offtaker:** EPS, with a 12-year PPA





# 2019 - KITKA Wind Farm, Kosovo



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**The very first wind farm and first larger scale generating capacity in the country for 30+ years.** EUR 18M senior loan to re-finance the construction of a 32.4MW windfarm in Eastern Kosovo.

## Key Facts

- **Borrower:** Air Energy SH.P.K
- **Sponsor:** Guris Group
- **Project Size:** EUR 60M
- **Capacity:** 32.4MW
- **EBRD Finance:** EUR 18M
- **Co-Financing:** Ziraat Bank EUR 18M
- **Turbines :** 9 x GE 3.6 - 137

## Transition Impact

*The project will add 32.4 MW of renewable capacity, supporting the "green" transition quality. This will contribute to the reduction of CO2e emissions by 81,000 tonnes per year as Kosovo currently relies on coal for power.*

## Financing follows successful policy engagement

The investment represents a major milestone towards decarbonisation in a lignite dominated country where lack of reliable access to electricity remains one of the biggest barriers to development.

The EBRD financing follows a successful policy engagement with the authorities in Kosovo to improve the renewable offtake framework. These reforms were critical to unlock financing for renewable projects and are expected to attract significant investor interest to Kosovo.



# 2019 - ESM(former ELEM) Solar Project, North Macedonia



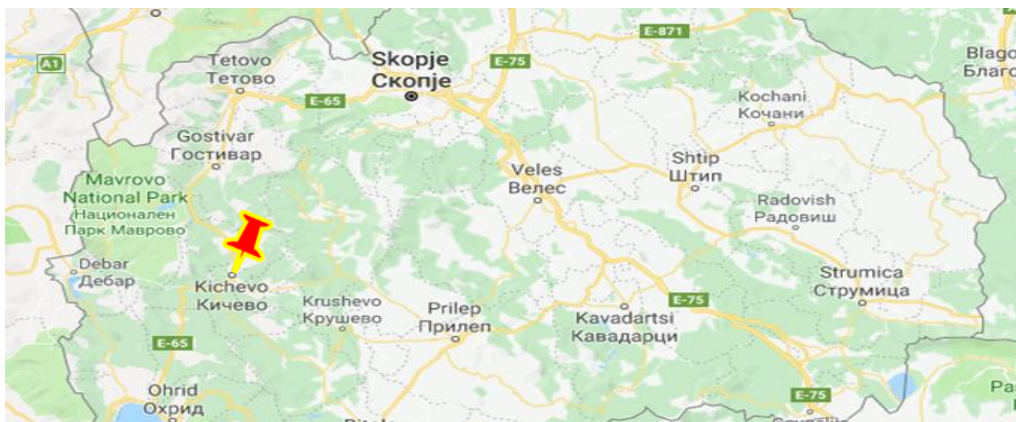
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**Financing construction and operation of a solar photovoltaic power plant of 10MWp, the first large scale PV plant in the Country, to be located near the town of Kicevo. ESM is a public electricity generation utility, fully owned by the Government of North Macedonia.**

## Key Facts

- **Borrower:** ESM ad
- **Project Size:** EUR 8.7 million
- **EBRD finance:** EUR 5.9 million
- **Co-Financier:** None
- **Structure:** Senior unsecured loan to ESM ad
- **Reconversion of working resources**

## Location



## ...what they said

“This is an important project not only for the energy sector but also from the environmental and social aspect. The plant will be constructed on the existing lignite mine in the vicinity of the TPP Oslovej on a 15 ha area which needs to be recultivated.

- *Dragan Minovski, Chief Executive Officer, ESM*



**THANK YOU,**  
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