



Financing Energy Efficiency Related Projects - Experiences in the Municipality of Karposh

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Laws and bylaws, regulations and strategies for implementation of energy efficiency projects in Macedonia

- Energy law
- Strategy for energy development, by the year 2030.
- Strategy for energy efficiency, by the year 2020.
- Strategy for the use of renewable energy resources, by the year 2020.
- Program for energy efficiency in the local government.



International commitments of Macedonia and the Local Government Units

- Signatory to the Kyoto Protocol
- Contracting member of the European Energy Community
- Candidate country for EU membership and signatory to the GEF program for energy efficiency and renewable energy resources
- Local Government Units as signatories to the “Covenant of Mayors” and the (20,20,20) obligation.



Opportunities for financing energy efficiency projects and programs

- Self-financing (own budget and savings, realized by projects)
- Project financing by the EU and the World Bank funds.
 - ✓ **GEF Project – World Bank**
 - ✓ **European Bank for Reconstruction and Development – FP7 program**
 - ✓ **EU`s IPA funds**
 - ✓ **European funds for municipalities and cities, signatories to the “Covenant of mayors”.**



- Project lending via Macedonian Bank for Development Support and the Commercial Banks in Macedonia.
- Grants and co-financing with international organizations, such as USAID, UNDP, ADA etc.
- Energy efficiency fund (there is no such one in Macedonia)
- ESCO - companies
- Forms of public-private partnership
- State subsidies for the use of renewable energy resources.



Self-financing

- Projects from Energy Efficiency Program in the Local Government Units.

Positive

- ✓ Realization by own budget
- ✓ Priorities are defined according to the savings and the time needed to return the invested assets.



Negative

- ✓ Not enough assets in Local Government Units (LGU) budgets.
- ✓ Lack of personnel potential and civil servants training in drafting and implementation of projects.
- ✓ Insufficient information and lack of Mayor and Council efficiency in the LGU, for approval and realization of these projects.



Project financing by the EU and the World Bank funds

Positive

- ✓ Theoretically, there are assets intended for Energy efficiency projects, for which all legal entities from Macedonia can apply.



Negative

- ✓ Application development, for all funds, is different in methodology.
- ✓ Despite the technical preparation and project durability, LGU capacities are limited from aspect of knowledge for different types of applications.
- ✓ The open calls (which are once or twice a year) and the insecurity in gaining assets (from a formal aspect of appliance), slows down the dynamic of realization.
- ✓ LGU projects are mostly of local character and smaller in scope, which is contrary to the demands of this funds to be regional and to involve more countries from the region or the EU.



Project lending

Positive

- ✓ Lately, the possibilities for gaining financial assets for energy efficiency projects, via Macedonian Bank for Development Support and the Commercial Banks is increased.



Negative

- ✓ Credit ratings $\geq 7\%$, short period for refunding and very small, or no grace period at all.
- ✓ Complicated credit procedures.
- ✓ The license has to be issued by the competent Ministry, on account to lack of full LGU fiscal decentralization.



Grants and co-financing from International organizations

Positive

- ✓ So far, there is a positive experience in the energy efficiency implementation, supported by these international organizations.
- ✓ Municipality of Karpos, as example, has realized or is in phase of realization of thirteen such projects



Negative MESSAGE

- ✓ A big part of this funds assets are aimed towards capacity strengthening of public administration, or legislative harmonization with the EU.



Energy efficiency fund

Positive

- ✓ Experiences in many countries, candidates or members of EU, have shown that it is the fastest and simplest way for Energy efficiency project realization.



Negative IMAGINE

- ✓ There is no such fund in Macedonia that will unite the assets from the carbon credits (eventually), the international funds and budget money, in one place with unique purpose, which is the only way to apply and to gain access to those assets.



ESCO companies

Positive

- ✓ A very simple and realistic way for Energy efficiency project realization, according to the experiences from our surrounding countries and the EU members.



Negative

- ✓ Unfortunately, Macedonia has no ESCO companies for project financing, which will be paid by the amount of savings on a year basis. Also there are no such banks that will financially support those companies.



Forms of public-private partnership

Positive

- ✓ Lately there has been an increased interest in Macedonia, by home and foreign companies, for financing and realization of Energy efficiency projects.



Negative

- ✓ Incomplete legislation in this area, which is often changing and makes the process of arrangement and realization of Energy efficiency projects very difficult.
- ✓ Not enough company financial capacities, to carry more serious projects from this area.



Subsidizing the use of renewable energy resources

Positive

- ✓ Feed-in tariffs, for different types of renewable energy resources, that are stimulating for electricity production.
- ✓ Municipality of Karpos is the only LGU in Macedonia that with a statute subsidizes the construction investors, who apply EE measurements (thermo isolation, heating and cooling systems, sanitary hot water, with renewable energy resources), by refunding 20% of the utility fees assets, for construction and reconstruction of these objects.



Negative

- ✓ Feed-in tariffs, apply to a slightly small percentage of electricity, in terms of state`s total energy requirement.
- ✓ There are no subsidies in the construction sector, for massive use of the renewable energy resources.



Conclusion

- **To improve the energy efficiency project financing in Macedonia, it is necessary to :**
 1. Create a fund for EE, for all the appliance levels.
 2. Credit bank lines should be according to the terms, that are similar or close to the ones in the EU countries.



3. International organizations should express their project support, in the years ahead, by co-financing their realization.
4. Creating home and foreign ESCO-companies.
5. Development of forms of public-private partnership.



6. Bigger state subsidies in using the renewable energy resources, especially in the construction sector.

7. Fully aligned legislation and bylaws with the EU laws.



THANK YOU FOR YOUR ATTENTION!

