



## **INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020**

### **MULTI-COUNTRY**

#### **Regional Energy Efficiency Programme for the Western Balkans (“REEP Plus replenishment”)**

##### **Action summary**

The action supports the extension of the Regional Energy Efficiency Programme Plus (REEP Plus) – an integrated multi-country programme, which began implementation in 2017 as a successor to the original REEP, established in 2012, together referred to as REEP Programmes. The action will be implemented by two lead IFIs (European Bank for Reconstruction and Development – EBRD and KfW Bankengruppe – KfW), and aims to deliver energy efficiency finance using technical assistance and grants in the form of investment incentives to address persisting market barriers, and thus stimulating the longer-term market development. The programme sets out to create an enabling policy environment, support investment preparation and provide medium-term financing to encourage households, businesses and the public sector to prioritise investment in energy efficiency. The action focuses on enabling financing operations in the public sector and extending the existing programme to further benefit the residential sector. The action is fully in line with the IPA Strategy Papers 2014-20, the Strategy for the Western Balkans and the Energy Community Treaty targets mirroring EU 2020 and 2030 agenda. The action will also contribute to the implementation of the National Energy Efficiency Action Plans (NEEAP) (2010-2018) and the new National Energy and Climate Action Plans (NECAPs), which are under preparation by the Western Balkans, as part of their obligations under the Treaty.

<b>Action Identification</b>			
<b>Action Programme Title</b>	IPA II Multi-country Action Programme 2019		
<b>Action Title</b>	Regional Energy Efficiency Programme for the Western Balkans (“REEP Plus Replenishment ”)		
<b>Action ID</b>	IPA 2019/040-826.01/MC/ REEPPlus replenishment		
<b>Sector Information</b>			
<b>IPA II Sector</b>	9. Regional and territorial cooperation		
<b>DAC Sector</b>	23183- Energy conservation and demand-side efficiency		
<b>Budget</b>			
<b>Total cost</b>	EUR 156 million		
<b>EU contribution</b>	EUR 30 million		
<b>Budget line(s)</b>	22.020401- Multi-country programmes, regional integration and territorial cooperation		
<b>Management and Implementation</b>			
<b>Management mode</b>	Indirect management		
<i>Indirect management:</i> <i>Entrusted entity</i>	European Bank for Reconstruction and Development (EBRD)  European Investment Bank (EIB)		
<b>Implementation responsibilities</b>	Directorate-General for Neighbourhood and Enlargement Negotiations, Unit D5		
<b>Location</b>			
<b>Zone benefiting from the action</b>	Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia)		
<b>Specific implementation area(s)</b>	N/A		
<b>Timeline</b>			
<b>Final date for contracting including the conclusion of delegation agreements</b>	31 December 2020		
<b>Indicative operational implementation period</b>	72 months from the adoption of the Financing Decision		
<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence.

<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	✓	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	✓	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	✓
Climate change adaptation	<input type="checkbox"/>	✓	<input type="checkbox"/>

## 1. RATIONALE

Energy is used inefficiently in the Western Balkans compared to many other countries. The energy intensity of the Western Balkans is around three times higher than the average for the European Union. This high energy intensity is a result of aged and often obsolete energy infrastructure and poorly maintained and/or outdated energy using capital stock – especially in industry and buildings. As a result, there is significant untapped energy efficiency potential in the Western Balkans with the World Bank estimating that up to 35% of total household energy, 40% of the public sector and 25% of industrial & commercial energy could be saved cost effectively. It is critical that the Western Balkans capture the enormous energy efficiency potential. As economic development accelerates in the region, the high energy intensity means that energy consumption will grow at a greater speed than in other regions, imposing additional economic, social and environmental costs on the Western Balkans.

For the Western Balkans, energy efficiency provides a perfect win-win solution. When properly supported by a solid legal and institutional framework and backed up by well designed and implemented investment programmes, increased energy efficiency delivers many cost-effective benefits for competitiveness, the environment, security of energy supply and economic development in general.

Despite this potential, the Western Balkans face more barriers to energy efficiency investments than the EU Member States, especially in the residential sector. One of the biggest barriers to energy efficiency investments in all sectors, but particularly in households in the region is the regulated, low electricity prices that discourage efficiency measures. Yet, despite these low prices, it is estimated that in all Western Balkans, at least 50% of the population spends more than 10% of their net income on energy – thus falling within the standard definition of fuel poverty – and hence the lack of available income for investments in household energy efficiency.

Beyond low energy prices, there are many other market barriers which prevent households, investors and local banks from engaging in energy efficiency investments. These barriers include:

- High costs of financing of residential energy efficiency projects compared with financing the same projects in other European countries;
- Lack of experience/capacity with energy/resource efficiency technologies (design, implementation, operation) for both corporate and residential clients.
- Higher prices of common energy saving technologies than in developed markets;
- Limited availability of best available technologies on the market;
- Low awareness of the multiple benefits of energy efficiency. Stakeholders are not aware of climate related risks, or of climate adaptation strategies;
- Absence of any other support mechanisms existing for residential energy efficiency (pay as you go schemes, dedicated direct support programmes, energy performance schemes, etc.).

EBRD has been active in financing energy efficiency in the Western Balkans since 2009. In 2013, with the support of the European Union and in partnership with the Energy Community Secretariat (ECS), the EBRD established the Regional Energy Efficiency Programme (REEP) for the Western Balkans.

Through the efforts of the Energy Efficiency Coordination Group (“EECG”), the EBRD and local Participating Financial Institutions (PFIs), the implementation of the REEP has been very successful. Any gaps identified were covered, and the EECG stakeholders ensured there is no overlap among them, in particular in Window 1. The Western Balkans, donors, international banks, and consultants all provided input to REEP, in particular the Policy Dialogue window dealing with dismantling the regulatory and legislative roadblocks for financing energy efficiency.

In 2017, REEP was further extended to support the energy efficiency in the residential and public buildings sectors. In the same year, KfW joined the Programme to support energy efficiency in private sector under Window 2 of the REEP Plus.

Despite the achievements of REEP and REEP Plus (referred to as REEP Programmes), there is still a lot that needs to be done on energy efficiency in the Western Balkans, hence the EBRD and KfW are now requesting a replenishment of REEP Plus to allow continuation of existing activities.

The ‘REEP Plus replenishment’ will be developed to continue to address the barriers and bring additional benefits through a combination of project preparation support and medium to long term financing to households and public buildings sector for their required sustainable energy efficiency investments. The benefits include increasing awareness among final beneficiaries and the general public on benefits from implementing advanced energy efficiency techniques; supporting public sector in its exemplary role when it comes to energy efficiency of buildings; addressing technology market imperfections on the supply side by working with technology suppliers and local professionals on extending supply of technology and enhancing the quality of installation and product range offered to final beneficiaries; contributing to climate adaptation and mitigation by addressing market barriers preventing climate finance and building up capacity and skills at local financial institutions for climate finance.

Consolidated structure of REEP Programmes will be as follows:

- **(Window 1)** Project preparation support for public tenders of energy efficiency ESCO projects (EBRD);
- **(Window 1b)** Policy support for the national Energy Efficiency Action Plan (NEEAP) implementation (EBRD);
- **(Window 2a)** Credit Line facility through local financial institutions for the corporate, SME and municipal sectors (KfW);
- **(Window 2b)** Credit Line facilities through local financial institutions covering residential sector supported by investment incentives to end beneficiaries, and technical assistance (EBRD);
- **(Window 2c)** Credit Line Facility through local financial institutions covering corporate, SME and municipal sectors (EBRD);
- **(Window 3)** Direct lending facility covering private sector sustainable energy projects, including ESCOs (EBRD);
- **(Window 4a)** Capital expenditure grants to co-finance municipal loans to the State, cities or municipal companies, under guarantee of the City or the State as well as technical assistance to improve energy efficiency in public buildings (i.e. schools, hospitals, government buildings) (KfW);
- **(Window 4b)** Capital expenditure grants to co-finance municipal loans to the State, cities or municipal companies, under guarantee of the City or the State as well as technical assistance to improve energy efficiency in public buildings (i.e. schools, hospitals, government buildings) (EBRD).

**The ‘REEP Plus replenishment will reinforce Window 2b (lending to residential sector) and Window 4 (direct lending to public sector). It will have the following components:**

- **Window 2b** – EBRD’s new Credit Line Facility to local PFIs with focus on the Residential Sector (“WB GEFF II”). The expected Facility size will be in the range of EUR 60 million or more subject to EBRD’s Board approval. The Facility will be supported by *an additional EU contribution of EUR 9.5 million to finance investment incentives and technical assistance, in the amount of up to EUR 5 million, will be financed by other donor(s)). Other grant fund(s) may be also used to maximise the outreach.*
- **Window 4a** – at least EUR 36 million KfW Direct Financing facility combined with technical assistance to the State, cities or municipal companies to improve energy efficiency in public buildings.(i.e. schools, hospitals, government buildings) (*additional EU contribution of EUR 14,75 million to finance capital expenditure grants*).
- **Window 4b** – at least EUR 25 million EBRD Direct Financing facility combined with technical assistance to the State, cities or municipal companies to improve energy efficiency in public

buildings.(i.e. schools, hospitals, government buildings) (additional EU contribution of EUR 4.75 million to finance capital expenditure grants).

## **PROBLEMS AND STAKEHOLDER ANALYSIS**

The main stakeholders affected by the issues raised include residents and home owners of the Western Balkans, local businesses, PFIs and central and local governments.

The lack of efficient use of energy particularly concerns the building sector. With buildings responsible for over 40% of energy consumption in the region, their poor energy performance has tremendous economic and social impact on both the populations and the Western Balkans.

The residential sector is a difficult energy efficiency market to serve and following feedback provided by the Energy Community's EECG, it has become evident that there is an urgent need to replenish the existing REEP Plus component on the residential sector. In 2015, a "Residential energy efficiency study" was commissioned by the EBRD, in cooperation with the ECS and the EECG to assess the investment potential across the region. The main findings reported were as follows: technical opportunities for improving energy efficiency in existing buildings (as well as for new construction) are vast and capturing the economic potential of energy efficiency in the region could deliver around 16Mt of CO<sub>2</sub> savings per year. There is a significant market potential for residential energy efficiency lending and the study recommended a facility size of EUR 135 million over four years. A facility of EUR 85 million was established under REEP Plus back in 2017, whilst an additional EUR 60 million is foreseen under the "REEP Plus replenishment" to further promote green investments in the residential sector. Local financial institutions are the key route to developing a market that incentivises first-movers to invest in high-energy performance solutions. Saving energy in the disjointed residential sector requires households with upfront investment capital and familiarity with efficient solutions, neither of which are profuse on the Western Balkans market. Incentive investments will be necessary to stimulate investments in the energy efficiency sector.

A considerable share of the public building stock in the Western Balkans was erected after the Second World War, with low thermal insulation, poor heating and lighting efficiency and with no energy management systems in place. Monitoring systems and systemic approaches to ensure optimal operations are largely absent (these are necessary for reporting, regulatory requirements, benchmarking, measuring and ensuring energy and monetary savings in the short, medium and long run). Moreover, general refurbishment measurements have been largely neglected over decades. In education facilities, learning conditions are poor due to insufficient heating, lighting and ventilation, while in healthcare facilities treatment conditions are poor due to insufficiently heated/cooled hospitals and poor indoor air quality. In other public buildings, working conditions are not state of the art, due to insufficient heating, lighting and air conditioning. This is why comprehensive refurbishments that would extend the lifetime of buildings by about 30 years are needed. These comprehensive refurbishment (in some cases particularly energy efficient new constructions) measures will have to go beyond classical "energy efficiency measures" and will have to include interventions in the overall structure and fundamental components of a building.

Additionally, the EBRD and ECS have been working alongside other IFIs and donors to provide energy efficiency policy dialogue to all of the Governments in the Western Balkans under the original REEP and REEP Plus programmes. As a result of this assistance and on-going efforts of the authorities, many of the policy-framework elements necessary for residential and public buildings energy efficiency lending are under development or in place which in turn will further help address the current energy and climate change challenges.

## **OUTLINE OF IPA II ASSISTANCE**

The EU funding will be used for technical assistance and financing of investment incentives as well as for capital expenditure grants. Donor-funded investment incentives will be used in order to help address specific barriers to investment and mitigate risks for early movers. The use of investment incentives constitutes an interim solution in the absence of a well-functioning market for sustainable energy finance. Such incentives can play a catalytic role for the development of a sustainable energy lending market. Saving energy requires households, businesses and local governments to put in place upfront investment capital and familiarity with efficient solutions – neither of which are abundant in the Western Balkans. The objective of the use incentives and technical assistance is to kick-start a longer-term market development programme. Capital expenditure grants to co-finance loans from EBRD and KfW will play catalytic role

for energy efficiency investments in public buildings, thereby supporting exemplary role of public bodies' buildings in reducing energy consumption.

The action will benefit: (1) individuals, households or groups of individuals and households registered under the laws of the relevant Western Balkans as residents in or owners of the properties for which they intend to perform energy efficiency investments and by the housing collectives, (2) the State, cities or municipal companies intending to perform energy efficiency investments in public buildings. Indirectly the action will also benefit (3) local entrepreneurs performing renovations and (4) PFIs (which may include commercial banks, leasing companies and other credit institutions) which will on-lend the finance provided by EBRD for eligible investments.

<b><i>REEP Plus Replenishment will have the following structure: Overview of REEP Plus Replenishment</i></b>				
<b>Integrated activities, estimated funding allocation and activities</b>				
	EBRD financing (EUR M)	KfW financing (EUR M)	WBIF EU IPA allocation (EUR M)	Other donors (EUR M)
<b>Window 2b – Credit lines for residential sector</b>				
EBRD financing	60*		9.5	5**
<b>Window 4 – Direct Lending to municipalities</b>				
EBRD financing	25		4.8	
KfW financing	36		14.7	
Visibility Costs			0.05	
Implementation Fees (2%) and other charges			0.35	
Management fee (2% ) for Joint Fund Managers			0.6	
<b>TOTAL REEP PLUS REPLENISHMENT FINANCING</b>	<b>156</b>		30	
<b>LEVERAGE OF IPA FUNDS</b>	<b>4</b>			
<b>LEVERAGE OF DONOR FUNDS</b>				

(\*) Subject to change. Expected amount is in the range of around EUR 60 million or more. The actual facility size will be subject to EBRD's Board approval.

(\*\*) Expected amount is EUR 5 million for associated Technical Assistance. The amount may be increased if other grant fund is embedded in the EBRD finance in the form of, for example, co-financing.

## **RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES**

“REEP Plus replenishment” will promote the objectives and cater for the policy objectives of the revised IPA II Multi country Indicative Strategy Paper 2014-2020<sup>1</sup> insofar as:

- “REEP Plus replenishment” will cover the relevant geographical region of the Western Balkans.
- The Programme promotes various standards relevant to the EU *acquis*, in relation to energy efficiency objectives as well as in support of public/municipal and the residential sector; the Programme indirectly supports SME and micro enterprise development and growth;
- “REEP Plus replenishment” furthers both socio economic regional development through the sustainable provision of long term funding instruments to qualified PFIs to better serve the financing needs of municipalities, as well as low income private households, and seek to promote real and measurable savings in primary energy and CO<sub>2</sub> emissions;

<sup>1</sup> C(2018) 3442, 31.05.2018.

“REEP Plus replenishment” contributes further towards achieving the goals of Europe 2030, the European Union’s strategy for growth in the coming decade and for advancing its enlargement and European neighbourhood agendas. Namely, it will support the achievement of the Energy Community Treaty revised targets for energy savings and reduction of CO2 emissions which will be operationalized in the National Energy and Climate Action Plans (NECAPs) of Western Balkans. The EU targets for 2030 are set at 32,5% for energy efficiency and 32% for CO2 emissions reduction. Individual targets for the Western Balkans will be calculated to reflect the effort equal to the effort of the EU Member States. The goals of RCC’s SEE 2020 strategy, aimed at improving living conditions in the region and bringing competitiveness and development back in focus are also closely linked.

## **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

This action is a follow up of REEPWB and REEP Plus, launched in October 2013 and February 2017 respectively. Formal evaluation of REEPWB and REEP Plus has not yet been performed, nevertheless, the programme has been subject to regular monitoring and evaluation throughout the implementation. As part of its usual business practice EBRD and KfW will ensure that lessons learned from REEPWB and REEP Plus and other similar facilities will be incorporated under “REEP Plus replenishment”.

Relevant lessons learned so far from activities are:

### **Window 1(a) ESCO development**

- **Political support is essential for initiating public sector energy efficiency projects:**

Supporting energy efficiency investments in the public sector through an enabling regulatory framework requires the support of Ministries of Finance with regards to energy savings. This is due to investments (capital expenditure) achieving operational savings (operational expenditure) over a longer period of time which requires the budget law to allow that the project owner retains operational energy savings and requires the procurement law to allow selection of such sophisticated investments. In addition local government has a significant need for technical support to initiate, prepare and tender specific investment projects. Also local public authorities need top level political support to initiate energy efficiency investment projects.

### **Window 1 (b) General energy efficiency policy dialogue in support of NEEAP implementation**

- **Resources allocated by Ministries are essential for delivering policy dialogue activities:**

Ministries in the Western Balkans are dealing with many pressing issues and while they acknowledge the need for assistance, they often simply don’t have time to engage in discussions about priority setting etc. The establishment of formal technical working groups for each technical issue in each relevant IPA II beneficiary is needed to provide focus and continuity to the dialogue with the relevant stakeholders. The aim is these TWGs would provide the leadership within their administrations and be able to make decisions based on recommendations from the consultants with the support of the EBRD and the Energy Committee Secretariat.

### **Window 2 (a, b and c)**

- **The facilities need to be designed in a way to respond to changes in market conditions:**

The facilities should be flexible in order to address all crucial target groups of stakeholders including those who might be affected by changes in the economic environment or changes in the legislation. All stakeholders implementing the facility will need to operate in close co-ordination; feedback by the PFIs and consultants should be given of any difficulties in order to implement remedial actions.

REEP: During the implementation of REEP the uptake of public sector energy efficiency loans have been lower than anticipated. On a general level EE is not a top priority for municipalities as they don’t have adequate administrative capacities to prepare and procure EE projects. According to the PFIs, a high level of debt exists in the public sector and only a few creditworthy municipalities. To address the challenges, significant efforts have been put in place by the technical assistance consultants together with the PFIs to promote the facility throughout the relevant IPA II beneficiary and raise the awareness about the multiple benefits of investing in energy efficiency. After a slow start, WeBSEFF II has started to gather momentum



and two years after the launch WeBSEFF II utilisation rates in most of the Western Balkans are on track for the facility to be fully utilised during the life of the WeBSEFF II project.

REEP Plus and REEP Plus Replenishment: The uptake of residential energy efficiency loans by PFIs have progressed well and the utilisation of EBRD credit line is expected to gain momentum this year. As for the new facility (WB GEFF II) under the REEP plus replenishment, in addition to investment in high performance energy efficient technologies through renovation, the focus may also be to improve energy performance standards of the residential building stock including new buildings, as well as existing ones, by stimulating demand for the purchase of energy efficient dwelling which meet higher EE standard. With this potentially new component (based on an assessment of market demand), the new financing is expected to support the development of sustainable local markets for green economy technologies and services for both existing and new residential buildings in the region.

- **The implementation period needs to be of an appropriate length to fully deploy the facility**

Any residential facility should be given sufficient time for implementation due to high fragmentation of the target sector and complexity of stakeholders engagement. New facilities in new markets can take time to establish: it can take time to fully allocate the credit line through loan agreements with PFIs; it takes time for PFIs to become familiar with the product and to determine how best to fit the product in their corporate structure and how to market it to their client base. The consultant contract period for new facilities will have such duration as to ensure the consultant has time to familiarise themselves with PFIs and the market, undertake preparatory work with PFIs before they sign a loan agreement and build up momentum in project assessment and generation sufficient to disburse the full credit line.

- **Technical assistance and the relevant lending infrastructure should be in place well before the launch of the credit lines.**

Technical assistance and relevant forms and processes related to the PFI activities are essential for a smooth start-up phase of the facility. PFI's should be trained and familiar with the processes as well as the eligibility criteria for on-lending the EBRD funds and should be able to market and process sub-loans in order to avoid unnecessary delays in processing sub-borrowers' applications.

- **Needs of the residential sector are still big both in term of awareness raising and energy efficiency financing**

Awareness raising on climate related risks and/or climate adaption strategies as well as on the benefits of energy efficiency, including on health, economic development and job creation, and security of energy supply is much needed especially in the residential sector. Higher prices of conventional energy saving technologies than in other more developed markets as well as limited availability of such technologies combined with high costs of financing of buildings to a high standard and lack of experience/capacity with energy/resource efficiency technologies (design, implementation, operation) are important obstacles preventing households from investing in energy efficiency measures.

### **Window 3**

- **Regulatory arrangements for renewable energy projects are not always sufficient to facilitate loans on project finance basis**

In some of the Western Balkans, there are certain regulatory and/or legal imperfections that make it difficult for a lender to pursue a project finance transaction. For example, concessions for small hydropower plants cannot always be pledged to a lender or a lender cannot take possession of the assets if the borrower defaults. To resolve such issues, the EBRD has on occasions entered into direct agreements with the local governments. However, such an approach is time consuming and more importantly would generally not be available to commercial banks willing to lend to such projects, thus decreasing their willingness to provide a loan on a project finance basis.

- **Implementation of small renewable energy projects may encounter delays due to lack of administrative capacity and interference from the local communities**

On a few occasions, projects financed by the EBRD experienced delays due to various administrative hurdles such as those related to getting permits. This problem is particularly frequent among foreign

investors, who are also sometimes subject to demands by local communities. There is nothing wrong with the local communities taking active participation in consultations, however, in a few cases there have been unreasonable demands, resembling attempts to extort some benefits from otherwise well-meaning foreign investors.

- **Working with small local developers (many of them getting involved with renewable energy projects for the first-time) has its challenges, but ultimately all ends well most of the time**

One of the underlying objectives of Window 3 was to support local developers of renewable energy projects (many of which, getting involved with renewable energy projects for the first time). This objective has been fulfilled. The experience has been generally quite good, with most of the projects experiencing some difficulties during implementation, but ultimately being completed and commissioned for operation successfully. In some of these cases, the EBRD has provided guidance and consultancy support to the developers, but generally they have been able to cope on their own.

#### **Window 4a and b**

- **Capacity and experience of municipalities to undertake renovation/construction programmes**

Municipalities are often lacking both the capacity to implement large renovation programmes as well as knowledge of energy and resource efficiency technologies (design, implementation, operation). There are also some affordability constraints affecting municipalities undertaking such renovation programmes as capital expenditure costs to renovate depleting buildings reaching end of their life is relatively high.

- **General focus of investors – private or public – on payback periods**

The general focus of investors – private or public – on payback periods often does impede larger investments and makes them reluctant to undertake comprehensive refurbishments/construction of public buildings. Investment grants provided by the EU that cover the non- or little- revenue generating investment measures eliminate this stumbling block and thus serve as enabler for large scale energy efficiency. The non-revenue generating (larger scope/depth of renovation, technical assistance required) and the non-directly-attributable revenue generating features (energy controlling, optimization of operations) of the holistic approach call for investment grants to enable sustainable, state-of-the-art investments in public facilities with positive monetary and socio-economic effects.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To assist the Western Balkans in implementing energy efficiency investments in public buildings in line with EU standards thus laying the ground for the convergence with relevant EU policies	EUR Invested		
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
To achieve <u>sustainable energy savings</u> and <u>carbon emission reductions</u>	1) CO2 emission reductions (CO <sub>2</sub> /yr) 2) Energy Savings (MWh/yr) 3) Extension of the lifetime and increased value of public buildings (optional)	(post construction) standardized Structure And Energy Audits (SEA)  Energy Monitoring Systems	Same methodology used for SEAs
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>Result 1:</b> A Significant share of public buildings in the area of education, health and public administration are retrofitted (in line with the energy performance standards set out in the Energy Performance of Buildings Directive)  <b>Result 2:</b> The user satisfaction of the retrofitted buildings has improved in terms of learning and working conditions  <b>Result 3:</b> Creation of jobs and stimulation of local value chains	<b>Result 1:</b> Square meters of retrofitted buildings  <b>Result 2:</b> study results/ Questionnaires  <b>Result 3:</b> Study results/ Questionnaires	Standardized Structure And Energy Audits (SEA)        Representative studies	Same methodology used for SEAs

## DESCRIPTION OF ACTIVITIES

Planned activities to be undertaken under the ‘REEP Plus replenishment’ will include:

### **Window 2b:**

Credit line facility will be deployed by EBRD under the Green Economy Finance Facility (WB GEFF II) (GEFF) with a focus on residential sector energy efficiency. WB GEFF II will be made available to qualifying PFIs in the Western Balkans for on-lending to individual households, vendors and service providers, as well as housing collectives, for sustainable energy investments. The Facility will be complemented by Donor funds covering:

- Technical Assistance (TA) package to support technical assistance to PFIs and sub-borrowers. **This TA (up to EUR 5 million) will be funded by other donors outside of this action.** The consultants engaged for the implementation of GEFF will perform the following activities:
  - Capacity building: providing initial training to PFIs;
  - Marketing: promoting the credit line through its dedicated website, dissemination of leaflets and other marketing material, organising seminars and conducting training events with PFIs throughout the relevant IPA II beneficiary;
  - Project preparation: feasibility studies on specific techniques, market assessment and establishment of a list of eligible materials and equipment, conceptual design for residential building-level projects, identification of optimal investment plans, preparation of Project Assessment Reports which will form part of the loan application documentation;
  - Verification: checking and confirming the successful completion of sub-projects and payment of incentives;
  - Monitoring/reporting: maintaining and updating the Facility’s database to capture information related to investment projects funded under GEFF, eligibility lists of technologies and installers and provide regular reporting to the EBRD.
- Investment Incentives for Sub-borrowers of EUR 9.5 million will be funded by the EU under this action, in the range of 10 - 35% of the sub-loan amounts depending on the nature and performance of sub-projects and payable only subject to verification of sub-project completion.
- The facility may be also supported by grant fund(s) by other donors in the form of, but not limited to, co-financing, to increase the outreach of residential green investments. For example, EBRD financing in Serbia may include a concessional co-financing tranche provided by the Green Climate Fund (GCF). In the Western Balkans, GCF co-financing is available in Serbia only. In the case that EBRD credit lines to PFIs have a co-financing component, the proposed investment incentive would be based on the overall financing amount.

### **Window 4a and b:**

**Municipal loans:** EBRD and KfW will provide loans to central/municipal level in the amount of up to EUR 61 million (EBRD – EUR 25 million and KfW – EUR 36 million) in direct municipal loans to the Central State, the City or a Municipal Company. The objective will be to improve energy efficiency in public buildings (i.e. schools, hospitals, government buildings and similar) supported by EUR 19.5 million in capital expenditure grants, EUR 4.8 million to be implemented by EBRD and EUR 14.7 million to be implemented by KfW. The loan and grant resources would be used to finance energy efficiency improvements. This could include via energy performance contracts (EnPCs) with a private company selected through competitive tender for the supply, installation, operation, maintenance and management of energy efficiency measures in buildings. In addition, technical assistance of up to EUR 2 million will be secured from other donors for project preparation and implementation support.

The EBRD and KfW are seeking to provide the necessary long-term financing for energy efficiency measures in public buildings given existing market inefficiencies, whereby such financing is not readily available from commercial banks.

As well as EBRD and KfW finance, the capital expenditure grant combined with technical assistance would cover part of the investments and will enhance the appetite to invest into energy efficiency measures, also helping to overcome the fiscal space constraints that may exist at the level of the local borrower. The inclusion of capital expenditure grants will also enable investments to be included that could not be commercially repaid from energy savings. This would allow necessary repairs to be made whilst maintaining energy savings at levels sufficient to cover EBRD's and KfW's debt service.

Implementation of high quality, new energy efficiency technologies in buildings is expected to have a strong demonstration effect, across both private and public organisations. This is particularly relevant considering that the current level of penetration of energy efficiency technologies in the building sector is very low.

## **RISKS**

“REEP Plus replenishment” has been conceptualized based on assumptions that risks have been identified (such as economic, product, and implementation risks, inter alia), and that these risks have been mitigated by the appropriate actions. These actions include e.g. EBRD's and KfW's standard selection criteria of public entities in the context of direct lending as well as selection criteria of PFIs for integrity and business conduct; financial stability, capacity and appetite to participate in lending operations; comprehensive TA support to minimize the risk of slow roll-out; activates aiming at improving quality of installation and engineering services.

The following risk factors have been identified:

- Economic Risk: Political and macroeconomic instability in the beneficiaries negatively affect the banking sector and depress lending activity.
- Product Risk: The residential energy efficiency loan product is still new for both the market and the PFIs, which may lead to delay in the roll-out, a small number of PFIs and low lending volumes, at the early stage especially.
- Implementation Risk: Due to technology market imperfections and limited capacity and experience with new technologies among local professionals, final beneficiaries might face risk of unsuccessful completion and verification of project thus reducing the impact from investments
- Limited awareness among local stakeholders (sub-borrowers) on economic, environmental and social benefits that might impact the up-take of the financing offered by EBRD and KfW.
- Other risks are (a) the potential market distortions through the provision of subsidies and (b) the performance and sustainability of the programme when the subsidies are removed

The following mitigating actions will be taken:

- Economic Risk: PFIs will be carefully selected using EBRD's standard selection criteria for integrity and business conduct, financial stability, capacity and appetite to participate in sustainable energy lending.
- Product Risk: A comprehensive TA support and an efficient consultant deployment will further minimise the risk of slow roll-out and improper implementation.
- Implementation Risk: EBRD plans to engage with technology suppliers and work on increase of presence, supply and competitiveness for advanced resource efficiency techniques. The Project Consultant will conduct a number of activities aiming at improving quality of installation and engineering services.

- Other risks: A dedicated TA provided throughout the entire duration of the Programme will ensure that potential beneficiaries are provided with objective and comprehensive information, analysis and advice on the benefits and best value added for Sub-borrowers. The Project Consultant will raise awareness, publish information on the relevant facility web-site, through media and marketing activities and will maintain a help-line available for any enquiries to general public on eligibility criteria, availability and benefits from sustainable energy investments.
  - (a) will be mitigated by including several banks in the Facility to ensure competition and the designing of incentive schemes which is linked to the performance of sub-projects and set at minimum required level,
  - (b) will be mitigated by strong TA components of the Facility which will raise awareness among households about energy efficiency opportunities and will help banks further improve their skills for sustainable lending, in addition to demonstration effect from a cluster of successful sustainable investments financed under the Facility.

### **CONDITIONS FOR IMPLEMENTATION**

**Window 2b** will be implemented alongside intermediated financing provided by EBRD to be provided to PFIs in the Western Balkans. The expected EBRD facility size is around EUR 60 million or more. The EBRD will sign loan agreements with each PFIs, which in turn will on-lend the funds to finance eligible sub-projects in the residential sector. Eligibility criteria for the programme will be designed to maximise the energy savings potential of the programme and to ensure that scarce grant resources are allocated in an appropriate and effective way. Eligibility criteria as well as conditions for payment of the investment incentives will be defined in the Policy Statement attached to each loan agreement.

Investment incentives will be paid upon successful implementation and verification of the investments by the consultant. Upon verification of sub-projects the consultant will inform both the PFIs and EBRD of the outcome as well as the incentive amounts due for each sub-project.

**Window 4a** will be implemented alongside direct financing by KfW (EUR 36 million) through direct loans and technical assistance to the State, cities or municipal companies to improve energy efficiency in public buildings.(i.e. schools, hospitals, government buildings). Capital expenditure grants will be an integral part of the project financing package alongside the loan and technical assistance.

**Window 4b** will be implemented alongside direct financing by EBRD (EUR 25 million) through direct loans and technical assistance to the State, cities or municipal companies to improve energy efficiency in public buildings.(i.e. schools, hospitals, government buildings). Capital expenditure grants will be an integral part of the project financing package alongside the loan and technical assistance.

## **3. IMPLEMENTATION ARRANGEMENTS**

### **ROLES AND RESPONSIBILITIES**

The action may be implemented in indirect management with the EBRD and the EIB, as the European Western Balkans Joint Fund (Joint Fund) Managers. The individual projects will subsequently be implemented by the two lead IFIs (EBRD and KfW). All activities will be undertaken in coordination with the Western Balkans beneficiaries and the Energy Community Secretariat's Energy Efficiency Coordination Group. REEP and REEP Plus will continue to be implemented in parallel with a set of priority by Beneficiary and regional policy dialogue activities also funded by other donors.

### **IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING**

The EUR 30 million from IPA will be implemented in indirect management under the WBIF. Funds and will be channelled via the multi-donor fund under the WBIF – the European Western Balkans Joint Fund.

Fall back option: to sign separate agreements, with EUR 15 million allocated for EBRD and EUR 15 million for KfW.

### **Window 2b:**

The new EBRD Facility (WB GEFF II) will be made available by EBRD to qualifying PFIs under GEFF for on-lending to individual households, service providers, vendors and housing collectives, implementing sustainable energy investments in the residential sector. The expected facility size is around EUR 60 million or more.

The Facility will be complemented by other donor funds covering:

- Technical Assistance (TA) package to support technical assistance to PFIs and sub-borrowers during implementation and verification of sub-projects completion. TA costs are estimated at around EUR 5 million over an implementation period of at least 4 years for Window 2b. This TA will be funded by separate donor.
- Investment Incentives for sub-borrowers, in the range of 10 - 35% of the sub-loan amounts depending on the nature and performance of sub-projects and payable only subject to verification of sub-project completion. Investment Incentives costs are estimated at EUR 9.5 million over an implementation period of at least 5 years for Window 2b.
- The facility may be also supported by grant fund(s) by other donors in the form of, but not limited to, co-financing, to increase the outreach of residential green investments. For example, EBRD financing in Serbia may include a concessional co-financing tranche provided by the Green Climate Fund (GCF). In the Western Balkans, GCF co-financing is available in Serbia only. In the case that EBRD credit lines to PFIs have a co-financing component, the proposed investment incentive would be based on the overall financing amount.

PFIs will be selected by the EBRD based on their financial strength, geographic coverage and branch network, and commitment to engage in sustainable energy finance.

The EBRD will select the borrowers to be financed in accordance with its own internal procedures. The EBRD assesses the creditworthiness of each borrower on a case-by-case basis as part of the due diligence process and puts in place appropriate credit quality monitoring benchmarks/ covenants. The EU will be kept regularly informed on the loans signed through the progress reports.

The EBRD will procure and manage the Consultants providing services under the technical assistance for the residential sub-window and provide guidance on interaction with the relevant governments on policy dialogue. Consultants will be selected and contracted pursuant to the EBRD procurement policies and rules. A separate consultancy assignment will be contracted and administered by KfW focussing on supporting credit lines deployed in the commercial and municipal sectors.

The investments will be implemented across the Western Balkans region in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

#### **Window 4a and b:**

EBRD and KfW will provide direct state and municipal loans in the amount of up to EUR 61 million (EUR 25 million EBRD and EUR 36 million KfW). These loans will be supported by capital expenditure grants in the amount of EUR 19.5 million (EUR 4.8 million to be implemented by EBRD and EUR 14.7 million to be implemented by KfW) for the purposes of improving energy efficiency in public buildings (i.e. schools, hospitals, government buildings).

Technical Assistance (TA) package to support project preparation and implementation is also envisaged to public sector clients. TA costs are estimated at EUR 2 million. This TA will be funded by separate donor(s).

The EBRD and KfW will select the central state or municipal borrowers for financing in accordance with their own internal procedures. The EBRD and KfW assesses the creditworthiness of each borrower on a case-by-case basis as part of the due diligence process and puts in place appropriate credit quality monitoring benchmarks/covenants. The EU will be kept regularly informed on the loans signed through the

progress reports. The investments (loan and grant funds) will be implemented in line with EBRD procurement policies and rules.

The investments will be implemented at local level across the Western Balkans region in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia. The indicative duration of the contribution arrangement will be 60 months.

#### **4. PERFORMANCE MEASUREMENT**

##### **METHODOLOGY FOR MONITORING AND EVALUATION**

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the Directorate-General for Neighbourhood and Enlargement Negotiations Guidelines on linking planning/programming, monitoring and evaluation. In addition, the action might be subject to external monitoring in line with the European Commission.

The ‘REEP Plus replenishment’ and the Action will be monitored according to EBRD’s and KfW standard procedures with the European Commission. The EBRD and KfW will undertake regular monitoring missions the results of which will be shared with the EU in regular progress reports. Project monitoring and evaluation will be based on periodic assessment of the progress on delivery of the programme results against its objectives.

A Programme Steering Committee (“PSC”) shall be established to monitor the implementation of the Programme. The PSC shall be composed of the representatives from the European Commission, the EBRD, KfW, the ECS and any potential co-financiers and shall convene in principle once a year or when needed in order to review the progress of the project. The PSC shall:

- Monitor the progress, including the annual reports, of the Programme;
- Take into consideration the experiences gained during the implementation and consider adjustments/improvements if required;
- Agree visibility actions and monitoring missions with respect to projects supported under the Action;
- Agree on the presentation and reporting of information to the Steering Committee of the Western Balkans Investment Framework (WBIF SC).

The progress of implementation will also be monitored by the Steering Committee of the WBIF SC which is composed of representatives of the European Commission, the IFIs, the bilateral donors and the beneficiary governments. The WBIF SC, held twice a year, reviews operations financed by the European Western Balkans Joint Fund which is a complementary funding source in the implementation of “REEP Plus replenishment”. Further, strategic priorities for the energy sector are coordinated and agreed with the partners of the EECG, co-chaired by the EU and ECS, and which includes representatives of the IFIs and beneficiary governments.



## INDICATOR MEASUREMENT [ON GOING DISCUSSIONS – TO BE UPDATED]

Indicator	Baseline (value + year) (2)	Target 2020 (3)	Final Target (year) (4)	Source of information
<b>Window 2b Residential sector (GEFF)</b>				
MCSP indicator (impact/outcome)...(1)				
<b>Output Indicators</b> <ul style="list-style-type: none"> <li>• Facility fully disbursed to finance eligible investments</li> <li>• Number of households reached</li> <li>• Skills transfer and local capacity building</li> </ul>		<ul style="list-style-type: none"> <li>• EUR 60 million on-lent</li> <li>• 10,000 households receiving finance</li> <li>• At least 100 <u>beneficiaries (including loan officers, vendors and other stakeholders)</u> trained on green economy investments per bank and at least 300 in total</li> </ul>		PFI's and Consultant's reports
<b>Outcome Indicators</b> Improved energy efficiency		Expected energy savings at Facility level of at least 48 GWh per annum and expected carbon reductions of at least 15,000 t CO2 p.a.		Consultant's report
<b>Window 4 Direct lending to public sector</b>				
MCSP indicator (impact/outcome)...(1)				
<b>Output Indicators</b> <ul style="list-style-type: none"> <li>• Facility fully disbursed to finance eligible investments</li> <li>• Number of public buildings projects</li> </ul>		<ul style="list-style-type: none"> <li>• EUR 61 million lent</li> <li>• 10 public buildings projects</li> </ul>		EBRD and KfW reports
<b>Outcome Indicators</b> <b>Improved energy efficiency</b>		Expected energy savings at Facility level of at least 15 MWh per annum and expected carbon reductions of at least 5,500 t CO2 p.a.		Consultant's report

(1) This is the related indicator as included in the Indicative Strategy Paper (for reference only)

(2) The agreed baseline year is 2010 (to be inserted in brackets in the top row). If for the chosen indicator, there are no available data for 2010, it is advisable to refer to the following years – 2011, 2012. The year of reference may not be the same either for all indicators selected due to a lack of data availability; in this case, the year should then be inserted in each cell in brackets. The baseline value may be "0" (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as "N/A" or "will be determined later".

(3) The target year CANNOT be modified.

(4) This will be a useful reference to continue measuring the outcome of IPA II support beyond the 2014-2020 multi-annual financial period. If the Action is completed before 2020 (year for the performance reward), this value and that in the 2020 target column must be the same.

## **5. CROSS-CUTTING ISSUES**

### **GENDER MAINSTREAMING**

The financing provided under Window 2b will be made available to both women and men final beneficiaries. The following non-financial barriers to access to energy efficiency finance affecting women and men have been identified:

- husbands and wives generally make joint decisions on whether or not to implement energy efficiency investments. However, choosing the proper insulation company is generally the husband's responsibility;
- lack of information and/or misinformation among women and men about building level EE improvements;
- lack of interest from women in being involved in decisions on home improvements due to their perception that handling the installation process could be difficult.

The following actions may be implemented as part of the implementation of the action:

- delivering the financing through vendors as a complementary financial mechanism to individual loans, especially for those from lower and middle socio-economic groups, since their purchasing power may not be enough to allow them to access bank loans;
- organising a "home efficiency" contest, targeting women, to raise awareness among women about the saving aspect of implementing energy efficiency investments;
- stimulating the participation of women in insulation work by distributing 'beginners' guidance materials in branches and on the websites of PFIs, explaining the choice of materials and the insulation techniques in simple terms,
- organising awareness raising activities on energy efficiency investments to both women and men as both women and men avoid making decisions on insulation because of a lack of information and, mostly, misinformation on the correct materials to use;
- considering gender differences in promoting the financing product targeting men by emphasising lower energy costs, while women should be targeted by emphasising higher comfort levels, due to better insulation and lower GHG emissions.

### **EQUAL OPPORTUNITIES**

The financing provided under Window 2b will be made available to both women and men with no discrimination. Any individual or business owner meeting the eligibility criteria and the PFIs credit criteria will be allowed to participate.

### **MINORITIES AND VULNERABLE GROUPS**

The financing provided under Window 2b will be made available to all residents including minorities and vulnerable groups with no discrimination. Any individual or business owner meeting the eligibility criteria and the PFIs credit criteria will be allowed to participate.

### **ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)**

If applicable, CSOs can be involved in the following areas in order to contribute to energy efficiency, cost savings and increased accountability of local and central authorities: monitoring of local policies and budgets, cooperation with local authorities and stakeholders, awareness raising on energy policies. Participation and comments of all CSOs and civil society platforms comments are appreciated.

### **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

An investment shall comply with the relevant legislation at targeted IPA II beneficiary level and promote alignment to applicable EU Directives, in particular the Directive on Energy Performance of Buildings, or

any successor thereto, in so far as the investments relate to the building sector, and the Directive on Energy End-use and Energy Services and the Renewable Energy Directive.

Climate action relevant budget allocation: EUR 30 million
---

## **6. SUSTAINABILITY**

The action will demonstrate the effects of rational energy in the context of rising energy costs. Financial institutions can be very effective in educating their clients and enabling wide scale uptake of new product lines such as energy efficiency technologies. At the same time, the availability of financing for sustainable energy technologies brings additional benefits, such as development of the necessary systemic infrastructure, including energy auditors, project developers and sustainable energy technology providers. It is anticipated that over time PFIs will become more and more familiar with financing sustainable energy investments and will promote similar lending products making lending sustainable. The Programme will also support public bodies in playing the exemplary role when it comes to energy efficiency investments in buildings.

In addition, the action will raise awareness about sustainable investment opportunities to the wider population as well as other stakeholders such as suppliers, installers and vendors of sustainable energy products thus increasing market penetration rate of best performing technologies.

## **7. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the action. The implementation of the communication activities shall be funded from the amounts allocated to the Action. For the “REEP Plus replenishment”, the EC will continue to use the website of the REEPWB and REEP Plus: [www.wb-reep.org](http://www.wb-reep.org).

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the relevant and agreed EU communication and visibility requirements. All stakeholders and implementing partners shall ensure the visibility of EU Financial assistance provided through IPA II throughout all phases of the programme cycle.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

Visibility and communication aspects shall be complementary to the activities implemented by the Directorate-General for Neighbourhood and Enlargement Negotiations and the EU Delegations in the field. The European Commission and the EU Delegations shall be fully informed of the planning and implementation of the specific visibility and communication activities.

The EBRD and KfW will maintain regular communication with the EU Delegations in the Western Balkans throughout the implementation by means of formal reports, invitations to events and regular meetings with the Organisation's staff in the local offices.

The EBRD and KfW shall ensure that the visibility of the EU contribution is guaranteed, and is at least equivalent to that given through media to other donors supporting the action.

EU including the relevant EU Delegations shall be kept informed about the results of the Programme as well as shall be invited in a speaker role to any visibility event relating to the action, including the launching ceremony, if any.

In the context of this project, EBRD and KfW will elaborate a communication and visibility plan, which will be based on an agreed common communication narrative and master messages customised for the different target audiences (stakeholders, business community, civil society, general public, etc.).

Communication activities will include:

- **Visibility events:** a range of events will promote the action throughout the Western Balkans. Such events will seek to emphasise the results of the action and will highlight, as far as possible, first-hand accounts from people, organisations and benefitting from the project as final beneficiaries. Close collaboration will be sought with stakeholders and partner organisations, including joint events. Media presence will be targeted.
- **Other activities:** The action includes several training sessions for PFI loan officers, local engineers which will also provide visibility opportunities.
- **Printed material:** A range of printed materials will be distributed to the Action's audiences, if and where appropriate.
- **Additional materials:** these may include, for example, promotional items, such as banners, pens, folders, conference bags, USB sticks, business cards, flags, business cards, umbrellas, t-shirts, stickers or similar material.
- **Online presence**
  - Web presence through a dedicated website [www.wb-reep.org](http://www.wb-reep.org), which prominently features the EU logo and a mention that the project is funded by the EU. Content will be clearly linked to the websites of the PFIs and relevant partners and stakeholders and, in addition to content outlining the main benefits of the Programme, will include a range of case studies, videos, and news about upcoming events/trainings/seminars and local contact details.
  - Social media: Presence on social media will be increased, through centralised EBRD and KfW channels (available on Facebook, twitter and others), and will systematically acknowledge EU support. In addition, content will be channelled to the social media accounts of partner organisations and donor missions present in each relevant IPA II beneficiary. Content will also be shared with the European Commission and the EU Delegations and EU Info Centres and Info Points in the region
- **Media coverage:** Media monitoring will take place throughout the implementation of the Programme. The monitoring of coverage in international media will also be undertaken by the EBRD's Press Team and the Consultants.
  - Press Release for important milestones of the Programme: Press releases for important milestones of the Programme (such as signings of financial agreements with the PFIs, project number milestones, the launch of new activities) will be drafted in both the local languages and English, as appropriate, and distributed for publication in the targeted IPA II beneficiary and regional press. The same applies to other public communications.
  - TV and print interviews: Press visits to Programme beneficiaries may be organised at regular intervals within the Programme. Printed interviews will be initiated through press releases to all local printed and online media.
- **Multimedia production**
  - Multimedia and up to two video productions will also be considered, focused on a specific success stories and acknowledging the EU's contribution. Existing multimedia material will be further promoted in English and/or local language/s, as appropriate. Content will be shared with the European Commission and the EU Delegations and EU Info Centres and Info Points in the region.

Effectiveness of communication activities will be measured through:

- Mentions of the Programme and its results in regional and targeted IPA II beneficiary's media.

- Multimedia/video views on social media and elsewhere.
- Social media activity and engagement.

EBRD and KfW will draw on their own resources of communication and visibility including the press team, publications team and web team.

As part of the visibility activities and budget, the Organisation/s may also hire additional human resources, locally or centrally as needed, to work as part of its Communications Department and in close cooperation with the EU Delegation and other partners and stakeholders.