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Procurement Opportunities for the Renewable Energy Independent Power Producers Facilitation Project

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Agenda

- Reliable Energy Landscape Project;
- Renewable Energy Independent Power Producers Facilitation Project;
- Kosovo Credit Guarantee Fund (KCGF) Portfolio;
- Private Sector Opportunities associated with Renewable Energy IPP Finance Facilitation Project;
- Procurement Processes
- Q&A

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Millennium Foundation Kosovo

Presented by: Burim Hashani
Energy Director, MFK

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Millennium Foundation Kosovo (MFK)

- Millennium Foundation Kosovo is the legal entity established by the power of the Threshold Agreement signed and ratified in 2017, between Kosovo and US governments;
- MFK is an autonomous entity with independent legal authority to oversee, manage, and implement the 49 million USD Threshold Program funded by Millennium Challenge Corporation on behalf of the U.S. Government;
- The Board of Directors consist of seven members: 4 ex officio members from Kosovo institutions; 2 from civil society; and 1 from private sector;
- MFK has a total of 23 staff.

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Millennium Foundation Kosovo (MFK)

$49 M Threshold Program

- September 2017 – September 2021

Reliable Energy Landscape Project

- Pilot for Investing in Energy Efficiency
- Pilot for District Heating Metering
- Support for Financing Independent Power Producers

Transparent and Accountable Governance Project

- Access to Judicial Information
- Environmental Data Collection
- Open Data Challenge

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Reliable Energy Landscape Project

Presented by: Burim Hashani
Energy Director, MFK

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Reliable Energy Landscape Project (RELP)

Pilot Incentives for Energy Efficiency
Estimated Scope:

- USD 21 Million;
- 2,500 individual households throughout Kosovo;
- 25 Multi Apartment Buildings / 7 Municipalities selected;
- Women Entrepreneurs and employment support throughout Kosovo;

Scope of Work:

- Incentive design and deployment;
- Behavior Change and Outreach;
- Gender and Social Inclusion Requirements and Activities;
- Monitoring, Evaluation, and Learning
- Environmental, Social, Health, and Safety Compliance;
- Technical Assistance:
  - Capacity building (GoK/KEEA, ERO, etc);
  - Training and support to private sector (installers, service providers).

Reliable Energy Landscape Project (RELP)

District Heat Metering Estimated Scope:

- USD 10-12 Million;
- 12500 apartments
- Termokos network technical and regulatory support;

Scope of Work:

- Assessment and Installation of DHM equipment
- Technical Assistance
  - Procurement support
  - Training & Capacity building (Termokos, ERO, etc)
- Behavior Change and Communications
- Environmental, Social, Health, and Safety Compliance
- Gender and Social Inclusion Requirements
- Monitoring, Evaluation, and Learning

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Supporting Renewable Energy Market Innovatively

- Recognizing the demand for energy and the need to increase supply sustainably, Kosovo made a strong commitment to renewable energy by setting a target of 29% of gross consumption of energy in 2020 to be renewable.

- Despite having a well-established support scheme framework that guarantees attractive Feed-in-Tariffs and long term PPA's, renewable energy as a percentage of gross energy consumption has remained relatively static, indicating that there are still serious barriers to RE IPP's coming online.

"The share of RES in the total energy supply mix remains lower than 10% despite the fact that the RES authorizations issued by ERO amount to more than 700 MW in capacity"

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Renewable Energy (RE) Independent Power Producers (IPP) Finance Facilitation Project

Presented by: Albert Bossar,
Associate Director – Finance, Investment, and Trade, MCC

MCC/MFK aim to catalyze the development of RE projects through three innovative complementary interventions

1. **Develop renewable energy credit guarantee product**
    - Support Kosovo Credit Guarantee Fund to increase its capacity in project finance and energy finance as well as cover all incremental operating costs to establish a separate RE IPP Guarantee Window.

2. **Project screening and development - Kosovo Project Accelerator**
    - Establish a pipeline of bankable projects - provide targeted technical assistance and training to IPPs, banks, and local experts.

3. **Market standardization**
    - Creation of Standardized templates for technical documents as well as provision of training to banks and market regulators on use of standardized framework for renewable energy project financing.

Reducing Barriers to RE IPPs: The Two-Part Solution

RE IPP Guarantee Window

- Guarantees cited as largest need by banking sector;
- Leverages existing and successful KCGF model;
- Catalyzes a projected €200MM – 350MM lending market.

KPA Program

- Build consensus for RE project financing framework;
- Develop pipeline of bankable IPP projects for RE Window;
- Establish model for catalyzing project financing in other sectors.

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KOSOVSKI FOND ZA KREDITNO JEMSTVO
KOSOVO CREDIT GUARANTEE FUND

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KOSOVO CREDIT GUARANTE FUND (KCGF)

Presented by:
Partin Pruthi, Senior Legal Officer, KCGF

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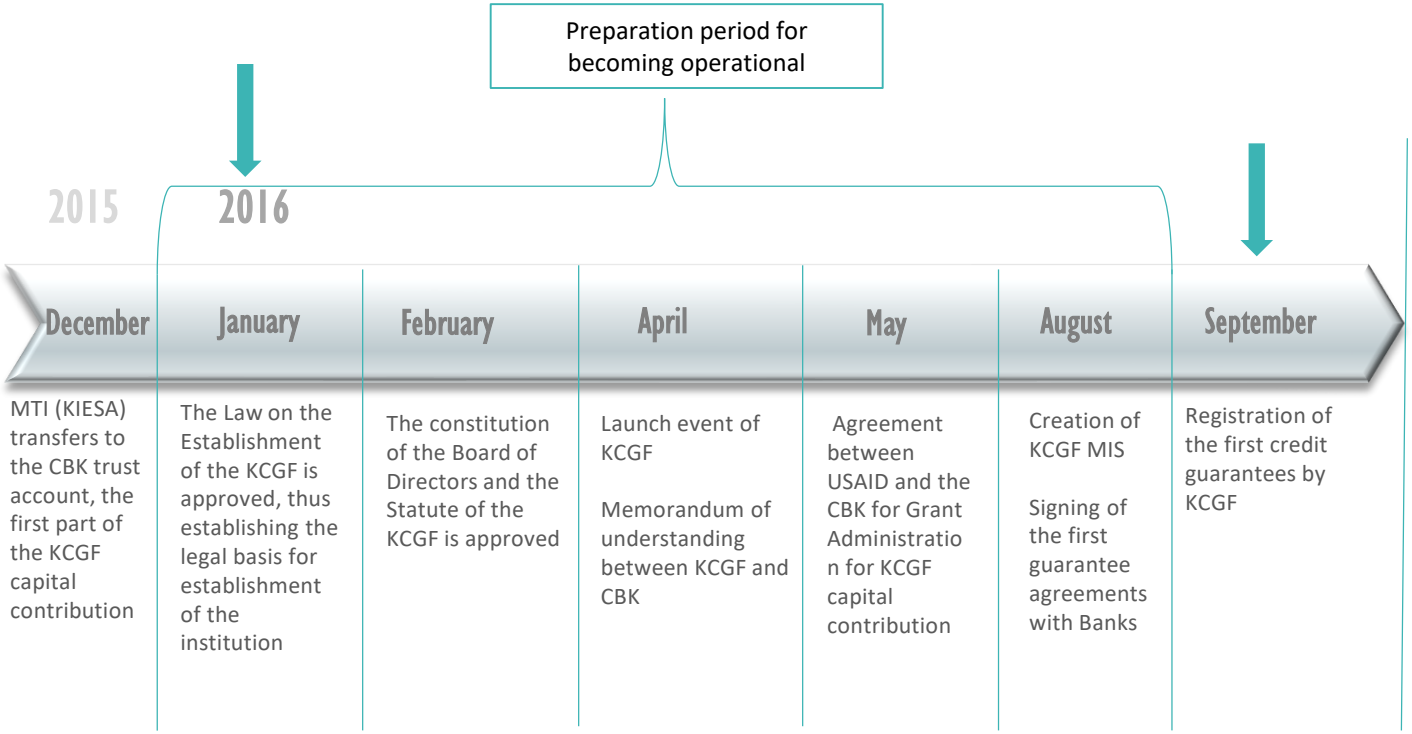
- Kosovo Credit Guarantee Fund (KCGF) is a local, independent Legal Entity that is established under the Law on January 2016.
- The aim of the KCGF is to support the private sector in Kosovo by increased access to finance for MSMEs, thereby creating jobs, increasing local production, improving the trade balance and enhancing opportunities for underserved economic sectors.
- Mobilize underutilized liquidity of the banks through loans to MSMEs in order to increase local production, exports and jobs.

Short History

The USAID, through the program – Empower Credit Support, prepared legal foundations, provided technical assistance and covered all staff and operational costs, in order to make KCGF functional.



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Guarantee

- KCGF absorbs a portion of Financial Institution losses on loans issued to MSMEs in cases of default, by providing guarantees.
- By reducing the risk of lending to MSMEs, KCGF expects partner banks to lend more to MSMEs by increasing the amounts of lending, expanding products and services available to MSMEs and improving the terms and conditions for lending.

How KCGF Operates

- KCGF does not interact directly with potential borrowers. A potential borrower must apply for credit at a Partner Financial Institution (PFI).
- The PFI performs its usual credit analysis and approval standards. Based on KCGF criteria, the PFI decides whether the applicant qualifies for a KCGF guarantee.
- KCGF operates on the premise that the submitting PFI would have performed all the appropriate risk analysis and determined the borrower's and the loan's eligibility.
- Ex ante and ex post monitoring mechanism have been developed by KCGF in order to monitor / control performance from each PFI.

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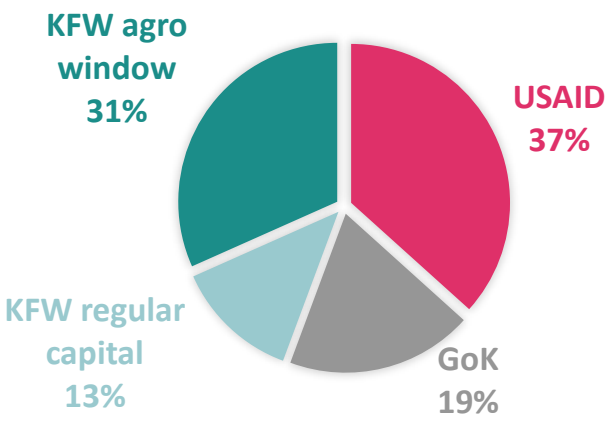
Structure of Capital

- KCGF operates and issues credit guarantees based on the guarantee capital provided by USAID, KfW, and the Government of Kosovo (GoK).

Capital Source	Existing Capital
USAID	5,790,921
Government of Kosovo - MTI	3,000,000
KfW Regular Capital	2,000,000
KfW Agro –Window	5,000,000
Retained Earnings	495,880
Total Capital	**16,286,801**
Guarantee Balance	33.987.915



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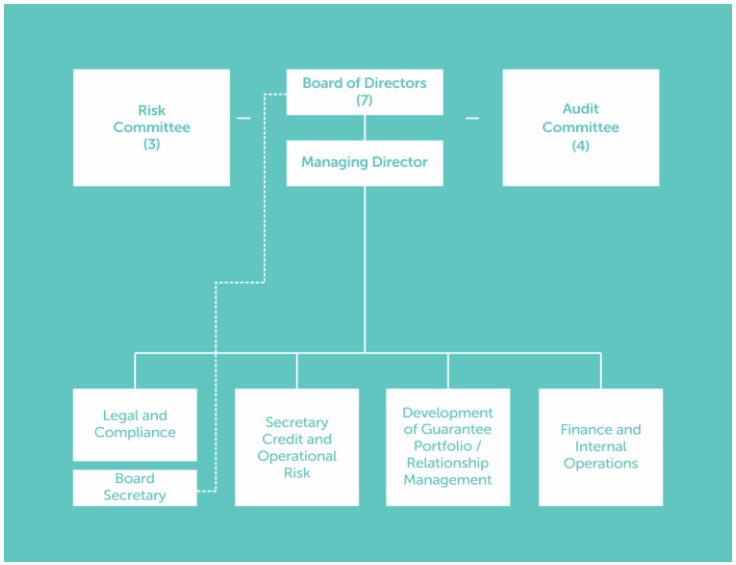
How KCGF Operates

- Kosovo Credit Guarantee Fund is governed by a Board of Directors consisting of seven (7) members.
- KCGF is managed by the Managing Director and team of experts for specific areas.



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KCGF Partners

DONORS

Government of Kosovo

United States Agency for International Development (USAID)

German Development Bank KfW

PARTNERS

The Swedish International Development Cooperation Agency - SIDA represented by the Swedish Embassy

European Investment Fund

PARTNER FINANCIAL INSTITUTIONS

Banka Ekonomike
Banka Kombëtare Tregtare
Banka për Biznes
NLB Banka
ProCredit Bank
Raiffeisen Bank
Raiffeisen Leasing Kosovo
TEB

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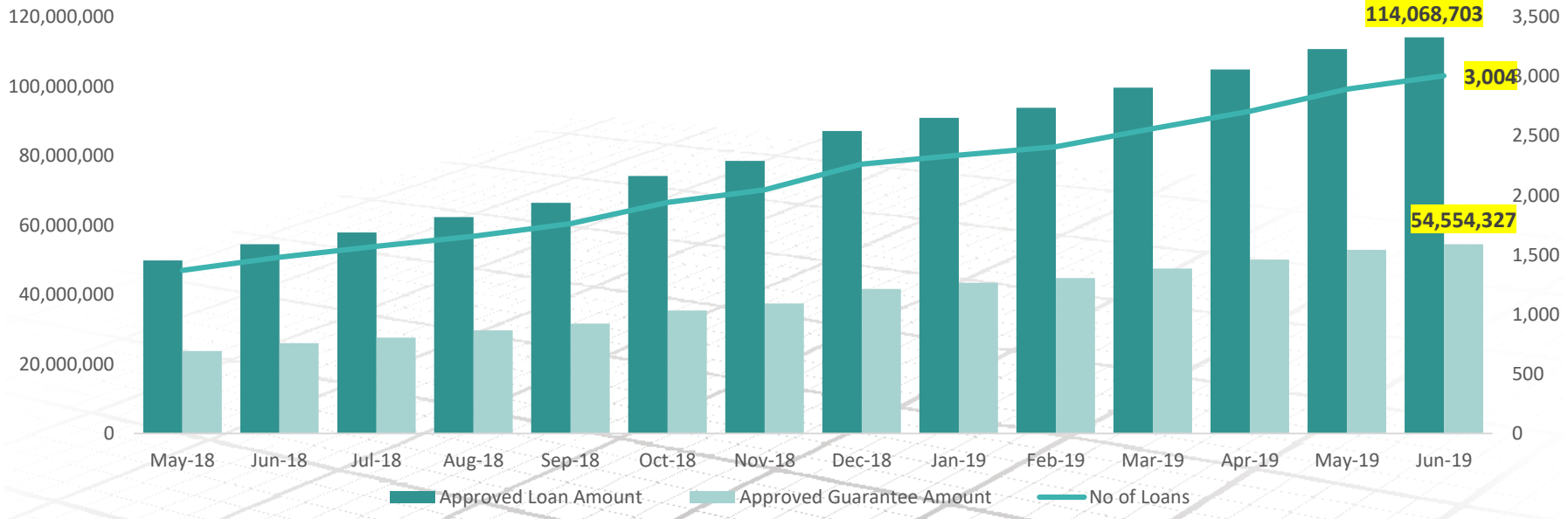
Portfolio Development

- EUR 114 MM issued loans by RFI
- EUR 54.5 MM guaranteed by KCGF
- Distributed to 3,004 MSMEs
- Average maturity 36 months



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4 301
JOBS CREATED

Agriculture, Forestry, Fishing	Manufacturing Products	Wholesale & Retail Trade
318	760	1 470

Construction	Services
329	1 424

LOANS TO WOMEN

10% of guaranteed loans are for female entrepreneurs

10%

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Economic Additionality

Participation of guaranteed loans in disbursements of 2018 in the banking sector (loan value up to 100K)

INCREASE OF MATURITY FOR

31 %

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Economic Additionality

Participation of guaranteed loans in disbursements of 2018 in the banking sector (loan value up to 100K)

27 %

AVERAGE INCREASE OF LOAN VALUE

29 %

OF NEW GUARANTEES FOR NEW CLIENTS

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Recent Developments

- Donation of 20M EUR from GoK through a World Bank Loan;
- Development of new products “windows” that target specific client segments and/or specific sectors in the market;
- Donation from KfW for additional 6.5 M EUR capital;
- Cooperation with MCC/MFK on establishing Renewable Energy Window.

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Private Sector Opportunities Associated with the Renewable Energy IPP Finance Facilitation Project

Presented by: Rozafa Ramadani Mavriqi

Private Sector Development Specialist, MFK

Project Management Consultant (PMC)

- Minimum of 10 years managing projects involving donor funded programs and development finance;
- Minimum of 10 years managing projects involving guarantee facilities, and mechanisms to catalyze commercial lending or financing projects;
- Minimum of ten 10 years experience in procurement support and implementation monitoring in multiple project environments;
- Experience in similar projects and developing country context like Kosovo is an advantage.
- As a minimum, members of the management team should include:
  - Program Manager;
  - Project Finance and Risk Expert;
  - Renewable Energy Expert.

Project Management Consultant (PMC)

- The PMC will provide general program management services for MFK and its Implementing Entity Partner(s);
- The PMC will assist MFK during the development and tendering of subsequent procurements and capacity building activities under the Renewable Energy IPP Facilitation Project;
- The PMC will aid MFK and KCGF in key stakeholder engagement (capital raising and donor funding activities needed to successfully launch a guarantee window);
- Lastly, the PMC will conduct coordination and oversight to ensure program objectives are met, cataloged and reported to MFK and MCC for program accountability;

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If you have any question, please reach out to us:

MILLENIUMFOUNDATIONKOSOVO.COM
OFFICE@MILLENNIUMKOSOVO.ORG
PROCUREMENT@MILLENNIUMKOSOVO.ORG

MIGJENI STR 21, FLOOR 9
10000 PRISHTINA, KOSOVO