

50 million for companies developing renewable energy in the Ukraine

The European Board for Reconstruction and Development or EBRD is considering establishing a EUR 50 million Ukraine Renewable Energy Direct Lending Facility "UREDLF" or "Facility", which would provide the Bank with an instrument to extend debt financing for renewable energy projects in Ukraine. The total project cost will be up to 100 million euro.

The two main objectives of the Facility are:

- to provide financing and technical assistance for the realisation of early renewable energy projects, which will demonstrate the benefits of utilisation of renewable energy sources;
- to encourage and support policy dialogue and institutional capacity building in respect of renewable energy, in order to foster the development of a favourable environment for the implementation of such projects in Ukraine

The Facility will consider all forms of renewable energy generation project including hydro, wind, biomass and solar.

Projects for the production and/or distribution of biomass fuel [such as wood pellets] may also be considered but on the basis of corporate loans rather than project finance.

Concessional co-financing from the Clean Technology Fund [CTF] is anticipated to be available to cover up to 20% of project costs.

UREDLF will be also supported by TC funding of EUR 5.8 million [see below] for pipeline/project preparation, due diligence and an institutional capacity building component.

The facility is expected to have the following impact:

- Demonstration of the potential for renewable energy development through the development of the commercial structures for financing renewable energy projects in Ukraine and the demonstration of these through projects that are financed.

These will be amongst the first renewable energy projects to be developed in Ukraine and will provide a highly visible demonstration to other potential developers that projects can be successfully implemented in this market.

- Promotion of new financing mechanisms

The Project will support and facilitate financing structures which are not widely available for these types of projects from local banks but which may be expected to enter the market once precedents are established.

- Transfer of skills

The project is expected to build and transfer expertise related to renewable energy project development to Ukraine companies.

- Legislative reforms and capacity building

Part of the TC funds will be used to support dialogue with the Ukraine authorities on adoption of new legislation to support renewable energy sources, as well as in building the necessary institutional capacity for implementation both at the project level and within the enabling institutions such as the regulator and UkrEnergo.

EBRD finance: EUR 50 million

Total project cost: Up to EUR 100 million [including EUR 20 million from the CTF]

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More information: www.ebrd.com/projects/psd/psd2009/39850.htm

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