



ENERGY COOPERATION BETWEEN THE EU, THE LITTORAL STATES OF THE BLACK & CASPIAN SEAS AND THEIR NEIGHBOURING COUNTRIES

**REPORT: COMBINATION WORKSHOP/STUDY TOUR
ON SUSTAINABLE ENERGY BANKING
14-16 May 2013, Vienna, Austria**

by Component C of the New ITS Project

**“INOGATE Technical Secretariat & Integrated Programme in
support of the Baku Initiative and the Eastern Partnership
energy objectives”**

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1. EXECUTIVE SUMMARY

From May 14 to 16, 2013, the sustainable energy expert team of the INOGATE New ITS Project conducted a combination workshop and study tour (“the combo”) on Sustainable Energy Banking in Vienna, Austria. ITS chose Austria because of its banking sector’s strong practical interest in SE and experience doing SE projects in Eastern Europe. The event was very successful as measured by participants and instructors.

The 17 participants who attended the combo comprised:

13	(76%)	- Credit officers in local PC banks.
2	(12%)	- Regulators
2	(12%)	- Ministry personnel
17	(100%)	- Total

All participants attended all three days and received certificates. They represented 6 partner countries (PCs): Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

The general objective of this capacity building was to increase capitalization of the EE/RES sector in the PCs. To accomplish this, we had to show bankers in local finance institutions (LFIs) exactly how to conduct business in the area of sustainable energy.

The combo included two days of lectures by three instructors from the EU and two from ITS to carry out the objectives. EU bankers helped bankers from INOGATE PCs to better understand what to look for to reduce risk and achieve success in this business.

The combo included two site tours, one of a completed energy efficiency project and the other of a completed renewable energy project. They let bankers see with their own eyes the results of successful SE banking.



Banking combo group

All participants have access to the training materials electronically via the INOGATE website. The material includes functioning spread sheets to be used as tools in analysing SE projects.

2. METHODOLOGY

The overall objectives of the study tour were to contribute to improving the EE/RES investment climate and increasing capitalization of EE/RES sector in the PCs. Specific objectives of the study tour were:

- Decision making - to equip participants with improved knowledge and skills for making better EE/RES investment decisions
- Best practice - to transfer to participants best practices on EE/RES financing conditions, technologies and methods, including risk management, security activities and monitoring steps, as well as their efficient use
- Operations - to improve the capacity of participants to develop and carry out effective and profitable operations with EE/RES project development and implementation
- Actual demonstrations - to promote effective approaches and systems for EE/RES financing, including study of completed loan deals and investment projects, as well as demonstration of working plants constructed through SE financing tools, and projects implemented within the scope of EE/RES financing

The first feature of the combo was a seminar in a workshop format where participants learned by doing. After introductory lectures, participants performed actual exercises under the direction of Erste Bank.

The second feature of the combo was the study tour portion. Here, participants saw two actual, completed, working SE projects. Erste Bank and project hosts explained how the financing worked and how the technology works. Participants saw the host bank's customers, i.e., borrowers who implemented successful projects and regard their bank as a partner to trust.

To prepare for this workshop, the instructors developed new teaching material suitable for this audience. The lectures (see appendices) covered methodologies to deal with SE project loans and case studies from the European experience.

The event was quite demanding for participants. As a rule, training should not continue for more than 6 hours per day. This event had 7 hours of training each day plus lunch. Everybody stayed close to the program the whole time.

The rest of this report describes how the combo achieved its intended results.

3. ACTIVITIES

1st day

- a) Opening
- b) Lecture on climate stabilization
- c) Lecture on SE financing sources, tools, methods, forms
- d) Lecture on risk identification and management, bank guarantees
- e) Lecture on evaluation tools & indicators
- d) Presentation and discussion on RES project loan
- e) Presentation and discussion on EE project loan



*SE banking expert
Michael Plechaty
(standing)
delivering lecture*



*Participants
following
lectures*





SE banking expert Werher Weihs-Raabl (right) delivering lecture



*SE project expert Margit Kapfer (right) delivering lecture both photos
ITS banking expert & facilitator Andriy Spodarenko (centre, both photos) translating*

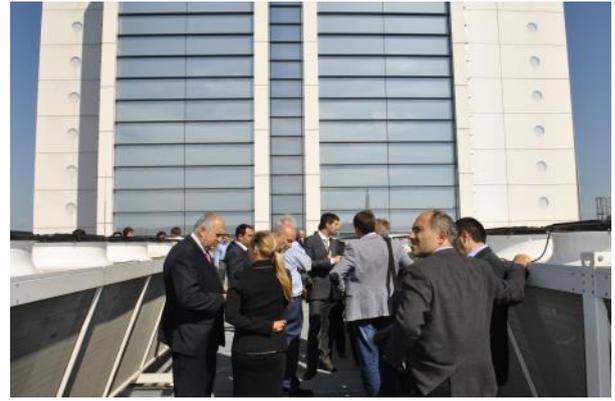
2nd day

- a) Presentation of analysis tool to determine life cycle feasibility of SE projects
- b) Presentation of Austrian SE banking experience
- c) Presentation of European SE banking experience
- d) Group exercises in developing EE/RES financing schemes and lending conditions
- e) Plant tour of cooling storage system at Federal Computing Center; explanation by project owner



Participant groups solving workshop exercises





Plant tour of cooling storage system at Federal Computing Center

3rd day

- a) Presentation on challenges and achievements of SE financing in INOGATE PCs
- b) Participant groups' presentations on conclusions and recommendations of workshop exercises
- c) Quiz & discussion
- d) Plant tour of Bruck an der Leitha wind farm; explanation by project owner
- e) Debriefing
- f) Certificate ceremony



ITS banking expert Vahan Babajanyan delivering lecture



Bruck an der Leitha wind farm



60 meters up: Participants and instructors at wind turbine



New ITS Project Key Expert Larry Good awarding certificates

4. PARTICIPANTS

Nineteen people were invited to the combo event. Seventeen people participated. Of the 17, 13 are practicing credit officers in local banks of the partner countries. Two are from regulatory agencies, and two others from ministries.

All 6 partner countries were represented in the combo.

PC	Participants
Armenia	6
Azerbaijan	3
Belarus	1
Georgia	3
Moldova	1
Ukraine	3
Total	17

Armenia shows a very strong interest in SE banking. This was also evident during the ITS inception last year.

All participants attended every session from beginning to end. Later one participant wrote that the event “was very constructive, useful, practical and most importantly positive. I truly enjoyed every hour spent on classes.”

5. INSTRUCTORS

The key instructor was Mr. Werner Weihs-Raabl, Head of Infrastructure Finance at Erste Group Bank, the host organization in Vienna, Austria. He lectured on project structures: risk identification and management, bank guarantees, and main evaluation tools & indicators. He also introduced Erste Bank and the RES project loan.

Other Austrian instructors were Mr. Michael Plechaty, senior vice-president at VA TECH Finance, and Ms. Margit Kapfer, Head of Climate Change Services at Denkstatt, GmbH. These two organizations are Erste Group contractors who manage projects. Mr. Plechaty lectured on making EE/RES financing attractive to banks: sources, tools, methods and forms. Ms. Kapfer lectured on the Austrian and European experiences with case studies.

ITS instructors were Mr. Vahan Babajanyan, banking & financial expert, and Mr. Larry Good, key expert for sustainable energy. Mr. Babajanyan lectured on the challenges of doing SE business in the PCs. Mr. Good lectured on OECD's plan to stabilize the climate and presented a short analysis tool to determine feasibility of SE projects.

Mssrs. Weihs-Raabl and Babajanyan together led the group exercises.

6. TESTING

ITS experts tested participants to find what they knew before and after the workshop. Final quiz results were an average of 92%, 27 points higher than their knowledge before the workshop. See following table.

QUIZ QUESTION	N 1	N 2	N 3	N 4	N 5	Total	Percent of correct answers
Correct answers before workshop	8	10	10	12	15	55	65%
Correct answers after workshop	14	15	16	16	17	78	92%

7. PARTICIPANT QUESTIONNAIRE

At the end, participants answered a questionnaire (see appendix) about the event. All participants responded. The general consensus was very positive.

All answers are summarized below. Some participants checked multiple answers.

1. Was the seminar useful?

- 17 Yes
- 0 No
- 0 More or less

2. Reasons for attending:

- 15 To know something new and interesting
- 16 To learn the experience of EU countries
- 6 To refresh knowledge
- 1 My management send me to the study tour
- 4 To meet with colleagues

3. Most relevant features of seminar:

- 13 Economic evaluation of energy audit results
- 11 Feasibility in investments and communication with banks
- 13 New and important information
- 11 Importance of practical skills and discussions
- 7 Financial calculations
- 5 Skills to find alternative solutions
- 14 International experience

4. Is EU experience in this area applicable in your country?

- 15 Yes
- 2 Not sure

5. Do you recommend including this topic in university courses?

- 15 Yes
- 0 Not sure
- 2 Already used

6. Most interesting seminar activity:

- 6 Individual work
- 14 Lectures
- 13 Discussions of results and problems
- 13 Study tour

7. Will you apply the new knowledge to your work in the future?

- 16 Yes
- 1 Probably in the future
- 0 Not sure

8. How?

- 14 Create template for developing future projects
- 1 Working with and training students
- 12 Convincing investors and clients
- 4 To develop the risk management system

9. Do you intend to continue learning this topic?

- 12 Yes
- 5 Probably
- 0 Not sure

10. Suggested improvements

- 6 No improvement necessary
- 11 Longer seminar
- 0 Shorter seminar
- 9 More focus on other financial/investment solutions

11. Seminar quality

A. Event organisation

Venue	99%
Meals	96%
Help and guidance	100%
Logistics	94%

B. Event organisation

	SCORE (85 point maximum)	(%)
Experience of experts	85	100%
Study tours	81	95%
Quality of discussions	83	98%
Help & guidance	85	100%
Venue	82	96%
Meals	84	99%
Equipment	84	99%
Translation	71	84%
Logistics	80	94%

The overall average of the intellectual parts, was in the high 90s of percent. Logistics issues averaged in the mid 90s.

8. CONCLUSIONS

GENERAL: The most important general finding from the evaluation is that participants declared in writing that they plan to apply the new knowledge to their work in the future (question 7). This is the desired result of any capacity building event.

SPECIFIC: Specifically, participants said they will use what they learned to create templates for developing future projects and to convince clients to invest in SE (question 8). ITS will follow up every 6 months by asking each participant exactly how he/she has done this. Ultimately, the benefits of the event can be measured by the number of new SE deals or euros invested in SE projects.

ITS was most interested to learn that participants put such a high value on economic evaluation of energy audit results and feasibility in investments (question 3). We had assumed that this would be a review of existing knowledge, but it appears to be new for many. As a result, ITS will increase its instruction in these areas in future bank staff training, beginning with the workshop scheduled this summer in Tbilisi, Georgia. For a long time INOGATE has already been teaching engineers how to communicate with bankers. Now ITS sees the opportunity to teach bankers how to understand engineers. Whoever attends either ITS workshop will learn to speak a common investment language with the other group.

The fact that all participants attended every session from beginning to end is unusual for a study tour to Europe. It was especially unusual given the long hours of activity every day. Total attendance was a requirement to receive a certificate. Therefore, everybody received certificates. Nobody took off time to go shopping. This indicated sincere interest in the subject matter.