

Training Course for Project Consultants on the Design of Energy Efficiency and Renewable Energy Projects

Skopje, 28-29 November 2023

Introduction

UNECE is implementing extrabudgetary project “Improving national capacity on renewable energy (RE) and energy efficiency (EE) technologies for small and medium enterprises (SMEs) and households in North Macedonia.” This project is part of a Joint Programme funded by the UN Joint SDG Fund “Green Finance Facility to Improve Air Quality and Combat Climate Change in North Macedonia” jointly implemented with UNDP (lead agency) and IOM under the overall coordination of the Resident Coordinator Office in North Macedonia.

The project aims to improve national capacity on renewable energy (RE) and energy efficiency (EE) technologies for SMEs and households in North Macedonia. The project contributes to overcoming the barriers, including enabling and triggering the unlocking of private capital for investments in renewable energy and energy efficiency solutions.

This Joint Programme set up and operationalizes Green Financing Facility, a new financial vehicle, that will provide access to affordable green financing for SMEs and marketable but underserved target groups of individuals/ households for investments in RE and EE solutions. The GFF-enabled accelerated adoption of RE and EE solutions will contribute to the reduction of greenhouse gas emissions and air pollution and strengthen the local ecosystem for RE and EE green finance.

UNECE is providing technical assistance and in charge of designing and implementing trainings that will be tailored to support the consultancy companies in using the updated list of eligible technologies to monitor and verify the projects’ performance (planned vs. actual).

One of the project activities includes designing and implementing trainings that will be tailored to support the consultancy companies to design RE and EE projects in North Macedonia. The training will support the project consultants in providing technical assistance to the banks and loan recipients (borrowers) to support the project design process and ensure that projects are designed in line with project criteria/contributing to project outcomes and using the best technologies available at the market.

The training seminars are held in the framework of the project to train consultants working with SMEs and households in North Macedonia to design RE and EE projects. The aim of the course is to provide understanding on the banking requirements and how to develop EE and RE bankable proposals, transferring know-how and knowledge on concepts and practical applications of project finance.

The training will build local capacity and serve the needs of local experts to prepare investment projects, appraise their knowledge of equity participation in projects, mezzanine and third-party finance capacities.

The training will bring knowledge on:

- Financial engineering and business planning skills to identify, select and develop EE and RE investment projects and prepare bankable project proposals and applications to the facility;
- Business development skills to prepare the equity and/or mezzanine finance participation of an investment fund in local companies, manufacturers of EE and RE technology, or standing alone renewable energy projects and to prepare the equity/mezzanine participation in EE and RE projects;
- Full range of skills described above and the capacity to develop further projects to a

standard project application format, as required by the Fund, and/or the participating in the facility financial institutions.

The training course will cover relevant features related to the support of projects consultants working with SMEs and households in North Macedonia to design RE and EE projects, including:

- introduction to affordable green financing for SMEs and investment in EE and RE solutions;
- specific investment requirements for EE and RE projects;
- EE and RE projects life cycle;
- project assessment documents and investment plans;
- requirements for formulation of loan applications;
- technical project documentation required for the Green Financing Facility;
- sex-disaggregated data to support evidence-based design of financial products;
- examples and best practices of funding possibilities for EE and RE projects.

At the end of the course, participants will be able, on their turn, to train others and present EE and RE bankable project proposals to the Fund/Facility and to local and international financial institutions. This initiative intends to enhance renewable energy generation and use, improve energy efficiency, provide for better energy security, realising savings of fuel, greenhouse gases and safeguarding the environment.

In particular, the participants will be able to:

- recognise the major risks and possible solutions;
- identify the parties involved and understand their different perspectives;
- construct basic cashflows and measurements of rates of return and payback;
- prepare financing structures to meet particular needs;
- decide upon key security features and documentation;
- determine appropriate sources of project financing;
- complete any finance application forms and documents as required by the Fund/Facility.

Audience

Participants must have some technical and financial background and experience in project management and be able to understand the basic principles of project evaluation and project finance.

Training materials

The training course on financial engineering and business planning will be conducted for selected participants based on a standard approach, materials and curriculum.

The training materials will be based on the **Guide to Energy Bankable Proposals** produced in collaboration with the European Bank for Reconstruction and Development (EBRD), the European Commission and the UN Economic Commission for Europe. The completion of standard application forms, as advised by EBRD/SDG Fund and the Facility, will form the basis for the training.

The training will be held in English language, with explanation of the project finance terminology in English language.

Training Materials, Publications and Software:

- UNECE website page containing principal standard documentation, application templates and other relevant information on preparation of the bankable project proposals;



- ECE Manual on Business Planning: How to Construct a Business Plan for Energy Efficiency and Renewable Energy Projects;
- EBRD Guide to Energy Efficiency and Renewable Energy Bankable Proposals;
- RFI Renaissance Finance International Ltd. Financial Proposals Introduction;
- Template basic financial model.

AGENDA

Day 1: 28 November 2023

9:00 **Registration of Participants**

9:30 **Welcome Addresses**

Ms. Rossana Dudziak, UN Resident Coordinator in North Macedonia

Mr. Oleg Dzioubinski, Regional Adviser on Energy, United Nations Economic Commission for Europe (UNECE)

9:45 **Objective of the Training Programme**

Ms. Nadejda Khamrakulova, Economic Affairs Officer, UNECE

Mr. Deltcho Vitchev, UNECE Consultant

10:15 **Project Finance and Energy Efficiency/Renewable Energy: main principles and objectives**

Mr. Deltcho Vitchev, UNECE Consultant

11:15 **Coffee Break**

11:30 **The Role of Banking and Banking Procedures in Energy Efficiency and Renewable Energy Projects**

12:00 **Questions and Answers**

13:00 **Lunch**

Practical Session: Business Plan/Financial Application as a Tool for Energy Efficiency and Renewable Energy Project Advancement

14:00 **Business Plan Form/ Application Forms**

15:00 **Investors and Lenders' Terms and Conditions, Eligibility and Requirements to Energy Efficiency and Renewable Energy Projects**

16:30 **Preparation of a Business Plan, Key Studies and Examples**

17:30 **Closing**

Day 2: 29 November 2023

9:30 **Preparing a Bankable Proposal: Project Summaries, Project Sponsor, Nature of the Project, Project Costs, Project Benefits, Market, etc.**
Mr. Deltcho Vitchev, UNECE Consultant

11:00 **Coffee Break**

11:15 **Types of Financing: Equity, Bank Debt, Mezzanine Debt, Bond Markets, Grants, Incentives**

12:30 **Financing Plan, including Structure of the Financial Package**

13:00 **Lunch**

Practical Session: Preparing a Bankable Proposal/Application Form

14:00 **Successful Submission of a Project Proposal/Application**

15:00 **Overcoming Common Problems in Preparation of Bankable Application**

16:00 **Practical Exercises**

17:00 **Closing**

Follow-up and Support for completion of proposals/applications

Aims: To provide support for the completion of project proposals and to maximise the “bankability” of each project proposal. It has to be noted, that while the participants in the training will be provided with techniques for completion and presentation of bankable proposals, no financial advice on actual deals will be provided.

Requirements: This module presupposes that the training participants have worked on completion (assisted the completion) of draft project proposals/applications and need advice and support on how to fine-tune the details of the proposals for submission to financial institutions.

Content: The support will consist of online/telecommunications support and consultations (upon request) with trainees. The experts will be available for an agreed duration to advise on specific aspects of applications, review selected proposals and to provide commentary on specific points for improvement on each proposal.

Short Content of the Training Programme

The main subjects to be presented at the classroom sessions are listed below.

Session 1:

- Financial engineering and business planning; introduction to the process of initiating and developing a Business Plan/Application for finance, and the main content of a proposal.

Decision makers in banks have only a limited time to examine a proposed project before making their decision whether to proceed with the loan approval process. A badly presented or incomprehensible proposal stands the risk of being turned down without being fully examined. In order to overcome this problem, this training is designed to help potential project sponsors understand how to write a business plan on energy efficiency or renewable energy project and how to present it.
- Profitability calculations: payback, pay-off, net present value, internal rate of return, calculations in nominal and real terms, and exercise and introduction of software/excel tool (base case financial model)
- Project information; how to describe your project in a Business Plan:

If a project is at a very early stage and it is not yet completely clear how the project is to be structured, it can be both slow and potentially error-prone to begin by developing the plans for the project at the detailed level. In these circumstances, it can be a very useful technique to clarify the overall strategy for the project before developing the detailed plans.
- Environmental benefits, including exercise and introduction of software/excel tool (model):

How the project will benefit the local and national economy and environment as well as your own commercial prospects. Some of the benefits that come from the project can be directly quantified in money terms, such as savings in raw materials, fuel savings, reduced

labour, etc. and some may be only indirectly quantifiable, including improved product quality or marketability, and which might produce a benefit in terms of increased sales. There may also be other benefits, which are not quantifiable at all in money terms, but may have a bearing on the project. These include aspects such as safety, improved working conditions and environmental benefits.

- Financing plan, including exercise and introduction of software/excel tool (model) to calculate the financial parameters of the proposed project, including capital costs, maintenance and operation, cashflows, rate of return, basic financial ratios, disbursement and repayment plan.

The financing plan sets out how the transaction costs will be met. Normally, the bank will be only one of several sources of financing. In fact, the bank will require the sponsor both to invest in the equity of the project and to identify other potential sources of financing. In the case of the Facility, it is understood that the loans can cover the full costs of the proposed investment.

- Financial schemes and sources, including equity and mezzanine financing, etc.

The major types of finance include:

- Project Owner's Own Resources: The bank will require cash of at least 5% - 20% of the project costs. The bank is looking to see its own risk minimised and may look to the sponsor for further cash injections. The valuation of the in-kind contributions should be the actual current market value (re-sale value) and not historical costs.
- Supplier: the supplier may extend credit for the purchase of necessary equipment and materials.
- Local loans: for example, these loans may come from local banks or consumer credit institutions.
- Senior loans: these generally include loans from local and international financial institutions such as EBRD and international commercial banks.
- Mezzanine loans: these are designed to complement the owner's equity and complete the project's financing plan in case of equity shortage without diluting owner's shareholding.
- Foreign equity: cash from other investors: these may be grants, cash contributions or new financial instruments, performance contracting, third party finance, or which are combination of debt and equity, such as convertible bonds or redeemable shares.

Session 2:















- Criteria and requirements of financial institutions:

The requirements of the financial institutions to project documentation, technical, economic, financial and environmental viability of the project, its size, level of sponsor support, enforceability of contracts. For completion of this session the terms and conditions, the eligibility, the securities required, the equipment and technologies recommended by the financial institutions (including EBRD and the participating banks) need to be available.

- Completion of the respective application forms of the participating financial institutions.

The overall aim of the training is to train specialists to assist the loan applicants in preparation of bankable proposals meeting the banks' terms and conditions, eligibility and other requirements and facilitate the disbursement of the credit lines in the specified period.

Financially supported by: The [Joint SDG Fund](#)

The Joint SDG Fund received support from the  European Union and governments of:  Denmark,  Germany,  Ireland,  Italy,  Republic of Korea,  Luxembourg,  Monaco,  the Netherlands,  Norway,  Portugal,  Spain,  Sweden and  Switzerland.

UN Implementers:



Implementing partners:

