

Russian Sustainable Energy Financing Facility




Marc Lutz, Regional Director of RUSEFF (Russian Sustainable Energy Financing Facility), shared his opinion on the mechanisms of financing energy efficient projects for private Russian companies. RUSEFF is a targeted loan facility to finance projects on energy efficiency and renewable energy sources. It was developed by the European Bank for Reconstruction and Development (EBRD) and is currently realized with Russian Partner Banks - OJSC «Promsvyazbank» (PSB), OJSC JSCB


«ROSBANK» and several new Partner Banks - OJSC JSCB «Spurt» and OJSC «NBD-Bank». RUSEFF is being implemented by experts from GFA Consulting Group GmbH, MVV Decon GmbH and ICF International.

Marc Lutz is a professional finance and banking consultant with sound project management experience. He has 12 years of professional experience working in the German and Czech banking sector; 7 years professional experience in the Ukrainian financial sector and 9 years experience in CEE and CIS-countries. In September 2010 he was appointed Regional Director of RUSEFF.

? : What are the reasons to undertake an energy efficiency project?

 RUSEFF: It's similar to all other investment decisions SAVINGS. These kinds of projects are aimed at reducing the energy consumption which results in lower costs and additional cash. In addition, the company is less dependant on energy prices and increases its competitiveness by updating its equipment, operations and production facilities.

? : How does RUSEFF work?

 RUSEFF: RUSEFF is aimed at private companies (the government share must not exceed 49%). As far as financial sustainability and loan worthiness are concerned, these must be stable companies, having a clear vision of their further development. The maximum amount of loan for disbursement



within RUSEFF is 10 million US dollars or in Ruble equivalent. Both the amount and the duration can be discussed on an individual basis.

The loan conditions are reviewed individually with Partner Banks. Loans are issued for the period up to 5 years with 2 years deferment of loan repayment. As loan collateral existing industrial objects as well as equipment, purchased within the frames of energy efficient project implementation are considered.

? : What types of projects are suitable for RUSEFF?



RUSEFF: Projects under RUSEFF can be related to several investment categories. They are: small-scale energy efficiency (EE) projects (up to USD 300 000); EE projects in Industry (equipment, operation and production processes); EE projects in Commercial Buildings (buildings, hotels, offices and etc.); Renewable Energy (RE) projects (biomass, wind, hydro, geothermal or solar energy) and loans for the suppliers of EE/RE equipment (loans for business expansion).

? : What is the eligibility criterion under RUSEFF?



RUSEFF: Eligible are all investments which lead to at least energy savings of 10%; investment in the production and supply of energy efficiency related goods, or investments from a list of eligible equipment. The investment project shall be economically and financially viable.



? : How can RUSEFF benefit a company?



RUSEFF: The RUSEFF team of Russian and International Engineers provides a company with Free Technical Assistance in project development and improvement. They propose new equipment and systems representing the best available technologies and develop the strategy/priority of the energy savings measures for the companies if necessary. Implementation of such projects leads to reduction in energy consumption resulting in a decrease in energy costs and finally increased profitability of a company.

? : What steps should the companies take to participate in RUSEFF?



RUSEFF: Present your EE investment proposal either to one of our partner banks or to the RUSEFF team to check its eligibility to be financed under RUSEFF. A form of application is available at our website www.ruseff.com. After the Bank's preliminary assessment of the company's loan worthiness the RUSEFF team of engineers will help the customer to proceed in compilation of technical documentation. Additionally, the experts will offer to conduct a technical assessment of the project if it is required, which is free of charge to the company.



? : Do you think there is any positive tendency for EE projects development for the Russian companies?



RUSEFF: Recent years have showed rapid growth of energetics' importance for many Russian enterprises. For evaluation of production efficiency the companies must have a clear vision of their internal energy consumption rate, as well as compare their rates to those of competitive manufacturers. The better the indicators are, the easier it is to obtain a loan for development of energy saving technologies.

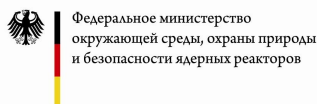


Many companies see only the costs of the investment and not the benefits. They are lacking information regarding the opportunities of energy efficiency investments, are still suffering from the crisis and currently are not willing to invest or they are already over-leveraged and banks are reluctant to provide further loans. Nevertheless we noticed in recent months a gradual shift in terms of raising awareness and interest regarding energy efficiency. Investments in energy efficient technologies allow enterprises both improve their competitive performance and make their contribution to environment preservation.



? : Thank you for the interview, Mr. Lutz. April 2011

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