



Energy in South East Europe

Business & Investment Climate

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The Energy Industry Challenges Today



Environmental challenges

- ❖ *Energy is responsible for 85% of GHG emissions to the atmosphere*
- ❖ Urgent transition to a low carbon, efficient and secure energy supply system

Security of supply

- ❖ *Need to meet energy demand*
- ❖ Oil and gas will remain to be main sources of energy for the next decades.

Competitiveness

- ❖ *Energy cost & price volatility impact competitiveness*
- ❖ Supplies needed in a timely and reliable manner to ensure price stability

Energy poverty

- ❖ *1.5 bn people lack access to electricity*
- ❖ Unavailable infrastructure and/or unaffordable energy budget



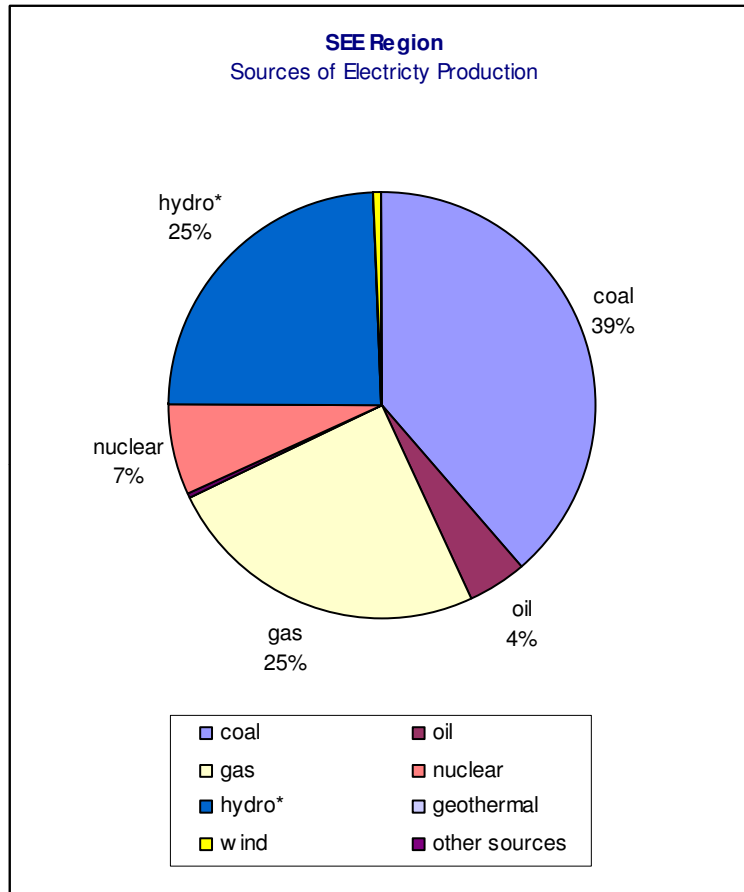
Wide SEE Region



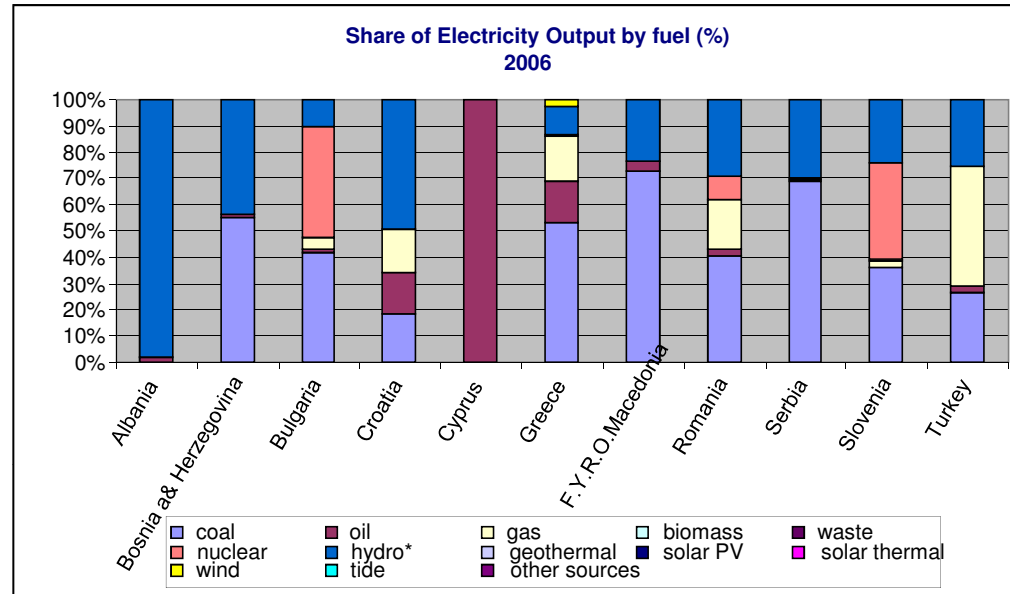
EU Member States, Candidate & potential Candidate, all facing additional regional challenges... Could they also benefit from the Region's advantages?



SEE region energy landscape



Data exclude Greece, Turkey & Cyprus

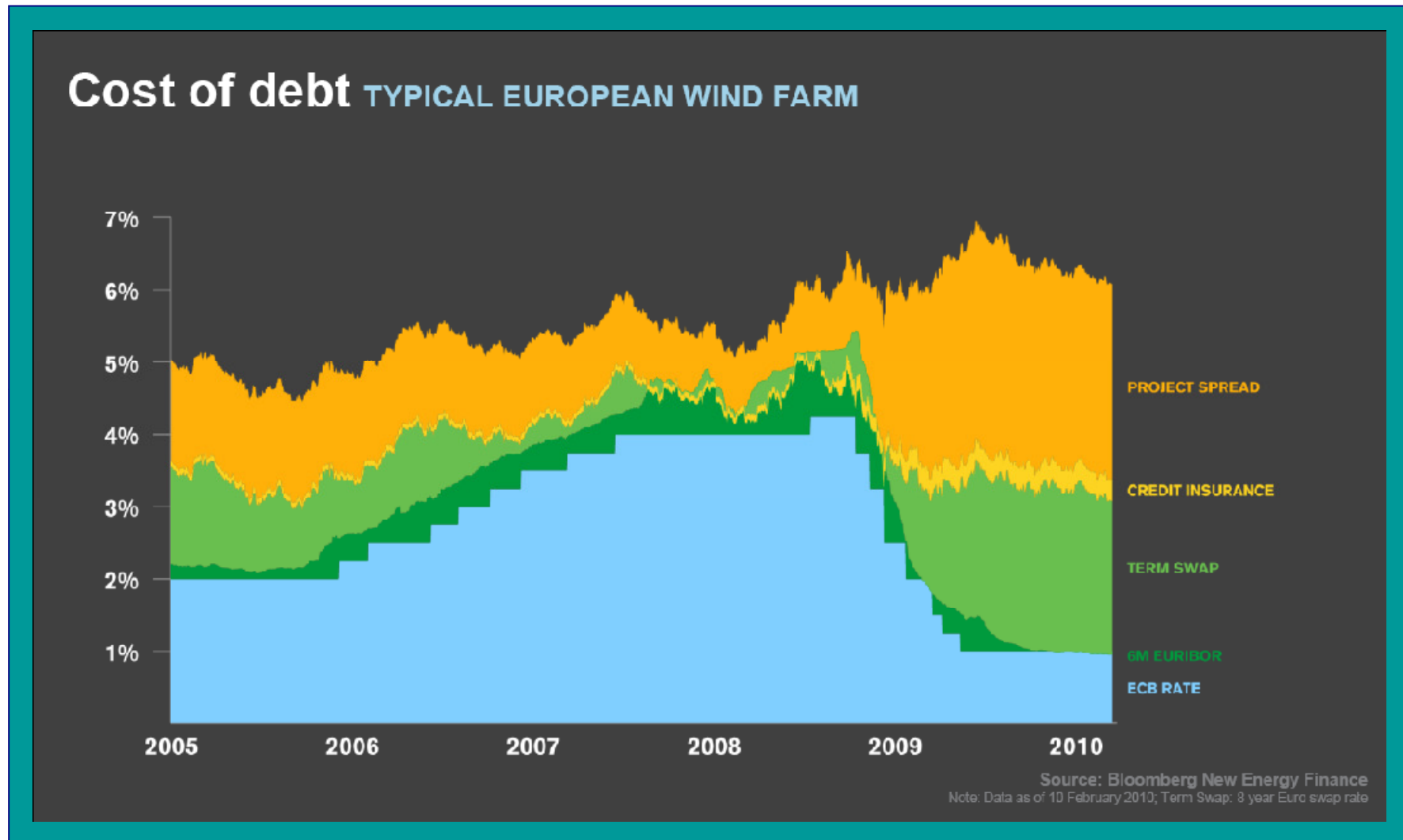


There is considerable diversity across countries:

- ✓ The region as a whole is dependant on imported energy (oil and natural gas).
- ✓ Coal plays a key role in most countries.
- ✓ Ageing nuclear plants, facing challenges
- ✓ Very low share of renewable energy and uneven regulatory support for such development.



Recent financial context



Project finance – comparative data



Project Finance Market Ratios across sectors in 2009			
Sector	Equity	Com. Bank loans/bonds	Grant/subsidy/IFIs
Power	26%	60%	14%
Renewables	20%	77%	3%
Social Infrastructure	12%	77%	11%
Telecoms	18%	79%	3%
Transport	18%	58%	24%
Water & Sewage	15%	83%	2%

South East Europe





Regional Gas Map

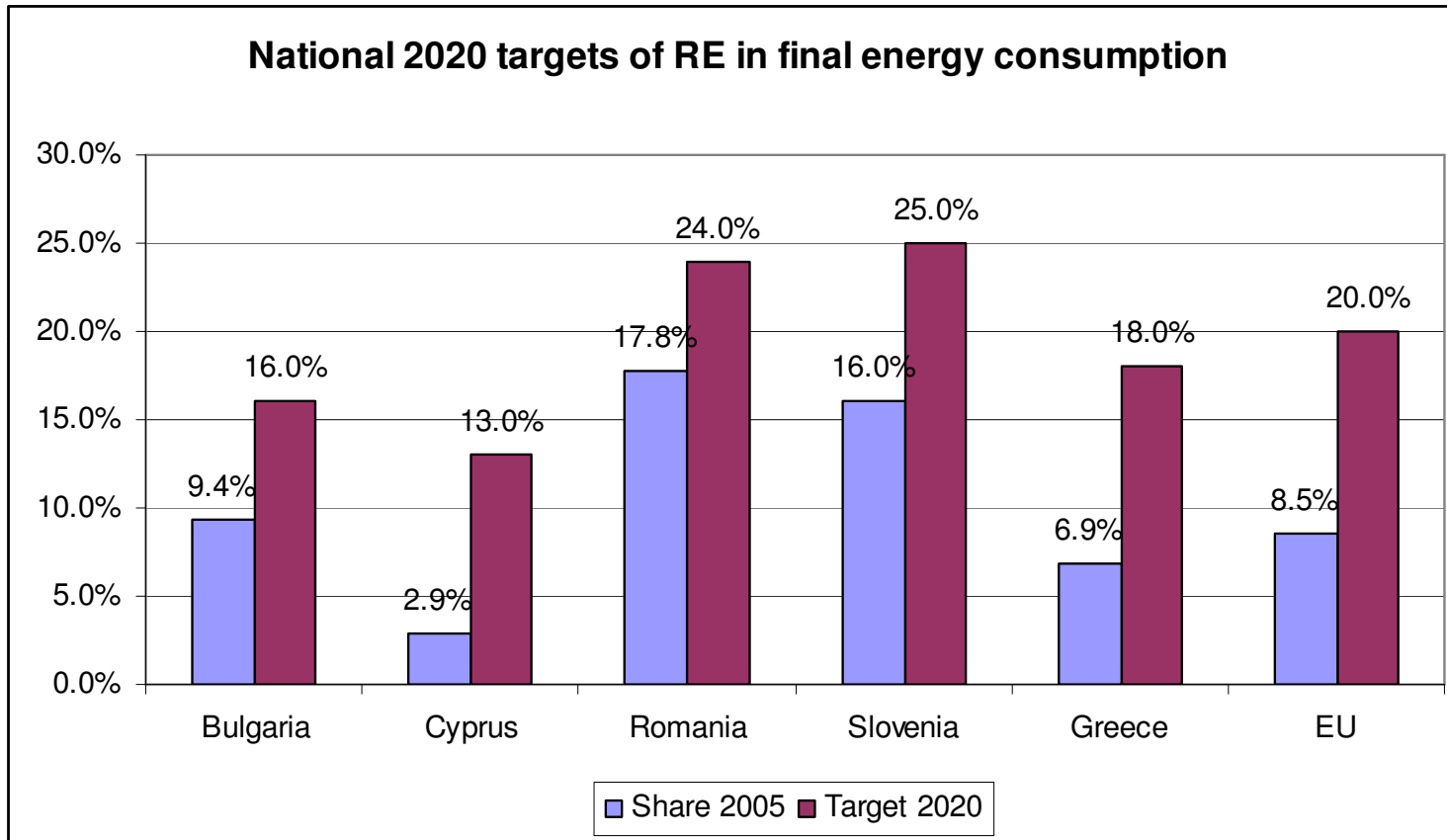


The boundaries and names shown and the designations used on maps included in this publication do not imply official endorsement or acceptance by the IEA.
Note: Routes of planned pipelines are based on publicly available information, which in many cases is approximate.

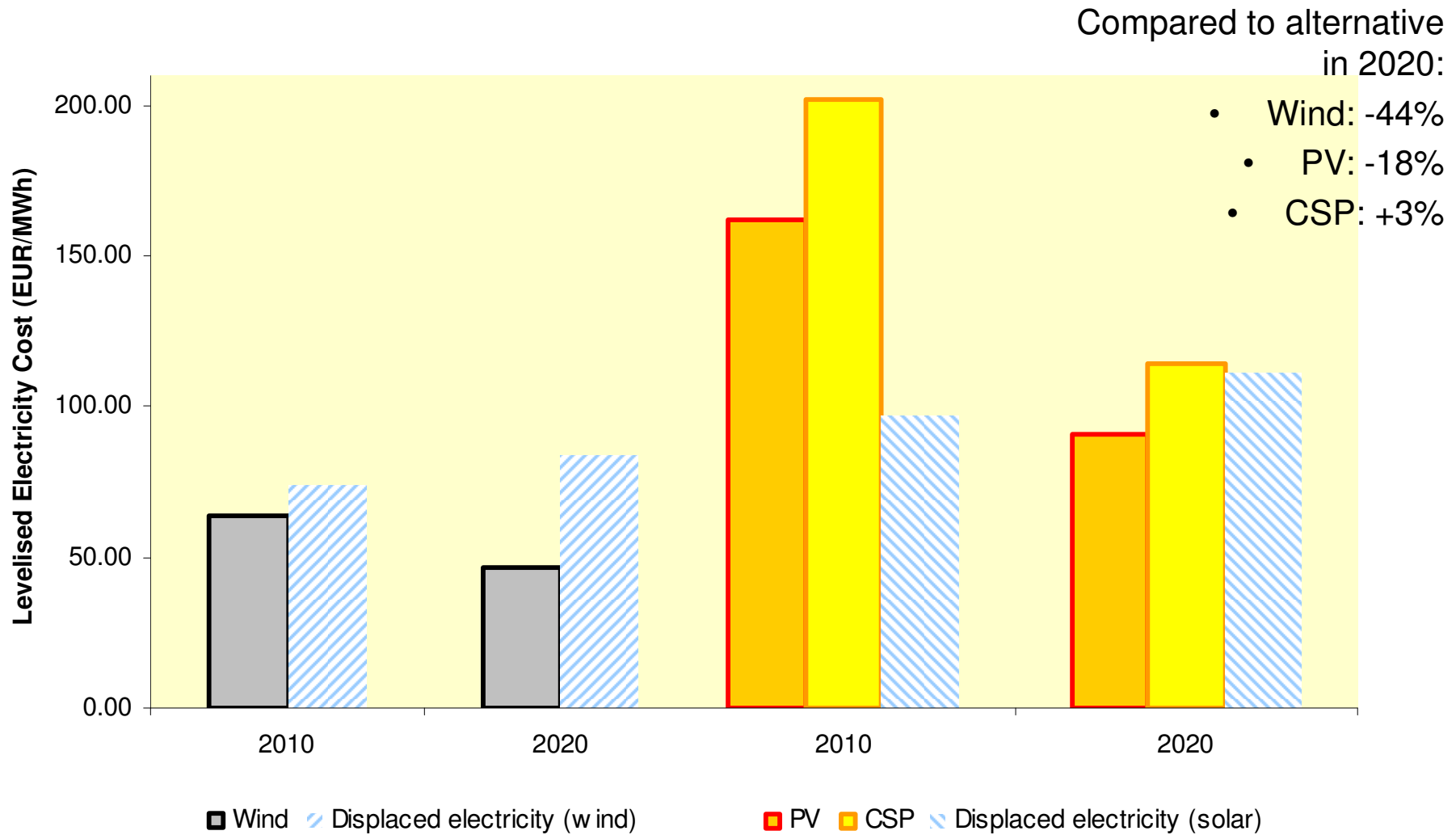
Source: IEA



EU targets for RE in 2020

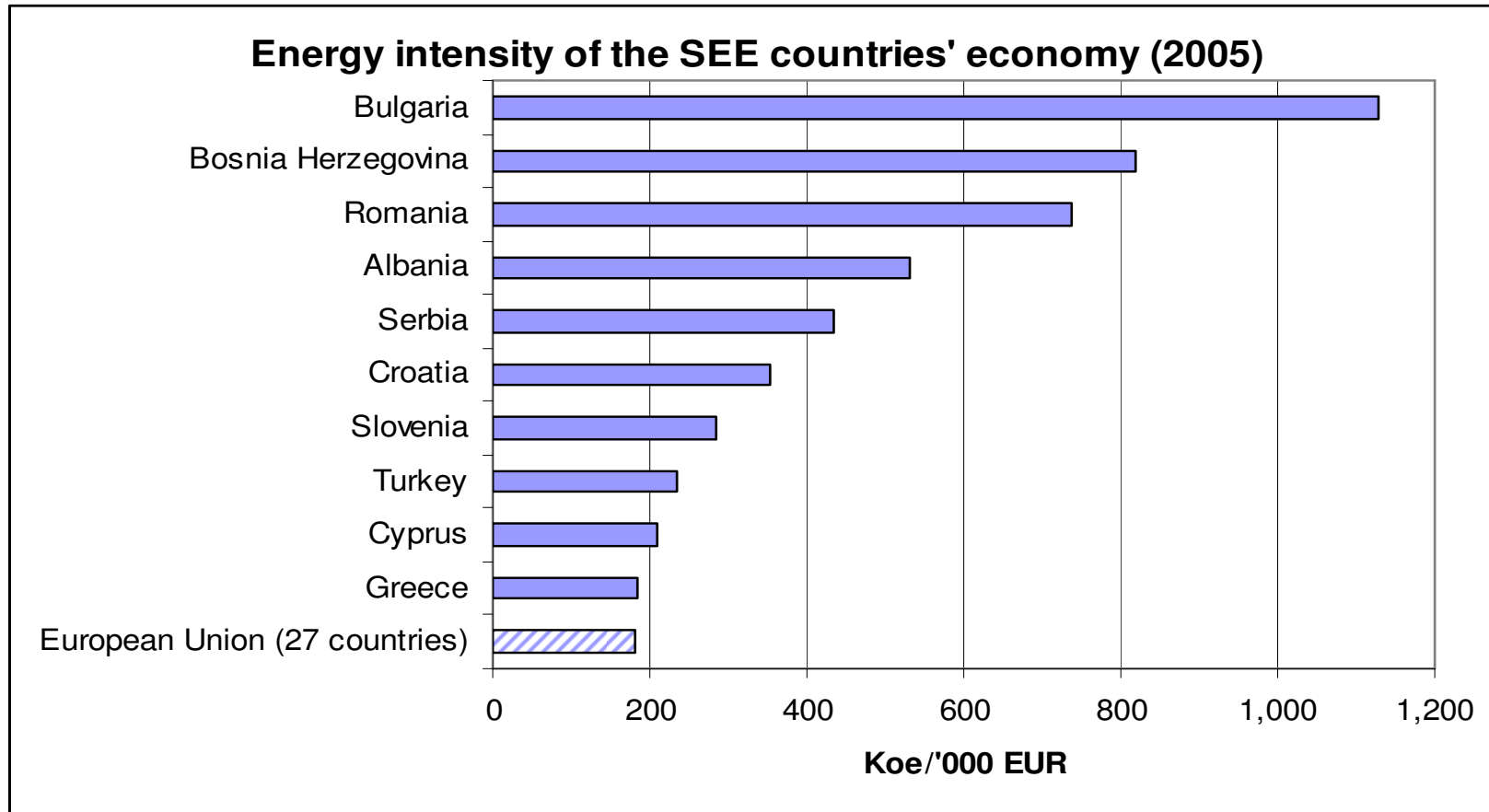


Costs of generating Renewable Energy





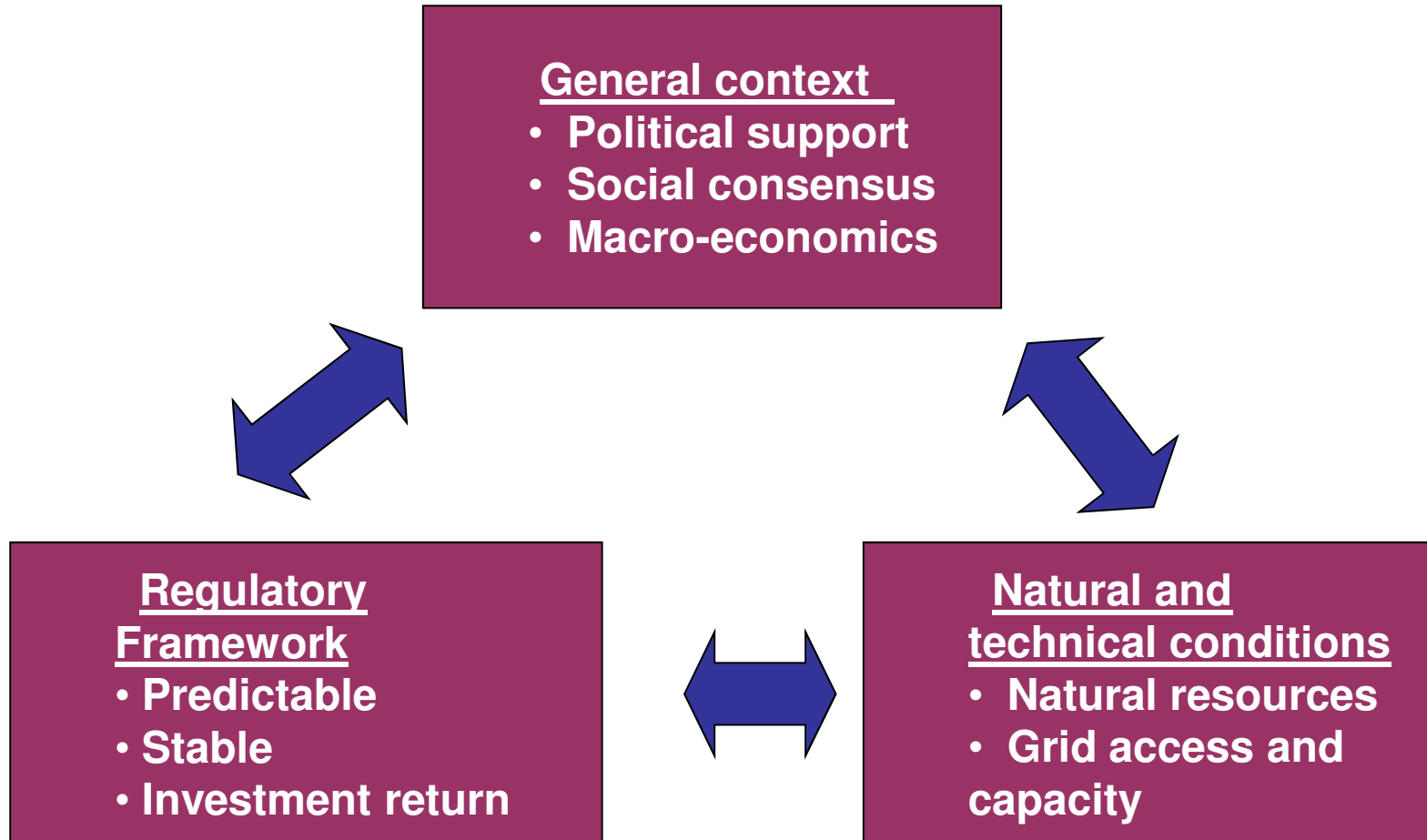
Energy Efficiency?



Source: Eurostat and IEA



Investment drivers





EIB's role in SEE region

- Facilitating investment in sustainable energy infrastructure through:
 - senior loans with tailored maturities & grace periods on capital;
 - guarantee & subordinated debt instruments;
 - establishment/participation in specialised Funds;
- Promoting & financing Energy Efficiency investments.
- Offering knowledge sharing/expertise advice through Technical Assistance.
- Coordinating closely with the Commission in the use of EU Funds, as well as with other financiers.

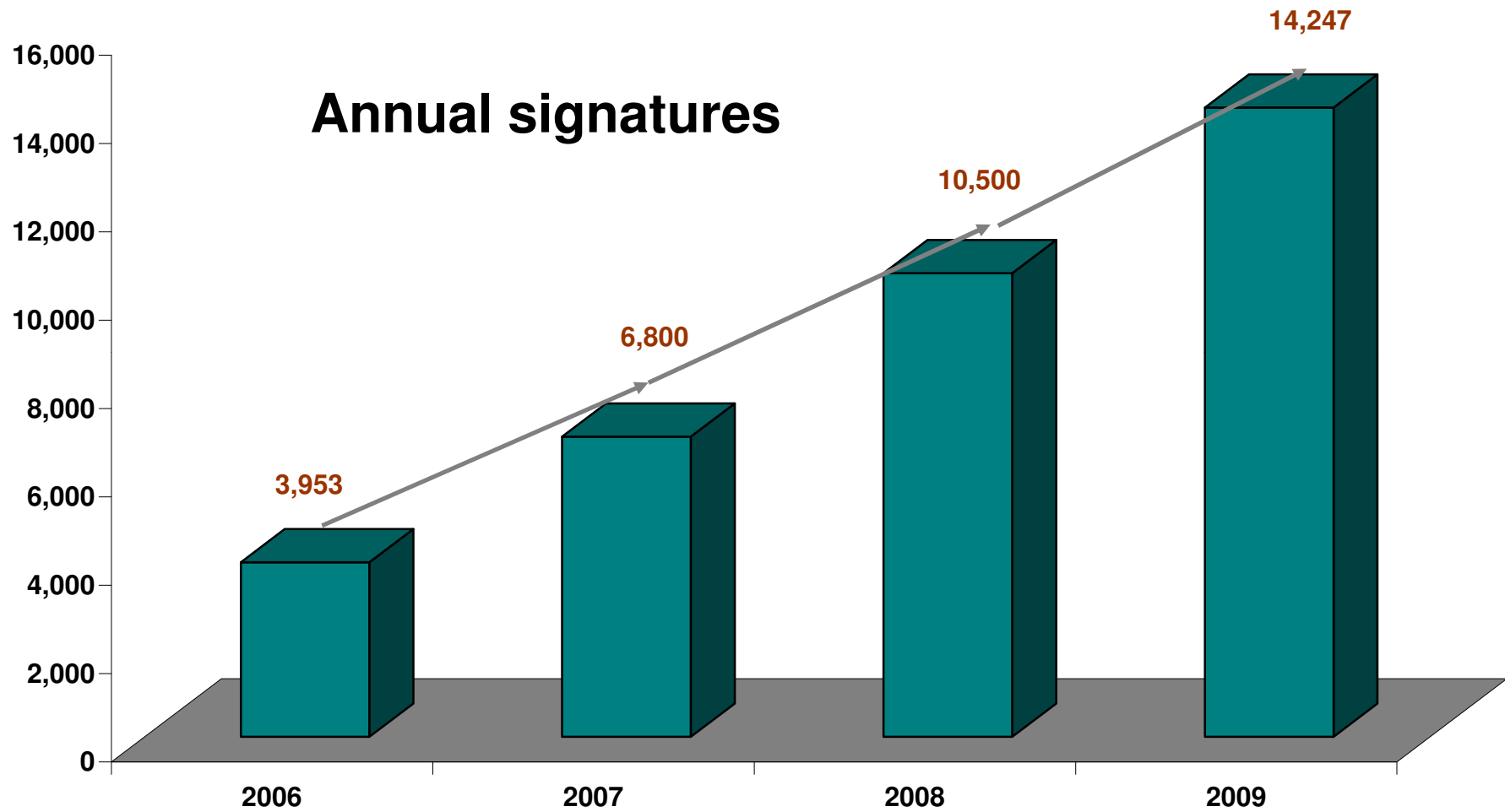




EIB Energy Lending in the SEE Region



M EUR





Concluding Remarks



- Additional regional challenges impact on investment decisions and affect investment flows but could be addressed.
- There is a huge need of investments to modernize, decarbonise and expand energy systems; investments require money, but above all, require a predictable and supporting regulatory framework. Political determination is essential for success.
- EIB has a strong policy commitment & an expanded range of instruments. The provision of tailored finance and technical assistance makes the Bank a natural partner for further support of the Energy sector in the SEE region.





Thank you
for your attention

