HBOR's role in financing investments through ESIF financial instruments

Zagreb, May 2019
ESIF financial instruments by HBOR

HBOR implements 5 ESIF financial instruments:

1. ESIF Growth and Expansion Loans
2. ESIF Loans for Energy Efficiency in Public Sector Buildings
3. ESIF Loans for Public Lighting
4. Upcoming: Investment Loans for Rural Development
5. Upcoming: ESIF Loans for Energy Efficiency for Entrepreneurs

ESIF financial instruments in million EUR

- ESIF Growth and Expansion Loans: 110
- ESIF Loans for Energy Efficiency in Public Sector Buildings: 25
- ESIF Loans for Public Lighting: 20
- Upcoming: Investment Loans for Rural Development: 35.3
- Upcoming: ESIF Loans for Energy Efficiency for Entrepreneurs: 35
1. ESIF Growth and Expansion Loans

Roles in Implementation

- Managing Authority of Operational Program „Competitiveness and Cohesion 2014.-2020.”
- Fund of Funds
- Financial intermediaries that implement the financial instrument
  - Erste&Steiermärkische Bank d.d.
  - Privredna banka Zagreb d.d.
  - Zagrebačka banka d.d.

Fund allocation

- ESIF
  50%
  110 mil EUR
  The Fund of ESIF funds managed by HBOR, which is made available to commercial banks at an interest rate of 0%.

- Business banks
  50%
  ~110 mil EUR
  Funds of private contribution to a financial instrument that provide commercial banks with market interest rates offered in the public procurement process.
## 1. ESIF Growth and Expansion Loans

### Key Loan Characteristics

<table>
<thead>
<tr>
<th>Final Recipients</th>
<th>SME’s operating at least two years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Purpose</td>
<td>Investments in tangible and intangible assets and working capital up to 30% of the loan amount.</td>
</tr>
<tr>
<td>Minimum Loan Amount</td>
<td>100,000 EUR in HRK equivalent</td>
</tr>
<tr>
<td>Maximum Loan Amount</td>
<td>3 million EUR in HRK equivalent, and for investments in tourism sector up to 10 million EUR in HRK equivalent</td>
</tr>
</tbody>
</table>
| Sectors of Investments | 1. Processing Industry  
2. Tourism (accommodation services)  
3. Information and communication: professional, scientific and technical activities; administrative activities, human health and social work activities, arts, entertainment and recreation, other service activities |
| Loan Repayment Period | Up to 12 years, including grace period up to 2 years; for investments in tourism: repayment up to 17 years including grace period up to 4 years. |
| Interest Rates | 0% per annum on the part of loan from ESIF; market interest rate on the part of loan from commercial bank’s funds, average interest rates between 1% and 2% |
| Collaterals | In line with internal procedures and practice of each financial intermediary. HBOR (ESIF) and financial intermediary hold pari passu position. |
| Fees | No processing fees and no commitment fees. |
2. ESIF Loans for Energy Efficiency in Public Sector Buildings

**Roles in Implementation**

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRDEUF</td>
<td>Managing Authority of Operational Program „Competitiveness and Cohesion 2014.-2020.”</td>
</tr>
<tr>
<td>MCPPEP and EEF</td>
<td>Intermediary bodies level 1 and level 2</td>
</tr>
<tr>
<td>HBOR</td>
<td>The body that directly implements the financial instrument</td>
</tr>
</tbody>
</table>

**Fund allocation**

- **ESIF**
  - 100% of funds
  - 25 mil EUR (190 mil HRK)
  - Fund of ESIF funds managed by HBOR
## 2. ESIF Loans for Energy Efficiency in Public Sector Buildings

### Key Loan Characteristics

| Final recipients | All those that, prior to submitting a loan request for „ESIF loan for energy efficiency”, received a financing Decision for a grant from the Ministry of Construction and Physical Planning for a respective tender. |
| Loan purpose     | Costs of investments in energy efficiency of public sector buildings approved by the Environmental Protection and Energy Efficiency Fund. |
| Minimum loan amount | 100 thousand HRK |
| Maximum loan amount | 60 million HRK |
| Repayment period | Up to 14 years, including 1 year of grace period. |
| Benefits         | Low interest rates (from 0,1% to 0,5%). No processing fees and no commitment fees. |
3. ESIF Loans for public lighting

Roles in Implementation

- **MRDEUF**: Managing Authority of Operational Program „Competitiveness and Cohesion 2014.-2020.”
- **MEE**: Intermediary body
- **HBOR**: The body that directly implements the financial instrument

Fund allocation

- **ESIF 100%**: 20 mil EUR (152 mil HRK)
- Fund of ESIF funds managed by HBOR
# 3. ESIF Loans for public lighting

**Key Loan Characteristics**

<table>
<thead>
<tr>
<th>Final recipients</th>
<th>Local government units (cities and municipalities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan purpose</td>
<td>Costs of investments in energy efficiency of public lighting</td>
</tr>
<tr>
<td>Minimum loan amount</td>
<td>500 thousand HRK</td>
</tr>
<tr>
<td>Maximum loan amount</td>
<td>15 million HRK</td>
</tr>
<tr>
<td>Repayment period</td>
<td>Up to 10 years, including 6 months of grace period.</td>
</tr>
<tr>
<td>Benefits</td>
<td>Low interest rates (from 0,1% to 0,5%). No processing fees and no commitment fees.</td>
</tr>
</tbody>
</table>
4. Investment Loans for rural development

Roles in Implementation

- **MINISTRY OF AGRICULTURE**
  - Managing Authority of the „Rural development program of the Republic of Croatia for the period 2014 – 2020”

- **PAAFRD**
  - Accredited paying agency

- **HBOR**
  - Fund of Funds

- **BUSINESS BANKS**
  - Financial intermediaries that implement the financial instrument
  - OTP banka d.d.
  - Privredna banka Zagreb d.d.
  - Zagrebačka banka d.d.

Fund allocation

- **RDP**
  - 50%
  - 35,3 mil EUR
  - Contribution to financial instrument from rural development program, with 0% interest rate.

- **Business banks**
  - 50%
  - ~35,3 mil EUR
  - Funds of private contribution to a financial instrument that provide commercial banks with market interest rates offered in the public procurement process.
# 4. Investment Loans for rural development

## Key Loan Characteristics

| Investments in thematic objectives | Measure 4. „Investments in physical assets“
|-----------------------------------| Measure 6. „Investments in the development of non-agricultural activities in rural areas“
|                                  | Measure 8 „Investments in Forestry Areas Development and Improvement of Forest Sustainability“
| Final recipients                  | Primary agriculture entities, processors of agriculture products, and entities that operate in the forestry sector
| Loan purpose                      | a) Long-term tangible and intangible assets in line with acceptable purposes under specific sub measures of the Program of rural development of the Republic of Croatia for 2014 – 2020:
|                                  |  • Restructuring, modernization and increasing the competitiveness of agricultural holdings
|                                  |  • Increasing the added value of agricultural products
|                                  |  • Investments in the development of non-agricultural activities in rural areas
|                                  |  • Support for investments in forestry technologies and in processing, mobilizing and marketing of forest products.
|                                  | b) Working capital related to the respective investment. Such eligible expenditure shall not exceed EUR 200,000 or 30% of the total amount of the eligible expenditure for the investment, whichever is the higher.
| Minimum loan amount               | 50,001 EUR in HRK equivalent
| Maximum loan amount               | 1 million EUR in HRK equivalent.
| Repayment period                  | Up to 15 years, including 3 years of grace period (for permanent crops up to 5 of grace period).
| Benefits                          | Low interest rates.
|                                  | No processing fees and no commitment fees.
5. ESIF Loans for Energy Efficiency for Entrepreneurs

Roles in Implementation

- Managing Authority of Operational Program „Competitiveness and Cohesion 2014.-2020.”
- Fund of Funds
- Financial intermediaries that implement the financial instrument

Fund allocation

- ESIF Fund
  - 50%
  - 35 mil EUR
  - The Fund of ESIF funds managed by HBOR, which is made available to commercial banks at an interest rate of 0%.

- Poslovne banke
  - 50%
  - ~35 mil EUR
  - Funds of private contribution to a financial instrument that provide commercial banks with market interest rates.
5. ESIF Loans for Energy Efficiency for Entrepreneurs

Key Loan Characteristics

| Final recipients | Micro, small, medium and large private entrepreneurs, who are at least one year registered for performing the activities from:  
|                  | • Manufacturing industry;  
|                  | • Service sector (tourism and trade). |
| Loan purpose     | Energy Renewal in enterprises |
| Minimum loan amount | 25,000 EUR in HRK equivalent |
| Maximum loan amount | 10 million EUR in HRK equivalent |
| Repayment period | Up to 17 years, including 4 years of grace period. |
| Benefits         | Low interest rates.  
|                  | No processing fees and no commitment fees. |
Program ELENA- upcoming

ELENA (eng. European Local Energy Assistance)

The European Commission's program to cover the cost of preparing investment projects in the field of energy efficiency and renewable energy sources

ELENA will finance 90% of project documentation preparation costs for projects that will be funded by ESIF Energy Efficiency Loans and HBOR's Environmental Protection Program
THANK YOU!

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