

OPER No: PE08-428

Operation Code: 33471,
33206, 33512, 33613, 35156

Board Report: BDS03-17

Operation Performance Evaluation Review

Technical Final Evaluation

EBRD/GEF Environmental Credit Line

Slovenia

(A private sector investment operation)

July 2009



European Bank
for Reconstruction and Development

OPERATION PERFORMANCE EVALUATION REVIEW

PREFACE

This Evaluation Report

The subject of this OPER is EBRD/GEF Slovenian Environmental Credit Line, a private sector investment operation, jointly implemented with the Global Environmental Fund (GEF), which involved a €45 million credit facility combined with GEF grant financing of US\$ 9.9 million. The funds were loaned to participating banks in Slovenia to be on-lent sub-borrowers to invest in wastewater pollution control technologies. The report has been executed jointly by Dr. Arthur Dennis Long, Senior Environmental Evaluation Manager within the Evaluation Department (EvD) of EBRD and Ms. Marie-Karin Godbout, and independent consultant to the Evaluation Department of the GEF.

Ms. Teresa Godwin-Coombs, Operation Leader with the Financial Intermediaries (FI) Banking Team, with the assistance of Ms. Nadja Cvek, Country Project Officer, and Mark Hughes, Senior Environmental Specialist of the Environment and Sustainability Department (ESD) prepared the Expanded Monitoring Report (XMR), April 29, 2008. The operation team and other relevant Bank staff commented on an early draft of this report. The Basic Data Sheet on page *iii*, of this report and the XMR in Appendix 4 are complementary to this OPER and designed to be read together.

Information on the operation was obtained from relevant teams and departments of the Bank and its files as well as from external sector and industry sources. Fieldwork was carried out in October 27-31, 2008. Appendix 1 presents a list of contacts. The Evaluation Departments of EBRD and GEF would like to take this opportunity to thank those who contributed to the production of this report, in particular, Ms. Nadja Cvek who organised and hosted all the in-country meetings.

Post-Evaluation Selection and Process

Selection of an operation for post-evaluation by EvD uses the following criteria: relevance to the Bank's likely future operations; lessons-learned potential; size of the Bank's investment commitment/exposure; balance among countries of operation; balance among sectors and types of operations; relative priority of investment operation OPERs within EvD's overall work programme priorities and resources.

The Bank's post-evaluation process is described in Chapter 8 of the Operations Manual. The responsible Operation Leader first writes an Expanded Monitoring Report (XMR) in the Project Monitoring Module (PMM) system. The XMR report serves a self-evaluation function and establishes the basic facts and lessons from the operation's implementation outcome and future prospects. EvD's independent evaluation follows, using the XMR as one of several inputs.

Exchange Rates used in this Report

At the time of the Bank's appraisal -17/2/2003.	1 US\$ = €0.92
In this report, as per 22/1/2009.	1 US\$ = €0.77

OPERATION PERFORMANCE EVALUATION REVIEW EBRD/GEF ENVIRONMENTAL CREDIT LINE (SLOVENIA)

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OPERATION PERFORMANCE EVALUATION REVIEW EBRD/GEF ENVIRONMENTAL CREDIT LINE (SLOVENIA)

ABBREVIATIONS

BD	Banking Department
CF	Credit Facility
DRB	Danube River Basin
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
EU	European Union
EvD	Evaluation Department
FI	Financial Institutions
GEF	Global Environment Facility
IFI	International Finance Institution
IPPC	Integrated Pollution Prevention and Control
MEI	Municipal and Environmental Infrastructure
NBL	Nova Ljubljanska Banka
NGO	Non-government organisation
OCE	Office of the Chief Economist (EBRD)
OGC	Office of the General Counsel (EBRD)
OL	Operation Leader
OPER	Operation Performance Evaluation Review
OpsCom	Operations Committee
OT	Operation Team
SA	Schengen Agreement
SRB	Sava River Basin
TAM	Turnaround Management
TIMS	Transition Impact Monitoring System
TOR	Terms of Reference
US\$	United States Dollar
XMR	Expanded Monitoring Report

DEFINED TERMS

the Bank	European Bank for Reconstruction and Development.
the Project	The Participating Bank's under the Credit Facility
the Companies	The Sub-Borrowers under the PBs
the OPER Team	Staff of the Evaluation Department and the independent consultant who represented GEF's Evaluation Department
the Operation	The EBRD/GEF Environmental Credit Facility
the Operation Team	The staff in the Banking Department and other respective departments within the Bank responsible for the Operation appraisal, negotiation and monitoring, including the XMR.

OPERATION PERFORMANCE EVALUATION REVIEW

EBRD/GEF Environmental Credit Line (Slovenia)

BASIC DATA SHEET

General Information			
Operation Name	EBRD/GEF Environmental Credit Line	Operation Leader	Teresa Godwin-Coombs
Portfolio Class	Private Sector	Country	Slovenia
Company/Borrower	Global Environmental Fund	Region	Central Europe
Type of Borrower	Private Sector	Industry Classification	Depository Credit (Banks)
Company Ownership	EBRD - 100%	Board Document & Project Code	BDS03-17; 33471, 33206, 33512, 33613, 35156.
Project Type	Other	Project Status	Active
Operation Type	Loan	EBRD Commitment	€45 million
Operation Team	Financial Institutions	Investment Status	Repaid / repaying

Post-Evaluation Responsibility			
XMR Team	Teresa Godwin-Coombs	OPER Team	Dennis Long
XMR field visit	N/A	OPER Field Visit	27-30 October 2008
Number of days	N/A	Number of days	4
XMR Distribution date	Apr-08	OPER Distribution Date	29-Jul-09

OpId 33206 NLB-GEF			
Operation Appraisal, Approval and Monitoring			
Concept Review date	26-Jul-02	Board Review date	04-Mar-03
Structure Review date	None	Signing date	08-Sep-04
Final Review date	07-Feb-03	First Disbursement	04-Oct-04
Disbursement and Repayment Schedules			
Loan Disbursements			
	Date	Amount (€)	Cumulative (€)
First	2004	1,595,524	1,595,524
Second	2005	8,404,476	10,000,000
Third	2006	2,000,000	12,000,000
Loan Repayments			
	Date	Amount (€)	Cumulative (€)
First	2006	939,643	939,643
Second	2007	1,879,286	2,818,929
Third	2008	2,257,532	5,076,461
Fourth	2009	1,128,766	6,205,227

OpId 33512 - Volksbank - GEF			
Operation Appraisal, Approval and Monitoring			
Concept Review date	26-Jul-02	Board Review date	04-Mar-03
Structure Review date	None	Signing date	02-Dec-03
Final Review date	07-Feb-03	First Disbursement	17-Jun-04
Disbursement and Repayment Schedules			
Loan Disbursements			
	Date	Amount (€)	Cumulative (€)
First	2004	6,871,300	6,871,300
Second	2005	2,288,785	9,160,085
Third	2006	2,839,915	12,000,000

OPERATION PERFORMANCE EVALUATION REVIEW

EBRD/GEF Environmental Credit Line (Slovenia)

Loan Repayments			
	Date	Amount (€)	Cumulative (€)
First	2006	2,805,792	2,805,792
Second	2007	3,677,682	6,483,474
Third	2008	5,516,523	11,999,997

OpId 33613 - GEF-Facility UniCredit Banka Slovenia			
Operation Appraisal, Approval and Monitoring			
Concept Review date	26-Jul-02	Board Review date	04-Mar-03
Structure Review date	None	Signing date	17-May-04
Final Review date	07-Feb-03	First Disbursement	21-Jan-05
Disbursement and Repayment Schedules			
Loan Disbursements			
	Date	Amount (€)	Cumulative (€)
First	2005	8,596,590	8,596,590
Second	2006	5,400,000	13,996,590
Loan Repayments			
	Date	Amount (€)	Cumulative (€)
First	2006	1,072,240	1,072,240
Second	2007	3,944,480	5,016,720
Third	2008	3,944,480	8,961,200
Fourth	2009	3,671,753	12,632,953

OpId 35156 - Probanka - GEF			
Operation Appraisal, Approval and Monitoring			
Concept Review date	26-Jul-02	Board Review date	04-Mar-03
Structure Review date	None	Signing date	24-Dec-04
Final Review date	07-Feb-03	First Disbursement	09-Nov-05
Disbursement and Repayment Schedules			
Loan Disbursements			
	Date	Amount (€)	Cumulative (€)
First	2005	2,800,000	2,800,000
Second	2006	4,150,000	6,950,000
Third	2007	50,000	7,000,000
Loan Repayments			
	Date	Amount (€)	Cumulative (€)
First	2007	1,450,000	1,450,000
Second	2008	1,450,000	2,900,000
Third	2009	725,000	3,625,000

OPERATION PERFORMANCE EVALUATION REVIEW

EBRD/GEF ENVIRONMENTAL CREDIT FACILITY (SLOVENIA)

1. THE PROJECT

In February 2003 the European Bank for Reconstruction and Development (“EBRD”), in co-operation with the Global Environment Facility (GEF), approved a €45 million joint EBRD/GEF framework Environmental Credit Facility for commercial banks in Slovenia. The project blends EBRD loan financing (€45 million) with grant financing (US\$ 9.9 million) from the GEF. The project was implemented through the GEF International Water focal area, under the water body-based operational program¹. The project Memorandum of Agreement between the World Bank, acting as the implementing agency, and EBRD, acting as the executing agency, was signed in August 2003.

This is a targeted facility in which the participating banks (PBs) will on-lend to private and public sector entities to reduce water pollution entering into the Sava River Basin (“SRB”) and eventually into the Danube River Basin (DRB). This represented the first time EBRD and GEF had worked together, and at the time of the evaluation was the only such GEF project within the EBRD portfolio². It was also intended to be a pilot project, leading to similar joint EBRD/GEF projects in the other countries of the SBR and DRB in which the Bank operates.

EBRD made available the loan funds to the participating banks (“PBs”) under the Facility, to be on-lent to the companies. GEF supported the Facility with grants. Out of these grant funds, the participating private and municipal entities were entitled to receive, after successful completion of sub-projects, completion fees equivalent to 12 per cent of the loan borrowed under the credit facility. The participating commercial banks received administrative and completion fees, equivalent to 2 per cent of the loan lent under the credit facility, to compensate them for the additional risks and administrative work associated with the implementation of the Facility. Thus subsidies were a key part of the overall project design.

An additional US\$ 0.907 million of GEF funding was used to support technical assistance and marketing activities and a variety of support services related to the credit facility (“CF”). An independent environmental expert was hired to undertake monitoring and reporting on sub-projects, to confirm that each sub-project complied with the required eligibility criteria, and to verify that the sub-projects have been implemented according to these criteria. The Facility was also supported by the Bank’s TAM/BAS Programmes to provide technical assistance to industrial, agricultural and municipal; entities wanting to develop and implement water pollution reduction projects, and to undertake a marking campaign and information dissemination activities in support of the CF.

In the spirit of joint implementation, this OPER/Technical Evaluation represents a joint evaluation. The field work was carried out jointly and this report is a combined effort carried out by staff and consultants of both EBRD and GEF.

1.1 Project original logical framework

EBRD projects do not normally have an explicit logical framework, as EBRD’s focus is on the private sector which usually provides the Bank with clear financial objectives and a set of

¹ Operational Program No. 8 (OP#8).

² There are currently 4 EBRD projects requiring an amount of approximately US\$ 40 million of GEF grants in the field of energy efficiency which are going through the GEF approval process (having achieved the GEF equivalent of Concept Clearance and having received project preparation grants from GEF). A further 4-6 projects in the area of Energy Efficiency are planned to be submitted for GEF grant support in the coming months. Knowledge gained within the Bank of the GEF approval process under the Slovenia project has assisted in the recent success in accessing these EE grant funds.

financial accounts that gives strong evidence of the project sustainability. Further objectives such as those related to Transition Impact are dealt with in EBRD's Transition Impact Monitoring System ("TIMS") (see section 5). However, as this was a joint project and came under the World Bank/GEF structure, there was a logical framework, which is included for clarity (Table 1). This logical framework, as agreed to by EBRD and WB/GEF, makes it clear that the project was to focus on water pollution reduction, trans-boundary impacts, and would lead to replication.

Table 1: Project original logical framework

Hierarchy of Objectives	Key indicators	Means of verification	Critical assumptions
Project Goal			
Reducing Trans-boundary water pollution in the DRB.	Aggregate total emission of nutrients and priority substances from point sources in the DRB declines.	National/EU/ICPDR/DRP reports on water emissions in the DRB.	
Project Purpose			
Reduction of industrial, municipal and agricultural point-source water pollution (nutrient and toxic substance) in Slovenia.	Total volume of emissions reduction from projects financed by the credit facility.	Project progress, evaluation and completion reports.	Gains in the emission intensity of industrial operations are not offset by the overall increase in industrial activity (and improvements in municipal wastewater treatment are not offset by population growth).
	Number of project-supported companies and municipalities assisted in achieving compliance with national/EU legislation on water and pollution in Slovenia.	National/EU/ICPDR/DRP reports on water emissions in Slovenia.	DRB governments' continued commitment to protecting the river basin and implementing related policies.
			DRB governments' continued commitment to maintaining an attractive climate for private investments.
Demonstration of project concept based on financial intermediary/private sector partnership in pollution reduction.	Number of similar financing facilities created in Slovenia and other DRB countries.	National/EU/ICPDR/DRP reports on progress towards compliance with the EU acquis.	Complementary national and regional programmes to address diffuse pollution, wetlands protection, awareness raising, capacity-building, etc. are implemented.
Outputs			
Increased investments in water pollution reduction in Slovenia.	Number and volume of loans from the Credit Facility.	Lending reports of participating FIs.	Enhanced availability of financing for water pollution reduction in Slovenia leads to increased investments in water pollution reduction.
Early compliance by borrowers with national/EU water pollution legislation.	Number of borrowers achieving emission standards/conditions before deadlines.	Progress reports.	Investment in water pollution reduction reduces emissions of nutrients and/or toxic substances from the plant

Hierarchy of Objectives	Key indicators	Means of verification	Critical assumptions
A wide range of water pollution reduction technologies demonstrated.	Number of technologies used in the investments financed from the Facility.	Progress reports.	concerned. Demonstration of technologies leads to their increased adoption through increased user confidence and cost reductions.
Increased participation of local FIs in financing and risk sharing of water pollution investments.	Number of FIs participating in the Credit Facility.	Progress reports.	Participation of local FIs in the project will lead to increased awareness of the opportunities of lending for water quality projects.
Enhanced awareness of the project and its results.	Number of visitors on Project website; number of responses to information requests/comments.	Progress reports.	Dissemination activities lead to replication of project approach in Slovenia and other DRB countries.

1.2 Project due diligence process / stakeholders' project components

Due diligence: The due diligence process for this project involved extensive field work and collaboration between EBRD, GEF, and various Slovenian stakeholders. Early in the due diligence process, the implementing agencies commissioned an extensive background study – the “Demand Study” - to test the viability of the project. During this period workshops were held to test interest in the project³. This study provided strong support for implementing the project in Slovenia and critical data for successful project implementation. A major driver for the project was the commitment by the Government of Slovenia, under their Schengen Agreement (“SA”) with the European Union, to require integrated pollution prevention and control (“IPPC”) compliance by all major industries by December 21, 2007. The due diligence process also served as an opportunity for EBRD and GEF to learn how to work together, given different organisational cultures. This was the first joint EBRD/GEF project. As EBRD was the executing agency, the onus was on EBRD to understand, accept, and implement the GEF requirements and constraints.

In addition to GEF and EBRD, the project involved various agencies and stakeholders. Table 5 summarises how the grant funds were utilised.

Government of Slovenia/Ministry of Environment: As indicated, a driver for success was the role the Ministry of Environment was to play as the regulator (the “stick”) to ensure compliance with IPPC by the agreed deadline. During due diligence meetings were held with Ministry officials (both the Slovene GEF Focal Point and the Ministry representative to the Danube Pollution Prevention Programme) and with the “Ecofund” which was managed by the Ministry and therefore could have been perceived as a potential competitor to the project. Indeed, one option would have been to invest the funds this way, but then the loan would need to be a sovereign loan. Both GEF and EBRD wished to test the private sector option. In the end, competition with the Ecofund was not a factor. Further, the Ministry proved to be effective in holding to the IPPC deadlines, except for certain industries, where limited extensions were negotiated.

³ Slovenia: Financing of Water Pollution Reduction Projects through Local Financial Intermediaries. September 2002.

Credit facility / participating banks: The major component for implementing the project was a CF offered to local and regional banks. While several banks were considered, four banks chose to participate. One was a local bank (Probanka) and three were regional banks: Nova Ljubljanska Banka (“NBL”), a Slovenian bank with subsidiaries in neighbouring countries, the local branch of the Bank Austria (now UniCredit) and the local branch of Volksbank. As noted in the logical framework, the project sought to reduce both point and non-point (mainly from agriculture) pollution. Reaching primary agriculture has proven to be a challenge in many EBRD countries. Within Slovenia, farmers tend to rely upon the Slovenian Agricultural Co-op Bank⁴, for example. A study prepared in 2006 with EU funding with respect to CEE Agricultural Policy found that commercial banks are the major source of short- and medium/long-term funding for farmers. Therefore, the selection of the PBs under the programme did not specifically hinder the potential for farmers to participate under the programme, although the final structure did not adequately capture farmers, and thus was unable to achieve a pollution reduction from primary agriculture, although several agribusinesses were included in the sub-project population.

Private companies and municipal wastewater companies: The background “Demand Study” was prepared under the TAM/BAS Program. It was estimated that total demand was on the order of €3,844 million between 2002 and 2007, and a further €168 million for municipal sector through 2010. Further, the total number of companies that would have to comply with wastewater requirements was estimated at 201. Finally, the team developed mini profiles of 36 of the companies with indicative technology needs and cost estimates. It was anticipated that the PBs would utilise this information, but in general they initially offered the CF to their existing clients. Eventually 34 private and public entities, via 49 loans, were direct recipients of the CF.

Technical cooperation/assistance agencies: The primary source of technical support was through the TAM/BAS program, both prior to Board Approval and subsequently. The role of TAM/BAS, which was extensive, was to carry out the preliminary studies, to develop project information, and conduct the outreach workshops. TAM/BAS’s other major role was to assist companies in developing “bankable” project proposals (see Appendix 6).

Environmental experts: GEF also provided grant financing to hire an independent environmental consultant. The role of the environmental consultant was to screen potential projects for eligibility against the defined criteria, then to conduct completion inspections to ensure that each project achieved the stated objectives, prior to the company receiving the subsidy.

1.3 Main constraints to the evaluation

The Country TAM/BAS program was closed in 2005 and therefore was no longer in operation at the time of the evaluation mission, thus detailed information on the project technical assistance component could not be readily available in the field⁵. However, the individuals involved are still a part of the TAM/BAS network and have provided follow-up input to the evaluation team, which is attached at Appendix 6. It should be noted that this OPER is not an evaluation of the TC component; however, this supplementary report provides a useful self-assessment of TAM/BAS’s overall contribution to the project. It also contains a list of sub-projects supported through TAM/BAS and funding sources obtained. Of interest is the fact that several projects proceeded without the EBRD/GEF subsidy.

⁴ The Slovenia Agricultural Co-op Bank became the Land Bank of Slovenia in 2004 following a change of ownership and it has been transformed into a universal bank, with a focus on retail, SME, agro-food sector and securities trading. The historical strong links to the agricultural sector have been diluted.

⁵ The Resident Office was also in the process of being closed down.

In line with GEF practice, the evaluators agreed that they would try to meet with a wide range of project stakeholders during the mission and would not limit their interviews to project direct beneficiaries. However, in this regard, the evaluation team was only partly successful. The team met with a representative of the Ministry of Environment and Spatial Planning; however, the GEF focal point was out of the country at the time of the evaluation mission. The team also met with a representative from the Slovene Association for Water Protection. Nevertheless, the team failed to meet with a reasonable sample of relevant NGOs (these proved hard to identify), national interest groups and environmental technology firms that could have provided an informed opinion on the project results. The reasons for this are twofold. First, the project public involvement strategy was not fully implemented, in part due to the early closure of the country TAM/BAS program. Second, given the project design and the large amount of sub-borrowers involved, there was not enough time during the short mission to meet both a representative sample of the sub-borrowers and a significant group of related stakeholders.

The evaluation team decided to undertake short case studies on a selected sample of sub-borrowers. Although this enabled the evaluators to collect in-depth information on selected sub-borrowers' experiences and actually visit the water pollution reduction installations financed through the CF, as a result only about 25 per cent of the sub-borrowers were interviewed. Nevertheless, these case studies provided very useful insights. As the project reached less than 25 per cent of the companies that had to comply with the IPPC requirements, it might have been useful to have visited some of the companies that were identified in the initial demand study, but not recipients of the CF, to understand if and how they met their funding needs so as to comply with the IPPC requirements. This would have provided a better assessment of the additionality of the project. In retrospect, a targeted questionnaire to all participants under the programme and indeed to those identified under the initial demand study, who did not participate in the programme, while not perfect and unlikely to achieve full response, might have assisted in increasing the data available to the evaluation team from which to draw conclusions.

2. OVERALL ASSESSMENT

The following table shows the individual ratings of each organisation based on their respective evaluation criteria.

Table 2: Overall results and comparison across EBRD and GEF

EBRD		GEF	
Criteria	Rating	Criteria	Rating
1. Relevance/Rational <ul style="list-style-type: none"> • Additionality • Country and Sector Strategies 	Satisfactory Verified in all respects Fully complies	1. Relevance	Satisfactory
2. Achievement of Objectives <ul style="list-style-type: none"> - Outcome 1 - Outcome 2 - Outcome 3 • Company Financial Performance (Sub-borrowers) 	Satisfactory - Achieved - Achieved - Not Achieved Excellent	2. Effectiveness	Moderately Satisfactory
3. Efficiency <ul style="list-style-type: none"> • Project Financial Performance (PB's) • Bank Handling <ul style="list-style-type: none"> - Return on Bank Investment 	Good - Good - Good - Good	3. Efficiency	Satisfactory
4. Mandate Indicators <ul style="list-style-type: none"> • Transition Impact • Environmental Impact <ul style="list-style-type: none"> - Envir. Performance - Envir. Change 	Good - Good - Excellent - Excellent - Substantial	4. Sustainability	Likely
		5. Monitoring and Evaluation	Moderately Satisfactory
OVERALL	Successful	OVERALL	Moderately Satisfactory

From an EBRD perspective, the Project is rated as *Successful*. Looking at this project from the perspective of Slovenia, where it was implemented, the project would be rated *Highly Successful*. A successful credit facility was set up and implemented through four banks. The program provided 49 loans to 34 clients all of which were successfully invested in wastewater control technologies and are all repaying. In addition, the project reached 29 BAS and 2 TAM clients, of which 8 were CF sub-borrowers. Therefore, the project reached 57 clients and supported 80 projects either via the CF or through the TAM/BAS programme. Overall the impact on the Sava River Basin is presumed to be very positive. Most of the sub-project borrowers were private companies thus the project helped to further promote the successful integration of Slovenia into the EU community and these 34 companies are now able to compete on an equal and fair footing. However, the project was established to be a “demonstration” project which would be replicated in the other countries of the Danube River Basin. While the CF model has been used for energy efficiency, to date there has been no replication for wastewater pollution control. This is attributed to a lack of grant funding, but it is unclear how any follow-on project was to be developed, who would provide the leadership, the grant financing, etc., and there was a lack of outreach to neighbouring countries to inform them of the success of this project. The overall rating reflects this lack of replication.

From a GEF perspective, the project is rated as Moderately Satisfactory. On the very positive side, all of the 49 sub-projects financed through the CF directly assisted companies and municipalities in meeting national and European Union (EU) environmental standards, including Environmental Impact Assessment (EIA) and Integrated Pollution Prevention and Control (IPPC) EU Directive. Implementation was smooth and relevant information was learned on the “*financial intermediary approach*”. However, in terms of generating global environmental benefits in the form of reduction over and above the baseline, project results can be summarised as follows:

- i. The long set-up period for the Facility lead to a relatively late set up of the CF as compared to the timeline⁶ under the national legislation for the full compliance with EU Directives which limited the project benefits in terms of potential for early actions. In depth interviews with about 25 per cent of the sub-borrowers indicate that only in very few cases did the CF and its grant component enable sub-borrowers to invest earlier than they would have otherwise.
- ii. In most cases, the sub-projects financed thought the CF permitted to achieve reductions in emissions over and above the national and EU standards. The great majority of sub-borrowers simply used proven best available technologies.
- iii. The promotion and demonstration of innovative water pollution reduction technologies did not materialise.

3. PROJECT RELEVANCE/RATIONALE

From both an EBRD and a GEF perspective, the overall project relevance is rated as “Satisfactory”. The operation was designed to contribute to the implementation of the “Convention for Co-operation for the Protection and Sustainable Use of the Danube River.” Slovenia is at the head waters of the Sava River, which consequently flows through Croatia and Serbia, joining the Danube at Belgrade. Preliminary analysis indicated that there were several private companies and municipal utilities which needed to invest in on-site wastewater treatment and reduction, and that the size of these projects was such that EBRD could better access them through financial intermediaries (“FIs”). The operation thus allowed for EBRD to test an approach of using FIs as a vehicle for targeted environmental assistance. For GEF, this project provided an opportunity to test the use of a private sector model to achieve trans-boundary water pollution reductions.

The primary rational for this project was driven by the EBRD environmental mandate to contribute to Slovenia’s contribution and role in regional efforts to reduce pollution in the Danube Rive Basin (DRB). The Sava River starts at Lake Bohinj and is the largest major tributary to the Danube, flowing through Slovenia, Croatia and Serbia before entering the Danube at Belgrade. The further up a river basin pollution reductions can be made, the greater the overall positive impact on river quality. Further, Slovenia is one of the most economically advanced of the EBRD countries of operation within the DRB, and was one of the most advanced in its negotiations with the EU. As other countries have later dates for compliance, Slovenia was the most likely “demonstration” case. If the project was successful in Slovenia, then it could be rolled out in the other countries in line with their deadlines.

3.1 Relevance to EBRD sector and country strategies

EBRD’s country strategy: The Bank’s country strategy for the Slovenia has three major objectives: enterprise development, the financial sector, and environmental infrastructure. This project brought all three objectives together.

EBRD’s MEI and FI strategies: The Bank’s MEI strategy is primarily focused on municipal services. This project did include a few municipal projects with secondary cities in Slovenia, but most of the subprojects were with industrial clients. The FI strategy focuses on SMEs and almost all the supported clients qualify as SMEs. Prior to the approval of this project, the FI Banking Team normally avoided targeted lending for environmental, social or other purposes; although targeted lending for energy efficiency is a growing area. The overall positive results of this project suggest that targeted lending to achieve environmental objectives is a possibility. The OPER Team argues that this project was well designed to meet the Bank’s MEI and FI strategies.

⁶ Increasing penalties in the form of taxation for polluters over the period from 2004 to 2007.

3.2 Relevance to EBRD additionality criterion

Additionality is “*Verified in full*”. The Bank brought needed financial support to address an environmental concern, without resorting to sovereign lending. The Bank also played a key role in the “design and function” of the project, the TAM/BAS program provided strong support to the PBs, and the Environmental Department provided project supervision and coordination with the environmental consultants.

4. EFFECTIVENESS - ACHIEVEMENT OF OBJECTIVES

Achievement of Objectives is rated as “*Satisfactory*” (from an EBRD perspective) to “*Moderately satisfactory*” (from a GEF perspective) as described below. One of the challenges of evaluating this project from a joint EBRD/GEF perspective is that the EBRD project objectives (as defined in the EBRD XMR), and the GEF objectives/expected outcomes, are slightly different. GEF puts greater emphasis on measurable results, while EBRD tends to focus more on input objectives. For the purposes of this evaluation the objectives, as measured by outcomes achieved, have been defined as:

- Objective 1: Reduction of industrial, municipal and agricultural point-source water pollution (nutrient and toxic substances) in Slovenia
- Objective 2: Demonstration of project concept based on financial intermediary/private sector partnership in pollution reduction
- Objective 3: Replication of the project model in the DRB.

4.1 Reduction of industrial, municipal and agricultural point-source water pollution (nutrient and toxic substances) in Slovenia – *Achieved*

Assessment of direct reduction in emission achieved

Table 3 below summarises the direct reductions in emissions achieved through the water pollution reduction projects undertaken by the sub-borrowers with the loan they obtained through the EBRD/GEF credit facility. Table 4 provides information on the eight clients visited during the evaluation with respect to the direct project impact on the emission of priority substances identified at project design stage.⁷ Further, some of the clients actually represented multiple projects, thus the coverage rate is higher than it appears.

It is clear that to some extent, the reductions in emissions of the various toxic substances by sub-borrowers resulted directly in reduced discharges in the DRB, as several of the sub-borrowers had been discharging directly in adjacent rivers before they proceeded with the water pollution reduction project. However, evidence collected during the evaluation mission suggests that at least a certain percentage of the sub-projects had either no or minimal direct immediate impact on the nutrient load or on the quantity of other pollutants discharged in the DRB. Among the sub-borrowers visited by the evaluation team, two out of eight were previously discharging wastewater into municipal sewers systems where it was treated by the municipal wastewater treatment plant, one of which (Ljubljana) was a new state-of-the-art plant. Thus, while the additional treatment helps reduce the overall load, at least in the second case, it must be assumed that the wastewater was being adequately treated; therefore the benefit was primarily a financial one to these two sub-borrowers. Moreover, one of the eight projects visited was previously discharging wastewater into a sedimentation basin and the loan was used to increase the capacity of this small lake without which the company would have had to stop one of its production lines.

⁷ See attachment 2 of annex 5 in: EBRD. 2002. *Project Brief. Slovenia: National Pollution Reduction Project*. Available at « http://www.iwlearn.net/iw-projects/Fsp_112799469011/project_doc/ ».

Thus three of the eight projects visited can be considered as having minimal direct impact on the level of pollution discharged in the DRB.

Table 3: Summary of direct reduction in emissions attributable to the water pollution reduction projects financed through the EBRD/GEF credit facility (by type of pollutant)

<i>Parameter:</i>	<i>Yearly reduction (in kg unless otherwise stated)</i>
Quantity of Waste Water (m ³ per year)	12,957,411.00
BOD ₅	2,812,076.54
COD	4,464,560.78
Suspended Solids	1,439,900.74
Undissolved Solids	41,248.57
Nitrogen	115,699.49
Total Phosphorous	43,475.09
Metals	30,733,245.00
Free Chlorine	27.00
Total Chromium	11,696.29
Ammonium Nitrate	58,666.67
Other Chemicals	214,530.64
Total Hydrocarbons, Fats & Greases	129,529.20
Cooling Water (m ³ per year)	4,273,490.00
Heat Load to Water (Gj)	84,363.00

Table 4: Summary of direct reduction in emissions attributable to the projects visited as part of this evaluation

Sub-Project Name	Total Loan Amount	Brief Description	Volume of Treated Wastewater (at start)	Date WWTP went into operation	Did plant exceed EU standards by 5%?
ACRONI, d.o.o.	€4,688,168	Multiple investments to install a closed-cycle system.	NA	NA	IPPC compliant.
CINKARNA CELJE	€800,000	Removal of fines from liquid waste to increase life of sedimentation pond.	1,060,000 m ³ /year	March 2008	Met discharge standards.
PIVOVARNA LAŠKO d.d.	€2,500,000	New WWTP combined with municipal system	NA	August 2005	Met or exceeded standards
PAPIRNICA VEVČE d.o.o.	€4,500,000	Upgraded existing WWTP	2,566,200 m ³ /year	May 2008	Met standards
KOTO proizvodno in trgovsko podjetje Ljubljana	€850,000	New WWTP. Previously discharged to Ljubljana WWTP.	127,750 m ³ /year Wastewater had previously been treated by the municipal WWTP. Benefit is mainly to the company.	December 2005	Met standards.
OBCINA RADOVLJICA	€834,829	New WWTP	NA	October 2006	Met or exceeded standards
MLEKARNA CELEIA	€930,000	New WWTP replaced older plant and discharge to municipal WWTP.	293,300 m ³ /year	September 2007	Met standards.
TKI HRASTNIK	€3,355,000	Multiple investments to install new cooling tower and reduce waste.	276,100 m ³ /year	June 2006	Met or exceeded standards
TOTAL	€18,457,997				

Assessment of project contribution to the global environment

As mentioned earlier, it was expected that global environmental benefits would result from technical support and investments by:

- i. helping the beneficiaries to meet national emission reduction standards earlier than required by legislation; and/or
- ii. helping the beneficiaries to reduce emissions beyond national standards; and/or
- iii. Promoting the introduction of innovative pollution reduction technologies and contributing to their widespread adoption.

Meeting national emission reduction standards earlier than required by legislation

When the environmental consultants of the projects were asked to provide the terminal evaluation team with data on the impact of the CF on early action (that is the number of months or years by which each sub-borrower preceded the legislation enforcement deadline) they were not in a position to do so. They mentioned that they were not required to collect such information and that it would be a challenging task given the large amount of negotiated agreement between the

government and the sub-borrowers. It is thus impossible to evaluate with some degree of precision how much earlier than required by legislation the emissions were reduced. From the case studies, most clients indicated that they met the deadline, and 4 plants went into operation before the deadline. Thus, it can be assumed that several of the water pollution reduction projects implemented by the sub-borrowers were in place before it was required by national legislation, although by a relatively short amount of time (see sample data in Table 4). A few projects were slightly late, therefore the company and government negotiated extensions.

Moreover, it should be noted that among the sub-borrowers visited by the evaluation team, only two out of eight stated that the grant component of the project constituted an incentive to proceed with their water pollution reduction project earlier than required. All other sub-borrowers confirmed that the investment was scheduled to take place in time to meet national regulatory requirements. Further, these companies confirmed that the investments would have happened with or without the CF grant and that although the grant was welcomed by the beneficiaries it did not act as an incentive to undertake the investments earlier than required.

Overall, project achievements, in terms of accelerating investment in water pollution reduction projects, have been limited. At this level, benefits could be more significant if i) the CF had been put in place at an earlier date, and ii) the marketing strategy had been more aggressive at a very early stage. Given the time spent on the design of the CF and its approval at various levels the delay had an impact on the outcome. The CF was operational only in 2004,⁸ although the concept was discussed as early as 2000. The Credit Facility was operational only three years before several of the sub-borrowers had to invest in order to comply with IPPC directives and thus reduced the opportunity for accelerating investment patterns. Several of the stakeholders met in the context of the evaluation mentioned that the marketing strategy with potential sub-borrowers was initially not as clear and as effective as it could have been which led to further delays in the implementation of the sub-projects.

Reducing emissions beyond national standards

Based on the sample of projects visited and on interview with the environmental experts, it appears that most of the water pollution reduction projects implemented by the sub-borrowers have been reducing emission well beyond what would be strictly required by national legislation. Again, no hard data could be provided by the environmental consultants of the project. Therefore, the team cannot say by how much the actual reductions achieved exceeded the legally required level.

However, none of the sub-borrowers met by the evaluation team considered that the grant offered by the CF had any impact on the choice of technology used and thus on the level of emission achieved for their respective water pollution reduction project. Clearly, it was not the responsibility of the CF to propose technologies; although the environmental experts did work with the sub-borrowers on technology selection to ensure compliance. Seven out of eight of the sub-borrowers met, claimed to have simply used standard cost-effective proven off-the-shelf technologies. Only one firm out of eight opted for a tailored and innovative technology, eliminating all wastewater discharges. Even this sub-borrower stated that the grant component of the loan was not a determinant factor for this decision.

⁸ The first loan agreement with a national bank was signed with Volksbank-Ljudska Banka d.d. on 2 December 2003. Three further loan agreements were signed in May, September and December 2004 with UniCredit (previously BACA), NLB and Probanka, respectively.

Overall, achievements in terms of reducing emissions beyond national standards are likely to be significant although they should be attributed to the characteristics of the best available technology (BAT) used by sub-borrowers, rather than to the CF or its grant component.

Promoting the introduction of innovative pollution reduction technologies and contributing to their widespread adoption

The project document stated that due to Slovenia's relatively modest contribution to the overall pollution load in the DRB, direct trans-boundary benefits from the project investments would be limited. However, it was expected that the demonstration effects of process optimisation, wastewater minimisation, and the introduction of new technologies would lead to replication in other DRB countries with more significant benefits.

As stated above, all but one of the sub-borrowers met claimed to have simply used standard cost-effective proven technologies in the context of their water pollution reduction projects. The only firm visited by the evaluation team that has developed an innovative technology to address its water pollution issues, has no interest in selling know-how, sharing or patenting the technology and perceives these kind of activities as beside its *raison-d'être*.

In fact, it appears that the model was not adequately designed to promote the demonstration of innovative pollution reduction technologies and to contribute to their widespread adoption. The loans were allocated on a first-come-first-served basis providing that the projects proposed by the sub-borrowers met the eligibility criteria. Considering the project design and in particular the fact that financial intermediaries were providing loans on a commercial basis, the intent of promoting the demonstration of innovative pollution reduction technologies through this project appears as slightly incongruous. It is also not clear how such innovative technologies and approaches were going to be promoted and disseminated to a relevant audience. In fact, the grant component provided to sub-borrowers and participating banks and financed by the GEF was not perceived and promoted as an incentive to convince beneficiary industries and municipalities to invest in innovative water pollution reduction technologies.

Although most of the demonstrated technologies used by the sub-borrowers reduced pollution discharge to water bodies to practically zero or at least to a fraction of what would be allowed under the new standards, a greater emphasis on the promotion of an integrated approach to pollution reduction, including sludge management could have been relevant. In fact, while most of the sub-borrowers solved their water pollution issues through their recent investment, some of them are now facing sludge management issues. This appears to be an area in which more research and demonstration is needed in Slovenia and elsewhere.

Overall, project achievements in terms of demonstration effects of process optimisation, wastewater minimisation, and the introduction of new techniques appear very minimal.

Assessment of the relevance of the pollutants actually targeted and of the beneficiaries involved

The primary objective of the CF was to reduce the nutrient load in the SRB and the DRB. It also intended to finance investments achieving reductions in other water pollutants, primarily toxic substances. Overall, the project was successful in targeting the priority substances identified at project design stage.

It should be noted here that the model was biased in favour of support to the financially healthiest and largest industrial companies (i.e. sound banking principles). Although targeted beneficiaries included industrial companies, small and mid-sized municipalities, and large livestock farms, the

CF primarily benefited medium and large industrial companies in excellent financial health. About a third of the loans available under the CF were allocated to small and medium enterprises. Less than five percent of the loans available were allocated to public sector sub-borrowers and none to large livestock farms. In fact, one of the participating banks explicitly narrowed the number of potential sub-borrowers by excluding municipalities (due to a more demanding approval process) and small companies since they would have had to be served by credit officers in the branch network that would have required additional capacity building and instructions which the bank was not ready to provide. In order to get best results out of the CF with as little efforts as possible, another bank simply approached potential large borrowers among their existing clients, which proved to be a successful strategy to disburse the loan quickly, but at the expense of SMEs, municipalities and large livestock farms.

The demand study undertaken at the project design stage, stated that the companies that were then in a stable financial condition – and therefore attractive to commercial banks were already investing in water pollution reduction facility. This demand study also highlighted that if the credit line was to be implemented through local commercial banks, there would be a need to take into account that a good share of the companies that would actually need assistance the most were not in good financial shape and therefore much less attractive for commercial banks operation.

Naturally, participating banks were more inclined to sign loan agreements with sub-borrowers in excellent financial conditions, which resulted in a zero default rate on the loans so far. However, this potentially excluded sub-borrowers that would have needed this particular loan and its grant component the most in order to proceed with the water pollution reduction investment, unlike the majority of the sub-borrowers that apparently actually did benefit from the CF. It would be market distorting and inappropriate to subsidise marginal operations, but the subsidies could have been scaled to the amount of pollution reduction achieved, i.e. the larger the net reduction the larger the subsidy.

Unsurprisingly, the marketing strategy that consisted in advertising the availability of and the access to the CF at the national level across sectors to foster portfolio diversification could not counterbalance PBs' preference in favour of the larger and most creditworthy clients.

From both an EBRD and a GEF perspective, in the context of a replication, it should be noted that the CF model is not an appropriate structure to channel funding to enterprises which are not the most financially sound but sometimes the ones that need financial assistance the most in order to proceed with environmental investments.

4.2 Outcome 2: Demonstration of project concept based on financial intermediary/private sector partnerships in pollution reduction – *Achieved*

Developing and demonstrating an innovative concept of public/private partnership in water pollution reduction, with a view to its subsequent replication was also one of the main objectives of the project. The implementation of the project in Slovenia was expected to provide EBRD, the GEF and other stakeholders with experiences, which would help with further developing the project concept.

Overall, the CF can be considered as providing important insights pertaining to the design of a project based on financial intermediary/private sector partnership in pollution reduction. Some of the highlights of the model in that regard are the following:

The model has been successful at securing the participation of national financial institutions, but had no clear impact on the subsequent participation of private FIs in financing water pollution investment under normal market terms and conditions. Four

national banks successfully participated in the CF. The support provided by the environmental consultant for the environmental screening of the sub-projects as well as the two percent grant incentive allocated to the banks (upon the disbursement of the loans) have been important factors in securing banks' participation. One of the participating banks also mentioned that the potential for an enhanced CF in Slovenia and for the set-up of other CF in the DRB discussed during early negotiations was also a key factor for participation. When questioned about the replication of the project at the bank level, all banks mentioned that the replication of such a project would be contingent on the set-up of a similar CF supported by a similar grant component. The PBs stated that their participation in the CF was opportunistic and none of them had the explicit intention of pursuing proactively the financing of water pollution investments. Participating banks claimed that they could be open to financing similar projects in the future on a commercial basis but most likely as a component of a greater investment package and on an opportunistic basis, as they did before the CF was set up. Overall, the project did not have an impact on PBs marketing strategy in the water pollution reduction sector, or on their perception of the potential of the sector as a business line. This is not surprising given that we are talking about a relatively narrow market. The result might be very different in the context of the financing energy efficiency projects, for instance, where the market would be much more attractive for many financial institutions. However, the demand study also made it clear that there were other potential clients for whom funding was not available under the CF. One would have thought that the PBs might wish to attract some of these other potential clients.

As these PBs now have some form of a sustainability section in their annual reports, it was surprising that none of the PBs reported on these projects as demonstration of the bank's contributions to sustainability. The evaluation team attributes this to the fact that all four PBs saw this as the "EBRD/GEF Project" and thus had minimal direct ownership of the CF. Further, three of the four PBs were regional, yet there seemed to be little effort, either by EBRD or within the respective PBs, to market the concept to branches in other countries. There was effort made by FI Banking to market the Slovenia water project concept to NLB at parent level and there was an expression-of-interest to roll this concept out to NLB sister banks in the region, but this was strictly on the basis that the grant structure would also be part of any broader regional programme. In the absence of grants for end-borrowers to secure demand, the product was not of interest to NLB.

The total amount of the loan available under the CF was appropriate and the model allowed for a relatively quickly disbursement to sub-borrowers. The demand study performed at the project design stage helped to identify the potential level of credit that could be required in the market at the time of project implementation. Moreover, the financial intermediary approach coupled with a pre-determined disbursement period has helped to prompt allocation of the resource. Overall, EBRD designed user-friendly and efficient procedures for the disbursement of loan to sub-borrowers compared to the alternative sources of financing in Slovenia. In addition, an important factor in the efficiency of the model was the relatively short time (2 weeks) which the environmental consultants were given to evaluate and rapidly provide an assessment of the eligibility of applicants for potential sub-projects.

GEF projects have often been criticised for being too slow to implement to be responsive to private sector needs. Although opportunities were missed given the relatively long set-up stage of the CF, the actual implementation of the Facility was in line with private sector pace.

The support provided by the competent environmental consultants for the environmental screening and monitoring of the sub-projects was paramount to the project success. It is highly unlikely that the CF would have worked as efficiently and effectively without the support of the environmental consultants throughout project implementation. Their involvement at the project screening phase was particularly crucial and relevant as they were in the best position (in

terms of technical know-how and independence) for assessing the eligibility of potential sub-projects. The involvement of the environmental consultants at the monitoring and advisory level also brought an additional level of confidence in the actual water pollution reduction achieved by sub-borrowers. The role of the environmental consultants is considered one of the important lessons emerging from this project, and the use of grant funds for this purpose is considered highly valuable.

The cash incentive component of the CF was very attractive for sub-borrowers, and its disbursement at project completion was an effective strategy for promoting prompt completion of the sub-projects. Sub-borrowers considered that the 12 per cent cash incentive was considered as more appealing than a concessional loan that would have blended in an equivalent grant component. According to PBs and sub-borrowers, application and project monitoring procedures were kept simple and overall commensurate to the benefits of using the CF. Several of the sub-borrowers met during the evaluation mission claimed that the fact that the 12 per cent cash incentive was disbursed to them at project completion encourage them to complete their project rapidly. However, it needs to be again noted that although the cash incentive attracted the sub-borrower to the participating banks, it was not a determinant factor in the sub-borrowers proceeding with the environmental investment. Thus, the cash incentive served more to attract clients to the PBs, and perhaps encouraged early completion, rather than to convince sub-borrowers to proceed with the environmental investments.

The flip-side of the debate about whether subsidies (cash incentives) are needed to promote environmental investments has to do with creating unfair market conditions. This project reached less than 25 per cent of the companies that needed to make such investments by 2007 and every indication is that the majority of the other companies made investments by the deadline in comparable technologies, without subsidies (although perhaps competing banks were offering lower rates). As the evaluation team could not find evidence that the companies that received the benefit were either the best or resulted in the most significant reduction, it could be argued that such incentives are market distorting. But, without data on these other companies, the evaluation team recognises that this point is conjecture only (see section 7 for proposed follow-up).

However, given the context in which the CF was implemented in Slovenia, the project did not permit to assess whether the model was adequate to trigger sub-borrowers' interest in water pollution reduction investments. A large part of the success of the CF can be attributed to the sub-borrowers' readiness to invest. As discussed above, at the time the CF was set up, the vast majority of sub-borrowers met during the terminal evaluation stated that they were not only interested in investing but they were already in the process of setting up financing plans for their upcoming water pollution reduction investments when they heard about the CF. The sub-borrowers met during the evaluation clearly stated that they would have proceeded with the water pollution reduction investment with or without the loan from the CF and the grant component. Using their own words, they simply went for the best offer on the market at the time.

PBs made clear to the evaluation team that, at the time of the project implementation, credit was very abundant and affordable for potential borrowers on the Slovenian market and that it was the limited time grant offer, attached to the loan that attracted the sub-borrowers to the PBs. It thus remains to be demonstrated that such a credit facility can significantly accelerate investment in water pollution reduction technologies, lead to more aggressive reductions and promote the demonstration of innovative water pollution reduction technologies.

Although the evaluation team did not investigate the issue, it can be expected that the vast majority of the companies that could not benefit from the CF, once the funds were exhausted, did proceed with their investment plans anyway by simply taking the next best offer on the market. Thus, given the context prevailing in Slovenia at the time of the project implementation, the CF

itself did not trigger the development or impact on the timing of environmental investment plans of sub-borrowers.

Finally, this project has demonstrated the potential usefulness of the model, as while EBRD/GEF have not replicated the model for wastewater reduction in the DRB, EBRD has utilised the model in promoting energy efficiency reductions in the region. The case for energy efficiency is different: most energy efficiency projects have relatively high IRRs, while investments in wastewater treatment are considered as adding to company costs. This poses the question of why if the Bank is willing to subsidise energy efficiency, with the exception of this project it has not subsidised investments in industrial wastewater or other environmental control measures.

4.3 Outcome 3: Potential for project replication in the DRB – *Not achieved*

Replication plan

At project design stage it was considered that successful replication could take several forms, including: (i) establishment of other water pollution credit lines/facilities disbursed through private channels and subsidised by GEF or other public funding sources; (ii) providing support for other non-grant financing modalities (guarantee facilities, contingent financing facilities etc.) involving both public and private institutions and funding sources; and (iii) increased participation of private FIs in financing water pollution investments under normal market terms and conditions. Replicability of the project also covers increased user confidence in, and cost-reductions of, innovative water pollution reduction technologies demonstrated through project investments.

The replicability plan of the project was included in the project design in various ways:

- i. The project was managed by existing institutions and commercial banks, three of whom were strong regional banks, thus the replication of the project would not require the establishment of new institutions and indeed could be extended via the networks of the three regional banks. EBRD has a network of FIs in all DRB countries through which similar CF could be extended and the TAM/BAS programme has operational offices in many of the countries.
- ii. The project provided a non-grant financing modality which should facilitate replication of the concept in countries with severe constraints on grant funding for environmental purposes.
- iii. The project was based on a flexible, demand driven approach which also provides for technical inputs supporting “own resource” solutions. The modality of operation, with minimum pre-determined requirements, can be easily modified and applied in different settings.
- iv. The project reflected a regional/basin wide approach, based on inputs from regional institutions and programmes.
- v. A comprehensive information dissemination strategy was to be built in the project to ensure replication.
- vi. There was strong Ministry of Environment support to compliance with the EU 2007 IPPC deadline. Other countries downstream have also signed up to similar but slightly later deadlines.

The implementation of the project in Slovenia was expected to provide EBRD, the GEF and other stakeholders with experiences, which would help with further developing the project concept and management. It was also expected that the experiences could be used to streamline the approach thus moving it closer to commercial terms and reducing the level of concessional funds required in future replication.

Project catalytic effect

At the time of the final evaluation, the catalytic or replication effect of the project was not up to expectation especially considering that the model has been proven relatively efficient and effective.

The evaluation mission found that so far there has not been any establishment of other water pollution credit lines/facilities or other non-grant financing modalities (guarantee facilities, contingent financing facilities etc.) disbursed through private channels and subsidised by GEF or other public funding sources. In that regard, EBRD representatives mentioned that it was expected that the GEF would make new grant money available to replicate the CF in the region but that the GEF has not been responsive to such a proposal. EBRD representatives mentioned that the dialogue with GEF is on-going and that future similar projects are not ruled out. Moreover, EBRD is successfully using a comparable model in the field of industrial energy efficiency in other countries. As one example, the Bulgarian Energy Efficiency and Renewable Energy Credit Line (BEERECL) has been developed by EBRD in 2004 in close co-operation with the Bulgarian Government and the European Union. The facility extends loans to participating banks for on-lending to private sector companies for industrial energy efficiency and small renewable projects. One could argue that the project did prove the value of the model, as now applied for energy efficiency. However, so far, despite a successful experience with the CF in Slovenia from an EBRD perspective, EBRD has not proactively searched for other potential donors to participate in such a CF in the water pollution sector. Perhaps one of the constraints is internal. The FI Banking Team does not normally pursue sector specific objectives and the Municipal and Environmental Infrastructure (MEI) Banking Team has not focused on industrial wastewater as their market is to focus on municipal clients. Separately, EvD has recommended that MEI's scope be expanded to include industrial clients.

Participating banks claimed that they would be open to a replication of such a project. One thing that was learned through the project by the participating banks was how to sell such a project to bank management. Participating banks clearly stated that the experience could be relatively easily replicated as they felt that the project was overall very successful from their point of view. However, based on EBRD monitoring reports and on interviews conducted by the evaluation team with all PBs, it can be concluded that the expected increased participation of participating financial institutions in financing water pollution investments under normal market terms and conditions did not materialise. None of the participating bank showed any intention to actively pursue environmental water related financing in the future, either in Slovenia or in other countries. In sum, the CF did not persuade the PBs to structure additional water pollution reduction specific environmental financing, where the knowledge and experience gained with the project would be used on a larger scale.

As discussed earlier in this report, all but one of the sub-borrowers met claimed to have simply used standard cost-effective proven technologies in the context of their water pollution reduction project. Clearly the project did not promote the use and dissemination of “innovative technologies” and consequently replicability did not occur as a result of increased user confidence in, and cost-reductions of, innovative water pollution reduction technologies demonstrated through project investments. This is a point where the differing objectives of EBRD and GEF may have come into play. GEF understood this objective in the context of engineering

technologies, whereas EBRD, as a Bank, saw this as financial innovation and would argue that the project successfully demonstrated an innovative approach to the promotion of water pollution reduction.

Overall, at the time of the project evaluation, the project had no important catalytic impact mainly due to the following factors:

- The executing agency (EBRD) relied too heavily on the GEF to provide additional grant money to support the replication of the CF in the region;
- The model was not adequately promoting a sustainable increase in the financing of water pollution reduction and prevention projects within the participating banks or within the executing agency on a more commercial basis;
- The model was not adequately promoting the use of innovative technologies and thus led to a rather insignificant demonstration effect at this level; and
- The comprehensive information dissemination strategy anticipated at project design did not materialise as fully envisioned, in part due to the early closure of the TAM/BAS program that was entrusted with stakeholder involvement and project dissemination responsibilities.

However, the Ministry of Environment did pay out its role of enforcement thus providing the necessary incentive to meet the 2007 deadline. While effective enforcement varies by country, the Bank is aware of similar deadlines for other countries. These deadlines, if effectively enforced, do provide “windows of opportunity” for successful replication of this project.

5. SUSTAINABILITY - TRANSITION IMPACT AND ENVIRONMENTAL IMPACT

Overall from a GEF and an EBRD perspective, the sustainability of the project outcomes is rated as Good/Likely. Good prospects for project sustainability are typically revealed by the presence of factors that influence the continuation of project benefits after completion of project implementation, within and/or outside the project domain.

The **financial sustainability** of the individual investments financed from the project depends on the performance of the borrowers in operating the investment. The strict environmental and financial criteria applied by the project in selecting investments through the screening performed by the environmental expert and the participating financial institutions ensure a very high performance of sub-borrowers regarding project implementation and financial sustainability. The project design relying on financial intermediaries for the screening of sub-borrowers led to the development of a very low risk portfolio. Moreover, the careful selection and monitoring of the PBs by EBRD also reduced the risk associated with the lending. So far, all sub-borrowers are i) operating the water pollution reduction facility as expected, ii) in good financial conditions, and iii) repaying their loan(s) as scheduled.

The **institutional sustainability** of the project was built in the project design by entrusting project execution to the established Slovenian actors - local commercial banks, local environmental expert, the TAM/BAS program, and private companies and municipalities. These actors were to undertake project activities on the basis of their comparative advantage and expertise and to pursue commercially viable activities. The inclusion of a technical assistance component strengthened the borrowers' environmental management capacities. Overall, project activities were indeed in line with stakeholders' core business competency and this ensured a smooth project implementation. However, as stated above, the project did not promote a

sustainable increase in the financing of water pollution reduction and prevention projects within the participating banks or within the executing agency on a more commercial basis.

The project **sustainability in terms of governance** was built in the project through its strong linkages to national/EU policies and regulatory framework. As most of the sub-borrowers are now subject to strict and monitored government emission standards, it is highly likely that they will operate their water pollution reduction facilities financed through the project to avoid taxes, fines or, in several cases, the simple shutdown of their operations.

The sustainability of the project is unlikely to be compromised by any **social or environmental factors**. National-level benefits, in particular from surface water pollution reduction, are welcomed by all. Project information dissemination activities have not been fully implemented as planned; however, several participating sub-borrowers have disseminated information about their water reduction investment(s) to their clients through annual reports, web-sites, etc. or to their citizens in the cases of participating municipalities.

In addition to the elements mentioned above, it should be added that **from an EBRD perspective**, good prospects for project sustainability are also revealed by the project transition impact and environmental impact.

5.1 Transition impact (EBRD perspective)

Transition impact is rated as *Good* overall, both verified and potential. The project can be looked at from two perspectives – 1) its impact in Slovenia where it was implemented, and 2) the intended demonstration impact within the DRB. Overall, the project achieved very positive results in Slovenia and would be rated *Excellent*. However, the lack of replication – demonstration affect – which was a key project objective, tends to a slightly lower overall transition impact rating.

As discussed above, in terms of **company impact** at the level of both the PBs and the sub-borrowers, the financial sustainability is highly likely.

In terms of **industry impact** at the level of the sub-borrowers it should be noted that three of the sub-projects involved municipal clients while the rest were private companies (thus privatisation was not an issue). By becoming fully IPPC compliant these companies are now in a better position to be competitive in Europe. Companies were able to address their water pollution concerns and do so on a cost recoverable basis (ignoring the subsidy). Several of the projects had short pay-back periods, (for example, 7 years) and at least one of the projects was critical to the long-term viability of the company by extending the life of their sedimentation pond. Another was a small cooperative dairy which found it cheaper to treat their own wastewater than to continue to discharge in the sewer and pay higher wastewater discharge fees. Therefore, at the level of the sub-borrowers, the continued sustainability of these companies has been enhanced through this project.

Again as discussed above, in terms of **impact on the economy as a whole**, overall sustainability of the project results in term of institutional framework and governance is likely.

5.2 Environmental impact (EBRD perspective)

EBRD benchmark for environmental compliance is EU standards. This project took a series of industrial and municipal clients that were not meeting EU IPPC standards for wastewater discharge and brought them all into full compliance. environmental performance is therefore rated *Excellent*, environmental change is rated *Substantial* and overall environmental impact is also rated *Excellent*. Further, the evaluation team argues that this project demonstrates the

benefits of focusing on industrial wastewater and recommends that the MEI and FI Banking Teams work together to replicate the model.

The team wishes to comment on three related environmental issues:

- 1) A primary objective was to improve the water quality in the Sava River, and to have a trans-boundary impact, i.e. at the point the Sava enters Croatia. The background study talked about the upper, middle and lower sections of the Sava. While it is reasonable to assume that reducing pollution loads will have a net positive impact, it would have been useful to have incorporated into the project, a process to collect river water quality data (at least at the border) to confirm this.
- 2) A potential problem of wastewater treatment is the creation of sludge which itself must be treated. A few of the plants used the sludge in associated bio-gas plants. The majority of the plants transported the sludge to regional bio-gas plants, thus converting the waste material into energy. Only one of the plants visited incinerated their sludge.
- 3) While the project focused on wastewater, several of the sub-borrowers also had air pollution concerns, and indeed one company asked the team (which included an EBRD banker) about the possibility of a direct loan to address their air pollution needs. This suggests that either (i) many of these companies still have steps to complete to become fully IPPC compliant, or (ii) that they have addressed their air quality needs without reliance upon subsidies. This poses the question, why subsidise water pollution reductions and not air pollution reductions.

The project, as structured, and as per the 2003 EBRD Environmental Policy, which included IFC social parameters, had no significant social factors. To the team's knowledge, the project did not trigger any resettlement, involve indigenous peoples or any cultural property; and core labour issues were fully adhered to. For the municipalities, there could have been an issue of affordability, but this was not raised.

6. EFFICIENCY - BANK HANDLING

From EBRD perspective, Bank handling is rated as *Good*. Return on the Bank's investment is rated *Good*. From a GEF perspective project efficiency is rated as satisfactory.

6.1 Project preparation, due diligence and implementation

The Bank undertook extensive due diligence – far more and to much greater detail than is normal for EBRD projects. The result was a very detailed well thought through and well structured project that has been successfully implemented in Slovenia. However, the lack of replication is a reflection that EBRD simply does not have the staff, or business model to be a project promoter/facilitator of projects. Replication required a degree of engagement that does not reflect the EBRD business model.

6.2 Cost effectiveness and timeliness

As stated earlier in this report, EBRD designed user-friendly and efficient procedures for the disbursement of loan to sub-borrowers compared to the alternative sources of financing in Slovenia. In addition, an important factor in the efficiency of the model was the relatively short time (2 weeks) which the environmental consultants were given to evaluate and rapidly provide an assessment of the eligibility of applicants for potential sub-projects.

GEF projects have often been criticised for being too slow to implement which hindered their responsiveness to private sector needs. Although opportunities were missed given the relatively

long set up stage of the CF, the actual implementation of the Facility was in line with private sector pace.

6.3 Project financing

The EBRD Facility original contribution of €45 million has been fully allocated to sub-projects.

Table 5 below shows the GEF original and revised allocations. In 2006, US\$250,000 was reallocated from “*the provision of administration fees to the participating banks*” to “*the provision of completion fees to the sub-borrowers*”. In 2007, the allocation to the independent environmental expert had to be increased due to a higher than expected total volume of projects to be screened. One of the participating banks was initially directly forwarding project proposals for environmental screening without doing a proper preliminary screening. As a result, several of the projects screened by the environmental expert were subsequently rejected by the bank. This matter was promptly and efficiently resolved by the EBRD team in Slovenia through direct interaction and “coaching”. The additional amount allocated to the environmental expert was taken from the technical assistance/marketing campaign/dissemination components.

Table 5: GEF grant financing

GEF Grant Activities and Financing Plan					
	Activity	Original allocation	Revised allocation 1	Final allocation	Variance
A	Provision of completion fees to sub-borrowers	6,000,000	6,250,149	6,250,149	250,149
B	Provision of administration fees to participating banks	3,000,000	2,749,851	2,749,851	-250,149
C	Independent Environment Expert	304,750	298,450	330,460	-32,010
D	Technical assistance to companies	540,000	609,200	577,190	32,010
E	Marketing campaign	32,500			
F	Information dissemination programme	30,400			
	Total	9,907,650	9,907,650	9907650	0

6.4 Monitoring and evaluation

Monitoring and evaluation system design:

At project design stage it was planned that the project would be monitored at various levels through the following steps:

- i) The environmental impacts of the investments financed with project funds would be technically monitored by the environmental expert, and reported to the PBs and EBRD. The environmental expert would undertake sub-project completion test to confirm that the sub-project was operating according to the parameters stated in the original loan application to the financial institution and provide a sign-off to the sub-borrower, the FI and EBRD. Without the sign off, the sub-borrower would not receive the GEF grant. After the sub-project completion test, the environmental expert would monitor the performance of the sub-projects throughout the lifetime of the loan.
- ii) The financial monitoring of the loans would be undertaken by PBs, in accordance with their standard procedures. On a six monthly basis, participating FIs were required to provide EBRD with a report on disbursements, and existing sub-borrowers' financial performance, as well as an aggregated report on the loan specific environmental monitoring activities undertaken by the environmental expert.

- iii) The TAM/BAS programme in Slovenia normally provides the TAM/BAS Management Group in EBRD with a final report for each of the individual projects it has undertaken and the same requirement would apply to the TAM/BAS activities financed by the project. TAM/BAS Programme would also report separately to EBRD on the marketing and information dissemination activities that it was to undertake for the project.
- iv) In the capacity of the GEF executing agency, EBRD would monitor the overall performance of the project, including the local FIs, environmental experts, and TAM/BAS performance in managing project activities. EBRD would maintain a database of sub-projects financed through the Facility to help keep track of the amount of money disbursed under the Facility and an estimate of the potential emissions reductions from sub-projects financed at any time. EBRD was to prepare reports on the GEF grant: semi-annual progress reports, a final report, and a final audited financial statement within six months of project completion.
- v) A mid-term evaluation, contracted to an independent expert, would be undertaken following the first year of project implementation to inform EBRD of mid-course progress and to advise on any modification required to maximise project results and impacts during the remaining implementation period. A final evaluation, also contracted to an independent expert, would be conducted prior to project closure. The mid-term and the final evaluation would make use of participatory round tables facilitated by the TAM/BAS program in line with the project public involvement strategy.

The monitoring of the results and impacts was to be based on pre-determined performance indicators (See project logical framework – Table 1 above) to measure both direct and indirect impacts of the project.

The monitoring and evaluation plan stated that the result from the monitoring and evaluation activities would be disseminated widely at both national and international level, within and beyond the GEF community through reports, presentations and other means, to ensure cross-learning and exchange of experiences. The concept of “international dissemination” also presents a challenge. It is unclear who was meant to lead this initiative. Again, it is simply not part of the EBRD culture to be a project promoter and the environmental expert was not contracted for this function. There are regional organisations which could have assisted, for example the ICPDR, but they would have had to have been engaged in the project structure.

Budgeting and funding of monitoring and evaluation activities:

Monitoring and evaluation budget was embedded in the budget of the various project components such as in:

- the fees to the environmental expert which had an important monitoring role;
- the completion fees provided to the banks and the sub-borrowers;
- the administration fees allocated to the banks; and
- the TAM/BAS project fees.

However, no budget appears to have been initially explicitly allocated for monitoring and evaluation activities.

Implementation of monitoring and evaluation plan:

The monitoring and evaluation plan elaborated at project design stage and described above was mostly implemented but for a few elements. The few important discrepancies between the monitoring and evaluation plan and its actual implementation are the following:

- i) After the sub-project completion test, the environmental expert monitored the sub-projects for one year rather than throughout the lifetime of the loans as initially envisaged. The evaluation team does not believe that this particular change had an adverse impact on the ability to assess overall project environmental benefits.
- ii) No mid-term evaluation of the project was conducted. When the EBRD Evaluation Department contacted the GEF Evaluation Office to inquire about the need for a mid-term evaluation, the GEF evaluation office advised that it was not necessary.
- iii) The early closure of the TAM/BAS program in Slovenia had an adverse impact on the implementation of the public involvement strategy which impacted negatively on the public involvement in the project evaluation. Throughout the project, contact with stakeholders such as government representatives, chambers of commerce, NGOs or other associations could have been enhanced. In line with GEF practice, the final evaluation team tried to meet with a wide range of project stakeholders during the mission. However, in this regard, the evaluation team was only partly successful as the project team failed to meet with relevant NGOs, national interest groups and environmental technology firms that could have provided an informed opinion on the project results.

To some extent, the monitoring of the project results and impacts was based on performance indicators identified at the project design stage, for example, data on the number and the volume of loans allocated under the CF and on the estimate of the total aggregate reduction of emissions of nutrients from sub-borrowers. However, throughout project implementation, no data has been collected on some key aspects of the project (identified as indicators in the project log frame) such as:

- helping the beneficiaries to meet national emission reduction standards earlier than required by legislation (for example, number of borrowers achieving emission standards/conditions before deadlines);
- helping the beneficiaries to reduce emissions beyond national standards;
- promoting the introduction of innovative pollution reduction technologies and contributing to their widespread adoption (for example, number of innovative technologies used in the investments financed from the Facility);
- collection of river water quality data; and
- possible trans-boundary impacts.

Overall the implementation of the monitoring and evaluation plan is rated as *Moderately satisfactory*. Overall implementation of the plan has been good but with a few important drawbacks especially in terms of the monitoring of the above mentioned pre-determined performance indicators.

7. KEY ISSUES, LESSONS LEARNED AND RECOMMENDATIONS

Section 4.2 of this report provides important insights related to the design of a project based on financial intermediary/private sector partnership in pollution reduction. Some additional issues/aspects of the project are highlighted below:

7.1 Key issue: are subsidies necessary?

The project, as designed, assumed that environmental subsidies were necessary to encourage companies to comply with national environmental law by 21 December 2007. Further, those subsidies would result in either (i) an acceleration of investments to achieve standards before this deadline, and/or (ii) the introduction of control measures to exceed the standards (lower levels of pollution than allowed, and/or (iii) would result in the use of innovative technologies. The findings from this evaluation point to (i) a modest advancement of the timing, (ii) most plants were built to meet the standards, and (iii) innovative financing mechanisms were tested, but for the most part the technologies were standard off-the-shelf technologies. All companies faced the same regulatory requirement. When asked, most companies indicated that the subsidies were nice but not necessary. Finally, while the CF reached about 25 per cent of the companies, every indication is that the other 75 per cent also obtained financing and made similar investments, without subsidies; although this remains unsubstantiated.

This project offers an excellent opportunity to carry-out a retrospective impact evaluation. The projects (those funded under the CF and those funded otherwise) are comparable projects, all focussed on wastewater pollution reduction. Project selection appears to have been based on prior exposure to the PBs rather than (i) reduction per Euro invested, or (ii) support to weaker companies. EBRD/GEF therefore proposes a follow-up impact evaluation study to test the null hypothesis that subsidies are not necessary when there is a strong regulatory requirement.

7.2 Project start-up workshop and stakeholder engagement

This project entailed extensive due diligence as its successful implementation depended upon full engagement of several stakeholders. The individual parties could not have achieved the results without collaboration across the various stakeholders. EBRD and GEF together provided the support and forum to make such a project possible. This was the result of a series of background studies and in-country workshops to share information across stakeholders and to bring the various parties together. However, there were delays in implementation, partly because of a lack of dissemination of key project data.

Lesson learned:

Project start-up workshops are important steps to involve all stakeholders in the process. A project start-up workshop involving all the key stakeholders – the PBs, the Environmental Consultant, the TAM/BAS experts, and the Ministry of Environmental, plus EBRD and GEF might have resulted in quicker project implementation with fuller dissemination of critical project data.

7.3 Importance of an effective legal and regulatory framework

The project offered a “carrot” in the form of financial subsidies, to encourage companies to invest in water pollution control technologies so as to fully comply with EU IPPC standards by the deadline. The government provided the “stick” in the form of a strong and effective regulatory environment. Only 25 per cent of the companies that needed to comply received the subsidy, yet every indication is that the majority of the companies actually complied. The clear implication is that a strong regulatory environment is necessary to provide sufficient incentives to reach full compliance of EU environmental standards and that cash incentives alone are probably not sufficient.

Lesson learned:

Regulatory enforcement is necessary to achieve full compliance with environmental standards. A strong and effective regulatory environment is as important as cash incentives, if full compliance of EU environmental rules and regulations is expected.

7.4 GEF projects require a different project implementation model than other EBRD projects

Implementation of a project of this nature requires a level of engagement by EBRD staff that is not common for most EBRD projects. Further, it requires an interdisciplinary team across Banking and the Environment Department. When agreeing to implement a project on behalf of another agency – in this case GEF – the Bank accepts the requirements of the other agency, unless negotiated out. This implies a different project model and different staffing needs and reward structures. Overall, the Bank met these needs, but (i) did not actively collect the data that GEF was expecting, and, more importantly, (ii) was not as committed to the concept of replication. Replication required active promotion of the project concept in other Danube River Basin Countries. EBRD's model is to respond to project demand, not promote project concepts.

Lesson learned:

Dedicated staff with appropriate incentives are necessary to implement GEF type projects.

By agreeing to be an implementing agency of the GEF, EBRD agrees to undertake projects using the GEF objectives and to be an active promoter of environmental investments. Thus, such projects are “developmental”. They may also have strong “transitional” components. To the extent that the Bank seeks to undertake and participate in labour-intensive efforts such as this, the Bank needs to allocate staff who have the time and incentives to successfully implement such projects, and to “promote” the project model.

7.5 Recommendation: replication should be pursued

The Evaluation Team believes that this project was relatively successful and has the potential to be replicated elsewhere in the Danube River Basin. The experience in Slovenia is not conclusive on the potential to trigger early investment in more aggressive water pollution reduction and prevention facilities through such a Credit Facility. However, under the new global context in which credit is becoming less accessible, the model could be valid providing that some of the issues highlighted through this case study are taken into consideration. EBRD should investigate (1) the potential for use of the Bank's Fund, or GEF, or other donors, to provide grant financing; and (2) the interest and willingness of PBs and other stakeholders in neighbouring countries to implement similar programs. This project, and its successful replication, could be a very valuable contribution to the international efforts to address pollution in the Danube River Basin. This is the only project known to the Evaluation Team that specifically targeted industrial wastewater pollution in the region.

LIST OF CONTACTS

KEMIJSKI INŠTITUT

(SLOVENE ASSOCIATION FOR WATER PROTECTION – NGO)

Name	Position
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MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING

Mr. Mitja Bricelj	State Secretary
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NOVA LJUBLJANSKA BANKA

Valerija Pešec	Senior Manager
Alenka Smerkolj	General Manager

UNICREDIT BANK

Mr. Miloš Vignjevič	Project and Structured Finance Specialist
Ms. Andreja Mežnar Bole	Real Estate and Project Finance Department

VOLKSBANK

Boštjan Pečenko	Corporate Banking Director
Gašpar Ogris-Martič	Chairman of the managing board

PROBANKA

Ms. Tatjana Valek	Manager of Financial Institutions Department
Ms. Andreja Bizjak Bosilj	Director of Celje Branch

E-NETSI

Mr. Bojko Jerman	Managing Director
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E-NET OKOLJE

Jorg Hodalič	CEO
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PIVOVARNA LAŠKO

Mr. Matej Oset	Technical and production director
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TKI HRASTNIK

Mr. Branko Majes	General Manager
Ms. Andreja Slapšak	
Mr. Radoš Zornik	
Mr. Lado Krašovec	

ACRONI

Matija Kranjc	Financial Director
Polonca Marjanovič	Financial Manager

MUNICIPALITY OF RADOVLJICA

Mr. Janko Sebastijan Stušek	Mayor
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KOMUNALA RADOVLJICA

Mr. Darko Lukan	Development Manager
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APPENDIX 1

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PAPIRNICA VEVČE

Matjaž Lampelj
Vladimir Brezavšček

Managing director

KOTO

Janja Anžič
Jure Videc

Chairman of the Board
Development and investments sector

MLEKARNA CELEIA

Mr. Marjan Jakob

Director

CINKARNA

Mr. Tomi Gominšek
Ms. Nikolaja Podgoršek-selič

Technical information
Vice-president and technical director

OPERATION PERFORMANCE RATINGS
EBRD/GEF ENVIRONMENTAL CREDIT LINE (SLOVENIA)

Performance Indicator	Rating
OVERALL TRANSITION IMPACT (Analysis in Appendix 3): (Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Negative)	Good
ENVIRONMENTAL PERFORMANCE OF THE PROJECT AND SPONSOR: (Ratings: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Excellent
EXTENT OF ENVIRONMENTAL CHANGE: (Ratings: Outstanding, Substantial, Some, None/Negative)	Substantial
ADDITIONALITY: (Ratings: Verified in all respects, Verified at large, Verified only in part, Not verified)	Verified in all respects
PROJECT FINANCIAL PERFORMANCE: (Ratings: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Good
COMPANY FINANCIAL PERFORMANCE: (Ratings: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Excellent
FULFILMENT OF PROJECT OBJECTIVES: (Ratings: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Satisfactory
BANK HANDLING: (Ratings: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Good
BANK'S INVESTMENT PERFORMANCE: (Ratings: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Good
OVERALL PERFORMANCE: (Ratings: Highly Successful, Successful, Partly Successful, Unsuccessful)	Successful

TRANSITION IMPACT ANALYSIS
EBRD/GEF ENVIRONMENTAL CREDIT FACILITY (SLOVENIA)

TI checklist categories	STEPS OF RATING TRANSITION IMPACT	Short-term verified impact	Longer-Term transition impact potential	Risk to potential TI
	STEP I: CHANGE BY THE PROJECT AT CORPORATE LEVEL (PARTICIPATING BANKS)	Rating¹	Rating²	Rating³
3	Private ownership All PBs were privately owned, two Slovenian and two Austrian.	Good	Good	Low
5	Skill transfer This was a sector specific dedicated credit line and the PBs lacked experience in lending for environmental projects. All PBs were assisted by a local environmental consultant.	Satisfactory	Satisfactory	Low
6	Demonstration effects The model has been copied for dedicated energy efficiency credit lines but the desired demonstration effect in the industrial wastewater sector has not occurred.	Good	Satisfactory	Low
7	New standards for business conduct This project provided an introduction to the 4 PBs on the use of dedicated environmental credit lines for environmental goods.	Good	Good	Low
	STEP II: TRANSITION IMPACT AT THE LEVEL OF THE INDUSTRY (SUB-PROJECTS) AND THE ECONOMY AS A WHOLE	Rating	Rating	Rating
1	Competition The PBs used a combination of existing client lists and sound banking to select the projects that they supported. Indirectly, this also created a secondary market for design and construction of wastewater treatment facilities,	Good	Good	Low
2	Market expansion By becoming fully EU compliant, the individual companies and Slovenia are able to better integrate into the EU market.	Excellent	Excellent	Low
3	Private ownership Most of the subprojects were loans to private companies.	Good	Good	Low
4	Frameworks for markets For the companies, it was simply a matter of comply or shut down, thus the program allowed for greater integration into the EU market.	Good	Good	Low
5	Skills transfers While many of the subprojects already had loans with the PBs this was the first time many had borrowed explicitly for environmental improvements. The environmental consultants assisted both the PBs and the companies in project design and technology selection.	Satisfactory	Satisfactory	Low

¹ This range is: Excellent/Good/Satisfactory/Marginal/Unsatisfactory/Negative.

² This range is: Excellent/Good/Satisfactory/Marginal/Unsatisfactory/Negative.

³ This range is: Low/Medium/High/Excessive.

APPENDIX 3

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6	Demonstration effects The project reached a quarter of the companies in Slovenia that had to comply by the 2007 deadline. Every indication is that the other companies also complied and several also borrowed from local banks.	Good	Satisfactory	Low
7	New standards for business conduct The project allowed for full IPPC compliance for wastewater by the participating companies.	Satisfactory	Satisfactory	Low
	SUMMARY OF VERIFIED, POTENTIAL AND RISK RATINGS	Good	Good	Low
	OVERALL TRANSITION IMPACT RATING:⁴	Good		

⁴ This range is: Excellent/Good/Satisfactory/Marginal/Unsatisfactory/Negative.

Sub-Project Portfolio and Sample Selection

Company	Sector	Use of proceeds	Total project costs (EUR)	Total Local Loan amount (EUR)	Type of Borrower	Can potentially be available for an interview during the mission	In the Sample
PROBANKA							
UNIOR, d.d.	Metal processing	Reduction of pollution of water steam	320 000,00	150 000,00	Large Enterprise	YES	
UNIOR, d.d.	Metal processing	Abandonment of old storages for industrial chemicals	2 800 000,00	1 350 000,00	Large Enterprise	YES	
MAKSIM, d.o.o.	Enterprise and commercial counselling/hot galvanising	Technological and ecological remediation of surface protection with hot galvanising in company Pocinkovalnica d.o.o.	5 320 000,00	1 725 000,00	SME	YES	
TDR Metalurgija d.d.	Production of chemical products	Reconstruction of landfill for industrial waste HALDA	737 000,00	500 000,00	Large Enterprise	NO	
ACRONI, d.o.o.	Production of steel and steel products	Reconstruction of storage for industrial chemical	500 000,00	500 000,00	Large Enterprise	YES	YES
ACRONI, d.o.o.	Production of steel and steel products	Reconstruction of storage for industrial chemical	600 000,00	600 000,00	Large Enterprise	YES	YES
Komunala Velenje	Environment projects	New municipal sewage system	1 335 336,00	1 250 000,00	Municipal	YES	
Cinkarna Celje	Chemical processing	Reconstruction of landfills for industrial waste	2 800 000,00	800 000,00	Large Enterprise	YES	YES
Komunala Velenje	Environment projects	New municipal sewage system	315 000,00	125 000,00	Municipal	YES	
Unicredit							
PIVOVARNA LAŠKO d.d.	bottling of alcoholic and non alcoholic drinks	construction of industrial purifying plant and collection of wastewater clarifying	4 700 000,00	2 500 000,00	Large Enterprise	YES	YES

Company	Sector	Use of proceeds	Total project costs (EUR)	Total Local Loan amount (EUR)	Type of Borrower	Can potentially be available for an interview during the mission	In the Sample
Tovarna olja GEA d.d.	manufacture of refined oils and fats	reconstruction of industrial WWTP	83 300,00	80 000,00	SME	NO	
Tovarna olja GEA d.d.	manufacture of refined oils and fats	construction of security containers for oil reservoirs	119 728,00	110 000,00	SME	NO	
CETIS d.d. Celje	printing except printing of newspaper	construction of new warehouse for industry chemicals	330 000,00	330 000,00	Large Enterprise	NO	
UNIOR Kovaška industria d.d.	manufacture of tools	renovation of the existing sewage system which includes WW purifying plant	777 000,00	777 000,00	Large Enterprise	YES	
ETI ELEKTROELEMENT d.d. Izlake	production of electro-component	purchase of new industrial WWTP and internal sewage system	758 833,00	758 833,00	Large Enterprise	NO	
KOVINOPLASTIKA LOŽ d.o.o.	production of other fabricated metal products	investment into tunnel rinse line	690 500,00	690 500,00	Large Enterprise	YES	
KOVINOPLASTIKA LOŽ d.o.o.	production of other fabricated metal products	renovation of WW purifying machine	398 757,00	398 757,00	Large Enterprise	YES	
UNIOR Kovaška industria d.d.	manufacture of tools	investment into purifying machine for burnishing and phosphating	298 500,00	298 500,00	Large Enterprise	YES	
UNIOR Kovaška industria d.d.	manufacture of tools	new industrial WWTP	153 000,00	153 000,00	Large Enterprise	YES	
KOLIČEVO KARTON d.o.o.	manufacture of paper and paperboard	cooling of industrial wastewater Količevo karton	1 000 000,00	1 000 000,00	Large Enterprise	YES	
KOLIČEVO KARTON d.o.o.	manufacture of paper and paperboard	reconstruction of industrial WWTP	1 500 000,00	1 500 000,00	Large Enterprise	YES	

Company	Sector	Use of proceeds	Total project costs (EUR)	Total Local Loan amount (EUR)	Type of Borrower	Can potentially be available for an interview during the mission	In the Sample
PAPIRNICA VEVČE d.o.o.	paper products manufacturing	upgrading of existing chemical mechanism WWTP Papirnice vevče	7 000 000,00	4 500 000,00	Large Enterprise	YES	YES
SGP KOGRAD IGEM d.o.o.	manufacture of concrete products	reconstruction of sewage system and technology	792 000,00	300 000,00	Large Enterprise	NO	
KOVINOPLASTI-KA LOŽ d.o.o.	production of other fabricated metal products	reconstruction of technological line	840 500,00	600 000,00	Large Enterprise	YES	
NLB							
Slovenske železarne Acroni Jesenice	Steel industry	Recycling of industrial cooling wastewater	2,482,234,36	2,480,000,00	Large Enterprise	YES	YES
Koto proizvodno in trgovsko podjetje Ljubljana	Remaking industry	Upgrading of existing WWTP	1 015 000,00	850 000,00	SME	YES	YES
Pivovarna Union	Manufacture of beverages	abandonment of old storages for industrial chemicals and construction of a new one	959 100,00	900 000,00	Large Enterprise	NO	
IBI Kranj	Tekstile weaving	Reconstruction of technology	422 000,00	400 000,00	Large Enterprise	NO	
Alpetour Remont	Maintenance and repair of motor vehicles	wastewater pollution abatement in car service center	204 000,00	161 000,00	SME	NO	
Melamin, Kočevje	Chemical industry	Recycling of industrial cooling wastewater	1 626 000,00	1 250 000,00	SME	NO	

Company	Sector	Use of proceeds	Total project costs (EUR)	Total Local Loan amount (EUR)	Type of Borrower	Can potentially be available for an interview during the mission	In the Sample
TKI Hrastnik	Manufacture of basic chemicals	1. Reduction of pollution of water stream with technological wastewater-recycling; 2. Recycling of industrial cooling wastewater in factory 3. Reduction of pollution of water stream with phosphorus and solid particles-solvent extraction and automatic neutralisation	3 550 000,00	3 550 000,00	SME	YES	YES
Primat, Maribor	Manufacture of other fabricated metal products	Reduction of pollution of water stream with technological wastewater reduction of water use in varnishing; investment in reconstruction of manipulation area and sewage system	409 000,00	409 000,00	Large Enterprise	NO	
Mlekarna Celeia	Manufacture of dairy products	Implementation of new WWTP for technological wastewater - new construction with improvement	1 166 800,00	930 000,00	SME	YES	YES
Melamin Kočevje	Chemical industry	Upgrading of system for recycling of industrial cooling wastewater	500 000,00	500 000,00	SME	NO	

Company	Sector	Use of proceeds	Total project costs (EUR)	Total Local Loan amount (EUR)	Type of Borrower	Can potentially be available for an interview during the mission	In the Sample
Sora Medvode	Manufacture of furniture	Reduction of pollution of water stream with technological wastewater-abandoning of water use in lacquering and reduction of water use in glue application facility	100 000,00	100 000,00	SME	NO	
Unior d.d. Zreče	Manufacture of cutlery, tools and general hardware	Reduction of pollution of water stream with technological wastewater - Industrial WWTP	270 000,00	270 000,00	Large Enterprise	YES	
Avtobusni promet Murska Sobota d.d.	Land transport, other scheduled passenger land transport	Abandonment of old storages for chemicals and construction of a new one - avtoservis Peugeot. Investment in reconstruction of manipulation area, sewage system, implementation of water/oil separators	200 000,00	200 000,00	SME	NO	
Volksbank							
Kovina d.d.	industrial manufacturing - metal fabrication	water treatment plant	890 000,00	341 750,00	SME	NO	
GPL d.d.	Hotel - restaurant management and tourism	reconstruction	1 300 000,00	762 147,00	SME	NO	
WTE d.o.o.	planning, construction and supervision of wastewater treatment plants	new WTTP, reconstruction of the old sewage and building of new	10 600 000,00	3 150 000,00	SME	YES	

Company	Sector	Use of proceeds	Total project costs (EUR)	Total Local Loan amount (EUR)	Type of Borrower	Can potentially be available for an interview during the mission	In the Sample
Titan d.d.	manufacturing of metal products	WWTP in operation and reduction of environmental load	650 000,00	395 000,00	Large Enterprise	NO	
Krka d.d.	pharmaceuticals	co financing of WWTP	4 720 830,00	3 437 890,00	Large Enterprise	YES	
Termit d.d.	mining and separation of flint stone	reconstruction of WWTP - recycling of industrial wastewater	513 363,00	513 363,00	SME	NO	
Kalan trade d.o.o.	sale and service of new / second-hand motor vehicles	wastewater pollution abatement in car service centre	583 333,33	244 853,33	SME	NO	
Obcina Radovljica	public administration	construction of WWTP	3 580 000,00	834 829,08	Public	YES	YES
Unior d.d.	production of hand tools, forging parts for car industry, etc.	construction of WWTP, reducing of charging of watercourse	612 000,00	612 000,00	Large Enterprise	YES	
Acroni d.o.o.	production of different iron and steel products	purifying plant	4 000 000,00	1 108 167,59	Large Enterprise	YES	YES
Livarna Vuzenica d.o.o.	casting iron	reconstruction of manipulation area, sewage system, storage for heating oil	600 000,00	600 000,00	Large Enterprise	NO	

Summary of TAM/BAS activities in the framework of the EBRD/GEF Environmental Credit Facility in Slovenia

Note: The purpose of this document is to provide additional inputs by TAM/BAS to the Operation Performance Evaluation Review.

The EBRD/GEF Environmental Credit Facility in Slovenia has been set up as a pilot mechanism aiming to promote environmental investments by private-sector companies and small municipalities to address wastewater treatment for industrial run-off into the Danube River Basin in Slovenia. The EBRD has committed €45 million to credit lines through four local commercial banks. The EBRD/GEF Credit Facility had US\$ 9 million in grants for technical assistance, part of which has enabled companies and municipalities developing solutions to water pollution and ask for support from TAM and BAS Programmes.

Preparation of the Facility

The Slovenian BAS Programme was actively involved in supporting the project preparation. In July 2002 a Demand Study was produced as part of the preparatory work for the EBRD's project submission to GEF. The main purpose of the Study was to estimate the total demand from private and public sector, within the Slovenian portion of the River Danube Basin, for finance to implement water pollution reduction projects. Around 70 private sector companies were directly approached and detailed survey of 36 companies was produced to understand their basic business, their current problems with regard to water pollution issues and the solutions envisaged including potential financing needs.

The project preparation period took longer than originally planned by the EBRD. In addition to lengthy project approval procedures between the EBRD and GEF, it took a long time for the local banks to decide about the participation offered. The first bank committed the credit line in December 2003 and the remaining three banks joined during 2004.

During this preliminary phase the BAS Programme has been informally promoting the coming Facility among existing client base of ~200 companies and ~100 consultants, keeping a range of local stakeholders - including Ministries, EU Delegation, Chambers, expert organisations - aware of the ongoing preparatory work at the EBRD and of potential impacts and implications of the Facility, once it gets started. Also, BAS Programme held joint public presentations with the EBRD Resident Office specifically about the coming Facility and also assisted in the process of selecting and contracting the Environmental Expert to assist the participating banks in evaluation of investment proposals.

On the other side, the candidate local banks to which the EBRD had distributed the findings of the Demand Study, were crosschecking the demand with the study sample companies, BAS Programme team and TAM/BAS clients. As stated by the representatives of these banks, these activities were instrumental in their decision to join the Facility.

Marketing Campaign and Information Dissemination

Once the Facility has officially started, BAS Programme was assigned to provide additional services in support of the Credit Lines, including the organisation of marketing to potential beneficiaries/sub-borrowers, the creation of a project web-site and the preparation of a project brochure.

In less than two years, almost the entire framework amount for the EBRD/GEF Credit Facility was successfully committed. The initial hesitations of the local banks, fearing that the demand for these narrowly scoped, wastewater cleanup related investment credits would not be sufficient, proved to be obsolete. A good part of this success can be attributed to very intensive marketing and information dissemination campaign, implemented entirely by the BAS Programme in Slovenia.

The description of the Facility, opportunities and aims were published in local newspapers, environmental and business magazines, as well as being disseminated by the EBRD Resident Office, local and regional SME agencies, environmental NGOs, local consultants and the participating banks. Throughout the Facility's lifetime, BAS Programme kept a wide range of local stakeholders informed about every event or important progress made, such as loan agreements being signed by new participating banks. BAS has also established closer working relations with the Chamber of Commerce and Industry, which has prepared an exemplary review of relevant EU Directives, Standards, and compliance procedures, so that all enterprises could be fully informed of the regulatory implications.

Three workshops/seminars in different regions were organised immediately after the Facility was launched. Following the campaign, channelled through the national and regional Chambers of Commerce and newspaper ads, 169 participants attended the workshops, 83 from industrial companies, 37 from municipal or public service entities, with the rest comprising experts, banks and others.

Eight specific newspaper and magazine articles/publications were prepared and/or initiated. Ten detailed presentations of the Facility were given to professional audience at relevant events, in electronic media and in individual meetings with various local stakeholders. Three direct mailing announcements / invitations were sent to groups of 130, 270 and 500 targeted potential users of the Facility respectively.

A website for the Facility (www.ecf-slo.net) has been created in December 2003. The website was of interactive type in Slovene & English language and contained links to participating banks and contracted experts, all relevant application forms for the end users of the Facility, as well as links to EBRD and GEF background documents of the Facility. Links to this website were established at various local institutions' websites (Environment Ministry, Chamber of Commerce) and at the BAS Programme's website. Between 200 and 800 hits per month were recorded on the Facility's website, requiring different levels of content, like general information (58%), news and contacts (27%), detailed offer description (15%). The website has been available until March 2007 when it was turned off as advised by the EBRD Resident Office, reporting that the Facility's credit line was committed in full.

A Facility brochure was designed and over 3,000 copies distributed through various institutions (banks, chambers, governmental institutions), and handed to participants at relevant events or individual meetings.

Technical Assistance - TAM/BAS Projects

The TAM/BAS Programme in Slovenia has successfully completed 31 projects (29 BAS and 2 TAM) funded by the Global Environmental Facility (GEF) to assist the enterprises and municipalities in reducing the water pollution. The GEF funds were used to provide relevant expert assistance to implement the most effective pollution reduction measures in

SMEs that did not have the appropriate technical resources to identify and evaluate all the improvement options and solutions. Of 31 TAM/BAS projects, 5 were with municipalities and 2 with public service companies. In these projects BAS provided hands on assistance in preparing investments into public wastewater treatment facilities and sewerage systems for ~ 110,000 inhabitants in 16 small municipalities. BAS Programme has reviewed 72 applications for advisory assistance and 67 potential beneficiaries were visited and solutions to environmental issues were discussed. During those visits details of the Facility were again presented to clients and those with ready investment projects were directed to participating banks and/or to contracted environmental experts.

43 individual experts or organisations were identified and qualified by BAS as potential consultants in BAS projects. BAS engaged 22 experts, of which 20 local, to work in these projects considering the aspects of operational efficiency, investment size and maintenance costs. The advisory work covered a wide range of areas, such as industrial environmental compliance, feasibility and engineering studies of wastewater and sewage treatment technology, in-process improvements for reduction of wastewater discharge as well as implementation of risk reduction measures and environmental standards.

The evaluated BAS projects have demonstrated that the payback from properly structured environmental projects exceeds by far the initial 'investment' into expert advice. If the project demanded external financing, the investment requirements were directly met through EBRD/GEF scheme, or other external financing sources. Additionally, with the advice and support from BAS consultants, some of the BAS enterprise's learned that additional financing was not necessary and they could solve their wastewater problems with minimal cost.

Two TAM projects involved the use of senior industrial advisers to assist larger companies in developing comprehensive solutions to waste water issues. The two companies involved are a leather manufacturer and a dairy products company, both of which created water pollution over multiple sites. Advisers have been employed to assist the companies in creating solutions which focus on improving production processes to reduce the quantity of water utilised as opposed to the introduction of simple end-of-pipe solutions.

The TAM/BAS assisted companies acquired the necessary finance either from the EBRD/GEF Credit Facility or other financing facilities in order to implement the wastewater treatment solutions advised by BAS consultants or TAM advisors. In several cases, the advice provided was essential enough to reduce wastewater run-off without acquiring additional finance to support the implementation.

Of all TAM and BAS projects undertaken in Slovenia that targeted environmental protection for the Danube River, the following have obtained finance from EBRD/GEF Credit Facility:

- * Of the 29 GEF Funded BAS enterprises, 8 have undertaken 10 wastewater related investments amounting to €13.48 million and received finance from the EBRD/GEF Credit Facility, amounting to €9.38 million;
- * A further 6 BAS enterprises in Slovenia, which were funded by the EU or CEI, have received finance from the EBRD/GEF Credit Facility amounting to €2.76 million;
- * Likewise, 2 TAM companies, with environmentally related projects funded by the EU, have received financing from EBRD/GEF Credit Facility amounting to €4.37 million;

- * In total, 16 TAM/BAS enterprises have received 24 investments from EBRD/GEF Credit Facility amounting to over €16 million, which is over one third of the Facility's Credit Line;
- * 14 have also mobilised finance from other non-EBRD related financing sources, which amounted to €28 million.

The list below summarises the 29 BAS projects undertaken, the impact known, investments and loan amounts committed.

Case Study

Wastewater cleanup BAS projects in Slovenia under EBRD/GEF Facility

Questions like “Is this really necessary?” always rise from enterprises when considering investments in environment pollution reduction measures. The reservations are logical: investments into new technology almost always result in new income, while investment to fulfil environmental standards is generally considered as a costly burden. The following two case studies illustrate that is not necessarily the case that environmental compliance must be a costly burden. On the contrary, BAS advisory support has demonstrated that the payback from properly structured environmental projects exceeds by far the initial input. Furthermore, when the scope of the investments was greater, investment requirements could be directly met through the EBRD/GEF Environmental Credit Facility or other external financing sources.

Periteks

This laundry service company, with capacity of 6.000 tons of laundry per year, has invested €50,000 to upgrade their wastewater treatment system. The system needed more effective cooling and replacement of the mechanical water-cleaning step for removing of the material fibres. The BAS project assisted the company to plan for a new wastewater treatment system with a new cooling device and energy recuperation unit. The companies discharged wastewaters were cooled down to 40°C, which was at the top limit allowed by legislation interval at that moment. After they introduced the new cooling system and installed the energy recuperation unit, their wastewaters were cooled down to the “safe zone” of 26°C. The recuperated energy of 700,000 kWh was “re-used” in their laundry process and this resulted in important savings and almost instant pay-back. This case study demonstrates that investment to fulfil environmental standards does not need to be a costly burden, which is the usual perception.

Goričane

Another example was the BAS project implemented in *Goričane Paper Mill*, which is a paper-mill that produces of special coated papers with capacity of about 80,000 tons per year. The goal of this project was to reduce wastewater loads, specific fresh water consumption and raw material losses. Raw material losses were reduced by the re-use of the diluted coating colours with practically no investment cost, and direct savings were estimated in the amount of €80,000 in the first year. The company has identified the technological limitations of fresh water consumption reduction and has managed to reduce fresh water consumptions under the level of environmental standards. On the basis of some in-process improvements and a pilot trial for defining a suitable technology for wastewater biological treatment, it was determined that the investment into the end-of-pipe treatment was not needed at all.

Replication of the Facility's model

In view of supporting the possible replication of the Facility to the countries downstream of the Danube river basin, dissemination of information on national and international level was foreseen in the Facility's planning documents. The purpose of this component was to promote the objectives, achievements and lessons learnt, by informing a wide range of stakeholders and creating international visibility of the Facility's achievements. This project component was planned to be implemented in the later stages of the Credit Facility, when most of the investments would be completed and evaluated, so that the model and its

impact could be discussed using reportable results. Unfortunately the BAS Programme operations in Slovenia were stopped in 2005 due to lack of donor funding and the BAS Programme could not be used to undertake this activity.

In January 2004, using a similar model, the EBRD established another framework facility this time in Bulgaria aimed at providing loans to private sector companies for industrial energy efficiency and small renewable energy projects. The types of sub-projects included energy efficiency measures and use of renewable energy sources and the facility was offered to both industrial and household clients. The initial comprehensive demand study to set up this financing scheme was conducted by Bulgarian BAS Programme.

In 2005-2006, the EBRD commissioned a subsequent regional Demand Study to cover Croatia, Bosnia and Herzegovina, Serbia, Montenegro, FYR Macedonia and Albania. The study was wide in scope, covering water pollution, energy efficiency and small scale renewable energy. This study was again undertaken by BAS Programmes in respective countries and was coordinated by the former BAS Slovenia National Programme Director. The study revealed the total minimum demand for such investments amounting to €800 million and provided over 300 detailed project descriptions. An important objective of this project was to consult local stakeholders about the envisaged model and share experience from facilities in Slovenia and Bulgaria. The model was presented and very well accepted by the audience of 5 awareness workshops organised by BAS Programmes in respective countries.

Summary of BAS Projects funded by GEF under the EBRD/GEF Environmental Credit Facility

1.	Enterprise	KOTO D.D. LJUBLJANA
	Industry	Tanning
	Project	Feasibility study on wastewater pollution in the rendering plant
	Impact	91% reduction of in COD and Ammonia Nitrogen emissions. Environmental compliance costs reduced by €84,000 per year.
	Investment	€2,481,000 (€850,000 from EBRD/GEF)
2.	Enterprise	PERITEKS, D.O.O.
	Industry	Laundry service
	Project	Pre-feasibility study in energy recovery and wastewater recycling of the laundry wastewater
	Impact	Reduced emission water temperature from 40 to 27 deg C; energy recuperation at 700,000 kWh in the first year.
	Investment	€50,000 (External finance)
3.	Enterprise	GORIČANE, D.D. MEDVODE
	Industry	Paper-mill
	Project	Feasibility study on reducing waste water discharge
	Impact	Environmental compliance cost reduced by 20%; 15% reduction in wastewater consumption & emission; 10 and 25% reduction of COD and BOD rates respectively.
	Investment	€100,000 (External Finance)
4.	Enterprise	GREDA D.O.O. MIRNA
	Industry	Fruit processing
	Project	Pre-feasibility study in reducing wastewater discharge
	Impact	Wastewater temperature reduced to 30 deg C; pH level within required limits.

APPENDIX 5

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	Investment	€80,000 (External Finance)
5.	Enterprise	GLINEK, D.D.
	Industry	Galvanization services
	Project	Engineering study on in-process improvements and wastewater treatment
	Impact	25-50% reduction in wastewater consumption & emission; Environmental compliance cost reduced by 25%.
	Investment	€340,000 (External Finance)
6.	Enterprise	TDR-METALURGIJA D.D.
	Industry	Metallurgy
	Project	Engineering study on integral solution for wastewater discharge
	Impact	20-30% reduction in wastewater consumption & emission; Environmental compliance cost reduced by 20%.
	Investment	€2,217,000 (€500,000 from EBRD/GEF)
7.	Enterprise	TANIN SEVNICA D.D.
	Industry	Chestnut tannin production
	Project	Engineering study on industrial waste water treatment
	Impact	60% reduction in wastewater emission; 70% reduction in COD/BOD levels; insoluble substances by 80%; environmental compliance cost reduced by 80%.
	Investment	€1,600,000 (External Finance)
8.	Enterprise	INTEC TIV D.O.O.
	Industry	Printed circuit boards
	Project	Feasibility study on treatment of concentrated waters from film processing in PCB production
	Impact	COD reduced by 20%; reduced compliance costs by €9,000 per year.
	Investment	€25,000 (External Finance)
9.	Enterprise	KOGRAD IGEM D.O.O.
	Industry	Concrete & prefabricated products
	Project	Feasibility study on wastewater sewerage and treatment
	Impact	Environmental compliance cost reduced by 10%; 20-30% reduction in wastewater consumption & emission.
	Investment	€792,000 (€300,000 from EBRD/GEF)
10.	Enterprise	GEA D.D.
	Industry	Edible oil processing
	Project	Pre-feasibility study on wastewater treatment upgrade
	Impact	60% reduction in COD and BOD emissions, sulphates by 50%; non-volatile substances by 88%; 5% reduction in wastewater consumption & emission.
	Investment	€200,000 (€190,000 from EBRD/GEF)
11.	Enterprise	PAPIRNICA VEVČE D.D.
	Industry	Paper-mill
	Project	Feasibility study for construction of biological wastewater treatment plant
	Impact	Reduction of COD well below the BREF/BAT requirement of 0.5 –1.5 kg/ton; Process water volume reduction by 20%, resulting in substantial reduction of environmental compliance costs.
	Investment	€7,000,000 (€4,500,000 from EBRD/GEF)
12.	Enterprise	OBČINA BREZOVICA (KS Rakitna)
	Industry	Municipality
	Project	Conceptual solutions of drainage and treatment of municipal wastewaters
	Impact	Reduction of initial investment size by 50%, complete sewerage solution for 1,600 population equivalents.

	Investment	€2,000,000 (External finance)
13.	Enterprise	MELAMIN D.D. KOČEVJE (1)
	Industry	Chemistry
	Project	Implementation of ISO 9.000 and 14.000 standards. A second project with Melamin was for a Pre-feasibility study on closing the process cooling water cycle.
	Impact	Reduction of solid and hazardous by 40-45%, reduced water consumption and energy use by 20%, 50% higher rate of recycled chemicals. Full environmental compliance (IPPC), 40% reduction in energy consumption.
	Investment	€2,100,000 (€1,750,000 from EBRD/GEF)
14.	Enterprise	COMET, D.D.
	Industry	Grinding wheels production
	Project	Feasibility study on wastewater treatment
	Impact	Complete cleanup of industrial and sanitary wastewaters, full environmental compliance (IPPC).
	Investment	€300,000 (External finance)
15.	Enterprise	OBČINA PODČETRTEK
	Industry	Municipality
	Project	Feasibility study on wastewater treatment
	Impact	Complete sewerage solution for 3,500 inhabitants.
	Investment	€250,000 (External finance)
16.	Enterprise	HIDRIA PERLES, D.O.O.
	Industry	Hand power tools
	Project	Implementation of ISO 14,000 standard
	Impact	Efficient control of energy use and wastewater emissions, resulting in substantial cost savings and pollution reduction.
	Investment	None
17.	Enterprise	VALKARTON D.D., LOGATEC
	Industry	Cardboard, packaging
	Project	Feasibility study on wastewater treatment
	Impact	Investment avoided, 60% reduction in environmental compliance cost achieved through better emission control.
	Investment	None
18.	Enterprise	JAVNO KOMUNALNO PODJETJE RADLJE OB DRAVI D.O.O.
	Industry	Public service
	Project	Feasibility study on draining and treatment of wastewaters for five neighbouring municipalities in the Drava river valley.
	Impact	Municipal wastewater drainage and treatment for 17,000 inhabitants in 5 municipalities.
	Investment	€30,000,000 (EU structural/cohesion funds)
19.	Enterprise	METAL RAVNE D.O.O.
	Industry	Steel production
	Project	Feasibility study on wastewater treatment
	Impact	Substantial reduction of metals in wastewaters, non-volatile substances by 75%; Complete closing of water cycles, substantial reduction of consumption & emission volumes - by 700m ³ /hour.
	Investment	€1,180,000 (External finance)
20.	Enterprise	OBČINA PUCONCI
	Industry	Municipality

APPENDIX 5

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	Project	Feasibility study for decentralized treatment of wastewaters
	Impact	Complete wastewater and sewer solution for 8 scattered settlements in the municipality.
	Investment	€2,170,000 (External Finance)
21.	Enterprise	GABRIJEL AS D.O.O.
	Industry	Aluminium components production and anodizing services
	Project	Study of technological and environmental solutions for surface treatment of metals and related wastewater treatment.
	Impact	Full compliance of highly environmentally sensitive production
	Investment	None
22.	Enterprise	SNAGA, D.O.O.
	Industry	Refuse collection, landfill management
	Project	Feasibility study on wastewater treatment
	Impact	Substantial reduction of COD, BOD, Sulphates and Boron, emissions into the leach waters.
	Investment	€4,000,000 (External Finance)
23.	Enterprise	INPLET D.D. (1)
	Industry	Knitted fabrics
	Project	Implementation of ISO 14,000 standard. A second BAS project conducted a Study on industrial and sanitary wastewaters treatment.
	Impact	5-20% reduction of material consumption (packaging, colours). Complete cleanup of industrial and sanitary wastewaters (BOD, COD, NH4-N, phosphorus, colouring).
	Investment	€1,000,000 (External Finance)
24.	Enterprise	Gorenjska PREDILNICA d.d.
	Industry	Yarns production
	Project	To introduce an efficient environmental quality management system & certifications. Implementation of ISO 9001 and ISO 14001.
	Impact	Strict monitoring & control of emissions. 20% reduction in chemicals consumption and wastewater emission. Investment in new colouring technology.
	Investment	€480,000 (External finance)
25.	Enterprise	Tekstilna tovarna PREBOLD, d.d.
	Industry	Textile
	Project	Feasibility study for wastewater treatment
	Impact	Business closed
	Investment	None
26.	Enterprise	Pivovarna UNION d.d
	Industry	Brewery
	Project	Feasibility study on wastewater treatment, also took into account the IPPC requirements and BREF/BAT recommendations.
	Impact	The project provided the necessary steps in establishing a sustainable and efficient water management and nature protection system. Cost reductions in wastewater treatment of up to €750,000 per year.
	Investment	€3,459,000 (€900,000 from EBRD/GEF)
27.	Enterprise	Občina ZREČE
	Industry	Municipality
	Project	Prepared an integral feasibility study of treatment of wastewaters in Zrece and neighbouring municipalities.
	Impact	The project provided the first necessary steps in establishing a suitable and efficient water protection system in the municipality and neighbouring areas.
	Investment	None

28.	Enterprise	Občina RUŠE
	Industry	Municipality
	Project	Detailed and integral study to determine 3 different solutions of municipalities' wastewater problem, the final solution was proposed to the local council.
	Impact	The project provided the first necessary steps in establishing a suitable and efficient water protection system in the municipality and neighbouring areas.
	Investment	None
29.	Enterprise	KG RAKIČAN d.d.
	Industry	Agriculture
	Project	To introduce quality environmental management system & ISO 14001 certification, also taking into account the IPPC requirements and BREF/BAT recommendations.
	Impact	All emissions put under strict monitoring and control, compliant with IPPC and BREF/BAT requirements. Investment in biogas station started.
	Investment	€10,000,000 (External finance)



European Bank
for Reconstruction and Development

LONG EXPANDED MONITORING REPORT FOR PERIOD 01/05/2007 - 31/03/2008

Basic Client Details

CLIENT DETAILS

Last saved : 22-Apr-2008

Client Id	65880 Global Environmental Fund
Country of client incorporation	UNITED STATES
Portfolio Class	PRIVATE
Sov/Non-sov Risk	No
Primary SIC	Depository credit (Banks)
Secondary SIC	
Country of Operation	SLOVENIA
Brief description of Client	The Global Environment Fund ("GEF") is an independent financial organisation providing grants to developing countries and countries with economies in transition for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. It has 178 member governments and acts in partnership with NGOs, private sector and international institutions including EBRD. The EBRD/GEF Environmental Credit Facility is the first co-operation between EBRD and GEF, with EBRD providing credit lines to Slovenian commercial banks for on-lending to enterprises to finance investments in water pollution prevention and GEF providing grant support in the form of technical assistance and incentives for participating banks and end-borrowers.

OPERATIONS WITH CLIENT AND RISK RATINGS

Last saved: 26-Mar-2008

DTM Id	Operation Name	Country Rating	Project Rating	Overall Rating	S&P	Fitch	Moody's
33471	EBRD/GEF Environmental Credit Line	2	TBD	TBD	n/a	n/a	n/a

SUMMARY OF CLIENT EXPOSURE

Last saved: 17-Apr-2008

Op Id:	Fac Id:	Product Type	CCY	Signed (ccy)	Disbursed (ccy)	Repaid (ccy)	Operating Assets (ccy)	Operating Assets (€)
Total:								

LIST OF MAJOR SHAREHOLDERS (5% OR MORE + OTHERS)

Last saved: 29-Apr-2008

Shareholder Type	Shareholders	% Ownership	
		Initial	Current
Organisation	EBRD	100.00	100.00
Comments:			
Please ignore shareholder information above which is not applicable for a framework.			

SPONSOR AND/OR ULTIMATE OWNER

Last saved: 17-Apr-2008

Name of Sponsor	None in DTM
Country of incorporation	None in DTM
S&P rating	n/a
Fitch rating	n/a
Moody's rating	n/a
Comments	n/a

TOTAL GROUP RELATED EXPOSURE

Last saved: 29-Apr-2008

N/A

NEW TRANSACTIONS UNDER CONSIDERATION

Last saved: 29-Apr-2008

Under Consideration?	Y			
Project Name	Stage	Currency	Amount	
Various	Exploratory	EUR	1,000,000.00	
Comments				
In the context of the on-going relationship with GEF, further projects along similar lines to this project are being developed which may include water pollution prevention and climate change initiatives affecting other geographical areas within the Bank's countries of operations.				
Amount of EUR 1 mln above entered purely in order to fulfil the requirements for sign off.				

INTEGRITY & MONEY LAUNDERING

Last saved: 17-Apr-2008

Are there any Integrity, Money Laundering or Corporate Governance issues?	N
Comments	
N/A at Framework level - monitored at individual project level for each participating bank.	

Operation Details**KEY OPERATION DETAILS**

Last saved: 17-Apr-2008

Operation name	EBRD/GEF Environmental Credit Line
Op ID	33471
Country(ies)	SLOVENIA
Framework ID	33471
Primary Organisation Unit	BG/Op. Teams/Financial InstitutionsA
Operation Leader	GODWIN-COOMBS TERESA MARY

EBRD APPROVAL TIMETABLE

Last saved: 17-Apr-2008

	Date	Comments if any
Concept Review	26-Jul-2002	
Final Review	07-Feb-2003	As this project represented the first institutional co-operation between EBRD and GEF, a considerable amount of time and effort was expended in agreeing the format of the contribution agreement between the two institutions, as a result of which there was a relatively long time lag between Concept Review and Final Review.
Board Approval	04-Mar-2003	
Signing	02-Dec-2003	First loan agreement under the Framework was signed with Volksbank-Ljudska Banka d.d. on 2 December 2003. Three further loan agreements were signed in May, September and December 2004 with Unicredit (previously BACA), NLB and Probanka, respectively. The Facility amount of EUR 45 million was fully committed by June 2006 following amendments to increase the loan amounts of the original four projects.

BOARD UPDATES AND EARLY WARNING MEMO

Last saved: 17-Apr-2008

	Y/N	Date	Reason
Returned to Board ?	N		
Early Warning Memo ?	N		

SUMMARY OF FACILITIES

Last saved : 17-Apr-2008

Op Id:	Fac Id:	Product Type	Signed (€)	Fac Signing date:	Fac Status:

FI SUMMARY OF KEY LOAN TERMS (LOAN)

Last saved: 29-Apr-2008

Currency and Amount	N/A at Framework level
Activity	N/A at Framework level
Country	N/A at Framework level
Facility Type	N/A at Framework level
Sovereign or non-sovereign	N/A at Framework level
Repayment Profile	N/A at Framework level
Final Repayment Date	N/A at Framework level
Margin	N/A at Framework level
Fees	N/A at Framework level
When is loan available/effective	N/A at Framework level
Last availability date	N/A at Framework level
Fixed or floating rate?	N/A at Framework level
Prepayment options to the borrower	N/A at Framework level
Multicurrency?	N/A at Framework level
Is there a convertability option	N/A at Framework level

Key documents	N/A at Framework level
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FI SECURITY (LOAN)

Last saved: 21-Apr-2008

Description
N/A at Framework level
Security to Loan Value %:
Commentary & progress to perfection of security

RECOURSE AND SUPPORT

Last saved: 21-Apr-2008

Description	CCY	Amount	Issuer
N/A at Framework level			
Commentary:			

PAYMENTS/ FEES OVERDUE

Last saved : 21-Apr-2008

Fac Type	Product type	Fac Id	Currency	Payment Type	Amount	Date due
Explain briefly any overdue payments:		N/A at Framework level - monitored at individual project level				

PROVISIONS

Last saved : 21-Apr-2008

Fac Id	Date	Provision %	Currency	Amount	EUR Amount
Total					
Comments					
N/A at Framework level - monitored at individual project level					

REPORTING AND NON FINANCIAL COVENANTS IN EXCEPTION

Last saved : 29-Apr-2008

Covenant Description	Section of Agreement	Due date	Actual Performance / Remedial Action Proposed
Commentary:			
N/A at Framework level - monitored at individual project level			

NON-COMPLIANCE WITH INSURANCE REQUIREMENTS

Last saved : 01-Feb-2008

Policy Cover	Description Of Deficiencies	Required By Agreement?

DISBURSEMENTS FORECAST

Last saved : 29-Apr-2008

Cumulative Disbursements to end of previous quarter (n)	45,000,000.00
Disbursements to end of current quarter (n+1)	0.00
Quarter (n+2)	0.00
Quarter (n+3)	0.00
Quarter (n+4)	0.00
Quarter (n+5)	0.00
Quarter (n+6)	0.00
Comments	
Entire Facility was fully disbursed in February 2007.	

TREASURY UPDATE

Last saved : 29-Apr-2008

	Y/N	Comment
Have you discussed with your client during the last 12 months the possibility of Fixing the interest rate ?	N	N/A at Framework level
Have you discussed with your client during the last 12 months the possibility of Switching Loan Currency?	N	N/A at Framework level

KEY EBRD STAFF INVOLVED

Last saved: 20-Mar-2008

	Name	Ext.	Sign-off (Y/N)	Sign-off Date
Operation Leader	Y		6551	29-Apr-2008
Country Team Leader	Y		236 552	07-May-2008
Sector Team Leader	Y		6892	19-May-2008
OGC Lawyer	Y		6564	01-May-2008
Project Evaluation Department	Y		7182	06-May-2008
Environmental Department	Y		6923	13-May-2008

Project Implementation**OPERATIONS**

Last saved: 17-Apr-2008

DTM ID	Operation name
35156	Probanka - GEF (Global Environmental Facility)
33613	GEF Facility - Bank Austria Creditanstalt Slovenia
33512	Volksbank - GEF (Global Environmental Facility)
33206	NLB-GEF (Global Environmental Facility)

FI LOAN PROJECT DESCRIPTION (LOAN)

Last saved: 22-Apr-2008

Categories	Commentary
Brief Summary of overall project	The Facility consists of loans to four participating banks in Slovenia in the amount of EUR 45 million. The banks have on-lent the funds to private and public sector entities investing in projects that reduce water pollution flowing into the Slovenian portion of the Danube River Basin ("DRB"). The GEF has provided support for this Facility in the form of a grant of USD 9.9 million which is used to provide incentives to the sub-borrowers, administration fees to the participating banks as well as associated TC for sub-project preparation, verification and monitoring.

PIPELINE STATISTICS (LOAN)

Last saved: 27-Mar-2008

	Number	Currency	Aggregate Amount	Comments
Sub-Projects Signed to Date	4	EUR	45,000,000.00	Sub-Projects to this Facility were Loans extended to four banks active in Slovenia.
Sub-Projects Approved but not yet signed	0	EUR	0.00	n/a
Sub-Projects Disbursed to Date	4	EUR	44,996,590.00	One of the participants cancelled EUR 3,410 as failed to disburse to the end-borrowers.
Total Estimate of Sub-Projects to be signed in the Next 12 Months	0	EUR	0.00	No new Sub-projects will be signed under the Facility as already fully disbursed.
Sub-Projects Screened in Last 6 Months	0	EUR	0.00	For the reason stated above.

SUB-PROJECTS – PORTFOLIO QUALITY (LOAN)

Last saved: 17-Apr-2008

Analysis of Portfolio Size and Economic Activity:	N/A at Framework level - monitored at individual project level for each participating bank.
Analysis of Portfolio Maturity:	N/A at Framework level - monitored at individual project level for each participating bank.
Portfolio Quality:	N/A at Framework level - monitored at individual project level for each participating bank.
Quality of Risk Assessment and Loan Monitoring:	N/A at Framework level - monitored at individual project level for each participating bank.

FI LOAN PROJECT IMPLEMENTATION STATUS (LOAN)

Last saved : 29-Apr-2008

Current Status	The Facility amount of EUR 45 million has been allocated in full to finance 49 eligible sub-projects across the four participating banks, with disbursement for all sub-loans completed in the first quarter of 2007. Forty-two sub-projects have been confirmed as physically completed by the end of 2007 with the remaining seven sub-projects expected to be completed in 2008.
Project Management	The Facility implementation is managed jointly by the FI Team and the Environment Department. The FW OL, Teresa Godwin-Coombs, is responsible for overseeing the implementation of the FW objectives and ensuring the Bank meets its fiduciary responsibilities vis-a-vis the donor, including administration of grant payments and reporting to the GEF. The project OL, Nadja Cvek, is responsible for the implementation and monitoring of the credit lines to the participating banks. Mark Hughes in the Environment Dept. is responsible for overseeing the technical aspects of sub-project eligibility and management of the TA programme.
Institutional Change	N/A at Framework level

Credit Analysis**FI LOAN CLIENT PERFORMANCE (LOAN)**

Last saved: 29-Apr-2008

Categories	Analysis
Executive Summary	N/A at Framework level - monitored at individual project level for each participating bank.
Margins & Profitability	N/A at Framework level - monitored at individual project level for each participating bank.
Balance Sheet Strength	N/A at Framework level - monitored at individual project level for each participating bank.
Liquidity and Availability of Funding	N/A at Framework level - monitored at individual project level for each participating bank.
Asset Quality	N/A at Framework level - monitored at individual project level for each participating bank.
Outlook for coming year	N/A at Framework level - monitored at individual project level for each participating bank.
Assessment of Management and corporate governance	N/A at Framework level - monitored at individual project level for each participating bank.
Peer Group and Competitive Position	N/A at Framework level - monitored at individual project level for each participating bank.
Risk Management	N/A at Framework level - monitored at individual project level for each participating bank.
Assessment of Recourse counterparty and/or Sponsor	N/A at Framework level - monitored at individual project level for each participating bank.
Any important matters in the notes to the accounts	N/A at Framework level - monitored at individual project level for each participating bank.
Key Risks and Mitigants	N/A at Framework level - monitored at individual project level for each participating bank.
Conversion Option	N/A at Framework level - monitored at individual project level for each participating bank.

FINANCIAL COVENANTS

Last saved : 29-Apr-2008

Financial Covenant Description	OpId	Section	Due date	Actual	In Exception	Comment / Remedial Action Proposed (if necessary)
Commentary:						
N/A at Facility level - monitored individually at each project level						

Operation Objectives, Environmental and Transition Impact**COMMENT ON OVERALL ENVIRONMENTAL IMPACT AND ISSUES (if any)**

Last saved: 22-Apr-2008

This project, which is in essence an environmental project, is well in line with the Bank's Environmental Policy. In addition, the project contributes to the implementation of the "Convention for Co-operation for the Protection of Sustainable Use of the Danube River", which addresses the major transboundary environmental issues in the DRB. The Facility provides financing for the alleviation of environmental problems, utilises EBRD's operations to contribute to the implementation of multilateral environmental agreements and contributes to the building up of the necessary capacity for environmental management in Slovenia. In addition, it matches EU requirements and helps Slovenian companies and municipalities meet EU water quality standards and norms. Participating banks have increased their knowledge of extending financing to environmental projects and their awareness for environmental matters. The Independent Environmental Expert ("IEE") ensures that Bank's and GEF's environmental objectives are met.

TRANSITION IMPACT AND RISKS TO TRANSITION RATINGS

Last saved: 20-Mar-2008

Operation name	Review Status	DTM ID	At approval		Latest	
			TI	Risk	TI	Risk
EBRD/GEF Environmental Credit Line	Inactive	33471				

ASSESSMENT OF TRANSITION IMPACT POTENTIAL AND RISKS

Last saved: 21-Apr-2008

Operation : a			
Objective a : a			
Benchmark :	Timing:	:	:
Comments:			

Overall Status: TIMs not monitored at Framework level - monitored at individual project level

Ex-post evaluation - self-assessment and ratings**PROJECT RATIONALE**

Last saved: 22-Apr-2008

	Assessment
<p>Project or Business Concept : Review of goals and concepts as stated at approval, including their relevance and realism in past and present perspectives with conclusions</p>	<p>The overall goal of the Facility, as stated at approval stage in 2003, is to finance investments that reduce water pollution flowing into the Slovenian portion of the Danube River Basin. This objective was set in the context of Slovenia's EU accession process, whereby its environmental legislation had been adapted to reflect EU standards in preparation for Accession in 2004. As a consequence of the new regulatory framework Slovenian companies and municipalities were faced with an urgent need to invest in water pollution reduction projects due to tight legislative deadlines for emission reduction, stricter enforcement and monitoring as well as an increasing waste water tax burden. Despite the implementation of the legal framework in Slovenia with respect to environmental protection, in the early post-Accession period, it is fair to say that there was a considerable gap between the letter of the law and the institutional capacity at national and regional level to implement, enforce and monitor compliance against the new stricter regulations. In addition, enterprises were not generally aware of their obligations under the new regulations. The Facility structure introduced a new concept of utilising EBRD long-term credit lines to commercial banks supported by donor funded technical assistance to support knowledge transfer and grant incentives to end borrowers to overcome market barriers and encourage acceleration of investments which have a wider social and/or economic benefit. The full utilisation of the Facility and the successful completion of sub-projects which have achieved the water pollution reduction/prevention objectives of the Facility supports the validity of the Project goals. In addition, the Facility structure, involving pass-through of financial incentives to end borrowers has been successfully replicated in other facilities covering municipal infrastructure, industrial and residential energy efficiency.</p>
<p>Rationale in light of the Bank's Mandate: (reflected in sector-, country-, and operation policy) Assessment of rationale as stated at approval and in the light of reviewed perspectives and conditions.</p>	<p>The Facility rationale was primarily driven by the implementation of the Bank's environmental mandate and as such it was a ground-breaking initiative. In addition, the Facility has expanded the Bank's involvement in the financial sector in Slovenia in line with the country and sector strategies applicable in 2003, supporting financial intermediation and provision of long term lending sources otherwise absent from the market at the time. With advances in the availability of long-term funding in the financial sector in Slovenia, as acknowledged by the new country strategy approved in November 2006, the rationale for unrestricted long-term funding to the commercial banks in Slovenia is less obvious now, however, when supplied in the context of restricted use of proceeds linked to the achievement of other sectoral or environmental objectives, financially intermediated continue to offer a highly efficient mechanism for financing a large number of small projects, which would otherwise not be viable investments for the EBRD.</p>

OPERATION OBJECTIVES (as established at project approval)

Last saved: 29-Apr-2008

Objective	Rating	Measurement Targets	Actual Performance AND Comments on Variance
Establishment of an environmental credit facility, where local banks would provide loans to private sector companies and smaller municipalities for investment projects that would reduce water pollution in the Slovenian portion of the Danube.	2	<p>Number of participating banks: target 4 - 6 banks to ensure competition</p> <p>Full disbursement of credit lines</p> <p>Number of sub-projects funded</p> <p>Number of completed sub-projects confirmed as having achieved project objective of pollution reduction/prevention by Independent Environmental Expert</p> <p>Maximum of 50% of Facility amount for public sector projects</p>	<p>4 PBs signed loan agreements under the Facility.</p> <p>49 sub-projects funded of which 42 completed sub-projects have been verified by IEE by 31/12/07. Remaining 7 sub-projects expected to be completed by the end of 2008.</p> <p>Full disbursement of the four credit lines by Qtr 1 2007.</p> <p>Only 3 sub-projects (6% of total #) for a value of EUR 2.2 million (4% of volume) were with public sector sub-borrowers</p>
Provide assistance to potential sub-borrowers to develop solutions to water pollution issues such as (a) structuring the investment, (b) ensure cost effectiveness in the selection of appropriate technology and (c) the process of loan application.	2	Number of sub-borrowers benefiting from BAS/TAM assistance	29 BAS projects and 2 TAM projects were implemented under the programme.
The project was designed as a pilot to test the concept of encouraging sub-borrowers to undertake environmental upgrades by supporting them with grants and access to finance through banks, with the plan to replicate the project in other markets.	3	Replication of the model for further co-operation with GEF for water pollution prevention projects in other countries along the Danube river basin	To date, no additional GEF grants have been secured for replication of this project. However, dialogue with GEF is on-going and future similar projects are not ruled out. As a result of the successful collaboration under this Facility, GEF is expected to provide funding for a number of E2C2 initiatives, including projects in Russia. Furthermore, the successful model using credit lines to banks, supported by TA and financial incentives, has been replicated for other initiatives (municipal finance, industrial & residential energy efficiency) with other donor support.
Overall Fulfilment of Objectives Rating:		Good	
Justification of Overall Fulfilment of Objectives Rating:			
The primary objective, defined in the FRM as to reduce water pollution flowing into the Slovenian portion of the Danube River Basin, was fully met. Other objectives being speeding up the environmental investments, providing easier access to funding, gaining of specific environmental projects related knowledge on the participating banks' side, were also met. Only the replication objective remains to be achieved, but is not ruled out.			
Key to Ratings on Individual Objectives: 1. Over Achieved, 2. Achieved, 3. Partly Achieved, 4. Not Achieved			
Overall Fulfilment of Objectives Ratings Spread: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory			

EXPANDED COMMENTS ON PROJECT IMPLEMENTATION AND PERFORMANCE

Last saved : 29-Apr-2008

Free format comments on the relevant aspects of the project execution, management, physical and financial performance against initial projections and more recent forecast. This should also cover, where appropriate, covenants compliance, institutional reform and procurement policy compliance.

Once the initial long process of establishing the terms and conditions, respective responsibilities and modus operandi between the EBRD and GEF had been formalised in the Contribution Agreement with the GEF, the Facility was implemented very smoothly. Upfront detailed preparation of template documentation, procedures, allocation of respective responsibilities between various EBRD departments (Banking, Environment Dept, Finance Dept) and excellent pro-active project monitoring with respect to the both the management of the participating banks and the TA consultants have translated into a very efficient and effective use of donor funding to achieve a highly specific environmental objective with broader economic benefits.

PROJECT RATES OF RETURN Last saved: 18-Apr-2008

New estimated FIRR is to be calculated using the Bank's Project Profitability Model, including *actual* pre-signing expenses and recoveries as well as *actual* project allocated cost and projected allocated cost *consistent with past experience*, until maturity of the facility. EIRR can be disregarded if not calculated at the time of appraisal.

	Appraisal	New Est.	New Est. Date	Reasons For Variation:
FIRR %	0.00	0.00		N/A at Framework level
EIRR %	0.00	0.00		N/A at Framework level

TRANSITION IMPACT Last saved: 29-Apr-2008

TRANSITION IMPACT Last saved: 27 Apr 2008

Type of Impact	Short Term	Longer Term		Comments/Justification
	Verified Impact	Impact Potential	Risk to Transition	
Step 1: Project Affected Change At Corporate Level				
Private Ownership				
Know How	Good	Satisfactory	Low	At the level of the participating banks, the Facility achieved a positive demonstration effect by the introduction of a new concept of financing environmental upgrades which have a longer pay-back period than traditional industrial investments.
New Standards for Business Conduct at enterprise level	Good	Good	Low	Participating banks have increased their experience of implementing EBRD's environmental appraisal procedures for their lending operations. Sub-projects resulted in enterprises meeting their obligations under the new environmental regulatory framework, earlier than would otherwise have been achieved.
Step 2: Transition Impact At Industry Level and in the Economy as a whole				
Enhanced Competition	Good	Good	Low	At the sub-borrower level, the Facility contributed to the compliance of industrial

				enterprises with EU requirements, thereby enabling them to continue to operate within the new regulatory framework and withstand competitive pressures from the single market.
Market Expansion via competitive interaction in the sector and industry	Good	Good	Low	<p>Participating banks have increased their experience in financing environmental investments thus enlarging the number of products that they can offer to their clients.</p> <p>The restricted use of funds provided to the PBs under the Facility has increased availability of funding for essential environmental investments, a product not generally available in the market, such projects being perceived as risky and with a long pay-back period.</p>
Frameworks for Markets, institutions, laws and policies that promote market function and efficiency	Good	Good	Low	<p>The development of the private industrial sector is crucial for a stable and well functioning market economy. Industrial enterprises need to be able to cope with competitive pressures and market forces and to do so they need to fit in the market's structure of regulations and mechanisms. In the EU market many of these are encompassed in EU Directives, as transposed into national law. The Facility has enabled sub-borrowers to comply with new standards on water pollution which were introduced as part of the EU Accession process, for which companies, particularly SMEs, were ill prepared. The project supports the Bank's Environmental Policy and promotes the implementation of harmonised environmental regulations and standards following EU requirements.</p>
Skills Transfer and dispersion to the industry and economy as a whole	Good	Good	Low	49 sub-borrowers received advice and assistance from the IEE enabling them to

				<p>prepare and implement investment projects which comply with EU Directives on water pollution reduction/prevention. The excellent short-term impact is reduced over the longer term by the wider availability of information/consultancy services in the field of environmental protection and the build-up of local institutional capacity to educate and enforce compliance.</p> <p>In addition, 31 enterprises benefited from know-how transfer from the BAS/TAM programme. All 31 BAS/TAM interventions were rated as satisfactory or highly satisfactory by the beneficiaries of the advice. BAS/TAM projects included pre-feasibility, feasibility and engineering studies for environmental upgrades, in-process improvements for reduction of wastewater discharge as well as the implementation of risk reduction measures and implementation of IPPC and other environmental standards e.g. ISO14001.</p> <p>However, the impact at industry/economy level is somewhat limited by the relatively small number of eligible projects (49) under the Facility.</p>
Demonstration Effects; transfer of new behaviour and patterns	Good	Good	Low	<p>At the level of the participating banks, the Facility achieved a positive demonstration effect by the introduction of a new concept of financing environmental upgrades which have a longer pay-back period than traditional industrial investments.</p> <p>At the level of the sub-borrowers, the Facility has achieved a behavioural change of enterprise</p>

				<p>management, with participating enterprises assisted to achieve higher standards of corporate social responsibility which are consistent with more advanced transition.</p> <p>In addition, successfully completed sub-projects have provided good examples to the market of new technologies for dealing with issues of water pollution.</p> <p>Almost one third of sub-projects (16/49) were with SMEs and the demonstration effect on how environmental investments can be financed is particularly important for this group, as SMEs with limited resources and limited capacity to borrow from the commercial banks, are unlikely to prioritise such environmental investments which are perceived as having a high upfront cost with no obvious benefit for the profitability of the business.</p>
Setting of new Domestic Standards for corporate governance and business conduct				
Overall Rating:	Good	Ratings Spread: Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Negative.		
Justification:				
The successful achievement of the project objectives at the level of individual sub-projects and participating banks and the positive demonstration effects derived from the programme at a broader market level justify the rating.				

ADDITIONALITY Last saved: 18-Apr-2008

ADDITIONALITY	
Last saved: 16 Apr 2006	
Rating	Verified in all respects
Justification	The Bank's additionality was assured under this Facility by the highly restricted purpose of the on-lending, focused solely on water pollution reduction/prevention investments. EBRD is uniquely positioned to leverage its relationship with the Slovenian commercial bank's to act as implementing partners under the Facility, for the distribution of the grant funding needed to stimulate these environmental investments which would not otherwise be prioritised by enterprises. The capacity of EBRD to implement and monitor the complex technical assistance programme and the unique opportunity for know-how transfer offered by the involvement of the TAM/BAS programme deepened the additionality of the project.
Ratings Spread: Verified in all respects, Verified at large, Verified only in part, Not verified	

ENVIRONMENTAL IMPACT Last saved: 29-Apr-2008

	Rating	Justification
Environmental Performance of	Excellent	All completed sub-projects (42/49 by end 2007) have been verified as meeting their objectives. These objectives have

the Project and the Sponsor		<p>been assessed by the IEE in each case, have been confirmed as achieved, and monitored one year later to confirm on-going compliance. In many cases, the final emissions reductions have exceeded the predicted results. The IEE has confirmed that the sub-borrowers are compliant with relevant Slovenian and EU environment and health and safety legislation (as adopted by Slovenian law). The screening process has resulted in a number of applications being judged ineligible since they did not meet the criteria required for this facility. This ensures that the policy requirements of both the Bank and the GEF have been protected through the system put in place by the Bank.</p> <p>The four participating banks have undertaken the project as agreed and there have not been any problematic projects.</p>
Extent of Environmental Change	Substantial	<p>This project was one of the first projects blending commercial bank funding and grant funding to promote the early achievement of EU standards in a range of SMEs and small municipalities in Slovenia. It was (and remains) the only private sector project in the GEF's International Waters focal area. The project combined both technical advisory services to assist SMEs in developing solutions to their water pollution issues and loan finance to assist in implementing those projects. The facility serves as a model for both participating banks and for other environmental issues and has been utilised by the Bank to support energy efficiency investments in a range of Bank countries of operation.</p> <p>Quantitative data for achieved reduction of emissions for the 42 completed projects, where data is available, is shown in annex to the XMR.</p>
Comments		
<p>The Facility is in essence an environmental project which has used the Slovenian commercial banking sector as a conduit for the implementation of environmental investments which are too small for the Bank to finance on a stand-alone basis. The Facility has fully achieved its specific environmental objective of reducing trans-boundary water pollution in the Danube River Basin. The 42 projects completed so far indicate that the Facility is successfully contributing to the achievement of the Global Environmental Objective and in encouraging Slovenian industry and other sectors to adopt the IPPC EU Directive, which is enforceable in Slovenia since 2007. For each sub-project an appraisal was conducted by the Independent Environmental Expert and a table presented estimating the pollution reduction to be achieved through the implementation of the sub-project. Following sub-project completion a second appraisal was made to confirm that the sub-project has been satisfactorily completed and that the estimated reductions have been achieved. The Independent Environmental Expert also confirms that the sub-borrower is compliant with relevant Slovenian and EU environment legislation. Information on the total aggregate reduction of emissions of nutrients from sub-borrowers is annexed to the XMR.</p>		
<p>Ratings Spread : Environmental Performance of the Sponsor and the Bank : Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory</p> <p>Extent of Environmental Change : Outstanding, Substantial, Some, None/Negative</p>		

BANK HANDLING Last saved: 29-Apr-2008

Item	Achievements	Shortcomings / Problems
Bank Policy Compliance		
Bank Policy Compliance	The project was fully in compliance with the Bank's Environmental Policy.	
Preparations, Design, Structuring		
Project Selection	The project was an excellent example of blending the funding of two international institutions. The decision to launch it and test in a small market like Slovenia was more than appropriate.	The main shortcoming of the Facility was that although originally developed with the intention to be replicated in several countries, this has not yet materialised. Nevertheless, on a standalone basis the co-operation with GEF for this project in Slovenia was a successful one.
Appraisal quality, coverage (incl of sponsor/client, project)	Appraisals of the sub-borrowers were done on two levels. The first one was	

	<p>conducted within a market study where the overall needs for the proposed type of investments were identified. The study was not only a guidance to the Bank in adopting decisions about the Facility but was later also successfully used by the participating banks in marketing the product. Second more thorough appraisal was done for each potential project/borrower and involved technical and financial part thus ensuring compliance with the Policy Statement and creditworthiness of the borrower. Since no problems have been reported so far although most of the projects were completed over a year ago, it could be stated that the quality of appraisal (technical conducted by the selected environmental specialist and commercial by the participating banks) was high.</p>	
Documentation at Approval	<p>Documentation for internal EBRD's approval comprised a very detailed description of the project procedures, roles of each participant, their interactions, document formats etc. Good preparation later translated into a smooth project development with very few adjustments needed and with all problems resolvable within the adopted structure.</p>	
Operation Design to meet its objectives	<p>The operation design attempted to make it as user friendly as possible for all parties involved. Introduction of an environmental consultant evaluating the environmental aspects of potential projects and verifying project completions took away a rather specific burden from the participating banks which concentrated on the commercial aspects only. The set-up considerably shortened the approval process. The process was additionally simplified by making the intermediate banks the only point of call for the end-users with already prepared applications. All potential borrowers lacking expertise in preparing the projects were advised to seek assistance through the TAM/BAS programme, which already existed on the ground and was successfully included in the Facility.</p>	<p>The only part of the Facility which did not fully serve the purpose was the marketing campaign in form of presentations for potential users and printed promo-material as it later turned out that they attracted only a small number of borrowers to the Facility, with the majority of sub-loans granted to existing corporate clients of the participating banks.</p>
Risk identification and mitigation in retrospect	<p>Majority of the risks were adequately identified and mitigating measures were successful in avoiding these risks (tranching of credit line to</p>	<p>As yet the replication of the project in other countries along the Danube river basis, with grant support from GEF, has not yet been</p>

	participating banks and later disbursements on a first come first served basis ensured timely and full disbursement of the credit lines, compliance with technical criteria was supervised by the environmental consultant to ensure funded sub-projects meet objectives of the programme etc.).	achieved as the team did not fully appreciate the risks to replicability posed by the complicated grant approval processes of the GEF, the changing priorities of the donor and the long-lead time for the development of such funding.
Structuring and negotiations	In spite of the initial reluctance, the participating banks as one of the key elements in the Facility structure, found the concept workable and also sufficiently financially attractive. The results of the market study also contributed to their understanding about the marketability of the product. Well prepared structure, with supporting services in place, presented an excellent basis for smooth and in all but one case successful negotiations.	The only shortcoming later identified in the structure was the shortcoming of the incentive structure in stimulating the participating banks to finance more SME projects under the Facility, which was one of the aims stated in EBRD's approval documents. With the same "reward" for large borrowers and SMEs, the banks rather opted for the former where less effort was needed to achieve the same result.
Client relationships	In terms of disbursements and monitoring this product was rather specific and therefore more demanding for the participating banks. Frequent communication with the RO was therefore of vital importance and has considerably contributed to faster and easier resolving of any problems occurring during the project implementation. The banks also appreciated short responding times from the environmental specialist.	
Syndication aspects	n/a	
Monitoring and Reporting		
Site visits	<p>All sub-projects were visited by the environmental consultant at least three times: (1) for project approval, (2) for project completion verification and (3) for the final monitoring report one year after project completion.</p> <p>In addition, a member of ED joined the IEE to participate in a monitoring trip during which three implemented sub-projects were visited.</p>	
Board work/meeting records	n/a	
Quality for MRs	Environmental expert has been preparing monitoring reports for each sub-project and submitting to the EBRD's ED. Monitoring reports, prepared by the OLs for each participating bank, receive highest ratings from the EBRD's Credit Review Unit.	
Waivers, consents	n/a at Framework level	

Early warnings, etc	n/a	
Environmental monitoring	As stated above. in addition, the participating banks comply with the Environmental procedures for financial intermediaries, including the submission of annual environmental reports.	
Trouble Shooting	n/a	
Other monitoring issues	n/a	
Other		
Other Issues	n/a	
Overall Assessment of the Bank's Handling		
Justification		
Ratings Spread : Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory		

OVERALL ASSESSMENT

Last saved: 29-Apr-2008

	Overall Rating	Justification
Transition Impact (Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Negative)	Good	Transition impact was expected to come from the two main achievements: (1) setting new standards of business conduct and (2) know how transfer at the level of the sub-borrowers. The programme was fully successful in achieving the desired behavioural change at enterprise level needed for the implementation of these environmental upgrades. In addition, the advisory assistance provided to the enterprises has enabled them to meet their obligations under the new regulatory framework on a sustainable basis. Further transition impact has been achieved from the increased experience gained by the PBs in financing environmental projects and (2) the demonstration of environmental good practice to public and private sector, in particular to SMEs. While the banks certainly gained additional experience it did not translate into financial products for environmental upgrades being introduced, rather the banks continue to finance environmental projects under existing products and their financing remains demand driven. Short-term impact of the demonstration effects for the business community were good but the longer term impacts are difficult to measure as EU membership driven legal requirements and increase in capacity for enforcement have more recently become a stronger incentive.
Project Financial Performance (Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Good	The project is now in the repayment phase and no delays or any other problems were encountered with any of the participants.
Company Financial Performance (Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Excellent	All 49 sub-projects have performed well, with no defaults under the portfolio to date. In addition, all enterprises continue in operation, which has a very positive demonstration effect as regards the financial viability of implementation of perceived "riskier" environmental investments, particularly with regards to the SME sector.
Fulfilment of Project Objectives (Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)	Good	The primary objective, defined in the FRM as to reduce water pollution flowing into the Slovenian portion of the Danube River Basin, was fully met. Other objectives being speeding up the environmental investments, providing easier access to funding, gaining of specific environmental projects related knowledge on the participating banks' side, were also met. Only

		the replication objective remains to be achieved, but is not ruled out.
Environmental Performance of the Project and the Sponsor <i>(Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)</i> Extent of Environmental Change <i>(Outstanding, Substantial, Some, None/Negative)</i>	<p>Excellent</p> <p>Substantial</p>	<p>Each sub-project financed through the Facility was an environmental project and has improved environmental performance of each sub-borrower, with many sub-projects achieving higher than the expected reduction in emissions.</p> <p>While all sub-projects were completed successfully which meant a considerable reduction in water pollution in case of the sub-borrowers, however in terms of the whole country we cannot speak about an outstanding extent of environmental change due to the relatively small size of the Facility (EUR 45 million) compared to the total investments needs in this area, which were estimated by the market study to be in the region of EUR 384 million for the private sector and EUR 168 million for the municipal sector i.e. the Facility met less than 10% of the anticipated demand for such investments in Slovenia alone.</p>
Additionality <i>(Verified in all respects, Verified at large, Verified only in part, Not verified)</i>	Verified in all respects	The project represents a unique collaboration between two international institutions with a common environmental focus, utilising the commercial banks to implement a programme of priority environmental upgrades which may otherwise not have happened, or would have been delayed until the enforcement mechanisms were strengthened.
Bank Handling <i>(Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory)</i>	Good	On a stand-alone basis, bank handling has been excellent. However, the Bank handling of the relationship with GEF was not sufficiently proactive as to generate additional funding (yet) for the replication of the programme in other countries.
Overall Operation Performance Rating <i>(Highly Successful, Successful, Partly Successful, Unsuccessful)</i>	Successful	The achievement of the primary environmental objectives of the project in an efficient and timely manner, on a profitable basis for the Bank and establishing a successful model which has been replicated for other programmes justify the successful rating.
Comments		
Strong project design, excellent preparation of detailed operating procedures and allocation of roles and responsibilities, together with good co-operation between various departments across the Bank have contributed to the successful implementation of the GEF Facility.		

KEY OPERATION ISSUES AND LESSONS LEARNED

Last saved: 29-Apr-2008

Types of Issues	Key Issues	Related Lesson
Country, Sector- or Industry generic issues, public or private	n/a	n/a
Relating to indirect financing via intermediaries	The proportion of SMEs financed under the Facility was intended to be used as one of the measures to monitor the Facility's success. However, this was not translated into specific targets for each PB. The achieved proportion of projects with SMEs was one-third (both in terms of number and volume of sub-projects) as PBs opted for projects with larger customers and in larger volumes which meant less work involved on their side. The incentive structure did not differentiate between sub-projects with SMEs or larger entities.	Financial intermediaries do not always have the same objectives as EBRD with respect to SME finance. Therefore financial incentives should be appropriately designed to achieve EBRD's objective of prioritising this segment.
Relating to transition impact	n/a	n/a
Relating to environment	n/a	n/a
Relating to legal issues	n/a	n/a
Relating to governance and integrity issues, etc.	n/a	n/a
Relating to Bank handling	Stewardship of the relationship with GEF as a donor was insufficient to secure timely flow of additional grants to replicate the Project in other countries along the Danube River Basin.	Responsibility for the strategic management of key donor relationships should be clearly allocated to individuals, with regular feedback to banking departments with respect to changing priorities of the donor.
Relating to TC (Technical Collaboration)	Allocation of part of the TC budget for a broad market campaign which did not bring expected results.	Broad advertising campaigns are not always fully justified purely as a mitigant against possible market distortion. Consideration should be given to using the funds instead to provide assistance to PBs to support the product with a targeted marketing campaign.
Other thematic issues	n/a	n/a
Other issues	Implementation and monitoring of grant supported credit lines, including the monitoring and control of complicated and highly technical consultancy contracts and disbursement of grants to end borrowers, is considerably more resource intensive for the responsible banking team than straight forward bank-to-bank EBRD funding.	In the event that further replication of this model is supported by EBRD management, as is already the case for energy efficiency credit lines in a number of countries, sufficient and appropriate resources should be allocated to safeguard the achievement of programme objectives at the level of sub-projects and to ensure that the Bank can meet its fiduciary duties to the donors of such grant funds, including the financial controls and oversight over the payment of grants to end borrowers.
Recommendations (Optional)		
n/a		

Miscellaneous**ADDITIONAL KEY EBRD STAFF INVOLVED**

Last saved: 17-Apr-2008

	Name	Ext.	Sign-off (Y/N)	Sign-off Date
Portfolio Manager				
Credit/PRU				
OAU				
ED	Mark Hughes	6923		
OCE				
PED				
Banking	Nadja Cvek	227 101		

MONITORING ACTIVITIES

Last saved: 29-Apr-2008

Monitoring Activity	Description
On-Site Visits:	N/A at FW level
Client Meetings:	N/A at FW level
Client Reports:	Participating banks provide semi-annual reports detailing the status of the sub-projects signed, disbursed, outstanding under the Facility and the calculation of incentive fees payable thereon.
Consultant Reports:	Independent Environment Expert submits a completion report for each sub-project once the physical investment has been completed and a subsequent monitoring report one year after to completion, which confirms that the investment continues to operate as expected. IEE submits bi-monthly portfolio reports summarising the status of all sub-projects.
Other:	n/a

DISTRIBUTION LIST

Last saved: 21-Apr-2008

Task	Role	Name
For Information:	Credit/PRU	KLINGENSMITH DAVID
For Information:	ED	CLARK ALISTAIR
For Information:	OAU	RIDGEWAY JEANNE
For Information:	OAU	DAY SILVIA
For Information:	Country Monitor	BELOT PHILIPPE
For Information:	Team Monitor	HON MAGGIE
For Information:	OCE	TVEDT KJETIL
For Information:	OCE	NURSE AVRIL
For File:	Credit/PRU	LESTER HILARY
Report Prepared By:		

PAPER ATTACHMENTS

Last saved: 29-Apr-2008

Description
Market Demand Study
GEF Project Brief
BAS/TAM Project Completion Reports

ELECTRONIC ATTACHMENTS

Last saved: 29-Apr-2008

Description	File name
Contribution agreement signed with GEF in 2003	H:\Slovenia\GEF Environmental Credit Facility\2003-08-20_Memorandum_of_Agreement_-_132557.pdf
2007 annual report to GEF (draft not yet submitted)	H:\Slovenia\GEF Environmental Credit Facility\2007 annual report final draft.doc
Most recent PMM NLB	H:\Slovenia\GEF Environmental Credit Facility\PMM OPID 33206 NLB.doc
Most recent PMM Volksbank	H:\Slovenia\GEF Environmental Credit Facility\PMM OPID 33512 Volksbank.doc
Most recent PMM Unicredit BACA	H:\Slovenia\GEF Environmental Credit Facility\PMM OPID 33613 Unicredit BACA.doc
Most recent PMM Probanka	H:\Slovenia\GEF Environmental Credit Facility\PMM OPID 35156 Probanka.doc
Summary of sub-loan reporting from PBs Dec 2007	H:\Slovenia\GEF Environmental Credit Facility\Summary reporting from PBs 31.12.07.xls
Terms of Reference for the Independent Environmental Expert (IEE)	H:\Slovenia\GEF Environmental Credit Facility\ToR for IEE.doc
Summary of completed sub-projects to 31/12/07 - statistics on pollution reduction	H:\Slovenia\GEF Environmental Credit Facility\GEF Completed Sub-project summary 31.12.07.doc