CTCN 8th ADVISORY BOARD MEETING

BANJALUKA DISTRICT HEATING SYSTEM

COPENHAGEN, August 2016
CITY OF BANJA LUKA

- North West of BiH
- Capital of Republic of Srpska
- Population: 199,191 (Census preliminary results (population, households and flats in Bosnia and Herzegovina - October 2013)
- Surface: 1,239 km²
- Altitude: 164 m
- Climate: moderately continental (average annual temperature - 10,7°C)

City of greenery, young people, sport and culture
EUROPEAN CITY
CITY OF BANJA LUKA

PROBLEMS:

• Heavy fuel oil
• High costs of production of heat
• Large and poorly structured obligations
• Unsustainable debts to suppliers of fuel oil
• Unfavorable structure of liabilities
• Exclusions from the network
• The poor quality of services
FINDING SOLUTIONS:

- April 2015: City of Banja Luka participation of the Conference on heating networks in Tallinn
- May 2015: Meeting with the Mayor
- August 2015: Developing request, which was submitted on, a contact point for BiH
- December 2015: Draft of Response Plan
- May 2016: EBRD contact with City of Banja Luka
- July 2016: Developed response plan in Consultations with the EBRD, companies Veolia and Danfoss, and the embassies of France and Denmark
CITY OF BANJA LUKA

DEFINED PRIORITIES:

• Investment in biomass boilers (reducing the cost of energy)
• Refinancing of existing debt with lower interest rates and longer repayment periods (improve solvency and liquidity)
• Write-off of debt to suppliers and city (capital return to a positive balance)
• Continue work on improving the efficiency of business operations (investment in the network, number of employees, number of consumers)
CITY OF BANJA LUKA

FINDING SOLUTIONS:

- July 2016: Mandate Letter EBRD
- August 2016: City Assembly accepted Mandate Letter

TO BE DONE:

- Detailed analysis (due diligence)
- Tender for refinancing
- Final approval of the EBRD
- Negotiations on loan
- Approval of the Board of Directors of the EBRD
- Signing a contract with the EBRD and banks