

Accelerating Coal Transition (ACT) Investment Plan – North Macedonia:
Indicative IP Delivery Overview

As part of the endorsement of the Investment Plan for North Macedonia for the CIF Accelerating Coal Transition (ACT) Investment Program, the TFC requested participating MDBs to provide indicative allocations by MDB for components 1a and 1c. Please find respective feedback as per the below/attached:

As MDBs, we are committed to a timely implementation of the IP and swift disbursement of funding. Hence, for those two components in the IP, rather than predetermining funding allocations per MDB up-front, we have introduced a “first-come-first-serve” approach, as adopted in March.

Please find additional information on the expected delivery of the IP attached.

Related to this, we would like to flag the following points that will have an impact on MDB operations given the current political context in North Macedonia:

1. **Upcoming parliamentary elections:** The Investment Plan has been formally approved by the Cabinet of Ministers of the Republic of North Macedonia. As such, pursuant to national legislation, any changes to the IP would require a formal re-approval by the Cabinet. This would not be possible in the current political context. Specifically, as you are aware, North Macedonia will hold parliamentary elections on May 9th.
 - The country currently has a technical government in place, which does not engage in policy decisions.
 - Per the election law, State-Owned Enterprises (SOEs) are not allowed to initiate (any formal decision) of new projects 100 days before the elections.
 - Following the elections, it will take several months to establish the Government, and make key appointments, including the Minister of Economy (and possibly Minister of Energy per opposition party’s proposal), MEPSO and ESM CEOs and management etc. Until this takes place and relations are re-established, MDBs are not in the position to engage with the Government on changes to financing split in the IP on 1a and 1c components. Realistically discussions can be taken up again toward the end of 2024 (indicatively).
2. **Decarbonization planning:** As outlined during the TFC meeting, North Macedonia will have to prepare and submit the updated National Energy and Climate Plan (NECP) to the Energy Community Secretariat. This is a key policy document that, inter alia, in line with the IP, is expected to set the exact (pre-2030) decommissioning dates for the two coal plants.

- The EU delegation has already selected the Consultant to support this assignment, with a first draft expected by end of 2024. This document will further define details for components 1a and 1c, and form grounds for detailed decommissioning plans envisioned under 1a. These, in turn, would define precise investment projects (repurposing/decommissioning) to be prepared by best positioned MDB (in this case, WB/EBRD). The updated NECP will also help to solidify the pipeline under 1c, including inputs from IPPG-supported assignment on grids and storage which is currently being finalized. Once Minister(s) and MEPSO management are appointed following the elections, the three MDBs will further engage under 1c, on first-come first-serve basis, prioritizing rapid delivery.
- ESM Corporate Decarbonization Strategy: The EBRD is finalizing the selection procedure for a consultant to develop Decarbonization Strategy for ESM. This document will include company-level energy modelling to further elaborate on decisions and define in more detail investments above, which will form a cornerstone of the pipeline under component 1a. The Draft Strategy is expected by end of 2024, to be aligned closely with NECP process.

Allocations per MDB for component 1a and 1c can only be made upon completion of this work and decision making by the new government. For indicative distribution across components, the TFC can presume a balanced split between EBRD, IFC and World Bank, as relevant.

In line with the above, we will be happy to also have follow-up conversations with TFC members that are interested in discussing this further and will keep you informed about further developments in the country. In this context, we believe that the overall “first-come-first-serve” approach will allow the best positioned MDB to support the country focusing on a timely delivery and disbursement of the IP overall.

Indicative IP Delivery Overview

IP Components	ACT				MDB			Country Counterparts	Private Sector	Total
	Total	EBRD	WB	IFC	EBRD	WB	IFC			
PROJECT 1: RETIRING COAL ASSETS AND RE-POWERING WITH RE										
A: Powerplant retirement, mine remediation and mine repurposing	25 (c) ¹ 0,5 (g) ²	25 (c) ³ 0,5 (g) ⁴		-	110		-	35	-	170.5
B: PROSPECT: Providing Renewable Opportunities through Solar and Education in Coal Territories	1,8 (g) ⁵	1.8 (g)	-	-	150	-	80	-	75	306.8
C: PowerHub: Grid Strengthening, Batteries, Training for Tomorrow	27 (c) ⁶ 2,5 (g) ⁷	27 (c) ⁸ 2,5 (g) ⁹			75			-	10	114,5
PROJECT 2: SOCIO-ECONOMIC REGENERATION OF PELAGONIA AND SOUTHWEST REGIONS										
A: Green & Growth programme for SMEs	2,7 (c)	2,7 (c)	-	-	5,3	-	-	-	-	

1 Concessional shares to be split on first-come, first serve basis maximising leverage ratios of CIF's concessional finance and grants. These can be combined with external concessional/grant resources in line with each MDB's policies including joint Blended Concessional Principles. Co-financing among MDBs can also be explored.

2 To be used for development of decommissioning plans by WB/EBRD on first-come first-serve basis.

3 Concessional shares to be split on first-come, first serve basis maximising leverage ratios of CIF's concessional finance and grants. These can be combined with external concessional/grant resources in line with each MDB's policies including joint Blended Concessional Principles. Co-financing among MDBs can also be explored.

4 To be used for development of decommissioning plans by WB/EBRD on first-come first-serve basis.

5 Grant consists of two components, to be deployed by the EBRD: (a) USD 1 million for auction design, (b) USD 0.8 million for ESM re-skilling programme.

6 To be split on first-come, first serve basis. To maximise leverage ratios, maximum shares of CIF-provided concessionality will be: (a) 20% of total capex costs for grids, (b) 35% for storage. These can be combined with external concessional/grant resources in line with each MDB's policies including joint Blended Concessional Principles. Co-financing among MDBs can also be explored.

7 Grant consists of two components: (a) USD 0.5 million for MEPSO training centre to be supported by EBRD, and (b) USD 2 million capex grant for batteries to be used on first-come, first-serve basis by an MDB implementing this project.

8 To be split on first-come, first serve basis. To maximise leverage ratios, maximum shares of CIF-provided concessionality will be: (a) 20% of total capex costs for grids, (b) 35% for storage. These can be combined with external concessional/grant resources in line with each MDB's policies including joint Blended Concessional Principles. Co-financing among MDBs can also be explored.

9 Grant consists of two components: (a) USD 0.5 million for MEPSO training centre to be supported by EBRD, and (b) USD 2 million capex grant for batteries to be used on first-come, first-serve basis by an MDB implementing this project.

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	1,95 (g)	1,95 (g)								9,95
B: Revitalise: industrial zones for economic regeneration	5,5 (c) 0,5 (g)	2,75 (c) 0,25 (g)	2,75 (c) 0,25 (g)	-	5	5	-	-	-	16
C: Climate-smart economic regeneration programme	2,7 (c) ¹⁰ 0,65 (g) ¹¹	1,35 (c) 0,65(g)	-	1,35 (c)	11	-	11	-	-	25,35
PROJECT 3: ENERGY EFFICIENCY (EE), CLEAN HEATING, AND DISTRIBUTED GENERATION PROGRAM										
A: ECOBOOST: Empowering Coal Communities with Efficient and Renewable Lending	5,6 (c)	5,6 (c)	-	-	8	-	-	-	-	13,60
B: EcoCommune: Community-Centric Clean Energy Initiative	8 (c) 0,6 (g)	-	8 (c) 0,6 (g)	-	-	11	-	-	-	19,6
IP TOTAL	85		471,3			35		85		676,3

On IP Components 1A and 1C:

IP Component:	1A: Powerplant retirement, mine remediation and mine repurposing
Status:	The updated National Energy and Climate Plan (NECP) will help to solidify the pipeline under 1a, including inputs from IPPG-supported assignment on grids and storage, which is currently being finalised. Once Minister(s) and ESM management are appointed following the elections, the involved MDBs will further engage under 1a, on first-come first-serve basis, prioritising rapid delivery.
Implementing MDB:	EBRD/WB
Indicative total Financing:	USD 170.5 million
Indicative ACT CTF Financing:	USD 25 million concessional funding; USD 0.5 million grant funding
Tentative submission timeline:	Tentative TFC submission by Q1/Q2 2025 subject to the inputs of the NECP and the ESM Decarbonisation Strategy

¹⁰ To be shared equally between IFC and EBRD.

¹¹ Grant to be allocated to EBRD for support under the 'people' pillar outlined above.

IP Component:	1C: PowerHub: Grid Strengthening, Batteries, Training for Tomorrow
Status:	The updated NECP will help to solidify the pipeline under 1c, including inputs from IPPG-supported assignment on grids and storage, which is currently being finalised. Once Minister(s) and MEPSO management are appointed following the elections, the three MDBs will further engage under 1c, on first-come first-serve basis, prioritising rapid delivery.
Implementing MDB:	EBRD/WB/IFC
Indicative total Financing:	USD 114.5 million
Indicative ACT CTF Financing:	USD 27 million concessional funding; USD 2.5 million grant funding
Tentative submission timeline:	Tentative TFC submission by Q1/Q2 2025 subject to the inputs of the NECP and the ESM Decarbonisation Strategy and the Grid Master plan.