

The Government of the Republic of Srpska (RS) has provided guarantees to power utility ERS for obtaining a 6.15 million euros loan in order to acquire capital in the company Ruding.

RS, as a guarantee provider, unconditionally guarantees timely payment of liabilities of up to 80 % of the loan principal amount in repayment, up to a maximum of 4.9 million euros, under a contract to be concluded between the ERS and Komercijalna Banka.

In September, ERS launched a public tender for obtaining a loan worth 23.5 million euros. A part of the funds obtained through the loan will be used to finance the project for the concreting the Fatnicko Polje - Bilecko lake tunnel used by hydropower plants on the Trebisnjica river. The remainder of funds will be used to acquire additional capital in the company Ruding, which operates a stone quarry near Ugljevik.

However, none of domestic nor international financial institutions are willing to provide a loan. The banks were not satisfied with ERS' offer to provide a maximum of 2 million euros for interest and loan processing, so the utility will have to up their offer in order to stand a chance of obtaining a loan with a repayment period of 10 years.