

On behalf of the Serbian government Minister of Mining and Energy Aleksandar Antic signed today loan guarantees for Power Industry of Serbia (EPS) with representatives of German Development Bank KfW in the amount of EUR 45 million, with the aim of improving environmental protection in Serbia.

Antic signed today with KfW representatives the package of loan agreements worth EUR 15 million, as well as the grant in the amount of EUR 6.5 million, for the needs of TSO Grid company (Elektromreze Srbije - EMS) for the implementation of the Trans-Balkan Corridor Project.

Minister of Mining and Energy told reporters that the documents signed today are very important for the development of the energy sector of Serbia.

Antic said that the loan agreement for EPS with a repayment period is 12 years, and a grace period of five years, for which the Government of Serbia issued guarantees today is related to financing and modernization of ash disposal system in thermal power plant "Nikola Tesla A"

The loan will be used for the reconstruction of ash disposal system in the largest thermal power plant of EPS. The result will be improved air quality as it will prevent the wind from blowing away the ashes from TENT A, and it will also protect the groundwater, Sava river and soil from contamination.

According to Antic, the loan agreement and the grant for EMS finalize the second stage of the first phase of the Trans-Balkan corridor construction project, which has a total of four stages.

- This is a project worth about EUR 30 million and it will be supported by Germany through a favorable loan approved by the German Development Bank KfW - said Antic and pointed out that it is a project with a grant of nearly seven million euros provided by the EU.

Antic said that the first stage of the project Trans-Balkan corridor is developed through EMS own funds, as well as the third stage, or the value of EMS own funds, which will be invested in the third stage is eight million euros.

- The funding mix shows that such large projects in this synergy have a chance and can be negotiated in a good way, or the most favorable conditions and grants could be provided, and this is due to the fact that the EMS managed the project very well. It is one of the best projects from the standpoint of management from the beginning until the end and as such, the project has earned the attention and support of Serbia, KfW and the European Union - said Antic.

Jelena Matejic, Acting General Manager of EMS, said that the contracts signed today provide for grant in the amount of EUR 6.5 million, as well as a loan of EUR 15 million, which were approved under very favorable conditions to the joint stock company.

- Without the aforementioned funds, EMS could not be able to finance on its own Trans-Balkan corridor, which is a project of enormous national, regional, and European

importance. We hope that the company will have the support of Germany and the EU in the future - she said.

According to her, the Trans-Balkan corridor (Kragujevac- Kraljevo) is a project of enormous national, regional and European importance, and the second stage of the first phase involves the raising the transmission grid in Central and Western Serbia at the 400 kV voltage level.

She stated that the average age of equipment installed on the 220 kV transmission network in these parts of Serbia is 50 years.

The total length of 400 kV transmission lines planned to be constructed in the first phase of the Trans-Balkan corridor project over the next ten years is around 320 km, of which almost 260 km are so-called double 400 kV transmission lines.

According to EMS, the total estimated budget for the first phase of the Trans-Balkan corridor construction project is around EUR 160 million.

German Ambassador to Serbia, Aksel Ditman said that the signed contracts are of great importance for the improvement in energy sector, and they also provide the additional option for using renewable energy sources and the ability for the overall development in terms of the Berlin Process related to energy networking of the entire region.

- KfW has provided a loan of EUR 15 million, with an important role of cooperation with the EU, which has allocated a grant of EUR 7 million as a significant contribution. In this way, we can see the cooperation in the EU implies cooperation among Member States, but it is also a significant support to Serbia on its way towards the EU and cooperation between countries in general - he said and added that the German government cooperates with Serbia in the energy sector through KfW and within many projects.

Head of the EU Delegation to Serbia Michael Davenport said that this contract for the part of the Trans-Balkan corridor is a good model of cooperation between the Serbian Government, or the Ministry of Energy and the European Commission and other sources of funding, which in this case is the German Development Bank.

- This is a great example in the context of the Berlin process and I hope that we will be able to follow that way in the future related to similar projects in this area, but also in the field of transport infrastructure. This is our common goal just before the Western Balkans Summit in Trieste in July. We have to put all our efforts in the success of these projects we have identified together, and this requires more investment and effort. We are ready to do everything for the successful continuation of this cooperation - said Davenport.

He mentioned again that the EU has already invested more than EUR 500 million in the energy sector in Serbia and that today's event is a good message of the EU's commitment to further cooperation.

Kristof Tiskens, Director for Southeast Europe and Turkey within the KfW Development Bank said he was glad he had the opportunity to sign a contract on financing Trans-Balkan

corridor and that it is a backbone of connection agenda in the region when it comes to electricity.

According to him, this project could not be realized without the support of the EU.