



GREEN FINANCING IN LOCAL CURRENCY

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GREEN FINANCING IN LOCAL CURRENCY

because it matters



HOW TO CHOOSE THE TYPE OF LOAN THAT BEST FITS YOUR NEEDS?



Carefully analyze the offers of different **financial institutions** and the underlying costs.



Compare and examine the EIR (Effective Annual Interest Rate) based on the loan amount, tenor and repayment schedule.



Identify the best offer for yourself and **request a preliminary analysis** of the loan amount, maturity and monthly instalments.



EIR or the **Effective Annual Interest Rate** is expressed as a percentage that represents the total costs associated with the loan. It takes into account the nominal interest rate as well as any fees and commissions charged by the bank, such as disbursement fee, monthly administration fee, etc. EIR is the common denominator for all loan-related costs and serves as one of the key factors in the borrowing decision-making process.

WHAT ARE THE BENEFITS OF BORROWING IN LOCAL CURRENCY?

ZERO FOREIGN CURRENCY RISK



By borrowing in local currency, you avoid the foreign currency risk and benefit from payments that are calculated in local currency and remain stable regardless of the exchange rate developments – allowing you to invest with confidence in your future and your business.



LOWER NON-REPAYMENT RISK

Borrowing in local currency allows you to more accurately assess your repayment capacity.

BETTER PLANNING CAPACITY



Borrowing in local currency enables you to easily plan your expenditures and the amount required for the payment of the next loan instalment.



MATCHING THE CURRENCY OF YOUR PROJECT SAVINGS

Investing in making your business more energy or resource efficient will generate savings that are likely in local currency.

HOW TO TAKE SMART FINANCIAL DECISIONS?

1

INFORM YOURSELF! Be mindful of the potential related risks and get to know the advantages of borrowing in local currency.

2

ANALYSE THE STRUCTURE of your revenues and expenses to estimate your financial needs versus your repayment capacity.

3

IDENTIFY the type of the loan that fits your needs best: working capital versus investment.

4

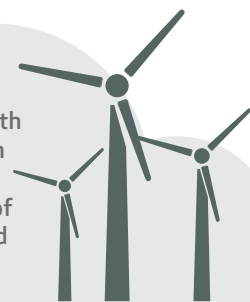
CONSIDER the potential risks your business might be exposed to over the next years (e.g. macroeconomic, political, legal, fiscal).

5

ASK YOUR BANK to take into account the specifics of your business and the green measure you want to finance when making you an offer. Sign the loan agreement only after carefully reading all the contractual clauses and calculating all the related costs.

Disclaimer:

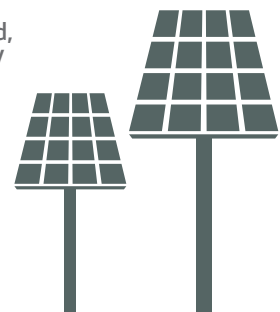
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BORROW SMARTLY!

To finance an energy efficiency, resource efficiency or renewable energy project effectively and prudently manage your cash flows, prefer to borrow in the currency in which you generate revenue.



The Green for Growth Fund (GGF), supported by EU4Energy, has initiated “The Power of Local Currency” campaign with the aim to improve access to green finance for individuals and businesses in the European Eastern Neighbourhood Region. Under this campaign, lending in local currencies will be channelled through the GGF’s partner financial institutions specifically for energy efficiency, resource efficiency and renewable energy finance.

This publication highlights the benefits of borrowing in local currency for businesses, individuals and households.