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**Economic Commission for Europe****Committee on Sustainable Energy****Steering Committee of the Energy Efficiency 21 Project  
Ad Hoc Group of Experts on Energy Efficiency  
Investments for Climate Change Mitigation****Fifteenth session**  
Geneva, 9 June 2010**Report of the Ad Hoc Group of Experts on energy efficiency  
investments for climate change mitigation on its fifteenth  
session****I. Attendance**

1. The meeting was attended by the following member countries of the United Nations Economic Commission for Europe (UNECE): Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, France, Germany, Italy, Kazakhstan, Republic of Moldova, Russian Federation, Serbia, Switzerland, the former Yugoslav Republic of Macedonia, and Ukraine.
2. Equatorial Guinea, Jamaica, Syrian Arab Republic and Thailand participated under Article 11 of the Commission's Terms of Reference.
3. Representatives of the Economic Commission for Africa (ECA), the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic and Social Commission for Western Asia (ESCWA), the United Nations Department of Economic and Social Affairs (DESA), the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Environment Programme (UNEP), UN-HABITAT, the African Biofuel & Renewable Energy Fund (ABREF), the Economic Community of Central African States (ECCAS), the Eurasian Economic Community (EurAsEC), the Pool Energetique de l'Afrique Centrale (PEAC), and the United Nations Foundation (UNF) participated in the meeting.
4. The meeting was also attended by representatives of the Conning Asset Management Limited (United Kingdom), EnEffect (Bulgaria), Norton Rose LLP (United Kingdom) and Renaissance Finance International (United Kingdom).

## **II. Opening of the session**

5. The meeting was opened by the Chair of the Ad Hoc Group of Experts (AHGE) on Energy Efficiency Investments for Climate Change Mitigation, Mr. Sergey Surnin.

## **III. Adoption of the agenda (agenda item 1)**

6. The agenda was adopted as contained in document ECE/ENERGY/WP.4/GE.1/2010/1

## **IV. Election of officers (agenda item 2)**

7. The meeting confirmed the officers elected at the fourteenth session: Mr. Sergey Surnin (Ukraine) – Chair and Mr. Zdravko Genchev (Bulgaria) and Ms. Tatyana Pospelova (Belarus) – Vice-Chairs of the Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation.

## **V. Recent developments of the project “financing energy efficiency and renewable energy investments for climate change mitigation” (FEEI) (agenda item 3)**

8. The secretariat presented recent developments of the project in accordance with the Work Plan for the Third Year of Project Operations (2010) (ECE/ENERGY/WP.4/GE.1/2010/3). They included interaction and coordination with three major contractors on their deliverables; submission of the report on Regional Analysis of Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments by Pöyry Energy Consulting AG; publication of the Executive Summary of the Regional Analysis report in English and Russian; development and making functional the regional website for the project by EnEffect; submission of the first deliverable by Conning Asset Management Limited; continued implementation of grants by National Participating Institutions (NPIs) in accordance with their Memoranda of Understanding with the UNECE; submission of the financial and substantive reports for 2009; publication of the Report on Assessment Missions (Investor Interest and Capacity Building Needs) in English and Russian; submission of the request for the third disbursement of funds to the supporting institutions; appointment of the New Monitoring and Evaluation Advisor by the Fonds Français pour l'Environnement Mondial (FFEM); preparations for the Workshop to Promote Benefits of Interfuel Substitution in Municipalities and to Train Project Developers in the Federal District of Siberia, Russian Federation (16–18 June 2010); preparations for the International Energy Efficiency Forum to be held in Central Asia; and organization of the Seminar on Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments (Geneva, 7–8 October 2009) and the Workshop on Case Studies on Overcoming Barriers to Investments into Energy Efficiency and Renewable Energy Projects through Policy Reforms (Kiev, 10–11 November 2009).

9. The Monitoring and Evaluation Advisor for the UNF presented his assessment of the progress in implementation of the FEEI project for the last year and, in particular, since the fourteenth session of the Ad Hoc Group of Experts. He stated that the overall progress is satisfactory but the speed of implementation of many elements of work should be increased as the project is past its mid-point. He emphasized the need for timely disbursement of funds by the supporting institutions to enable the Project Management Unit (PMU) at the UNECE to proceed with implementations of tasks for the third year. He pointed out at

urgency of conducting business development courses in the project countries for the timely preparation of the indicative project pipeline for an investment fund. He also stressed the importance for the countries to act upon the recommendations contained in the Regional Analysis report and the role of NPIs in this process.

10. Delegates supported the idea of organizing business development courses in the project countries as early as possible. They also requested the PMU to proceed with signing the new Memoranda of Understanding between the UNECE and NPIs in the near future. The report of the Monitoring and Evaluation Adviser for the UNF on the progress of the project implementation in 2009 (ECE/ENERGY/WP.4/GE.1/2010/5) was approved.

## **VI. Outcome of the regional analysis of policy reforms to promote energy efficiency and renewable energy investments (agenda item 4)**

11. The secretariat presented the outcome of the implementation of the contract for the Regional Analysis of Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments by Pöyry Energy Consulting AG. It was emphasized that all stakeholders for the project were involved this work, with particularly significant role of NPIs, National Coordinators, Monitoring and Evaluation Adviser, and Regional Policy Adviser. A policy seminar, a workshop on case studies and missions to project countries were conducted in the framework of contract implementation. The final version of the Regional Analysis report was approved by the PMU after extensive consultations with all stakeholders. An electronic version is available on the UNECE website and the FEEI project website. The Executive Summary of the report has been published by EnEffect in the English and Russian languages. Further publications based on the full report are anticipated. The secretariat presented the main barriers for investments in energy efficiency and renewable energy sources and the main recommendations at the regional level identified in the report. The need for the practical use of the analysis and recommendations was stressed by the delegates, including finding ways to update policy information contained in the report.

## **VII. Presentation of the work-in-progress by the project contractors: investment fund designer and development of a website and internet communications network of energy efficiency managers in eastern Europe (agenda item 5)**

12. Conning Asset Management Limited and EnEffect, presented their work-in-progress for the investment fund design and development of a website and Internet communications network of energy efficiency managers in Eastern Europe, respectively.

13. Representatives of Conning Asset Management Limited presented the current status of implementation of the contract for design of the investment fund. The contract will be extended till October 2010. Conning has obtained a letter from a lead investor for an investment fund. Candidates for an investment fund manager are being considered. Missions to four project countries have been conducted (Belarus, Bulgaria, Russian Federation and Ukraine), and further missions are planned. Meetings in the countries have shown good potential for indicative project pipeline to be ready by the time the investment fund is established and thus for the money to be invested in the energy efficiency and renewable energy projects soon after the launch of the fund. A UNECE-sponsored private-public partnership (PPP) investment fund for energy efficiency and renewable energy projects in Central and Eastern Europe and Central Asia is expected to be established in the

third or fourth quarter of 2010. The FEEI project website <http://feei.info> will serve as a hub to submit project proposals for the investment fund.

14. Delegates noted the need for more transparency in establishing the investment fund and more information on the status of development and content of the investment fund documents. Delegates from the countries visited by representatives of Conning stated that the visits were very productive and that huge interest exists in their countries for the investment fund to be launched. The importance of completing the Investment Fund Designer contract by Conning by October 2010 and of launching the investment fund before the end of 2010 was stressed.

15. Representatives of EnEffect presented the current status of implementation of the contract for the development of a website and Internet communications network of energy efficiency managers in Eastern Europe. The FEEI project regional website has been launched and is functional, its structure and content has been presented to the session. The network database is maintained and updated but there is a need of more proactive use of the database by the NPIs for building an effective network of energy managers. An Internet-based communication platform for on-line exchange, consultations and training has been developed. The next step is training of national teams for its use. The Executive Summary of the Regional Analysis report (in English and Russian) and the second issue of the Project Newsletter have been designed, posted on the website and published.

### **VIII. Review of progress in implementation of grants by the national participating institutions (agenda item 6)**

16. The secretariat presented its view of the overall progress in implementation of grants by the National Participating Institutions in accordance with the Memoranda of Understanding between the UNECE and the National Participating Institutions. Five countries have fully completed the activities under their respective Memoranda of Understanding (Belarus, Bulgaria, Republic of Moldova, Russian Federation and Ukraine). In addition, ARENA-ECO, the NPI in Ukraine, has successfully completed the Memorandum of Understanding for organizing the Workshop on Case Studies held in Kiev in November 2009. The delegates from Albania, Croatia, Kazakhstan, Serbia and the former Yugoslav Republic of Macedonia made presentations on the progress in implementation of grants in their respective countries. The delegates from Bulgaria, Republic of Moldova, Russian Federation and Ukraine made presentations on the outcome of implementation of grants and lessons learned.

17. The secretariat made a presentation on the preparation of new grants to the NPIs in project countries. The activities to be accomplished and assignments for the new Memoranda of Understanding were outlined.

### **IX. Workshop on investments in energy efficiency and renewable energy projects (agenda item 7)**

18. The secretariat made a presentation on the preparations for the Workshop on Investments in Energy Efficiency and Renewable Energy Projects through Policy Reforms. It is included in the Work Plan of this year in the context of Objective 2 of the FEEI Project to strengthen energy efficiency and renewable energy policies. It will serve as a follow-up to the Seminar on Policy Reforms (Geneva, 7–8 October 2009) and Workshop on Case Studies (Kiev, 10–11 November 2009) and will take into account the results of the Regional Analysis report and case studies developed by Pöyry Energy Consulting AG and national

case studies developed by NPIs. The Workshop is designed as a joint activity with two other UNECE projects: Global Energy Efficiency 21 (GEE21) and Development of the renewable energy sector in countries of the Commonwealth of Independent States (CIS). The Workshop is expected to be part of the International Energy Efficiency Forum organized jointly with the United Nations Development Programme (UNDP), ESCAP and the UNECE Environment Housing and Land Management Division. The background paper for the Workshop (ECE/ENERGY/WP.4/GE.1/2010/4) and a draft programme for the Forum and the Workshop have been developed.

19. The delegates supported the idea of organizing the Workshop and Forum and emphasized the importance of holding it this year. The delegation of Kazakhstan proposed to hold the Workshop and the International Energy Efficiency Forum in Almaty or Astana. The proposal was welcomed by other delegates.

## **X. Other business (agenda item 8)**

20. A proposal to change the name of the group from the Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation to the Group of Experts on Energy Efficiency Investments for Climate Change Mitigation has been made. The delegates supported the proposal.

21. The Vice-Chair of the Steering Committee of the Energy Efficiency 21 (EE21) Programme representing ENEA – Italian National Agency for New Technologies, Energy and Sustainable Economic Development made a presentation on Energy efficiency, labelling and green procurement. The presentation was part of the provisional agenda of the twenty-first session of Steering Committee of the EE21 Programme and was presented at this session for technical reasons. The Vice-Chair outlined the main points of the Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products. She also elaborated on the work done in the European Union (EU) on green public procurement and on the implementation of the project Buy Smart – green procurement for smart purchasing. She suggested that cooperation between EU and countries of South-Eastern and Eastern Europe, Caucasus and Central Asia on labelling schemes and green public procurement could be beneficial for all parties.

## **XI. Conclusions and recommendations (agenda item 9)**

22. After discussion, the Ad Hoc Group of Experts:

(a) Took note of the overall progress in implementation of the Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation Project since the 14<sup>th</sup> session of the AHGE in October 2009;

(b) Noted with appreciation the presentation of the Monitoring and Evaluation Adviser at the United Nations Foundation on the progress of the project implementation in 2009;

(c) Approved the report of the Monitoring and Evaluation Adviser at the United Nations Foundation on the progress of the project implementation in 2009;

(d) Took note of the appointment of Mr. Jacquelin Ligot as the Monitoring and Evaluation Adviser by the Fonds Français pour l'Environnement Mondial (FFEM);

- (e) Took note of the final report of the Regional Analysis of Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments by Pöyry Energy Consulting AG and its role in the overall implementation of the Project;
- (f) Recommended to the National Coordinators and National Participating Institutions of the project countries that the analysis and recommendations of the Regional Analysis be considered in their work on promoting energy efficiency and renewable energy investments;
- (g) Requested the Project Management Unit (PMU) to start implementation of Energy Efficiency Business Development Course Programme to provide capacity building for policy makers from the project countries and local project developers on preparation of bankable investment projects;
- (h) Requested Conning Asset Management Limited to incorporate the outcome of the Regional Analysis and the national case studies prepared by the National Participating Institutions in its work on design and launch of the investment fund;
- (i) Noted with appreciation the presentations on implementation of the contracts in the framework of the Project by Conning Asset Management Limited and EnEffect and their cooperation;
- (j) Requested Conning Asset Management Limited to complete all the necessary preparatory work for the launch of the energy efficiency and renewable energy investment fund for the 12 countries of the project by October 2010;
- (k) Invited Conning Asset Management Limited to launch a public-private partnership energy efficiency and renewable energy investment fund for the 12 participating countries by the end of 2010, in order to take advantage of the current improving market conditions;
- (l) Noted with appreciation the launch of the project regional website in English and Russian designed and prepared by EnEffect;
- (m) Recommended to the National Coordinators and National Participating Institutions of the project countries to further contribute to the website with national energy efficiency related data and news and actively participate in project-related online trainings and discussions;
- (n) Requested the Project Management Unit (PMU) to submit the draft Work Plan for the Fourth Year of Project Operations (2011) to the sixteenth session of the AHGE in October 2010;
- (o) Requested the PMU to inform the members of the AHGE about the dates for the meetings in the framework of the Project planned for 2011 at the sixteenth session of the AHGE in October 2010;
- (p) Took note of the presentation on preparations for the International Energy Efficiency Forum and Workshop on Investments into Energy Efficiency and Renewable Energy Projects and on the possibility to hold the event before the end of 2010 at a location other than Bishkek in view of the current political situation in Kyrgyzstan;
- (q) Noted with appreciation a proposal by the delegation of Kazakhstan to hold the Forum and the Workshop in Almaty or Astana;
- (r) Took note of the preparations for the Seminar on Optimizing Investments into Fuel Switch to Natural Gas in Selected Municipalities of the Federal District of Siberia to be held in Tomsk on 16–18 June 2010 and preparation of Analytical Study of Potential and Best Alternatives for Investments in Implementing Interfuel Substitution in selected Municipalities of the Federal District of Siberia;

- (s) Took note of the outcome of the Workshop on Case Studies on Overcoming Barriers to Investments in Energy Efficiency and Renewable Energy Projects through Policy Reforms held on 10–11 November 2009 in Kiev;
- (t) Expressed appreciation to ARENA-ECO, National Participating Institution of Ukraine, for its work on organization of the Workshop;
- (u) Expressed appreciation to the National Participating Institutions of Belarus, Bulgaria, Republic of Moldova, Russian Federation, and Ukraine for the successful implementation of grants under Memoranda of Understanding and provision of high quality data, information and analysis necessary for the overall progress of the Project;
- (v) Took note of the progress in implementation of grants by the National Participating Institutions of Albania, Bosnia and Herzegovina, Croatia, Kazakhstan, Serbia, and the former Yugoslav Republic of Macedonia;
- (w) Requested the secretariat to prepare new Memoranda of Understanding with selected National Participating Institutions in accordance with the current Work Plan at the earliest possible date;
- (x) Requested the secretariat to undertake necessary steps to rename the Ad Hoc Group of Experts into the Group of Experts on Energy Efficiency Investments for Climate Change Mitigation as this title better reflects its substance;
- (y) Took note that the request for the third disbursement of funds for the Financing Energy Efficiency Investments for Climate Change Mitigation Project have been made by the PMU to the United Nations Foundation (UNF), United Nations Fund for International Partnership (UNFIP), the Fonds Français pour l'Environnement Mondial (FFEM), and the United Nations Environment Programme / Global Environment Facility (UNEP/GEF);
- (z) Expressed appreciation to the United Nations Foundation, United Nations Fund for International Partnership, the French Ministry of Foreign and European Affairs (MAEE) and the Fonds Français pour l'Environnement Mondial (FFEM), the United Nations Environment Programme / Global Environment Facility (UNEP/GEF), and the European Business Congress e.V. (EBC) for their support of the Financing Energy Efficiency Investments for Climate Change Mitigation Project.

## **XII. Dates of the next meeting (agenda item 10)**

23. The sixteenth session of the Group of Experts on Energy Efficiency Investments for Climate Change Mitigation will be held on 20–22 October 2010.
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