



THE EASTERN EUROPEAN ENERGY EFFICIENCY FUND

Rationale, concept and status.

*Steering Committee
Energy Efficiency 21
Project
28-29 May 2008*

Bernard JAMET

Rationale for energy efficiency

- Energy efficiency is on top of the agenda
- Huge potential in economies in transition
- Scope for renewable energy projects more limited but existing, depending on countries and technologies
- Active investment policy needed

Barriers to energy efficiency

- Small size of projects and lack of awareness
- Subsidised tariffs do not reflect true energy costs
- The supply side culture is still dominant

Barriers to energy efficiency

- Energy consumers more interested in increasing production
- Little appetite for taking debt for energy savings investments
- Little appetite for providing debt at high transaction costs

A local infrastructure of prescribing entities

- A need for a local sustainable energy efficiency business
- Equipment suppliers, distributors and service companies are key actors to facilitate an investment stream
- This is also true for renewable energy investments, when the institutional framework provides the necessary incentives.

The concept of E4F

- Support the emergence and the development of local networks of intermediaries
- Particular emphasis to be put on ESCOs
- Support SPVs for large scale projects

The concept of E4F

- An equity or quasi-equity Fund
- Does not intend to grant senior debt; will leverage local debt, directly for the Fund's projects or indirectly for the projects triggered by the intermediaries in which the Fund has invested.



The concept of the E4F

- 12 countries of Eastern Europe
- A public-private partnership, with different roles for the public and private shares
- The objective is to aggregate E 250 million and generate at least E 2 billion investments.

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Project status

- Project supported by GEF, FFEM, UNF and EBC, which provide funding for the Fund preparation
- Implementation on-going, following three main directions of work

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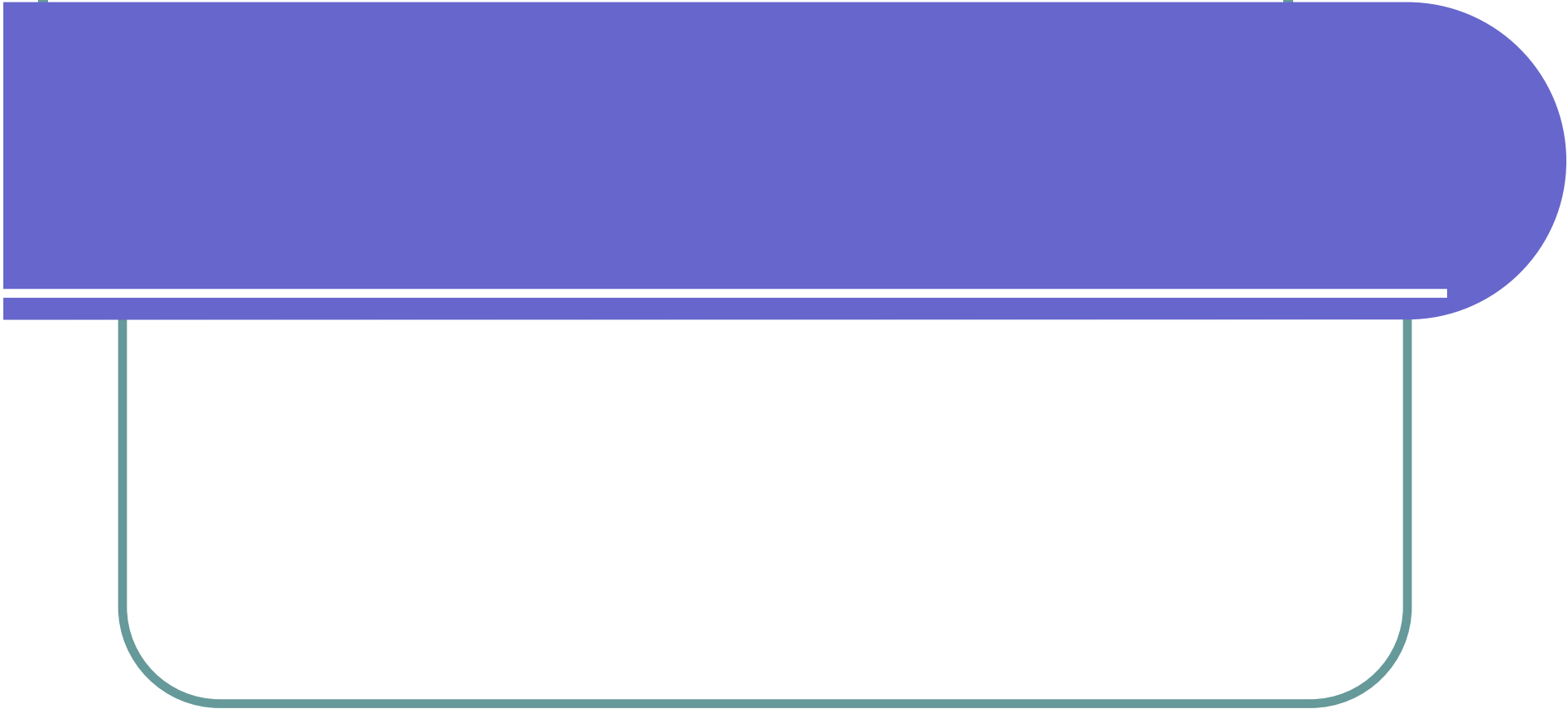
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Project status

1. Design of the Fund (Fund Placement Memorandum)
2. Analysis of potential institutional barriers and stumbling blocks
3. Projects pipeline pre-identification.

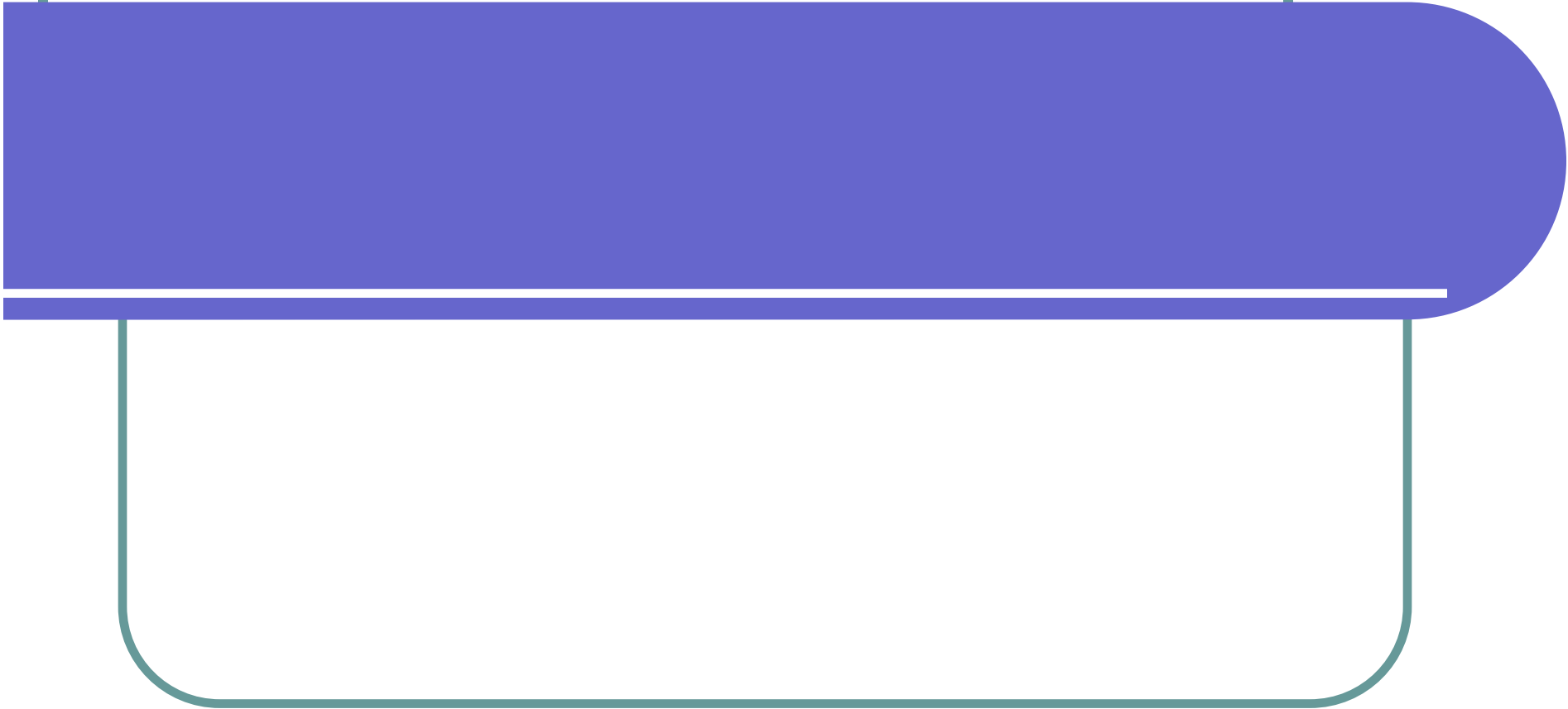
Next steps

- Lead Investor to be identified early 2009
- Fund manager to be selected by Lead Investor
- First closing expected in September 2009.



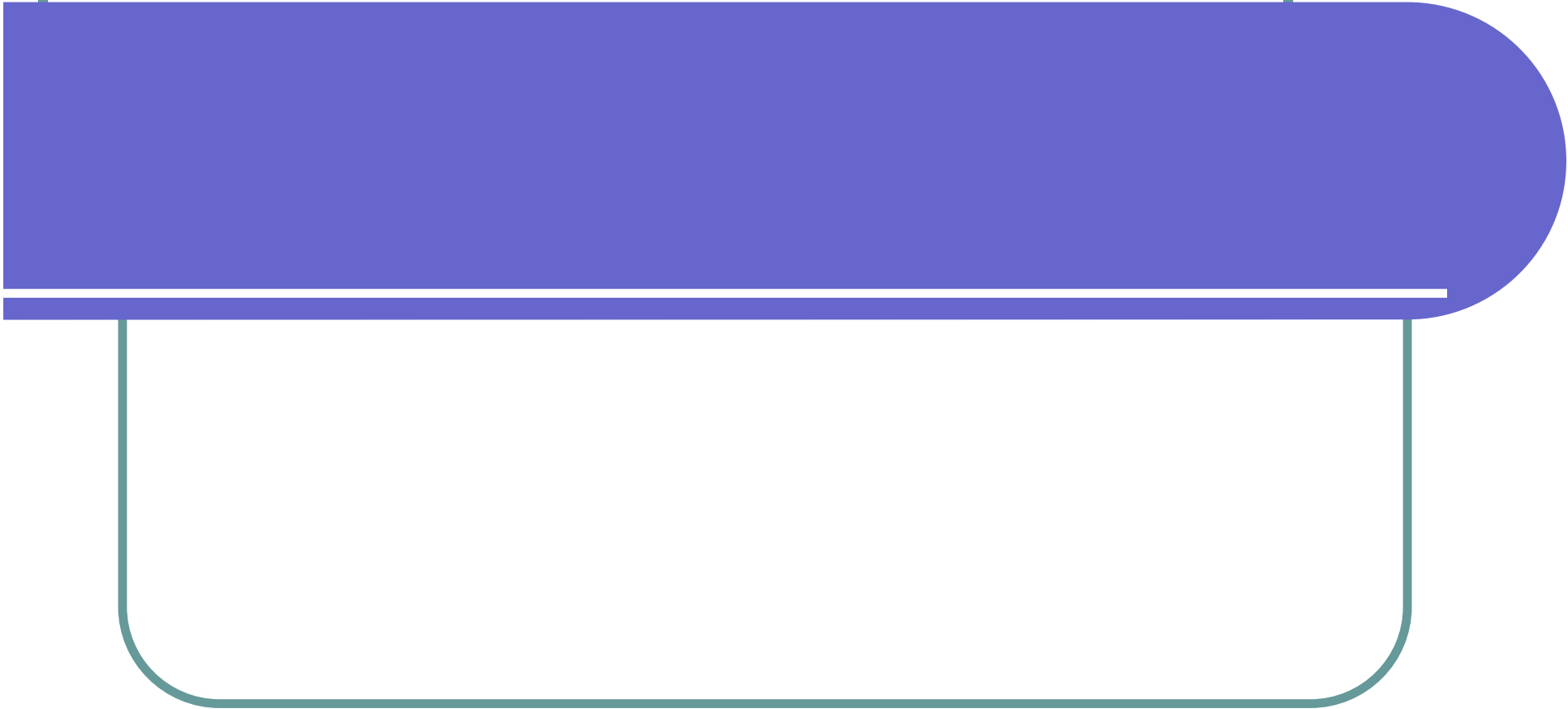
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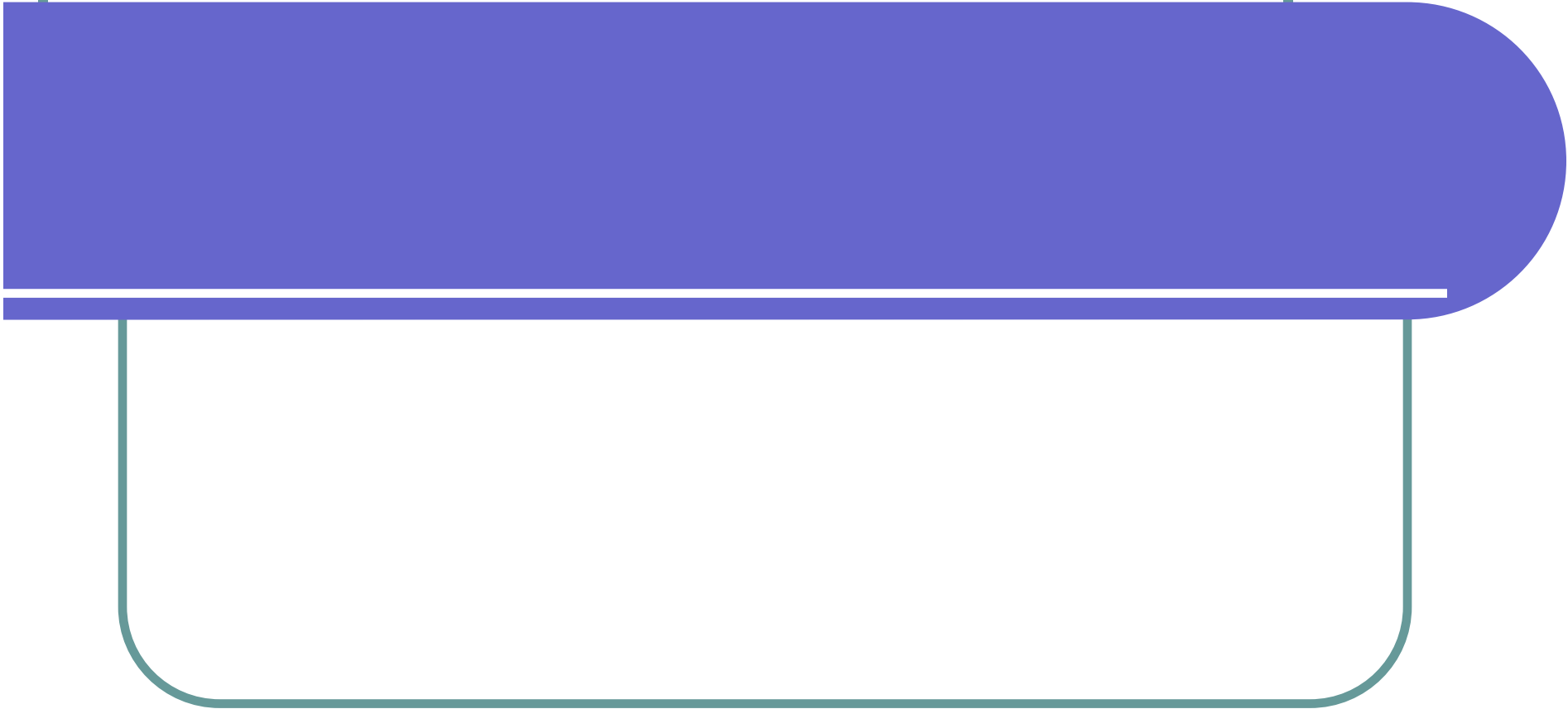
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