

Annual Progress Report

Project title: Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation

Project number: IMIS: GFL-2328-2721-4961 PMS: GF/4040-07-02

Project documents: UNECE had concluded agreements with each donor organization on funding and implementation of the project. The table below indicates dates of signature of the project documents with donor organizations.

United Nations Foundation/ UN Fund for International Partnership	22 September 2006
United Nations Environment Programme/Global Environment Facility	1 March 2007
Fonds Français pour l'Environnement Mondial (FFEM)	27 April 2007

Project manager/s:

<i>Name</i>	<i>Functional Title</i>	<i>Contacts</i>
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Project starting date: 1 January 2008

The project starting date remains 1 January 2008 due to later signature of the project documents (see above) and disbursement of funds from the respective donors for the first year of project implementation.

Project completion date: 31 December 2013 (extension of the Project Documents until 31 December 2013 was signed with the UNF/UNFI, the Project Document with UNEP/GEF is valid until 31 December 2013)

Reporting period: 1 January – 31 December 2012

Purpose:

Summary of main objectives and expected outcomes as per approved project document

This project is to assist the participating countries to enhance their energy efficiency, diminish fuel poverty arising from economic transition and meet international environmental treaty obligations under the UN Framework Convention on the Climate Change (UNFCCC) and the UNECE. It will provide a pipeline of new and existing projects dedicated to public private partnership investment funds. The project will establish an expanded and enhanced network of selected municipalities linked by advanced Internet communications with international partners for value added information transfers on policy reforms, financing and energy management. It will provide case study investment projects in renewable energy technologies, electric power and clean coal technologies. The project is intended to (i) identify and develop investment projects and strengthen capacities of a network for the development of energy efficiency; (ii) institutional strengthening and provision of assistance to municipal authorities and national administrations to introduce economic, institutional and regulatory reforms needed to support these investments projects; and (iii) provide opportunities and support banks and commercial companies to invest in these projects through professionally managed investment funds. This project is to promote a self-sustaining investment environment for cost-effective efficiency projects for carbon emissions trading under the UNFCCC Kyoto Protocol.

Project budget:

The total project budget comprises of US\$ 10,950,000 where US\$ 3,200,000 is the in-kind contribution and the rest of amount is the funds provided by respective donors. The expected contributions from donors are listed in the table below:

<i>Source of funding</i>	<i>Amount (US dollars)</i>
United Nations Foundation/ UN Foundation for International Partnership	2,000,000
Fonds Français pour l'Environnement Mondial (FFEM)	2,500,000
UN Environment Programme/ Global Environment Facility	3,000,000
European Business Congress	250,000
Participating countries (in-kind)	1,200,000
UNECE Secretariat (in-kind)	2,000,000
Total budget:	10,950,000

The following table summarizes the situation of funding as of end of 2012. Project funds are allocated to two project accounts:

1. 2012-ECE-0870-E146-2155 (ECE account) for funds provided by UNEP/GEF; and
2. 2013-QGA-0870-A144-0019 (QGA account) for funds provided by EBC, FFEM and UNF (received through UNFIP).

TOTAL INCOMES/EXPENDITURES AND FUND BALANCES AS AT 31 DECEMBER 2012			
Supporting institution	QGA account	ECE account	Total
Contributions received in 2007-2008			
UNEP		750,000	750,000
FFEM	705,250		705,250
UNF	608,375		608,375
EBC	261,500		261,500
Sub-total:	1,575,125	750,000	2,325,125
Contributions received in 2009			
UNEP		750,000	750,000
FFEM	708,073		708,073
UNF	479,037		479,037
Sub-total:	1,187,110	750,000	1,937,110
Contributions received in 2010			
UNEP	0	0	0
FFEM	647,664		647,664
UNF	323,832		323,832
Sub-total:	971,496	0	971,496
Total contributions received	3,733,731	1,500,000	5,233,731
Plus: Savings on prior years' obligations (ref: OBMO# 48243)	33,506		33,506
Interest/other miscellaneous income (2007-2012)	0	77,198	77,198
Total Income	3,767,237	1,577,198	5,344,434

Expenditures for the periods:			
01/01/2007 to 31/12/2007	152,357	0	152,357
01/01/2008 to 31/12/2008	620,063	70,451	690,514
01/01/2009 to 31/12/2009	1,690,627	1,009,517	2,700,144
01/01/2010 to 31/12/2010	551,806	335,229	887,035
01/01/2011 to 31/12/2011	456,698	96,061	552,759
01/01/2012 to 31/12/2012	207,898	39,094	246,992
Total cumulative expenditures (01/01/2007-31/12/2012)	3,679,449	1,550,352	5,229,801
Total fund balances as at 31 Dec 2012	87,788	26,846	114,633

Results:

The progress in project implementation in 2012

<i>Description of work undertaken</i>	<i>Major challenges encountered and findings/recommendations</i>
OBJECTIVE ONE: Identifying, developing investment projects and strengthening capacities of a network for the development of energy efficiency	
<p>(a) In accordance with the Contract and the Project Implementation Plan, within the reporting period the contractor EnEffect submitted twelve monthly reports.</p> <p>(b) The country-oriented seminar on “Energy Efficiency in Public and Private Sectors: Practical Approaches and Methods” was organized jointly with ICF International on 14 March 2012 in Astana (Kazakhstan). The recipients of the seminar were</p>	<p>(a) Among deliverables included in these reports are maintenance of the project regional website, posting news, updating national web pages, etc.</p> <p>(b) The training was dedicated to the issues of promoting energy efficiency in building standards and demand side management, stimulating energy efficient consumption via equipment standards, certification and labeling (including developing energy efficiency</p>

project developers and owners, Government officials, representatives of banking community and private sector from Kazakhstan (primarily from Almaty and Astana).

(c) The country oriented training seminar on “Attracting investments for implementation of energy efficiency and renewable energy projects” was jointly organized by UNECE and the East Europe Foundation on 11-12 April 2012 in Dnipropetrovsk (Ukraine). It was the next capacity building event in a series of training seminars conducted in 2010-2012. This was a country-oriented seminar for Ukraine with particular focus on one of the largest industrialized oblasts in Eastern Ukraine – Dnipropetrovsk Oblast.

(d) The second set of MOUs was fully implemented by NPIs in Albania, Belarus, Bulgaria, Croatia, Kazakhstan, Republic of Moldova, the former Yugoslav Republic of Macedonia, Russian Federation and Ukraine.

awareness campaign in Kazakhstan, manufacturers response to energy use ‘labeling’ policies, government role in promoting industrial energy efficiency and energy management systems in industry as a tool to unlock the clean energy investment potential). The specific session was dedicated to the investment attraction into EE industrial projects, where presentations were made on state investment into EE projects in Kazakhstan, industrial EE programs in Kazakhstan and the Energy Efficiency Law, experience of IFIs in promoting investment into EE projects, bank’s experience in promoting capital investment to EE industrial projects and PPP models development in Kazakhstan.

(c) The recipients of the training were project developers and owners, Government officials, representatives of banking community, academia, private sector and NGOs primarily from Dnipropetrovsk Oblast. The main component of the seminar was a detailed extended interactive presentation on business planning and preparing project documentation for EE and RE projects with numerous questions from the audience and individual consultations for project developers and owners. All training participants received CD-ROMs with Business Planning Course.

The MOUs with NPIs in Albania, Bulgaria, Croatia, and Republic of Moldova were completed in January 2012. The MOU with NPI in Kazakhstan had been extended and successfully completed in the end of April 2012. MOU with NPI in Serbia has been cancelled due to governmental restructuring in Serbia.

OBJECTIVE TWO: Institutional strengthening and strengthening energy efficiency and renewable energy policies

(a) The “Third International Forum: Energy for Sustainable Development. Capacity building for energy efficiency and access to cleaner energy in Central Asia and neighbouring regions” was organized at the Issyk Kul Lake in Kyrgyzstan on 12-14 September 2012. The Forum was jointly organized by the Government of the Kyrgyz Republic, UNECE, ESCAP and UNDP/GEF. The Forum was an illustration of actions taken and commitments made in the framework of the International Year of Sustainable Energy for All. It contributed to reaffirming the commitments to sustainable energy, assessing progress made and identifying the gaps that still exist in implementing policies and legislation for facilitating market formation in energy efficiency and access to cleaner energy. Over 130 participants from 22 countries participated in the event. This Forum was a follow-up to the International Energy Efficiency Fora held in 2010 in Astana, Kazakhstan and in 2011 in Dushanbe, Tajikistan.

(a) The Workshop on Case Studies on Energy Efficiency Financing and Promotion of Advanced Energy Efficiency Technologies was conducted in the framework of the Third International Forum: Energy for Sustainable Development on 13 September 2012.

(a) The Forum focused on the following topics: (i) sustainable energy in Central Asia and neighbouring regions: current status, barriers and opportunities as well as the role of the Governments and public sector in creating favourable environment for sustainable energy promotion; (ii) EE in buildings and the housing sector: challenges, success cases and opportunities; (iii) investments in EE and cleaner energy: ways to finance EE and cleaner energy projects; (iv) the role of the private sector in promoting cleaner energy options in Central Asia and neighbouring regions. The participants adopted the Resolution of the Third International Forum: Energy for Sustainable Development. In the Resolution, the participants underlined that sustainable use of energy, improved EE and wider access to cleaner energy are critically important for economic and social development. They also acknowledged the significance of further improving the investment climate in the countries of Central Asia and neighbouring regions, including through the development of financial mechanisms stimulating implementation of the projects in sustainable use of energy, EE and wider access to cleaner energy, and facilitation of their application, as well as ensuring transparency in the distribution of financial resources.

(a) This workshop was a cooperative effort of several projects of the EE21 Programme: FEEI and two GEE21 subprojects: i) Analysis of Advanced Technologies in EE and Renewable Energy in the Framework of GEE 21 Project and Preparations of Recommendations on its Application with Special Emphasis on Central Asian

	<p>Region and ii) Promoting EE Investments for Climate Change Mitigation. Panel Discussions of the workshop were focused on case studies on energy efficiency financing presented by representatives of Montenegro, Azerbaijan and Tajikistan and on discussing most pressing issues related to EE financing. Last Panel Discussion focused on the most effective institutional, legal, financial, technical and other mechanisms to improve performance in EE and RE, with an emphasis on the identification of appropriate EE and RE technologies for the countries of the Central Asian region.</p>
<p>OBJECTIVE THREE: Promoting opportunities for banks and commercial companies to invest and support for the initiative to create an investment fund</p>	
<p>(a) Two country-oriented training seminars were organized in Astana (14 March 2012) and Dnipropetrovsk (11-12 April 2012). Representatives from the Government, industry, business sector, banking and financing community attended these events. Please see more detailed information above under Objective One (b) and (c).</p> <p>(a) Conning Asset Management Limited continues limited work on the Investment Fund Design.</p>	<p>(a) The training seminars provided an additional opportunity for representatives of financial institutions to share information on various available financing schemes and technical assistance programmes.</p> <p>(b) Draft Letter of Agreement between UNECE and Financing Coordinator of the future Investment Fund was prepared, cleared by the UN Office of Legal Affairs in New York and is pending the signature by the UNECE Executive Secretary.</p>

Communicating results:

During the course of 2012 the project has been presented at several international seminars, workshops and conferences, including:

- The Sustainable Infrastructure Finance Summit, Basel, Switzerland, 21-22 February 2012;
- Sustainable Energy for All exhibition and panel discussion, United Nations Youth Association, Lucerne, Switzerland, 29 April 2012;
- ESCWA Training Workshop on Technical and Economic Aspects for Developing Energy Efficiency Investment Projects, Tunis, Tunisia, 24-25 September 2012;
- Third ECLAC Energy Efficiency Policy Dialogue in Latin America and the Caribbean: Measuring Energy Efficiency, Panama city, Panama, 15-16 November 2012;
- Fourth International Investment Business Forum on Energy Efficiency and Renewable Energy, Kiev, Ukraine 6-9 November 2012;
- European Commission JRC Workshop on the ESCO Market, Barriers and Support Mechanisms, Istanbul, Turkey, 5-6 December 2012;
- The 13th International Symposium on Energy Efficiency and Energy Savings, Kazan, Russian Federation, 5-7 December 2012;

Valuable contacts have been established during these events and led to continuous cooperation with other international organizations.

The results of the project implementation were also presented at the following UNECE meetings in Geneva:

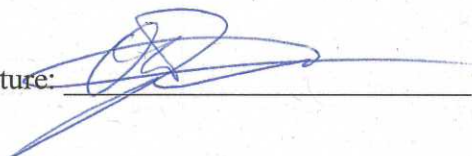
- UNECE Green Economy Seminar: Greening homes in the UNECE region: case studies, actions and financing, 4 April 2012;
- Group of Experts on Global Energy Efficiency 21 at its 3rd session, 24 April 2012;
- Steering Committee of the Energy Efficiency 21 Project at its 23rd session, 25 April 2012;
- Group of Experts on Energy Efficiency Investments for Climate Change Mitigation at its 18th session, 26 April 2012;
- Committee on Environmental Policy, 17-20 May 2012;
- Committee on Trade, 18-19 June 2012;
- Committee on Housing and Land Management, 24-26 September 2012;
- UNECE Green Economy Seminar: Building the Cities We Want, 27 November 2012;
- Committee on Sustainable Energy at its 21st session, 28-29 November 2012.

Project Manager

Name: Oleg Dzioubinski

Date: 12 March 2013

Signature: _____



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Date: 12 March 2013

Signature: _____

