

9TH INTERNATIONAL FORUM ON ENERGY FOR SUSTAINABLE DEVELOPMENT

Experience with innovative financing mechanisms on Energy Efficiency in Buildings in Central Asia

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Energy Efficiency in Buildings in Central Asia – Challenges and Opportunities

- Legal and regulatory framework:
 - Framework Laws – exist in most of the CA countries
 - Secondary legislation – need in further development
- Financial feasibility of EE measures:
 - Only some measures are feasible
- Access to financing:
 - Local sources for EE (and RES), e.g. EEF – limited opportunities for financing
 - Specialized donor programmes (KyrSEFF; KazSEFF, ClimAdapt) – limited sources, timeframe

UNDP/GEF projects on EE in Buildings

Title	Implement.	Overall evaluation
Improving Energy Efficiency in Buildings, Kyrgyzstan	2008-2014	Satisfactory
Promoting Energy Efficiency in Public Buildings in Uzbekistan	2009-2015	Satisfactory
Energy-Efficient Design and Construction of Residential Buildings	2010-2016	Satisfactory
Improving Energy Efficiency in the Residential Building Sector of Turkmenistan	2011-2017	Satisfactory

Main Components of UNDP/GEF Projects

Component	Country
Development, implementation and enforcement of Building Codes	Uzb, Kaz, Kyrg, Turkkm
Energy Audit (creation of a system)	Uzb, Turkkm
Capacity Development	Uzb, Turkkm
Pilot Projects	Uzb, Kaz, Kyrg, Turkkm
Enhancement of the EE Market Products	Kaz
Strengthening of Monitoring System (Energy performance of buildings, energy consumption)	Kyr

Co-financing

Country	Type of buildings	Co-financing, \$ (actual; planned)
Kyrgyzstan	Public, residential	3,232,000; 7,242,000
Uzbekistan	Public	10,470,880; 78,186,765
Kazakhstan	Residential	32,463,840; 268,279,300
Turkmenistan	Residential	43,687,000; 63,272,000

Lessons Learned

- Building Codes, establishing minimum requirements on EE, represent effective policy instrument, which might be implemented even in the poor countries
- Improvement of EE in buildings contributes to the increase of the comfort level as well as market price of the property
- Commissioning of the EE building – this is only the beginning. After the commissioning the attention has to be paid to: 1) Operation and maintenance, 2) refurbishment after the expiration of the service life
- The behavior of residents can significantly affect the energy consumption in buildings

Key success factors and future challenges

- High interest of all parties involved
- Legal Framework: Secondary legislation to ensure the implementation of the Legal Framework
- Adequate reflection of realistic tasks and opportunities in EE strategies and action plans
- Further capacity development
- Flexibility in choosing and supporting implementation schemes (through private investments, municipalities, etc.)
- Availability of funding
 - Energy Efficiency Funds
 - Financial Support Mechanisms
 - Green Certificates
 - Introduction of energy management practices

Innovative Financing Mechanisms

- Financing mechanisms have to:
 - Provide easier access to the financing
 - Improve the feasibility of EE projects
- Easy access to financing: Through the dedicated programmes (simple eligibility criteria, less collateral, TA)
- Shortening of payback period: Through offering financial incentives (lower interest rates, performance-based grants, blending mechanisms)

Innovative Financing Mechanisms (cont.)

- Investment Facility for Central Asia (IFCA), set up in 2010, intervenes in cases where the regular market fails to offer sufficient or affordable financing
- IFCA provides its support through:
 - Investment grants
 - Technical assistance
 - Risk capital and other risk sharing instruments

IFCA Projects

Country	Year of approval	Title	FI	Total cost, EUR million
Kazakhstan	2010	Kazakhstan Sustainable Energy Financing Facility	EBRD, EIB	30
Kyrgyzstan	2012	Kyrgyzstan sustainable energy efficiency financing facility (KyrSEFF)	EBRD	21
Kyrgyzstan	2015	Kyrgyzstan sustainable energy efficiency financing facility - Extension (KyrSEFF II)	EBRD	43

Innovative Financing Mechanisms (cont.)

- Tajikistan Climate Resilience Financing Facility CLIMADAPT
 - developed by the EBRD and Climate Investment Funds (CIF), supported by the United Kingdom and the EBRD Early Transition Countries Fund
- Loans are provided to:
 - Owners of houses and apartments - From USD 500 up to USD 300,000
 - Groups of residents and apartment owners - From USD 1,000 up to USD 1,000,000
 - Corporate entities owning houses or apartments - From USD 1,000 up to USD 1,000,000