

# Covenant of Mayors East

## *Financial issues on implementing projects*

Istanbul, 21 June 2013  
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# The Covenant of Mayors



- Signatories to the covenant want to go beyond the objectives set by the EU for 2020 (20 % CO2 emission reduction, 20 % energy efficiency increase and 20 % renewable energy in the energy mix)
- Core element for the signatories to the Covenant is the Sustainable Energy Action Plan (SEAP), which describes the actions the local government has planned in order to exceed the EU objectives
- The Covenant of Mayors initiated in Western Europe, but is now also implemented in Eastern Europe and Central Asia (COMO East) and to the Mediterranean area (COMO South)





# COMO East



- The Covenant of Mayors East focuses on the following countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan
- COMO East has 4 “workpackages”, for which there is a WP leader
  - WP 1: Promotion of the covenant ( EnergyCities)
  - WP 2: Capacity Building and training (EECU)
  - WP 3: Helpdesk and support to implementation (Climate Alliance)
  - WP 4: Support to donor’s coordination (NL Agency)
- Actually there are approx 70 signatories from these countries yet, the majority from Ukraine (38) and Moldova (11).
- Actually there are approx 12 SEAPs submitted



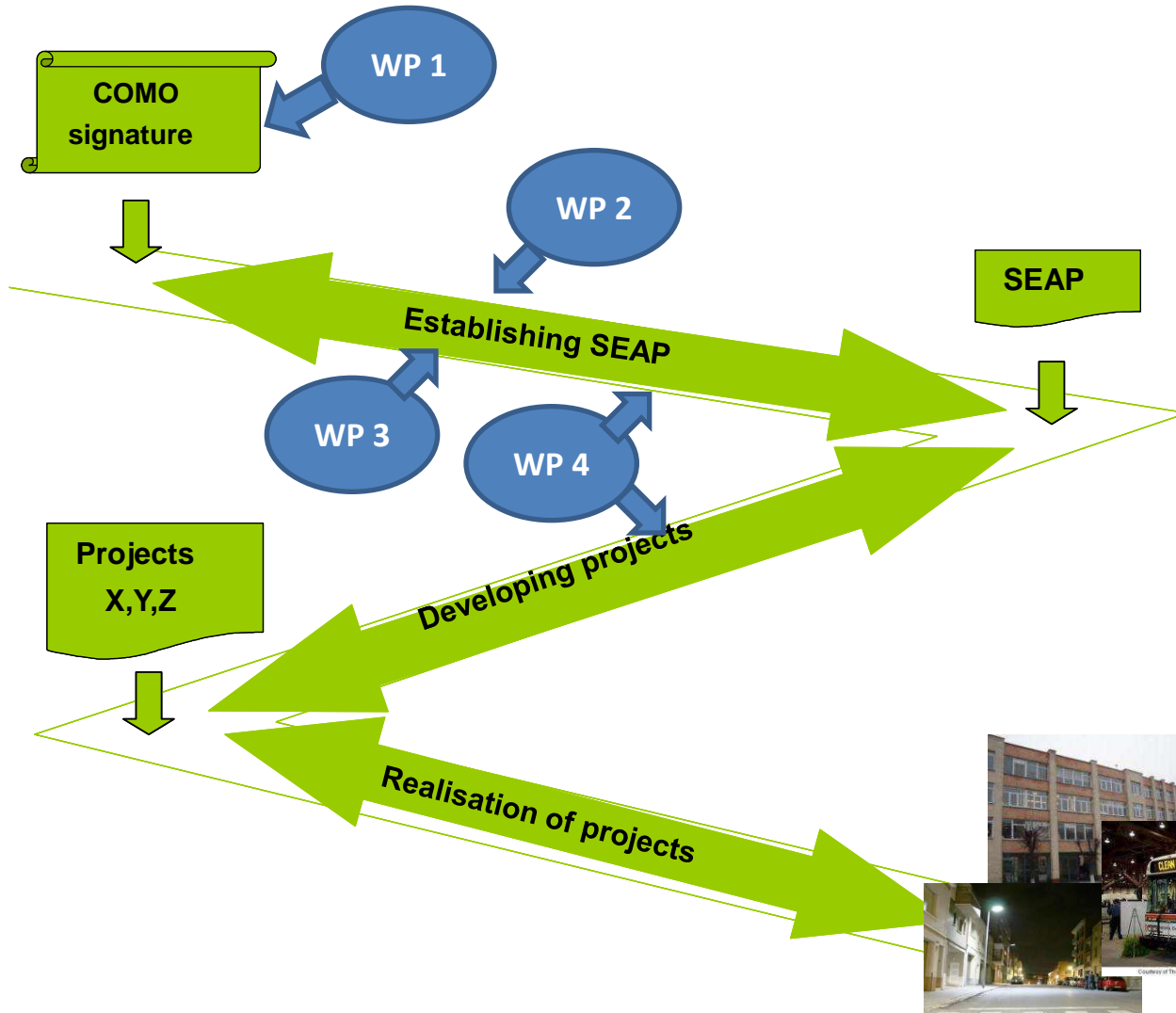
# SEAP

- The Sustainable Energy Action Plan contains:
  - A baseline emission inventory : the level of energy consumption and CO2 emissions (in tonnes or tonnes eq.) in the base year
  - A long term vision and target for the emissions in 2020
  - A set of actions/projects (short, medium and long term) to be undertaken during the implementation period.
- The scope of the SEAP is on those sectors where local authority has a specific role to play such as Buildings, Transport, Small scale (renewable)energy production, Industries (non-ETS), Land-use planning, and waste management
- Development of SEAP is supported by training from COMO East or incidentally other support programmes/projects

# SEAP and COMO East WP's



www.eumayors.eu



Courtesy of The National Renewable Energy Laboratory (NREL)

# Support to donor's coordination

- “Financial fiches”: financial support facilities by International Financial Institutes or National and Regional programmes.  
See <http://www.soglasheniemerov.eu>
- Link with other initiatives and arrange matchmaking activities for local and regional authorities and financial institutes
- Provide guidelines for bankable projects
- Actual problems discovered:
  - No or insufficient focus on financial issues in SEAP
  - No or insufficient knowledge on financial issues
  - No or insufficient own financial resources to realise projects
  - Projects do not always fit in criteria of IFI's

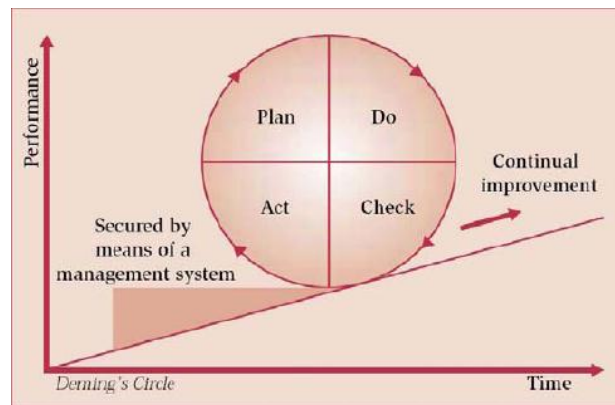
➔ **NEED FOR SUPPORT AND TRAINING**

# Support to donor's coordination

- To create more awareness on financial issues of the projects identified and facilitate communication with financial institutes NL Agency developed the Initial Financial Appraisal (IFA)
- The IFA contains both general data on the financial situation of the municipality itself (like income & revenues, equity and debt) as well as project characteristics (like project costs, energy- and other cost savings, anticipated financing scheme and conditions, economic indicators as NPV, cash flow and risk assessment)
- IFA will be tested in a few cities before general introduction. The IFA will be carried out by the local authority themselves, after training, and will focus on a few projects

# Important future issues

- Cooperation with other initiatives like UNECE training or INOGATE is required to avoid double work, application of practicable tools and built upon each others experience
- Exchange of experiences from local authorities with financing of projects from SEAPs
- Develop new and innovative funding instruments, in close cooperation with Financial Institutes (private and public)







**Thank you for your attention!**

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