



United Nations
Economic Commission for Europe



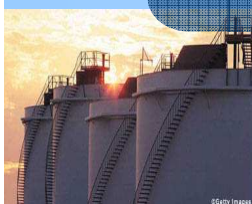
Financing Energy Efficiency and Renewable Energy Investments in countries of Eastern and South-Eastern Europe and Central Asia



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Committee on Environmental Policy
Geneva, 24-27 May 2011

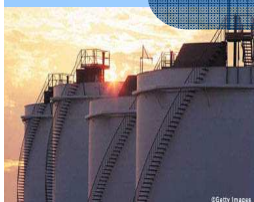


Committee on Sustainable Energy

- Energy Security Dialogue
- Working Party on Gas
- Gas Centre
- **Energy Efficiency 21 Programme**
 - Group of Experts on Energy Efficiency Investments for Climate Change Mitigation
 - Group of Experts on Global Energy Efficiency 21
- Group of Experts on Cleaner Electricity Production
- Group of Experts on Coal Mine Methane (CMM)
- Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology



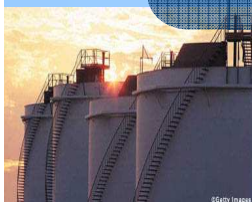
Energy Efficiency 21 (EE21) Programme



- Launched in 1991
- Seventh 3-year phase of the Project (2009-2012)
- General Objective: To enhance regional cooperation on energy efficiency market formation and investment project development to reduce greenhouse gas emissions in economies in transition
- Ten regional, sub-regional, country-oriented and interregional projects



Financing Energy Efficiency Investments for Climate Change Mitigation (FEEI) Project



Long-Term Objective

Promote an investment environment for self-sustaining energy efficiency and renewable energy projects to be developed and financed to reduce greenhouse gas emissions

Activities

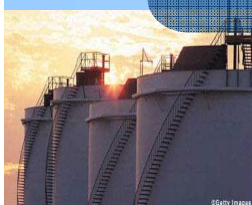
- ☞ Source of financing with dedicated investment funds
- ☞ Training to help establish bankable project proposals
- ☞ Institutional and policy reforms
- ☞ Establishing network of energy efficiency managers

Duration and Funding

- ☞ 4 years (2008-2011); US\$ 7.5 million



Financing Energy Efficiency Investments for Climate Change Mitigation (FEEI) Project



● Co-funding

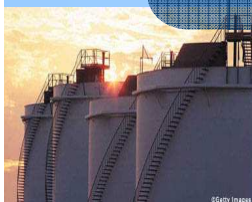
- United Nations Foundation
US\$ 2 million
- Fonds Français pour l'Environnement Mondial
US\$ 2.5 million
- UNEP/Global Environment Facility
US\$ 3 million

● 12 participating countries

- 2 European Union countries: Bulgaria, Romania
- 5 South-Eastern European countries: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia
- 5 countries of Eastern Europe and Central Asia: Belarus, Republic of Moldova, Kazakhstan, Russian Federation, Ukraine



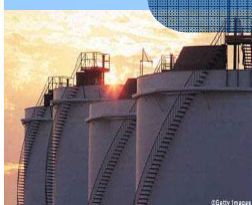
European Clean Energy Fund – Conning



- **Officially launched in April 2007 under the EE21 Programme mandate**
 - Investment capital of €354 million. Will close early 2011
 - Mezzanine and equity capital on market terms
 - 27 European Union member states
- **ECEF targets clean energy projects**
 - Renewable energy: wind, solar, biomass
 - Electricity sector: hydro-electric, cogeneration, combined cycle
 - Fuel switching, geothermal, clean coal, waste-to-energy, district heating



Structure of the new Investment Fund



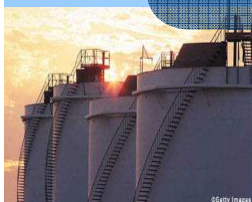
Bringing a “business as usual” fund by further market formation in the UNECE region

Terms of transaction:

- **Targeted capital: € 250 million**
 - Public–Private Partnership
 - Equity and mezzanine financing

- **Targeted countries:**
 - EU: Bulgaria, Romania
 - South-Eastern Europe: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia
 - Eastern Europe and Central Asia: Belarus, Kazakhstan, Republic of Moldova, Russian Federation, Ukraine

- **Investment terms:**
 - Market standard terms for projects
 - Market standard terms for investors

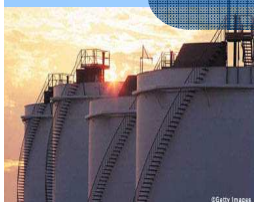


Financing modalities of the new Investment Fund

- **Examples of projects**
 - Cogeneration, fuel switching, boilers refurbishment, district heating rehabilitation, street lighting renovation
 - Renewable energy: wind, solar, biofuels, biomass
 - Energy efficient technologies
- **Bundling schemes for smaller projects**
 - e.g. ESCOs, local partners or other SPVs (Special Purpose Vehicles)
- **Create a mechanism for active interaction also with development and commercial lenders**
- **Implement a project support framework for the generation of market standard project documents**



Recent developments in the Investment Fund Design

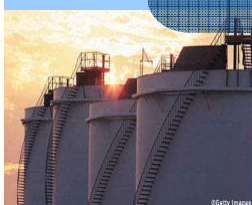


Conning Asset Management Limited

- Draft Financing Coordination Agreement prepared
- Lead Investor and Investment Fund Manager identified
- Missions to countries conducted (Project Developers, Banks, Government Officials, Local Experts)



Regional Analysis of Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments



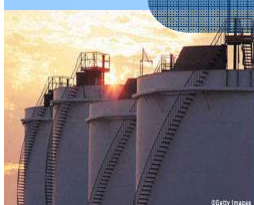
- Full electronic version (in English) is available at UNECE and FEEI project websites:
http://unece.org/energy/se/pdfs/eneff/eneff_pub/EE21_FEEI_RegAnl_Final_Report.pdf

http://fееi.info/assets/cms/File/Regional%20Analysis_Final%20Report.pdf
- Executive Summary published in English and Russian
- Second Seminar on Policy Reforms, Geneva, 20-22 October 2010



The project aims to achieve:

- Reduction of 10 million tons of GHG emissions a year
- Considerable energy savings
- Reduction of transaction costs by the use of the necessary standards and reforms to make energy efficiency projects business-as-usual
- Replication and scalability of such investment funds
- Extension of the EE21 Programme to the other UN Regional Commissions

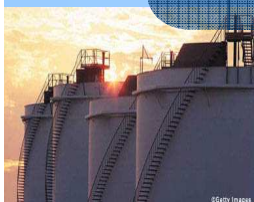




Global Energy Efficiency 21 (GEE21) Project

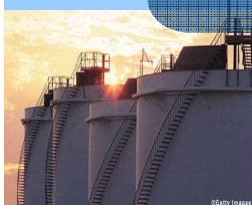
Objectives

- Systematic exchange of experience between UN Regional Commissions
- Capacity building and policy reforms
- Investment project finance for EE and RE projects
- Development of a Global Strategy for market formation in the area of EE and RE





International Energy Efficiency Forum 28-30 September 2010, Astana



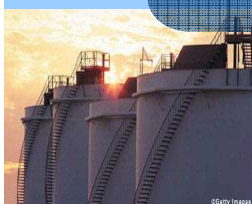
**Parallel event to the Ministerial Conference
on Environment and Development
(MCED-6), organized by ESCAP**

**Co-organizers: UNECE, ESCAP, UNDP,
UNEP, Government of Kazakhstan**

**EE21 Projects: FEEI, GEE21, Renewable
energy in CIS, EE in Housing Action Plan,
Wood Energy**

Website of the Forum:

http://www.unece.org/energy/se/docs/eneff_AstanaEEForum_Sept10.html



Government of
Kazakhstan



United Nations
Economic Commission
for Europe



UNITED NATIONS
ESCAP
Economic and
Social Commission for
Asia and the Pacific



MCD-6
6th Ministerial
Conference on
Environment and
Development



UN
DIP
United Nations
Development
Programme



UNEP
United Nations
Environment
Programme

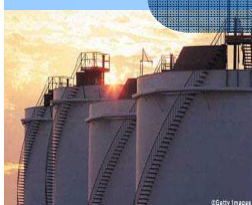
International Energy Efficiency Forum

28-30 September 2010
Astana, Kazakhstan

- Assessment of energy efficiency (EE) and renewable energy (RE) policy and legislative frameworks
- Analysis of international best practices in EE and RE
- Status and potential of EE and RE in various economic sectors
- Energy efficiency in the residential and municipal sector
- Ways and means of financing EE and RE investments



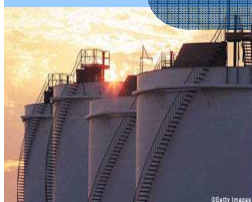
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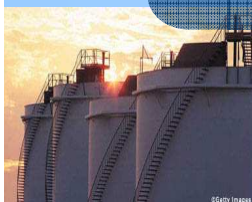
International Energy Efficiency Forum Outcomes



- Buildings sector offers significant low-cost opportunities for energy efficiency improvements
- Barriers to financing EE and RE discussed
- Access to various sources of financing; tapping into commercial financing
- Role of the state in making EE and RE projects viable
- Importance of capacity building to develop bankable projects



International Energy Efficiency Forum Outcomes (continued)



- Specific examples presented: case studies in buildings sector (Croatia, Serbia); EE funds (Bulgaria, Thailand)
- Experience in financing and implementing projects: IFC, EBRD, EADB, Conning Asset Management, Norsk Energi, ICF International and Renaissance Finance International
- Policy reforms are directly connected with the potential for investments in EE and RE projects
- Large and diverse RE potential in the CIS countries could have important benefits for the environment, energy security and the economy
- Proposal to make the International Energy Efficiency Forum a regular event



Thank you for your attention !



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<http://feei.info>