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**REGIONAL ADVISORY SERVICES PROGRAMME
IN THE FIELD OF ENERGY**

Note by the secretariat

INTRODUCTION

1. In document ECE/EX/2009/L.3, Decisions on matters relating to the Committee on Sustainable Energy, the ECE Executive Committee established the programme of work for 2009-2010 and terms of reference of the Committee on Sustainable Energy and its subsidiary bodies, requiring the Committee on Sustainable Energy to monitor and coordinate the work of its subsidiary bodies and where possible to seek opportunities to consolidate and streamline the activities of these bodies. In view of this mandate, this document reviews the work of the Regional Adviser which is an integral part of the Sustainable Energy programme of work.

2. The main responsibility of the Regional Adviser on Sustainable Energy is to promote subregional cooperation and strengthen interstate collaboration and partnerships among countries in Eastern Europe, South-Eastern Europe, the Caucasus and Central Asia as well as other developing countries of the United Nations Economic Commission for Europe (ECE) region in order to more fully integrate the energy systems and infrastructure of countries at the subregional and regional levels. In his duties, the Regional Adviser provides senior government officials with expertise and advice on energy issues, promotes capacity and institutional building aimed at raising the overall effectiveness and efficiency of energy sector, and also promotes effective sustainable energy policies. These activities, carried out by the Regional Adviser within the Sustainable Energy Division, are linked to the ECE normative work, limited to those particular

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areas where ECE has recognized expertise, and aims at ensuring effective and efficient responses to the particular demands of ECE member States.

3. During the current year, the Regional Advisor on Energy has participated in different activities and projects implemented by the Sustainable Energy Division and he has promoted them in the countries of South-East Europe, the Caucasus and Central Asia (EECCA). The Regional Advisor assisted national officials and experts in developing programmes and projects to facilitate the implementation of energy policies and strategies; assisted in the planning and implementation of programmes for capacity and institution building; participated in visits to understand training needs in particular for sustainable energy market formation, energy efficiency project development and access to financing; provided advice and participated in workshops and seminars on energy policy reforms in South-East Europe. The Regional Adviser also assisted in the preparation of project proposals for funding by the United Nations Development Account.

4. In addition to funding from the Regional Advisory Services budget (Section 21), activities are supported by extrabudgetary resources, in particular from the Energy Efficiency 21 Project (EE21 Project), donor countries and countries with economies in transition. Due to limited staff resources, activities continue to be focused on a limited number of countries taking into account their priority areas for development, government support as well as the availability of extrabudgetary financing.

I. ENERGY EFFICIENCY

5. The key advisory services and activities related to the EE21 Project are outlined in this section.

6. In 2009, the Regional Advisor has continued his contribution to the ECE in the implementation of the project on Financing energy efficiency investments for climate change mitigation, which is mainly funded by the United Nations Foundation, the United Nations Fund for International Partnership, the Global Environment Facility, the United Nations Environment Programme and the Fonds Français pour l'Environnement Mondial.

(a) The Regional Advisor is devoting approximately half of his time to supporting the project and working with the Project Management Unit on the implementation of the work plan. The latter activity includes also participation in two missions to the countries covered by the Project (July 2009).

(b) The Regional Adviser is working for the achievement of the project development objective of promoting an investment climate in which self-sustaining energy efficiency and renewable energy projects can be identified, developed, financed and implemented. The intention is to replicate successful measures nationally in participating countries but also in other countries of South-East Europe and EECCA countries once proven successful on a limited scale.

(c) Advisory services are also provided for the main project objectives of capacity building, policy reforms and investment project development including the creation of an

investment fund of 250 million Euros for equity and participation in projects in EECCA countries.

7. Activity in the project “Development of the renewable energy sector in the Russian Federation and in the Commonwealth of Independent States (CIS) countries: prospects for interregional cooperation” can be outlined as follows:

(a) The main objective of the project is to promote interregional cooperation to overcome political, regulatory, institutional and financial barriers to the development of renewable energy resources in the Russian Federation and CIS countries.

(b) The project budget for the whole implementation cycle 2008-2010 is financed by the Russian Federation with \$150,000. ECE provides an “in kind” contribution which includes the role of the Regional Advisor as Project Manager.

(c) The Regional Advisor has been instrumental from the beginning of 2009 in the significant progress made in the implementation of the project, especially in the setting up of a network of regional renewable energy experts to develop a systematic exchange of experience and promote interregional cooperation on renewable energy.

(d) The first meeting of renewable energy experts both nominated by the participating countries as well as international experts representing International Energy Agency (IEA) and Renewable Energy Policy for the 21st Century (REN21) was held in Geneva on 4 June 2009 within the framework of the annual session of the EE21 Steering Committee. It was noted that the analyses and reports presented during the meeting created a good basis for the further development of the project. The meeting approved the planned activities and the next steps aimed at efficient implementation of the Project.

8. The project on Energy efficiency market formation in South-Eastern Europe is being developed in cooperation with the Regional Cooperation Council (RCC) and will be implemented by the Network of Associations of Local Authorities of South-Eastern Europe (NALAS), the Centre for Energy Efficiency EnEffect and ECE. ECE is providing an “in kind” contribution which includes the participation of the Regional Advisor as project manager and the support of a consultant. The project duration is 18 months. Eligible countries are South-East European countries, members of RCC.

(a) The main objective of the project is to promote the formation of energy efficiency markets in participating countries. A special focus is being put on capacity building and awareness raising activities for the energy efficiency market formation.

(b) Since the beginning of 2009, significant progress has been made in further designing the project and its implementation steps. Two meetings have been held with the main partners which resulted in a revision and a better fine-tuning of the project activities to the SEE countries’ needs as well as in the setting up of a network of regional energy agencies interested in promoting cooperation on energy efficiency in this region.

(c) Missions to Brussels and Vienna strengthened the collaboration with the European Commission, the Energy Community Secretariat in SEE and clarified the funding modalities. An important decision has been made to support the establishment of the NALAS Energy Efficiency Knowledge Centre and include it as a preliminary step of the ECE project.

9. The Regional Adviser has been working on the preparation of a Side Event on Financing Energy Efficiency Investments for Climate Change Mitigation scheduled for 10 December during the High-Level Segment of the Conference of the Parties (COP-14) to the United Nations Framework Convention on Climate Change (UNFCCC) in Poznan. All United Nations regional commissions have been invited to participate in this event interagency framework United Nations-Energy and United Nations Industrial Development Organization (UNIDO) with the participation of ECE.

II. COOPERATION WITH SUBREGIONAL ORGANIZATIONS

A. Euroasian Economic Community (EurAsEC)

10. Cooperation has continued with the Secretariat of the EurAsEC Integration Committee in the field of energy, with a special focus on support for regional cooperation strategy to promote the rational and efficient use of water and energy resources in Central Asia.

B. Central Asia Economic Cooperation (CAREC)

11. The Regional Adviser met with CAREC representatives in Almaty in October 2008. A number of energy efficiency regional cooperation issues were discussed, including the possible collaboration on joint initiatives and programmes. It is envisaged that CAREC will participate in the United Nations Special Programme for the Economies of Central Asia (SPECA) Energy Efficiency session to be held on 3-4 November 2009 and will also take part in the last stage of the Project on Development of the renewable energy sector in the Russian Federation and in the Commonwealth of Independent States (CIS) countries: prospects for interregional cooperation, currently being implementation by ECE.

C. Balkan subregional organizations

12. In 2009, the Regional Adviser has contributed to strengthening the subregional cooperation on energy efficiency with RCC, NALAS, German Technical Cooperation, United States Agency for International Cooperation (USAID), Regional Network for the Efficient Use of Energy and Water Resources (RENEUER) and the European Foundation for the Sustainable Development of the Regions (FEDRE).

III. SUBREGIONAL PROGRAMMES

A. Special Programme for Economies of Central Asia (SPECA)

13. The Regional Advisor on Energy is providing support and technical assistance to the countries of Central Asia in the energy efficiency institutional capacity building. A Workshop on Energy Efficiency Opportunities in Central Asia including SPECA Countries was held in

Almaty, Kazakhstan in November 2008, organized jointly by ECE and the Economic and Social Commission for Asia and the Pacific (ESCAP) in collaboration with the JSC Kazakh Research Institute of Power Engineering. The Workshop was attended by government officials, specialists and experts from Azerbaijan, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan as well as representatives of the United Nations Development Programme (Kyrgyzstan) and International Fund for saving the Aral Sea (IFAS, Kazakhstan and Tajikistan). Following a proposal by the Regional Advisor, strongly supported by participants, the final session of the Workshop recommended that activities be undertaken to facilitate the establishment of a network of energy efficiency centres in Central Asia to pursue energy efficiency initiatives, assist decision-makers and serve as a counterpart with international organizations.

IV. AD HOC REQUESTS BY A SINGLE COUNTRY ON SPECIFIC TOPICS

A. Workshops

14. The Regional Advisor participated in the following workshops:

(a) Workshop on Energy Efficiency Opportunities in Central Asia including SPECA countries held in Almaty, Kazakhstan, November 2008. Jointly organized by ECE and ESCAP in collaboration with the JSC Kazakh Research Institute of Power Engineering;

(b) SEE Parliamentary Workshop on Energy Efficiency organized by RCC, December 2008 in Sarajevo, Bosnia and Herzegovina;

(c) Workshop "Power Engineering" organized in Maribor, Slovenia, by the University of Maribor, University of Ljubljana, Energy Agency and Association of Slovenian Engineers, on specific energy efficiency and energy security issues.

B. Advisory Missions

15. In late 2008 and 2009, at the request of member States and to facilitate implementation of a number of projects, the Regional Advisor on Energy undertook missions to the following countries: Belarus, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, Montenegro, Russian Federation and Turkmenistan. Direct advice was provided to national experts on the preparation of plans, programmes and projects in order to facilitate implementation of their energy strategy, capacity and institution building and training. Special attention was paid to energy security matters and problems related to energy efficiency and conservation in countries with economies in transition.

C. Consultation

16. A mission was undertaken to Vienna in February 2009 for consultations/regional advisory during meetings with RCC, Energy Community Secretariat (ECS), Organization for Security and Cooperation in Europe and UNIDO, on the energy efficiency market formation in South-East Europe project.

17. Missions to Brussels in March 2009 were arranged for consultations with the European Commission (DG TREN, DG ENLARGEMENT) and RCC Office, during which the funding modalities for the energy projects to be implemented in South-East Europe were clarified.

D. Project Formulation

18. The Regional Advisor participated in the preparation and submission to the United Nations Department of Economic and Social Affairs (UNDESA) in August 2008 of the new project proposal "Mitigating climate change through attracting foreign direct investment in advanced fossil fuel technologies". The project has been further developed and updated in 2009 and finally approved in August 2009 to be executed by ECE in cooperation with UNDESA and ESCAP. The total value of the project is \$629,900. The objective is to enhance governments' abilities to attract foreign direct investment into advanced fossil fuels technologies to support energy security and low-carbon sustainable development.

19. A new project proposal on Energy efficiency institutional capacity building in Central Asia is being developed in cooperation with ESCAP. The main objective of the project is to facilitate the establishment of a network of energy efficiency centres in Central Asia to pursue energy efficiency initiatives, assist decision-makers and serve as a counterpart with international organizations. The concept paper is to be presented and discussed in Bishkek, Kyrgyzstan during the SPECA Project Working Group Session in November 2009.

V. FUTURE WORK ORIENTATION

20. Primary attention will be given to cooperation with subregional organizations for the implementation of energy projects under subregional programmes.

21. The Regional Advisor will continue his cooperation with United Nations agencies and international organizations, in particular with UNDP, UNFCCC, World Bank, European Bank for Reconstruction and Development, Black Sea Trade and Development Bank, EurAsEC Integration Committee Secretariat, CIS Executive Committee and other regional and subregional organizations as well as the European Commission.

22. The Regional Adviser on Energy will continue to respond to the specific needs and priorities of countries with economies in transition in strategic areas of sustainable energy development such as: the rational and efficient use of energy; energy security; analysis of new developments affecting energy demand and supply in the short and medium-term; pricing policy and security of supply; restructuring of the energy sector; energy infrastructure, including interconnection of electric power networks; normative activities in the energy field; and renewable sources of energy.

23. Assistance will be provided in identifying the needs for further development of the energy sectors of economies in transition, assisting national experts to prepare plans, programmes and projects to facilitate the implementation of their energy strategies, providing assistance in capacity and institution building and in the implementation of the UNFCCC, in particular the Kyoto Protocol through the use of the Clean Development Mechanism and Joint Implementation.

24. Special emphasis will be given to energy efficiency investment, training on project financing and management, small and medium-sized company start-up including energy services companies (ESCOs), utilization of new environmental clean energy technologies, networking and information exchange, energy efficiency standards and development of business contacts.

25. Specific projects that are currently being realized and will be implemented in the future, include:

- (a) 2009-2012 phase of the Energy Efficiency 21 Project;
- (b) Financing energy efficiency investments for climate change mitigation;
- (c) Development of the renewable energy sector in the Russian Federation and in CIS countries: prospects for interregional cooperation;
- (d) Energy efficiency market formation in South-East Europe
- (e) Enhancing investment in advanced fossil fuel technologies for climate change mitigation and sustainable development in countries with economies in transition.
