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## Economic Commission for Europe

### Committee on Sustainable Energy

#### Steering Committee of the Energy Efficiency 21 Programme

#### Group of Experts on Energy Efficiency

#### Investments for Climate Change Mitigation

##### Twenty-second session

Geneva, 21 April 2011

Item 5 of the Provisional Agenda

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

##### Seventeenth session

Geneva, 19-20 April 2011

Item 7 of the Provisional Agenda

##### Preparations for the second International Energy Efficiency Forum and Workshop on Investments in Energy Efficiency and Renewable Energy Projects

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

## Preparations for the second International Energy Efficiency Forum and Workshop on Investments in Energy Efficiency and Renewable Energy Projects

### Background paper

### Note by the secretariat

## I. Introduction

1. This note outlines the background, objectives and expected outcomes for an international energy efficiency forum and workshop on investments in energy efficiency and renewable energy projects to be organized by the United Nations Economic Commission for Europe (UNECE) Sustainable Energy Division in the framework of the UNECE projects Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation (FEEI) and Global Energy Efficiency 21 (GEE21). Cooperation in organizing the Forum and the Workshop is anticipated with other UNECE Divisions, in particular, the UNECE Environment Division and Trade and Timber Division, other United

Nations Regional Commissions (RCs), in particular UN Economic and Social Commission for Asia and the Pacific (ESCAP), and other United Nations system organization, in particular the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). The workshop is included in the Work Plan for the Fourth Year of Project Operations (2011) of the FEEI project (ECE/ENERGY/WP.4/GE.1/2011/3, para. 4). The Group of Experts on Energy Efficiency Investments for Climate Change Mitigation at its sixteenth session in Geneva in October 2010 supported the proposal to make the International Energy Efficiency Forum held in Astana in September 2010 a regular event (ECE/ENERGY/WP.4/GE.1/2010/7, para. 30 (o)).

## II. Background

2. In the context of the FEEI project, the Forum and the Workshop are a follow-up to the Seminars on Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments held on 7–8 October 2009 and 20–22 October 2010 in Geneva, Switzerland, the Workshop on Case Studies on Overcoming Barriers to Investments in Energy Efficiency (EE) and Renewable Energy (RE) Projects through Policy Reforms held on 10–11 November 2009 in Kiev, Ukraine, and the International Energy Efficiency Forum and Workshop on Investments in Energy Efficiency and Renewable Energy Projects held on 28–30 September 2010 in Astana, Kazakhstan.

3. In the context of the GEE21 project, the Forum and the Workshop will be a follow-up to the first meeting of the Group of Experts on Global Energy Efficiency held on 10 June 2010 in Geneva and the International Energy Efficiency Forum in Astana in 2010. The Forum and the Workshop would aim to incorporate the objectives of both the FEEI and GEE21 projects<sup>1</sup>

4. In the Final Document of the International Energy Efficiency Forum in Astana, it was emphasized that all types of financing — public, development, carbon credits, and commercial — are important to make EE and RE projects viable. However, the real challenge is to tap into private (commercial) financing sources, which can provide amounts that are significantly higher than all others combined. The role of the state is seen mainly in creating a legislative and regulatory environment that would foster EE and RE market formation, promote public-private partnership (PPP) and encourage private financing to go into the EE and RE sector by mitigating risks and ensuring level playing field for all actors. Development financing remains important at the current stage and needs to be adjusted to the specific needs of particular countries. Capacity building activities to develop bankable projects are extremely important. The Workshop will aim at addressing these issues specifically.

5. Delegates of the International Energy Efficiency Forum expressed their appreciation to the Forum organizers for the opportunity to have stimulating and productive discussions on the issues of vital importance for their countries and organizations and proposed to make the International Energy Efficiency Forum a regular event. The Group of Experts on Energy Efficiency Investments for Climate Change Mitigation at its sixteenth session in Geneva in October 2010 expressed its support for this proposal. Taking this into account,

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<sup>1</sup>The UNECE projects FEEI and GEE21 are carried out under the auspices of the UNECE Committee on Sustainable Energy by the Steering Committee of the Energy Efficiency 21 Project. As a sub-regional project of Energy Efficiency 21, the FEEI project is the direct responsibility of the Group of Experts on Energy Efficiency Investments for Climate Change Mitigation. As an interregional project of Energy Efficiency 21, the GEE21 project is the direct responsibility of the Group of Experts on Global Energy Efficiency 21.

the workshop can be organized as a part of the second International Energy Efficiency Forum.

6. The International Energy Efficiency Forum in Astana in September 2010 was held in parallel to the sixth Ministerial Conference on Environment and Development for Asia and the Pacific (MCED-6) and was organized jointly by the Government of Kazakhstan, UNECE, ESCAP, UNEP, and UNDP. In September 2011, the UNECE will hold the seventh Ministerial Conference “Environment for Europe” in Astana. One of the two main themes of the Conference is Greening the economy: mainstreaming the environment into economic development. The UNECE Sustainable Energy Division is planning to organize a side event on energy efficiency and renewable energy investments at the Conference.

### **III. Objectives**

7. The objectives of the Forum and the Workshop are:

(a) To share experience, best practices and lessons learned in the countries participating in the FEEI project, including the preparation of bankable EE and RE projects and the process of establishing an energy efficiency investment fund, as well as experience of other projects of the Energy Efficiency 21 (EE21) Programme, in particular Development of the renewable energy sector in the Russian Federation and in countries of the Commonwealth of Independent States (CIS): prospects for interregional cooperation;

(b) To share progress made in enhancing countries’ policies and legislation for facilitating market formation in energy efficiency (EE) and renewable energy (RE), which resulted in the implementation of EE and RE projects and in preparing project proposals for submission to an investment fund to be established under the FEEI project;

(c) To assist in the process of further development of a global strategy on investments in EE and RE projects and a joint programme of work among the United Nations Regional Commissions, namely UNECE, ESCAP, Economic Commission for Latin America (ECLAC), Economic Commission for Africa (ECA) and Economic and Social Commission for Western Asia (ESCWA), as mandated by the terms of reference of the Group of Experts on Global Energy Efficiency 21;

(d) To identify challenges, obstacles, opportunities and capacity building needs in EE and RE across the different regions as well as available resources among the RCs to contribute to a global strategy and joint programme of work;

(e) To stimulate opportunities for fundraising for dedicated projects on EE and RE within the member states of the RCs and through other multilateral and bilateral donors; and

(f) To encourage the development and implementation of strategies, policies and measures within member states to support EE and RE.

### **IV. Format and content**

8. The proposed format of the Forum and Workshop would be to combine an assessment of existing EE and RE policy and legislative frameworks, as well as those under development with case studies of best practices in EE and RE in selected countries of the UNECE and other regions.

9. The content of the Forum and Workshop will cover EE and RE in various economic sectors (industry, fuel and energy, housing and communal services, as well as public buildings, construction, transport, etc.) and include a dedicated module on financial

instruments for EE and RE investments. Such issues as energy audits, EE labelling, measurement and verification, awareness raising and capacity building will also be covered.

## **V. Participation**

10. The Forum and Workshop will be open to relevant experts from governments, the private sector, international financial institutions, international organizations, supporting institutions and other major players of the EE21 Programme, as well as other stakeholders with an interest and experience in EE and RE.

11. Representatives of the National Participating Institutions of the 12 countries<sup>2</sup> participating in the FEEI Project will be invited to attend and make presentations. Representatives (focal points) from the other RCs (ESCAP, ECA, ECLAC and ESCWA) will be encouraged to participate. Experts nominated by other UN system organizations are also expected to participate.

## **VI. Expected outcomes**

12. In the context of the FEEI project, the Forum and Workshop would be expected to contribute to sharing progress made in enhancing countries' policies and legislation for facilitating market formation in EE and RE, which resulted in the implementation of EE and RE projects, and in preparing project proposals for submission to an investment fund to be established under the project.

13. In the context of the GEE21 project, the Forum and Workshop would be expected to contribute to the draft framework for a global strategy on investment in EE and RE and a joint programme of work.

14. Moreover, the Forum and Workshop would raise awareness and share experience of the FEEI participating countries on the challenges and obstacles in member states in developing and implementing policies, legislation and regulations in support of EE and RE and would identify capacity building needs.

15. The Forum and Workshop would also help to identify potential sources of funding to support EE and RE projects to be implemented by the regional commissions and member states.

16. The Forum and Workshop would produce a final document for further work under both the FEEI and GEE21 projects.

## **VII. Date and venue**

17. The Forum and Workshop are proposed to be organized in September 2011 in one of the countries that are members of both UNECE and ESCAP. Possible countries for consideration include Azerbaijan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan. The outcome of the Forum could be reported to the Seventh Ministerial Conference "Environment for Europe" in Astana in September 2011.

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<sup>2</sup> The 12 participating countries in the FEEI Project are: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kazakhstan, Republic of Moldova, Romania, Russian Federation, Serbia, the former Yugoslav Republic of Macedonia, and Ukraine.