



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****Seventeenth session**

Geneva, 19-20 April 2011

Item 8 of the Provisional Agenda

Working Group on Investment Project Development Standards**Working Group on Investment Project Development
Standards****Note by the secretariat****I. Background**

1. The United Nations Economic Commission for Europe (UNECE) is implementing the project Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation (FEEL) in 12 countries of South-Eastern Europe, Eastern Europe and Central Asia. The Project is aimed at promoting market formation so that self-sustaining energy efficiency (EE) and renewable energy (RE) projects can be identified, developed, financed and implemented locally in participating countries: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kazakhstan, Republic of Moldova, Romania, Russian Federation, Serbia, the former Yugoslav Republic of Macedonia, and Ukraine.

2. The intention is to replicate successful measures nationally, in South-Eastern European, Eastern European and Central Asian countries once proven on a limited scale. The project has three immediate objectives to produce measurable results.

Objective One: Identify and develop investment projects.

Objective Two: Strengthen energy efficiency and renewable energy policies.

Objective Three: Promote opportunities for banks and commercial companies to invest.

3. To achieve the third objective, the project is developing a new public-private partnership investment fund and financial mechanisms, elaborating investment project development standards and preparing investment project pipeline inventory.

II. Project component on investment project development standards

4. The project component on investment project development standards includes the following activities:

- Review, assessment and identification of EE and RE investment project selection criteria;
- Preparation of software and Internet prototype applications of standard templates;
- Development of multilingual (English, French and Russian) terms, definitions, units of measurement and templates suitable for UNECE standards;
- Development of draft terms of standards through a small working group to review all existing standards;
- Seeking the adoption of standards by the UNECE and if appropriate by the UN Economic and Social Council (ECOSOC).

III. Participation in the Working Group

5. The Working Group on Investment Project Development Standards has been initially established under the auspices of the UNECE secretariat with participation of expert representatives from the following organizations: Efficiency Valuation Organization (EVO), Conning Asset Management Limited, Renaissance Finance International, and EnEffect. Relevant international partners, including representatives of the United Nations, international financial institutions, such as the European Bank for Reconstruction and Development (EBRD) and the World Bank, investment banks, representatives of participating countries, private sector and NGOs are welcome to join the Working Group on Investment Project Development Standards.

6. The Working Group on Investment Project Development Standards will function under the overall coordination of the UNECE secretariat and will report to the Group of Experts on Energy Efficiency Investments for Climate Change Mitigation.

IV. Proposed activities and outputs

7. The identification of investment selection criteria is required to reduce transaction costs and shorten lead times for financing of projects by the future investment fund. Upon its establishment, a financing coordination unit (project preparation facility) will be responsible for identifying these criteria to assess investment project information, including, but not limited to, the overall project demonstration, project developer profile, project scope, environment, stages of project implementation, market analysis and strategy, project management, project costs, financing plan and financial projections.

8. Assessment of existing software for development of EE and RE investment projects is required to provide for a standard format for project proposal presentation. EnEffect is assigned to conduct market research and examine the available market solutions for the development of EE and RE investment projects. EnEffect is also assigned to appraise software for calculation of greenhouse gas emissions reductions which can be used in conjunction with the investment project development software to assess the CO₂ reductions to be achieved by individual projects or a series of projects.

9. Preparation of consolidated general requirements to the EE and RE projects by the international financing institutions and commercial banks is a further step towards elaboration of the investment project development standards. The experienced consultant in this area (to be identified) will prepare a draft paper on standard required information and data for financing of these types of projects.

10. The Working Group on Investment Project Development Standards will review the proposed draft paper and develop draft terms of standards based on the assessment of EE and RE investment project selection criteria.

11. The next step will be a development of an additional electronic tool supporting the overall process of identification and development of investment projects and preparation of business plans. The electronic tool will provide direct feedback based on the information on investment projects that a user enters. It will be placed on the project regional website and will consist of three main elements:

- General requirements for the potential EE and RE investment projects;
- Detailed project information tool based on the Manual on Business Planning published by the UNECE and other relevant materials;
- CO₂ emissions calculation software developed by the UNECE.

12. Relevant definitions and terms will be translated into French and Russian. Assessment of existing and development of new measurement units and templates are also envisaged in cooperation between relevant partners.

13. The standards to be developed by the Working Group on Investment Project Development Standards will be submitted for review and consideration by the respective UNECE principal subsidiary bodies (Group of Experts on Energy Efficiency Investments for Climate Change Mitigation, Steering Committee of Energy Efficiency 21 (EE21) Programme, Committee on Sustainable Energy, and UNECE Executive Committee). It can further be submitted for review and approval by the ECOSOC.
