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International Training Course on Business Planning for Energy Efficiency Projects

3-4 April 2013, Almaty, Kazakhstan

Information Report

The International Training Course on Business Planning for Energy Efficiency Projects was held on 3-4 April 2013 in Almaty, Kazakhstan. The Training Course was co-organized by the United Nations Economic Commission for Europe (UNECE), the Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Development Programme (UNDP), and the Central Asian Energy Efficiency Support Program (CAEESP) financed by the United States Agency for International Development (USAID). Trainings on Business Planning for Energy Efficiency Projects are among the activities under the United Nations Development Account (UNDA) project “Promoting energy efficiency investments for climate change mitigation and sustainable development”, which is part of the Global Energy Efficiency 21 (GEE21) Project.

The programme is designed to help representatives of private and public companies from South-Eastern and Eastern Europe, the Caucasus, Central, Northern, South-Eastern and Southern Asia, as well as the Russian Federation and Turkey better prepare and implement energy efficiency projects. It also aims at raising awareness about energy efficiency investments, including through public-private partnerships, among financing organizations. The two-day course in Almaty was the first of the two seminars. A follow-up International Training Course on Business Planning for Energy Efficiency Projects for participants of the Training Course in Almaty will be held in Istanbul on 20-21 June 2013.

The seminar was opened by Mr. Michael Trueblood, Director of Economic Growth Office, USAID. Welcoming addresses were delivered by representatives of other co-organizers: Mr. Viktor Badaker, Manager of the GEE21 Project, UNECE; Mr. Nikolay Pomoshchnikov, Head of ESCAP Subregional Office for North and Central Asia; and Ms. Irina Goryunova, Programme Analyst, Department of Energy and Environment, UNDP in Kazakhstan. Mr. Oleg Dzioubinski, Manager of the Energy Efficiency 21 (EE21) Programme, UNECE, and Mr. Sergey Tulinov, Economic Affairs Officer, ESCAP, made a joint presentation on UNECE and ESCAP Efforts in Promoting Energy Efficiency.

Several sessions of the Training Course were led by the training facilitator, Mr. Deltcho Vitchev, an international expert in the area of financing energy efficiency projects. He provided training for participants to improve their financial engineering and business planning skills to identify, select and develop energy efficiency investment projects and prepare bankable project proposals. Individual consultations

to the participants of the Training Course were provided by Mr. Vitchev during the two-day event and are on-going in the period between the seminars in Almaty and Istanbul.

A session on the existing experience in financing energy efficiency projects by financial institutions and companies was moderated by Ms. Mary Worzala, Chief of the Party, CAEESP. Representatives of development banks, credit institutions and business companies presented their cases in this session:

- Ms. Aigul Absemetova, Eurasian Development Bank: *Financial Instruments in Funding Energy Efficiency Projects*
- Mr. Svyatoslav Pavlyuk, Covenant of Mayors-East: *Financing of Municipal Investment Projects*
- Ms. Zhanna Zhakupova, Asian Credit Fund: *Energy Efficiency Loans for Rural Households in Kazakhstan*
- Mr. Shaun Lee, Green Energy Sustainable Solutions: *The Most Optimum and Rational Solution for the Development of Energy Efficiency in the Ukraine*

CAEESP did a survey of participants' satisfaction with the content and format of the Training Course. The Summary of Participants' Evaluations is presented below. Training Course materials are available at the website: <http://www.unece.org/index.php?id=32455>.

Summary of Participants' Evaluations

The organizers received 34 filled Evaluation Forms (over 70 percent of participants filled the form). Overall, the participants were satisfied with the seminar approach, which allowed ample opportunity for networking with representatives from other countries to learn from their various experiences and opportunities. There was also an opportunity to interact with the trainer during individual meetings. On average the seminar's usefulness and knowledge improvement was assessed at 4.3 out of maximum 5 points.

According to the participant evaluations, the most interesting topics were:

- information on business plan development, especially the difference between business plan and information memo;
- development of a bankable project;
- project assessment and analysis of risks;
- types of loans and their repayment methods;
- the role of banks in the financing of non-profit projects;
- lender requirements (debt service vs. coverage ratio);
- mezzanine capital;
- types and methods of calculations of interest rates; and
- specific examples of bankable energy efficiency projects.

Some participants suggested improvements in training content and flow, for example:

- to cover financing issues for specific energy efficiency projects;
- to have a clearer logic to the training flow;
- to allow more opportunity for interaction;
- to have a co-presenter;
- to provide handouts with case-studies; and
- to demonstrate outcomes of financed projects.

The participants would like to have the following issues covered in the future training:

- lender requirements in more detail;
- how to structure expenses on EE projects;
- developing a financial plan;
- risks on specific examples, pitfalls if the key project dimensions change;
- practical issues of energy efficiency;
- relation of energy audits to bankability;
- influence of inflation on project implementation;
- relation of the project to tariff regulation;
- how to minimize political risks;
- environmental benefits;
- potential financing sources;
- export credits, leasing;
- how to send financial requests;
- how to negotiate with lenders, investors;
- bank monitoring of project implementation, reporting examples;
- energy efficiency in electric grids 0.4-35kW, residential construction; and
- contracts with private individuals.

A large number of participants expressed their satisfaction and gratitude to the conference organizers for a well-organized event.