

UNECE Energy Efficiency 21 Project
Sixteenth Steering Committee Annual Meeting
Geneva, 29 June - 1 July 2005

The updated RENEUER strategy calls for additional support in several key areas

Possible role of UNECE Energy Efficiency 21 Project
in further strengthening of financing capabilities of
Southeast European countries



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Under the auspices of UNECE EE 21

The aim of this presentation

1. To present the updated **RENEUER strategy** (USAID / ASR and UNECE supported)
2. To review the latest developments in the **introduction of innovative financing instruments** for EE financing in SEEuropean countries
3. To illustrate **how UNECE EE21 Project could support** the process of strengthening the financial capabilities of RENEUER countries to implement bankable EE projects

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The updated RENEUER strategy

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Basic principles

Main focus of RENEUER:

Co-operation and activities at the local (mainly municipal) level

Key factors, which determine the new tasks:

European orientation of the countries in the region

The growing role of local authorities and civil organizations in SEE countries

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Participants

RENEUER is a Network of local authorities and organizations, who are involved in specific actions for implementation of the national policies for energy and water efficiency improvement

The Network is consolidated on the grounds of the similarity of problems it is addressing rather than on the identical characteristics of those participating in it

Priority directions

The role of energy efficiency in the preparation of SEE countries for integration in the Internal European energy market

The contribution of energy efficiency to the implementation of the countries' commitments under UNFCCC and the Kyoto Protocol
(Bulgaria, Romania, Croatia)

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How RENEUER acts

RENEUER is

a favorable medium for co-operation and simplified exchange of experience and information in which participants themselves specify the focus of their interests and range of activities

Methods of work:

Network of networks as a policy instrument

Dissemination of good practices

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Principal thematic directions

EE and the Internal European energy market

- Social protection of vulnerable customers

- Change in consumers' attitude

Energy efficiency and the Kyoto Protocol

- Long-term energy plans and strategies

- Renewable energy resources

- Energy efficiency in buildings

- Flexible financing mechanisms of Kyoto protocol (JI, ET CDM)

Local authorities and the energy management

- Local (municipal) and regional energy planning

- Building of local energy efficiency institutions

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Investment opportunities in SE European countries

Based on the experience of
Bosnia and Herzegovina, Macedonia and
Serbia and Montenegro (Serbia)

Bosnia and Herzegovina

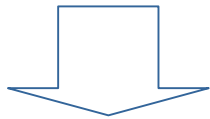
Major obstacles (L. Bratic, AEE)

No energy efficiency strategy and legislation

Inadequate financing / investments for EE

Insufficient institutional and human capacity

Almost no practical experience



Lack of investments, related to energy efficiency

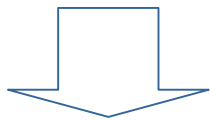
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Bosnia and Herzegovina

Recommendation 1

Build capacity and raise awareness for sustainable / efficient energy management

- in municipalities
- in communal service enterprises



Built local capacity

Introduction of Effective tools

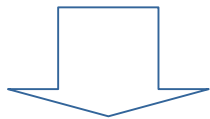
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Bosnia and Herzegovina

Recommendation 2

Develop energy efficiency projects

Assist in the overall project development,
financing and implementation process



Pipeline of EE projects

Financial instruments introduced

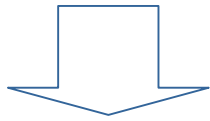
**Partnerships for financing
established**

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Bosnia and Herzegovina

Recommendation 3

Implement demonstration projects



Demonstrate benefits of EE

Determine local energy policy principles

Macedonia

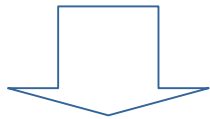
Major obstacles (Prof. K. Dimitrov, TU of Skopje)

Lack of adequate energy efficiency legislation

No specialized energy efficiency institutions

Poor capacity for energy efficiency improvements

Lack of financing instruments for EE projects



Insufficient financing / investment practices in energy efficiency

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Macedonia

Energy Efficiency Program 2000-2020 (main pillars)

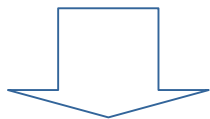
EE Strategy and Energy Efficiency Fund

Information and education on energy efficiency

Incentive instruments introduction

Adequate legislation development

International obligations



EE Strategy 2020 developed (USAID)

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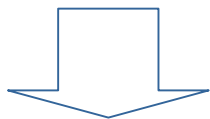
Macedonia

EE Strategy 2020 (main targets)

Establish National Energy Efficiency Agency

Establish Energy Efficiency Fund

Develop and implement energy efficiency programs



Emphasis on local (municipal) tasks and responsibilities

Serbia and Montenegro (Serbia)

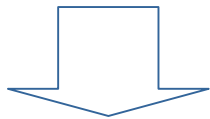
Major barriers (N. Pavlovic, Director, SEEA)

Weak municipal economies / low decetralization

Lack of local skills and expertise

Insufficient financing / weak banking system

No national financing instruments / facilities for energy efficiency investments



No regular investment practice for EE improvement

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Serbia and Montenegro (Serbia)

Recent progress

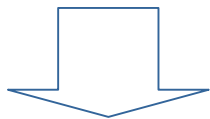
Serbia Energy Efficiency Agency (2002 / 2004)

Energy Efficiency Law (2004)

Long term programs in progress

Heat energy market establishment

Energy management and planning



Promising animation of EE area

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Serbia and Montenegro (Serbia)

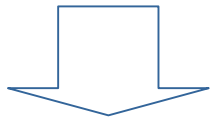
Financial sources

Special EU Fund for EE programs (€ 5 / 3.5 mln)

WB Serbia Energy Efficiency Projects (\$21 mln)

Norway training program (\$ 300 000)

State Budget



Series of activities started

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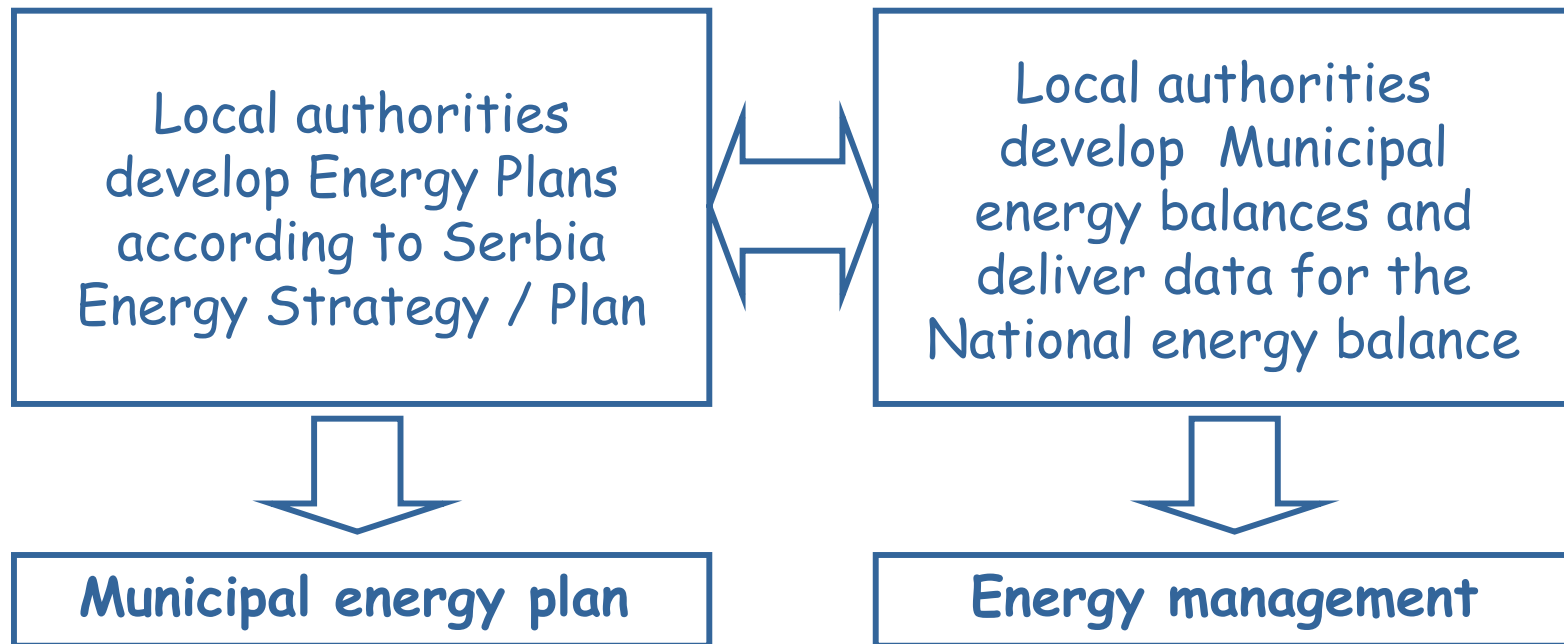
Serbia and Montenegro (Serbia)



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Serbia and Montenegro (Serbia)

New obligations of municipalities according to the new EE Law



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Serbia and Montenegro (Serbia)

Energy Efficiency Fund models

Guarantee Fund

Interest Buy Down

Direct Funding

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Serbia and Montenegro (Serbia)

Other Financial instruments in use

District Heating and Energy Efficiency Fund -
KfW (Germany)

- for small, long-term projects

Public-Private Partnership (PPP) - KfW, DEG,
GTZ, SEQUA (Germany)

- for municipal infrastructure and energy
efficiency projects

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**Desirable cooperation with
UNECE Energy Efficiency 21 Project**

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Differentiation of approaches to various countries

Based on the levels of the reforms achieved

Based on the stages of the EU integration process

Based on the national specificity

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Continuous assistance to the capacity building process

Emphasis on the capacity of the:

- Potential clients
- Financial institutions
- Energy service providers

Priority topics:

- Energy planning & management
- Project identification and development

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Continuous assistance in the identification and the development of EE investment projects

Initial emphasis on the public sector

- Governmental sites
- Municipal sites

Gradual penetration into the industrial sector

Cooperation in the identification and development of trans-border (regional) energy efficiency projects (example: Labeling of appliances - Bulgaria, Croatia, Romania, GEF/UNDP funding)

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Partnership for implementation of similar financing instruments

Exchange information and experience between national EE funds

Exchange information and experience between national EE funds and international FI and Funds, in particular those supported by UNECE

Study of the possibilities for direct partnership of national and international EE funds, based on co-financing of joint projects

Survey of other possibilities for partnership

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Support to the regional networking process for EE improvements



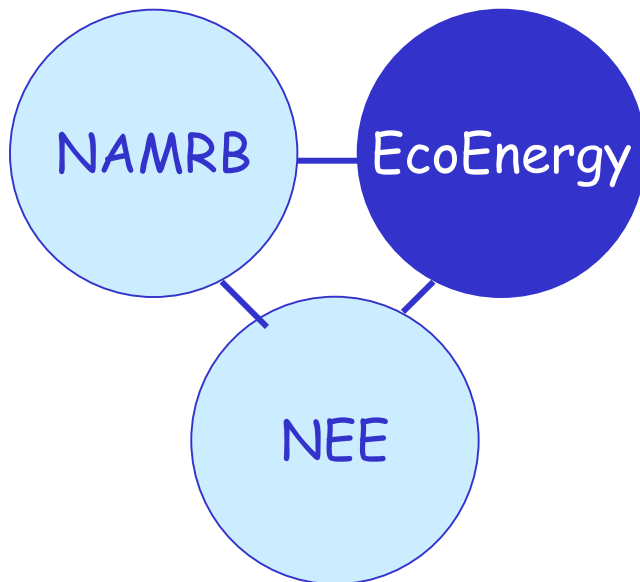
Continuous support to **RENEUER** (Regional Network for Efficient Use of Energy and Water Resources) for Southeast Europe

Support to European **BISE** (Better Integration for Sustainable Energy) Process (next BISE Forum in Sofia on 26-28 October, 2005)

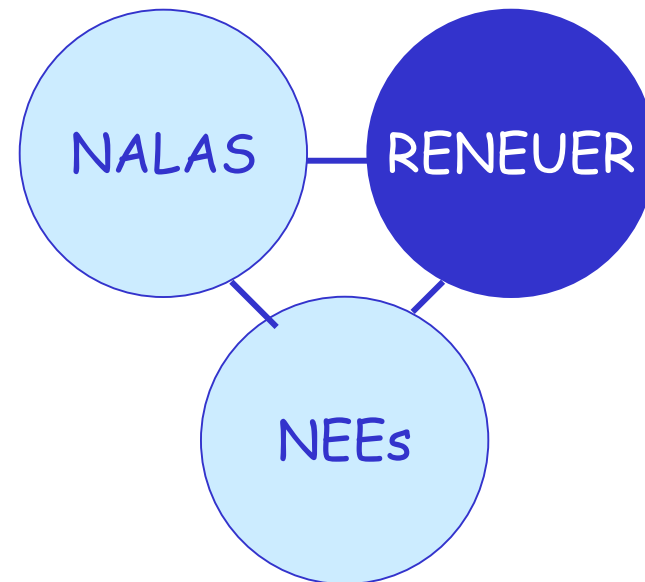
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Support to the regional networking process for EE improvements

Bulgaria



Southeast Europe



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