

**PROMOTING RENEWABLE ENERGY INVESTMENTS FOR
CLIMATE CHANGE MITIGATION AND SUSTAINABLE
DEVELOPMENT**

Economic and Social Commission for Western Asia

In collaboration with

Economic Commission for Europe

PROJECT DOCUMENT TEMPLATE
9TH TRANCHE OF THE DEVELOPMENT ACCOUNT

1. EXECUTIVE SUMMARY

Project Title:	Promoting Renewable Energy Investments for Climate change Mitigation and Sustainable Development
Start date:	2014
End date:	2017
Budget:	US\$632000
Beneficiary Countries:	6 pilot countries : 3 Member Countries (MC) from the United Nations (UN) Economic and Social Commission for Western Asia (ESCWA) region and 3 MC from the UN Economic Commission for Europe (ECE) region
Executing Entity:	The UN Economic and Social Commission for Western Asia (ESCWA)
Co-operating Agencies within the UN system:	The UN Economic Commission for Europe (ECE)
Project code and Development Account fascicle:	1415AS

Brief description: The objective of the project is capacity building for development of renewable energy investment projects. It will assist UN ESCWA and UN ECE to strengthen capacities of their member states to attract investments in renewable energy projects in the context of climate change mitigation and sustainable development.

While a number of countries worldwide have expressed their interest in adopting renewable energy in power production and other sectors with high carbon dioxide emission levels, they still face serious challenges in attracting private investments in the Renewable Energy (RE) area. Capacity building for the development of renewable energy investment projects is an essential requirement for this work.

Through a close cooperation with the countries concerned and in the framework of a desirable investment framework, a series of interactive events and the use of local experts, the projects focuses of facilitating the increased mobilization of financial resources for renewable energy investments.

The project will (a) develop the skills of the public and private sectors at the national level to

identify, develop and implement RE investment projects; (b) provide assistance to authorities to introduce regulatory and institutional reforms needed to support these investment projects; and (c) enhance financing of renewable energy projects in selected countries.

The project will provide case studies on the experience of policy reforms, regional trainings, workshops and seminars focusing on policy reforms and investment projects development

The project builds on the UN experience and recommendations in the area of sustainable energy development and will draw on recommendations developed through different national and international led studies and projects that examined these issues in the relevant regions. The proposed project will be implemented in cooperation between UN ESCWA and UN ECE, other relevant UN agencies and national counterparts to strengthen their capabilities through a number of capacity building activities. While the project includes activities in policy reforms, the main focus will be capacity building for the development of renewable energy investment projects.

ESCWA and ECE will optimize the resources allocated for this project by organizing joint activities under this UN DA: Developing common capacity building and training material, and organizing common events; capacity building and training seminars and workshops, including work involving the development of the RE project pipelines

The two regional commissions will seek cooperation on this project, during the implementation phase, with the World Bank (WB), the United Nations Environmental Program (UNEP), the United Nations Industrial Development Organisation (UNIDO), and the Global Environment Facility (GEF) and other potential international stakeholders.

2. BACKGROUND

Doubling the share of Renewable Energy (RE) in the global energy mix is one of the three objectives of the Sustainable Energy for All initiative of the UN Secretary General. A global consensus has emerged that the deployment of RE technologies is critical for three principal reasons which are interlinked:

- ✓ to mitigate climate change and protect the environment from impacts of fossil fuels use;
- ✓ to improve energy security;
- ✓ to encourage economic development, particularly associated with rural and agricultural sectors, or with innovation and high-tech manufacturing.

This is particularly relevant for developing regions, where a large percentage of the population lives in isolated rural communities that lack energy services and suffer poor socio-economic conditions, and where RE can play a major role in providing those energy services. RE can also contribute to energy security by diversifying the energy mix and achieving sustainable energy for all. Such projects also contribute to climate change mitigation efforts, which can benefit from available carbon funds. Accordingly, it is very important to promote policies for including energy produced from RE sources in the energy mix in the ESCWA member countries and other countries with a similar energy context.

2.1 Mandates, comparative advantage and link to the Programme Budget

The present project meets at least three of the ESCWA Strategic Objectives (SO) for the period 2012-2015, namely sustainable natural resource management, food, water and energy security, and resilience to natural & human made crisis. Furthermore it is strictly in line with the core activities of ESCWA Sustainable Development & Productivity Division which places a significant emphasis on the issue of energy sector's sustainability, particularly those relevant to the key energy issues identified by the Johannesburg Plan of Action, namely: energy accessibility, renewable energy, energy conservation and efficiency, clean fossil fuels as well as energy in transport.

ESCWA has already carried out many activities related to this topic and conducted several UN Development Account (DA) projects dealing with the issues of promoting sustainable energy solutions, such as renewable energy and energy efficiency. In that respect it will particularly build on the work conducted in the ESCWA region under the following DA projects:

- ✓ The ESCWA Development Account Project on "Capacity Building on Climate Change mitigation for poverty alleviation in Western Asia" (DA 7th-tranch)
- ✓ The ESCAP led Development Account Project on "Enhancing and improving access to energy services through development of the private renewable partnerships"(DA 7th-tranch)
- ✓ The ECE led Development Account Project on "Promoting Energy Efficiency Investments for Climate Change Mitigation and Sustainable Development" (DA 8th-tranch)

UN ECE is mandated to carry out concrete, results-oriented activities in several energy related work areas, including Renewable Energy as defined by the ECE Committee on Sustainable Energy (CSE) and implemented by the ECE Sustainable Energy Division. In line with the "Sustainable Energy for All (SE4All)" initiative of the UN Secretary-General, the ECE should focus on activities that help significantly increase the uptake of renewable energy in the region and that help achieve the objective of access to energy for all in the ECE region. One of the concrete activities envisaged by the Terms of Reference of a CSE subsidiary body - **Group of Experts on Renewable Energy** – is aimed to encourage the exchange of know-how and best practices between relevant experts of all member States in order to attract investments in energy production from renewable sources, such as in wind, solar and hydro power projects as a means of sustainable development and climate change mitigation.

Link to the Programme Budget

The proposal is consistent with the:

- Economic and Social Development in Western Asia, sub programme 1: Integrated Management of Natural Resources for Sustainable Development;

Related Expected Accomplishments (EA) of the log frame:

- ✓ EA(b) Enhanced capacities of member countries to develop and implement national, sub-regional and regional policies, strategies and action plans for the sustainable management of water, energy and land
- ✓ EA(c) Enhanced food, water and energy security of the Arab region to sustain long-term development and preserve the achievements in poverty alleviation and human

development by promoting regional cooperation on shared water resources, energy networks and land management

- ✓ EA(d) Enhanced resilience and crisis management capacity of member countries to absorb and respond to the impact of crises, including the development of sub regional and regional mechanisms, for a coordinated response to climate change and natural crises

- Economic Development in Europe, sub programme 5: Sustainable Energy;

Related expected accomplishments of the log frame:

- ✓ EA(a) Improved international dialogue among governments, industry and other stakeholders on sustainable energy issues, in particular, energy security, energy affordability and energy-related environmental impacts
- ✓ EA(b) Improved overall energy efficiency, including energy efficiency market formation across the ECE region

2.2. Country demand and beneficiary countries

A number of countries worldwide have expressed their interest in adopting RE in sectors with high CO₂ emissions levels. For this project, both of ESCWA and ECE, as partners in this project, would select pilot countries that are: (i) considering RE as a priority component of their national policies and services; and (ii) seeking participation in developing RE markets and products.

In that respect, many ESCWA Member Countries (17 of the 22 Members of the League of Arab States (LAS)) have committed to long-term targets for renewable energy technologies deployment in the region. Indeed, a total of 75 GW cumulative installed capacity is projected to be deployed in all Arab countries by 2030 (Pan-Arab Renewable Energy Strategy for 2030, adopted by Arab States during the 3rd Arab Economic and Social Development Summit of January 2013).

However recent work (2013) conducted for the League of Arab States (LAS) by International Renewable Energy Agency (IRENA) and the Regional Centre for Renewable Energy and Energy efficiency (RCREEE) on setting up a roadmap of actions for the implementation of the Pan-Arab RE strategy identified, amongst others, the following gaps:

- ✓ Lack of a clear RE legal framework creates uncertainty for investors in most countries
- ✓ Vagueness of project pipeline to be developed through the Independent Power Producer (IPP) process
- ✓ Project development support from government institutions is a concern in many cases
- ✓ Local financial institutions are rarely involved in financing renewable energy projects
- ✓ Most countries lack RE funds or other mechanisms to channel public investment in RE
- ✓ Private sector participation in power markets is still marginal. Markets are dominated by state-owned (quasi) monopolies

The study recommends the following actions:

- Perform an overview of all policies and measures to promote the use of energy from renewable resources
- Develop specific measures to fulfil the targets

- Implement support schemes to promote the use of energy from renewable resources in electricity applied by the country or with a group of countries

Furthermore, and during the 9th Session of ESCWA's Committee on Energy held in June 2013, the following recommendations were formulated and endorsed by the Committee:

- "Supporting cooperation and coordination efforts between member countries in adopting and disseminating the concept of clean technology within the context of green economy in the areas of **renewable energy** and energy efficiency, **and pursuing the provision of support for the development of policies in the areas** of: a) improving energy efficiency and saving energy consumption; b) transfer and localization of renewable energy technologies appropriate to local conditions in the Arab region, taking into account the Secretary General's initiative on "Sustainable Energy for All" [Recommendation 2]"
- "Requesting ESCWA to activate the Secretary General's initiative on "Sustainable Energy for All", and coordinating with all regional United Nations organizations concerned with the subject. [Recommendation 3]"
- "Incorporating the following topics into ESCWA's technical cooperation activities: a) energy efficiency in buildings in the Arab region, **b) investment in energy efficiency and renewable energy projects to mitigate the effects of climate change and achieve sustainable development**, c) enhance the capacity of member countries regarding the water-energy-food nexus towards the achievement of sustainable development goals, d) **give special attention to developing countries in their preparation of bankable renewable energy projects, in coordination with concerned regional and international entities**, e) support countries emerging from conflicts in enhancing their institutional frameworks and restructuring of their energy sector, through convening training workshops and field visit, f) **support countries' efforts in building public private partnerships for enhancing renewable energy projects**. [Recommendation 4]"

In view of the importance of relevant global conferences and initiatives, such as the Rio+20 Summit and the Sustainable Energy for All initiative of the Secretary-General, and their potential implications for ECE, Commission's member states expressed its commitment to play an active part in the appropriate regional and global implementation of their outcomes, and invites its subsidiary bodies and the secretariat to enhance their contribution to implementing these outcomes.

The ECE sub programme on Sustainable Energy and its Committee on Sustainable Energy (CSE) and subsidiary bodies continue to provide member States with a platform for international dialogue and cooperation and are mandated to carry out a programme of work in the field of sustainable energy with a view to providing access to affordable and clean energy to all, in line with the "Sustainable Energy for All" initiative of the Secretary-General, and to help reduce greenhouse gas emissions and the carbon footprint of the energy sector.

In this project, four ESCWA Member Countries (MC) and two ECE MCs will be selected in their respective regions to be the main focus of case studies of renewable energy investment policies and 3 MCs from each region will be the focus of the remaining project activities. Regional workshops and seminar involving an extended group of interested Member Countries in each region will be organized to discuss and disseminate the results of the activities carried out in the selected countries.

Selection of MCs for the case studies:

The case studies are intended to show the impact of adequate policies on encouraging investments in RE by lifting the regulatory barriers and providing an enabling legal and business environment for the development of RE projects. The countries for the 6 case studies will be selected to provide a wide range of experiences in that respect and will show what kind of policies have the most effects within a particular national context. The case study reports will provide MCs from both regions an analysis of a variety of RE policy and regulatory frameworks that can offer government officials, national project developers and financial institutions lessons learnt from these different experiences.

For the ESCWA region, the selection of the countries for the case studies will be made to insure that each ESCWA sub-region is covered: One North African country (Libya or Morocco), one Middle Eastern country (Egypt, Lebanon or Jordan) and one CCG country (Bahrain, Kuwait, Saudi Arabia, UAE, or Oman). An additional country will be selected in one of the sub-regions, to highlight dissimilarities that are noted within the same sub-region

For the ECE region, the selection of the countries for the case studies will be made to insure that each ECE sub-region (Central Asia, South-Eastern Europe and Eastern Europe & Caucasus) is covered: One country will be selected to cover the 2 sub-regions showing the most similarities in terms of renewable energy policies and one country to cover the remaining sub region.

Selection of MCs to be the focus of the remaining activities:

The selection of the 6 countries that will be the focus of the remaining project activities will be based on the commitments of their governments to RE projects, the interest of project developers and national financial institutions, and their need for the capacity building and assistance provided by the project. The project will select from these Member Countries, the ones expressing the most interest in taking advantage of the project to further develop their renewable energy national implementation plans. Based on these selection criteria, the countries selected for these activities are not necessarily the same as the ones selected for the case studies.

The project will also seek to insure that the selected MCs for the remaining activities cover all sub-regions in the ECE and ESCWA regions.

2.3 Link to the Millennium Development Goals (MDGs)

The project will directly contribute to target 9 of MDG 7 (Ensure environmental sustainability) calling to "Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources by 2015" and target 18 of MDG 8 (Develop a global partnership for development) calling for a "cooperation with the private sector, (to) make available the benefits of new technologies.."

Furthermore, promoting investments in renewable energy projects is in the heart of actions required to "Secure Sustainable Energy", one of the main Post-2015 SDGs.

2.4 Link to Rio+20 and the Internationally Agreed Development Goals (IADGs)

The outcome document of Rio+20; The Future we want (Art. 127 & 128), clearly "... reaffirm support for the implementation of national and sub-national policies and strategies, based on individual national circumstances and development aspirations, using an appropriate energy mix to meet developmental needs, including through **increased use of renewable energy sources** and other low-emission technologies...". It also recognizes that "**increasing the share of renewable energy** and cleaner and energy-efficient technologies are important for sustainable development, including in addressing climate change".

Furthermore, the project is directly linked to the UN Secretary General Sustainable Energy for All initiative, and major UN conferences and summits in particular to:

- Millennium Declaration, 2005 Summit Outcome, High Level Meeting on MDGs
- UN Framework Convention on Climate Change and Kyoto Protocol.
- Monterrey Consensus of the International Conference on Financing for Development, 2002.

3. ANALYSIS

3.1 Problem analysis

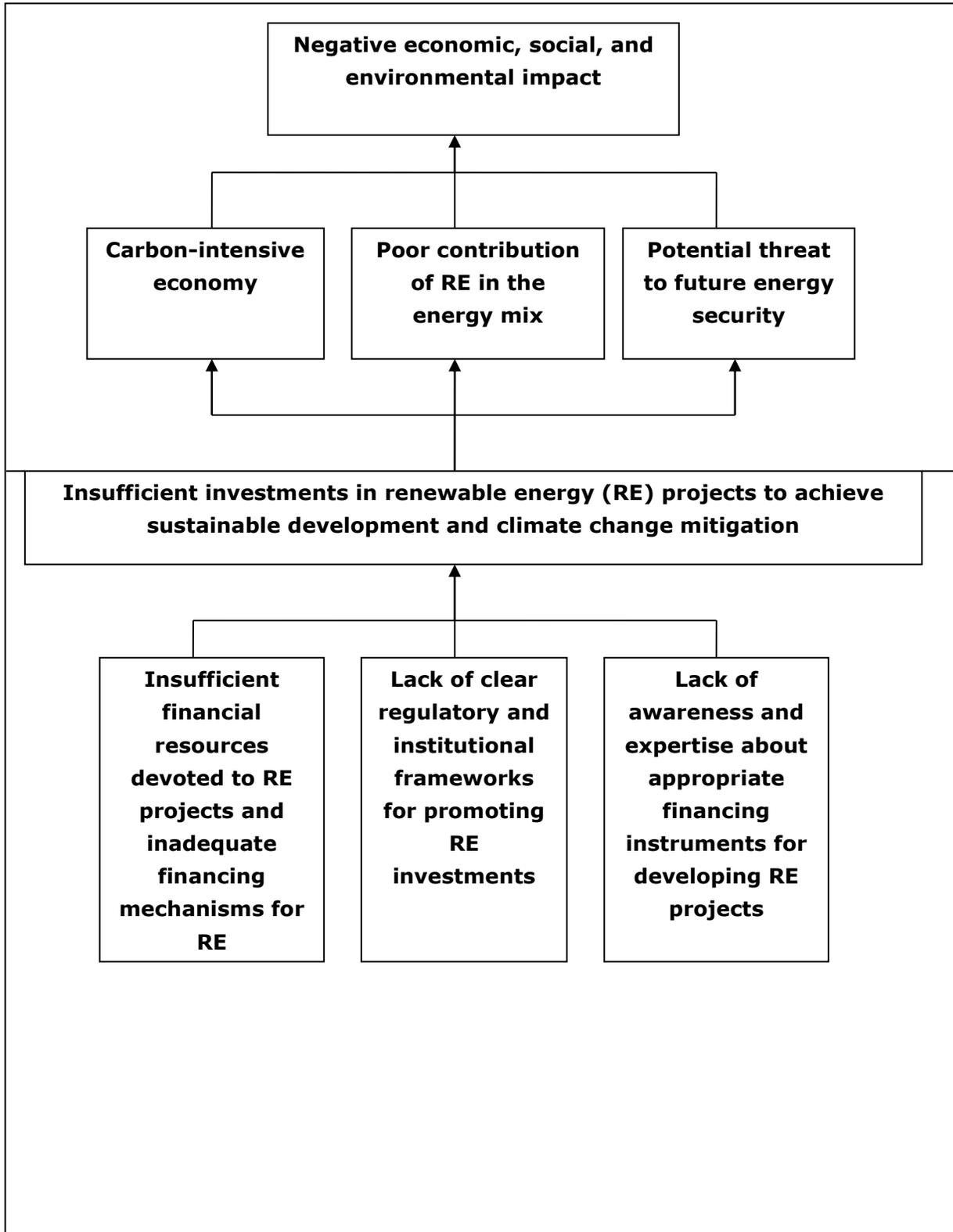
Although the scale and scope of renewable electricity generation investments has increased rapidly in recent years, there are a number of barriers to investment that have been identified to explain why the scale of investment needed for the green economy is not yet happening. Cost-effective RE projects are self-financing in favourable economic and regulatory conditions in selected markets around the world today.

Many developing countries, and countries with economies in transition, have set ambitious goals to increase the contribution of renewable energy in their energy mix to improve their energy security and to move towards more sustainable sources of energy, thus converging with the goals set by the SG SE4All initiative. However, most of these countries face serious challenges in setting up the appropriate implementation environment and attracting and mobilizing the adequate investments for their renewable energy projects. This is mainly due to the following:

- Lack of awareness and expertise about appropriate financing instruments for developing RE projects. This situation inhibits the formulation and development of renewable energy investment proposals that can meet the requirements of relevant financing institutions. Therefore, there is a need to develop skills at the national level, both in public and private sectors, that would improve the capacity of relevant RE project investors in identifying, formulating, and setting up appropriate financing arrangements for their RE projects to present them to relevant financial institutions as bankable projects and subsequently implement them
- Lack of clear regulatory and institutional frameworks for promoting RE investments. This situation deprives private investors from having adequate institutional support to engage in developing and financing renewable energy projects. This requires specific assistance to national authorities to introduce reforms and create a regulatory and institutional environment needed to support these investments.

- Insufficient local financial resources dedicated to RE projects and inadequate financing mechanisms for such projects. This is mainly due to the important financial envelopes for many of these projects and the fact that local banks are generally unfamiliar with such type of investment opportunities. This situation leads to a quasi absence of public-private-partnership schemes to provide viable set ups for such projects. One of the conceivable solutions to this problem could be the creation of dedicated incentives for banks and commercial companies to invest in renewable energy through the cooperation with dedicated public-private partnership investment funds, specially developed to promote RE projects. This would mitigate risks for the banks and influence positively their investment decisions.

Figure 1. Problem Tree



3.2 Stakeholder analysis and capacity assessment

The proposed project will greatly benefit the developing countries and economies in transition in the two regions since it will support the capacity building for the development of RE investment projects. The much needed investment would increase the share of renewable energy in the energy mix, reduce its cost, strengthen national industrial and economic competitiveness and set the countries on the path for a sustainable and more-environmentally friendly development.

Despite considerable differences in countries' power systems, all targeted countries are in need of significant foreign and domestic investments to employ advanced RE technologies with all related benefits. While ESCWA, UNECE and other implementing partners are actively working on furthering the state of energy security, energy efficiency, energy networks interconnections and other related issues in this area, the purely investment and regulatory component of RE will be addressed by this project.

At present, private investors in developing countries and countries with economies in transition do not often finance renewable energy projects. This happens due to insufficient financial resources dedicated to renewable energy projects, as well as due to the fact that local banks are generally unfamiliar with such investments. Another reason is that policy and institutional support for renewable energy projects implementation is not adequate. Additionally, the lack of knowledge and experience on how to select and formulate renewable energy projects is often an obstacle for local experts.

To tackle such challenges the project will primarily target such groups who in effect would be directly involved in identification, development and implementation of renewable energy projects. These stakeholders can be categorized into 3 main groups: (1) Policy makers and government officials, (2) Operating entities such as utilities, project developers and national financing institutions, (3) national NGOs, research *and academic institutions involved in RE*.

This stakeholders' analysis is based on the national actors and what needs to be done in order to promote an enabling environment for promoting investments in RE. This enabling environment would also attract International actors to invest in RE in the region.

The following aspects are considered for the immediate target groups of this project that are listed above, to contribute to the set up of an enabling environment for promoting RE investments:

- *National Policy makers and government officials in charge of policy and regulation development in relevant Ministries (i.e. Energy, Industry, Economy, Housing);*

Policymakers at the national and relevant sub-national levels will be provided with recommendations and policy tools on how to develop and implement policy reforms that support market formation and foster a favourable climate for investments in renewable energy.

- *National Operating entities such as national and local utilities, project developers/owners and national financing institutions, as well as other national and local operating entities in the RE fields in both regions;*

National project developers and owners will be trained to develop renewable energy investment projects in private and public sectors.

- *National Non-Governmental Organisation (NGOs), research and academic institutions involved in RE fields.*

National NGOs, academic community and media will participate at the project's workshops and will be involved in disseminating information and raising awareness on the benefits of renewable energy at every level of the society.

Furthermore, the project will promote opportunities for national banks and local companies to invest in renewable energy projects by helping in preparing the ground for the development of new professionally managed public private partnership investment funds and financing mechanisms dedicated to RE. The project will also aim at raising public awareness on all aspects of renewable energy: regulatory, policy, competitiveness, technological and financial on private, expert and academic levels. The project will strengthen the level of capacity of the above stakeholders to design, finance and implement renewable energy projects.

The project will thus assist national stakeholders involved in RE in developing an enabling environment for promoting investments in RE in their respective countries. This enabling environment would also attract International actors to invest in RE in the region.

Stakeholder	Type and level of involvement in the project	Capacity assets and gaps	Desired future outcomes	Stakeholder influence/ impact
<i>Direct Stakeholders:</i> ✓ National Government Officials in charge of policy development in relevant Ministries (i.e. Energy, Industry, Economy, etc.)	<i>Assist in developing case studies about existing policies and policy reform dealing with promoting RE investment projects / Participate in relevant workshop and seminars (Case studies conducted for 6 countries in the two regions / results shared with all other interested member countries)</i>	<u>Assets:</u> Commitment to long-term targets for renewable energy technologies deployment in each Member Country in the region <u>Gaps:</u> Lack of clear regulatory and institutional frameworks for promoting RE investments	introduce policy and institutional reforms needed to support renewable energy investments. Participate in developing an enabling environment for promoting investments in RE in their respective countries	<i>High</i>
✓ <i>National Operating entities such as national and local utilities, project developers/owners and national</i>	<i>Participate in developing Regional pipelines for RE investment projects / Participate in relevant workshop</i>	<u>Assets:</u> Interest in participation in renewable energy technologies	Develop skills to identify appropriate financing instruments, formulate and	<i>High</i>

Stakeholder	Type and level of involvement in the project	Capacity assets and gaps	Desired future outcomes	Stakeholder influence/ impact
<p><i>financing institutions, as well as other national and local operating entities in the RE fields in both regions;</i></p>	<p>and seminars (pipelines developed for 3 countries in each region / results shared with all other member countries)</p>	<p>deployment</p> <p><u>Gaps:</u> Lack of awareness and expertise about appropriate financing instruments for developing RE projects Insufficient local financial resources dedicated to RE projects and inadequate financing mechanisms for such projects</p>	<p>present to relevant financial institutions bankable renewable energy investment projects and subsequently implement them</p> <p>Participate in developing an enabling environment for promoting investments in RE in their respective countries</p>	
<p>Indirect stakeholders: <i>National NGOs, research and academic institutions involved in RE fields</i></p>	<p>Participate in relevant workshop and seminars</p>	<p><u>Assets:</u> Interest in participation in renewable energy technologies deployment</p> <p>Involvement in project design and capacity building activities related to renewable energy</p> <p><u>Gaps:</u> Lack of specific expertise about appropriate financing instruments for</p>	<p>Develop skills to identify appropriate financing and policy instruments, for promoting renewable energy investment projects Disseminate information about, conduct capacity building and raise awareness about topics indicated above</p>	<p><i>Medium</i></p>

Stakeholder	Type and level of involvement in the project	Capacity assets and gaps	Desired future outcomes	Stakeholder influence/ impact
		developing RE projects		

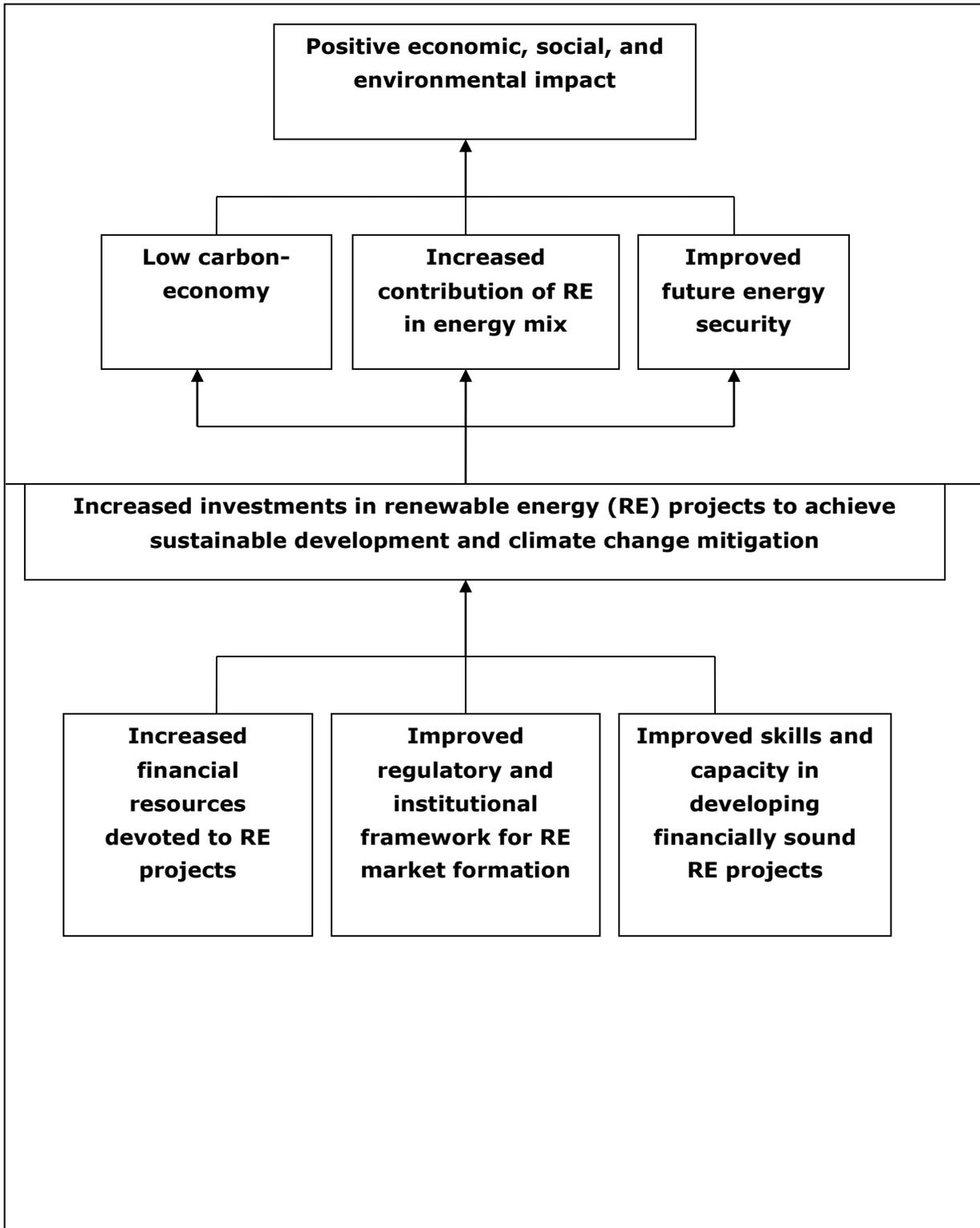
3.3 Analysis of the objectives

Lack of investment in renewable energy projects in developing countries, and countries with economies in transition in all world regions requires appropriate actions. To move to a more sustainable energy and economic development process, to address in a cost-effective manner climate change mitigation issues and to enhance energy security, those countries would need to:

- develop skills in the private and public sectors at the local level to identify appropriate financing instruments, formulate and present to relevant financial institutions renewable energy investment projects that are potentially bankable and subsequently implement them;
- introduce policy and institutional reforms needed to support renewable energy investments;
- Create favourable conditions for banks and commercial companies to invest in renewable energy projects, including through the development of public-private partnership investment funds and other innovative financial mechanisms.

The successful implementation of renewable energy projects to achieve a significant contribution to the energy mix of developing countries, and countries with economies in transition, would contribute considerably to their future energy security, and would have a positive impact on their economic, social, environmental and health conditions.

Figure 2. Objectives Tree



4. PROJECT STRATEGY: OBJECTIVE, EXPECTED ACCOMPLISHMENTS, INDICATORS, MAIN ACTIVITIES

4.1. Project Strategy

The project intends to contribute to filling some of the identified gaps, discussed in previous sections, which are responsible for the lack of investments in renewable energy projects in the UN ESCWA and UN ECE regions. These gaps include a lack of clear regulatory and institutional frameworks for promoting RE investments at the policy level and a weak specific expertise about appropriate financing instruments for developing such enterprises at the project developers and their national consultants' level. This situation is also aggravated by the quasi unfamiliarity of local financial institutions with such projects.

The project will implement a set of activities that will help the different public and private stakeholders, involved in RE in both regions, achieve the following:

- ✓ Review existing policies and formulate necessary amendments/revisions to promote RE investments activities. This will be achieved through 6 case studies (4 in ESCWA region and 2 in ECE region in different member countries) and sharing the findings of the case studies with the rest of the Member Countries in each region.
- ✓ Built the capacity of relevant public and private stakeholders in the UN ESCWA and UN ECE regions in terms of RE project development, finance and business planning. This will be achieved through specific trainings, and assistance to project developers in six beneficiary countries (three countries in each region) to develop an investment project pipeline of RE projects proposals. Both regional pipelines will be presented at an end-of-project workshop that will bring together officials from the two regions along with major domestic and foreign investors to seek possible financing for some of the projects
- ✓ Access relevant and useful updated information on the different issues related to renewable energy investments opportunities through an online platform for knowledge sharing information and compilation of best practices and lessons learned from other regions

4.2. Objective

To strengthen the capacities of government officials, national financial institutions and national energy experts and project developers, which are involved in renewable energy (RE) in selected developing countries and countries with economies in transition in the ESCWA region and ECE region, to attract investments in renewable energy projects as a means of sustainable development and climate change mitigation.

4.3 Expected Accomplishments

- EA1: Improved capacity of government officials, national financial institutions and national energy experts and project developers to develop renewable energy investment projects in the private and public sectors
- EA2: Improved capacity for governments to adopt policies and measures to improve opportunities for banks and commercial companies to invest in renewable energy projects

through the development of new financing mechanisms

4.4 Indicators of achievement

- IA.1 Increased number of renewable energy investment project proposals in public and private sectors prepared by national experts in beneficiary countries, submitted for consideration to national and international investors, financial institutions, and investment funds.
- IA.2 Increased number of adopted or prepared for adoption reforms (normative and institutional framework mechanisms and incentives) to promote renewable energy market formation

4.5. Activities

- A1.1 Providing technical assistance to the national officials and experts through two regional trainings (one course for each region) in RE project development, finance and business planning to educate participants on mentioned issues.
- A1.2 Providing assistance to six beneficiary countries (three countries in each region) in developing an investment project pipeline: inventory of RE project proposals, each of which containing standard presentation of RE investment projects, with details of the total cost of the project, investment requirements, projected internal rates of return and carbon dioxide emission reductions. This activity is intended to assist project developers in preparing pre-feasibility studies for the pipelines and to provide them with support in their process of drafting business plans and support them in the submission process to domestic and international investors, banks, investment funds, and other financial institutions. Further assistance will be provided to the project developers of the two most interesting projects from the pipelines (one for each region) to help them develop more detailed business plans and provide them with additional assistance in their drafting of the corresponding project documents. The two projects will be presented at the End-of-project workshop (A.1.3).
- A1.3 End-of-project workshop to bring together officials from the two regions along with major domestic and foreign investors. The closing workshop will present business plans from investment project pipelines from the two regions that would be considered for financing by various financial institutions and would have a good chance to receive investments.
- A2.1 Providing knowledge on RE investment projects, which concerns both the regulatory and policy requirements and purely technical aspects that countries would need to deal with when attracting and implementing investments based on foreign or national capital through two regional workshops (one in each region).
- A2.2 Developing six case studies (4 in ESCWA region and 2 in ECE region), in beneficiary countries and in cooperation with national coordinators and national participating institutions, on the experience of policy reforms. This activity intends to show the impact of adequate policies on encouraging investments in RE by lifting the regulatory barriers and providing an enabling legal and business environment for the development of RE projects. It will also help in providing a certain benchmarking for the interested MCs,

from the two Regional Commissions, with respect to RE legal and business environment that are in place in the two regions. Each case study will include the following:

- ✓ A policy reform that has transformed one or more economically attractive investment projects into a bankable project which has been financed;
- ✓ An assessment of the 'scaled-up' potential environmental, economic and financial impact of the case study for selected projects or 'classes' of projects including reductions of greenhouse gas emissions;
- ✓ Recommendations on new reforms to introduce market based energy systems based on the case study

The report of the case study will cover the following items.

- (a) Sector Characteristics: a description of the energy production sector of the case study including the level of greenhouse gas emissions in tonnes of CO₂ emitted;
- (b) Current Policy: a summary of the relevant policies in place before the reforms were introduced;
- (c) Renewable Energy Potential: a preliminary assessment of the renewable energy potential and CO₂ emission reductions possible from the different RE technologies with the highest potential
- (d) Assessment Methodology: a description of the analytical tool or models used to assess the potential of renewable energy and to evaluate results including RE contribution and CO₂ reductions;
- (e) Economic, Environmental and Policy Analysis: an appraisal of the overall impact of the policy measures;
- (f) Policy Design Considerations: implications for promoting this successful policy more widely on a national basis;
- (g) Barriers/obstacles against implementation and Lessons Learned: including economic, technical, administrative/institutional and social barriers;
- (h) Conclusions and Recommendations: for future policy development nationally and implications for adoption of a similar approach in other countries in the region;

Tor for the case studies will be developed based on these elements and used for the preparation of their respective reports.

A2.3 Organizing two policy seminars focusing on policy reforms (one in each region) to promote financing of RE investments with the aim of strengthening the capacity of national and local policymakers. The participants will consider the case studies for six countries developed in A2.2.

A2.4 Establishing an online platform for knowledge sharing information and compilation of best practices and lessons learned from other regions. That platform will also provide a knowledge base on promoting investments in renewable energy projects, available international financing mechanisms and best practices, and maintaining a database of case studies, as well as proposed and approved institutional and policy reforms, and other related information (financing schemes, capacity building, institutional strengthening etc.). Conceptual work on this platform will start from the first year of the project and the developed beta versions will be used by participants in the project to access of the various reports, guidelines, and other capacity building materials developed during the course of the project activities. This will allow the dissemination of the information through the online platform/website and the fine tuning of its operation. The final version

of this tool, when fully operational, will be open to all interested users, including from other regions than ESCWA and ECE

4.6. Risks and mitigation actions

The key conditions for a good project implementation are the policies of the targeted countries in each region, as well as national specialized regulatory agencies, local power companies and national energy experts.

The implementation of the project does not include considerable risks. The technologies, regulation and policies discussed are in the public domain and as such do not contain anything which could provoke a controversy both for the project execution and its effects. While institutional, legal and financial barriers as well as weak political support and lack of transparency in some countries can not prevent the participation of the government and energy sector experts in most of the project activities, it could delay the effective implementation of the project recommendations and the attraction of the desirable investment.

However, the project activities will focus on countries that will demonstrate genuine interest in the activities of this project and the ultimate risk associated with the UN DA project activities would be that none of the developed proposals for the pipeline of RE projects receive the requested financing. This risk does not have a real impact on the activities of the UN DA project itself, since the capacity building objectives would have been in any case provided to the targeted parties. Therefore, the risk would at most a moderate risk

4.7. Sustainability

In line with the project objectives and activities described before, the project tries to ensure its sustainability by a) assisting governments in creating a strong institutional and programmatic framework providing incentives for and supporting otherwise renewable energy investments in the country; b) building the local capacity to prepare commercially feasible investment proposals for renewable energy projects (e.g. by training the local stakeholders on project preparation and management; and c) enhancing the capacity of governments to define the best strategies to promote long term renewable energy investments by building on the experiences and lessons learned during the implementation of the project.

5. MONITORING AND EVALUATION

A project team will be formed to implement project activities, to monitor progress, to review project strategy and to make implementation adjustments whenever needed.

Questionnaires will be distributed at meetings, workshops and training seminars to have feedback from participants regarding the objectives and to monitor the indicators.

By the end of the project an independent professional evaluator will be assigned the task of reviewing the implementation of the project and assessing the results achieved and the level of correspondence with the objectives of the project.

6. IMPLEMENTATION PARTNERS AND ARRANGEMENTS

The project will be jointly executed by the UN ESCWA and UN ECE, with UN ESCWA leading. Within ESCWA the Sustainable Development and Productivity Division will implement the project and the Sustainable Energy Division within ECE.

Both UN ESCWA and UN ECE will seek cooperation on this project, during the implementation phase, with the World Bank, UNEP, UNIDO, GEF and other potential international stakeholders.

Both UN ESCWA and UN ECE will also partner with national counterpart institutions: Government entities and technology centres, in order to capitalize on their comparative advantage.

The project will seek the creation of a project advisory board, including banks/financial institutions/investors, to accompany the activities of the project, and get involved at an early stage with potential project developers. The following institutions will be contacted to invite them to be part of this board (Development banks operating in the two regions, National banks operating in the MCs, international financial institutions and other international organizations involved in the RE fields.

For the hosting and maintenance of the online platform/website (A2.4), IRENA will be contacted to partner with ESCWA & ECE in the development of this tool and in insuring the hosting and maintenance of the platform.

Implementation arrangements for the activities:

Every effort will be made to launch the implementation of the project activities at the earliest possible stage, and preparation work for activity A1.2 will start from the beginning of the project time frame, including contacts with potential members for advisory board, call for manifestation of interest at the MCs level, etc. However, activity A1.1 will take place before launching the assistance work itself in developing the investment project pipeline, since the capacity building work is essential in allowing the project developers and government official to tackle this activity with sufficient background to allow them to coordinate their work and be on the right track from the starting point. RE energy projects require the consent of government officials and other official bodies (public utilities, electric power regulators, etc.) regarding technology choices, land allocation, power purchase agreements, etc., in addition to a good understanding of the technical and financial aspects

The participants targeted by activities A1.1, A1.3, A2.1 and A2.3 are government officials and decision makers involved in RE activities, national utilities, national project developers and national financial institutions. The selection will be carried out through a request for nomination sent to governments' representatives in the MCs and through ECE's and ESCWA's networks of experts

Furthermore, the project will seek to provide a balance between providing capacity building material at a basic level to a large number of interested MCs, and focusing activities A.1.2 and A.2.2, and to a certain extent A.1.3, on a selected number of MCs. In addition, the seminars and workshops will be jointly organized by ECE & ESCWA, in order to treat the topics more thoroughly by providing 2 sessions for each topic.

Assistance to selected MCs in the preparation of the RE project proposals (Activity A1.2):

The International consultants will work with national consultants to assist selected MCs in developing the pre-feasibility studies for the pipelines and provide support to project developers in the process of drafting business plans for selected renewable energy projects for investors' consideration. The project will Provide assistance to six beneficiary countries (three countries in each region) in developing an investment project pipeline. Detailed practical step-by-step guidelines will be developed by the international consultant and shared with the project developers to help them in the process of drafting their project documents. Project documents will be reviewed by the national and international consultants and discussed with project developers to help them in finalizing their business plans and preparing bankable proposals and support them in the submission process to domestic and international investors, banks, investment funds, and other financial institutions. Further assistance will be provided to the project developers of the two most interesting projects from the pipelines (one for each region) to help them develop more detailed business plans and provide them with additional assistance in their drafting of the corresponding project documents. The two projects will be presented at the End-of-project workshop

7. ANNEXES

ANNEX 1: SIMPLIFIED LOGICAL FRAMEWORK

Intervention logic	Indicators	Means of verification	Risks / Assumptions
<p>Objective: To strengthen the capacities of government officials, national financial institutions and national energy experts and project developers, which are involved in renewable energy (RE) in selected developing countries and countries with economies in transition in the Arab region and Europe, to attract investments in renewable energy projects as a means of sustainable development and climate change mitigation</p>			
<p>Expected accomplishment EA1- Improved capacity of government officials, national financial institutions and national energy experts and project developers, to develop renewable energy investment projects in the private and public sectors</p>	<p>IA1- Increased number of renewable energy investment project proposals in public and private sectors prepared by national experts in beneficiary countries, submitted for consideration to national and international investors, financial institutions, and investment funds</p>	<p>Questionnaire National Reports on renewable energy investment project proposals</p>	<p>Economic barriers (institutional, legal, financial) Financial constraints could limit participation of national experts</p>
<p>A.1.1 Main activity: Providing technical assistance to the national officials and experts through two regional trainings (one course for each region) in RE project development, finance and business planning to educate participants on mentioned issues</p>			

Intervention logic	Indicators	Means of verification	Risks / Assumptions
<p>A.1.2 Main activity : Providing assistance to six beneficiary countries (three countries in each region) in developing an investment project pipeline: inventory of RE project proposals, each of which containing standard presentation of RE investment projects, with details of the total cost of the project, investment requirements, projected internal rates of return and carbon dioxide emission reductions. This activity is intended to assist project developers in preparing pre-feasibility studies for the pipelines and to provide them with support in their process of drafting business plans and support them in the submission process to domestic and international investors, banks, investment funds, and other financial institutions. Further assistance will be provided to the project developers of the two most interesting projects from the pipelines (one for each region) to help them develop more detailed business plans and provide them with additional assistance in their drafting of the corresponding project documents. The two projects will be presented at the End-of-project workshop (A.1.3)</p>			
<p>A.1.3 Main activity: End-of-project workshop to bring together officials from the two regions along with major domestic and foreign investors. The closing workshop will present business plans from investment project pipelines from the two regions that would be considered for financing by various financial institutions and would have a good chance to receive investments</p>			
<p>Expected accomplishment EA2 - Improved capacity for governments to adopt policies and measures to improve opportunities for banks and commercial companies to invest in renewable energy projects through the development of new financing mechanisms</p>	<p>IA2- Increased number of adopted or prepared for adoption reforms (normative and institutional framework mechanisms and incentives) to promote renewable energy market formation</p>	<p>Case studies Questionnaire</p>	<p>Weak political support / regulations Lack of transparency</p>
<p>A.2.1 Main activity: Providing knowledge on RE investment projects, which concerns both the regulatory and policy requirements and purely technical aspects that countries would need to deal with when attracting and implementing investments based on foreign or national capital through two regional workshops (one in each region)</p>			
<p>A.2.2 Main activity: Developing six case studies (4 in ESCWA region and 2 in ECE region), in beneficiary countries and in cooperation with national coordinators and national participating institutions, on the experience of policy reforms</p>			
<p>A.2.3 Main activity: Organizing two policy seminars focusing on policy reforms (one in each region) to promote financing of RE investments with the aim of strengthening the capacity of national and local policymakers. The participants will consider the case studies for six countries developed in A2.2</p>			
<p>A.2.4 Main activity: Establishing an online platform for knowledge sharing information and compilation of best practices and lessons learned from other regions. That platform will also provide a knowledge base on promoting investments in renewable energy projects, available international financing mechanisms and best practices, and maintaining a database of case studies, as well as proposed and approved institutional and policy reforms, and other related information (financing schemes, capacity building, institutional strengthening etc.), also in support of EA1</p>			
<p>External evaluation</p>			

ANNEX 2: RESULT-BASED WORK PLAN

Expected accomplishment	Main activity	Timeframe by output/activity			
		2014	2015	2016	2017
EA1: Improved capacity of government officials, national financial institutions and national energy experts and project developers, to develop renewable energy investment projects in the private and public sectors	A 1.1 Providing technical assistance to the national officials and experts through two regional trainings (one course for each region) in RE project development, finance and business planning to educate participants on mentioned issues	(*)	X		
	A 1.2 Providing assistance to six beneficiary countries (three countries in each region) in developing an investment project pipeline: inventory of RE project proposals, each of which containing standard presentation of RE investment projects, with details of the total cost of the project, investment requirements, projected internal rates of return and carbon dioxide emission reductions. This activity is intended to assist project developers in preparing pre-feasibility studies for the pipelines and to provide them with support in their process of drafting business plans and support them in the submission process to domestic and international investors, banks, investment funds, and other financial institutions. Further assistance will be provided to the project developers of the two most interesting projects from the pipelines (one for each region) to help them develop more detailed business plans and provide them with additional assistance in their drafting of the corresponding project documents. The two projects will be presented at the End-of-project workshop (A.1.3)	(*)	X	X	
	A 1.3 End-of-project workshop to bring together officials from the two regions along with major domestic and foreign investors. The closing workshop will present business plans from investment project pipelines from the two regions that would				X

Expected accomplishment	Main activity	Timeframe by output/activity			
		2014	2015	2016	2017
	be considered for financing by various financial institutions and would have a good chance to receive investments				
EA2: Improved capacity for governments to adopt policies and measures to improve opportunities for banks and commercial companies to invest in renewable energy projects through the development of new financing mechanisms	A 2.1 Providing knowledge on RE investment projects, which concerns both the regulatory and policy requirements and purely technical aspects that countries would need to deal with when attracting and implementing investments based on foreign or national capital through two regional workshops (one in each region)			X	
	A 2.2 Developing six case studies, in beneficiary countries and in cooperation with national coordinators and national participating institutions, on the experience of policy reforms	(*)	X	X	
	A 2.3 Organizing two policy seminars focusing on policy reforms (one in each region) to promote financing of RE investments with the aim of strengthening the capacity of national and local policymakers. The participants will consider the case studies for six countries developed in A2.2			X	
	A 2.4 Establishing an online platform for knowledge sharing information and compilation of best practices and lessons learned from other regions. That platform will also provide a knowledge base on promoting investments in renewable energy projects, available international financing mechanisms and best practices, and maintaining a database of case studies, as well as proposed and approved institutional and policy reforms, and other related information (financing schemes, capacity building, institutional strengthening etc.)	(*)	X	X	X

(*)Preparation work for the activities will start during the last 3 months of 2014