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Official launch of energy efficiency project as part of UN fight against global warming

The G8 Summit held in Germany has made a commitment “to taking strong and early action to tackle climate change in order to stabilize greenhouse gas concentrations” and to “consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050”. All the G8 participating countries have stated the predominant role of the United Nations in the process of the fight against global warming.

High national priority

The official launching of the project “Financing Energy Efficiency Investments for Climate Change Mitigation” during the Energy Efficiency 21 Programme Steering Committee meeting (30-31 May) is one of the United Nations responses to this world concern. During the meeting, numerous presentations showed that energy efficiency is a major concern for the East and South European and the Central Asia (EECCA) countries. Most of these countries inherited a centralized and State-owned energy system, which today carry obsolete equipment and lack sufficient financing for modernization.

Either through lack of national resources or inefficient use of abundant existing ones, all these countries consider the promotion of energy efficiency as a high national priority.

Greenhouse gas emissions from the energy supply sector increased by 145% between 1970 and 2004 and represent more than half of global emissions

Investment Fund to be created

The main objective of the project is to create a € 250 million Investment Fund that will help finance environmentally beneficial energy efficiency activities in the 12 selected countries of South-East Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, The former Yugoslav Republic of Macedonia, Romania, Serbia) and of EECCA (Belarus, Kazakhstan, Moldova, Russian Federation, Ukraine). Along with the Fund creation, the UNECE will

Preparations for the Belgrade Ministerial Conference reach final phase



The preparations for the sixth Ministerial Conference “Environment for Europe” (EfE), to be held in Belgrade on 10-12 October 2007, entered their final phase with the fourth meeting of the preparatory Working Group of Senior Officials (WGSO) at the end of May.

The meeting agreed on the provisional agenda for the Conference and approved documents for action by Ministers as well as background documents for the Conference. The Conference will have the following sessions: *Assessment and Implementation, Capacity-building, including sub-regional perspectives of EECCA and SEE countries, Partnerships and the Future of the EfE process*. Ministers are expected to take important decisions both regarding the goals and future focus of the process, and its institutional set-up and cooperation with other processes. The WGSO had an initial discussion of these issues.

The focus of the further preparatory work will now shift to the negotiations of the Ministerial Declaration. A first draft will be prepared by the secretariat for the meeting of an open-ended Drafting Group on 2-3 July.

A more detailed update of the preparations will soon be available in the *EfE Newsletter No.2*.

For more information visit www.unece.org or contact efe@unece.org.

provide the necessary technical assistance to help formation of an energy efficiency market and promote relevant economic, institutional and regulatory reforms in the selected countries.



This Investment Fund will provide financing for projects in the East European countries and complement the € 329 million Clean Energy Fund, recently raised by Swiss Re for the European Union countries under a United Nations mandate.

The Fund will provide equity or quasi equity investments and will encourage public participation in order to stimulate private investments. Delegates present at the Steering Committee confirmed their strong interest in the creation of the Fund. Indeed, the private financial community still regards investments in energy efficiency in Eastern

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continued

Europe as risky and with a slow return period.

According to the recent conclusions of the Intergovernmental Panel on Climate Change, greenhouse gas (GHG) emissions from the energy supply sector increased by 145% between 1970 and 2004 and represent more than half of global emissions (about 25 Gt in 2004). Investing in activities such as fuel switching, combined heat and power generation, district heating modernization, creation of Energy Service Companies, renewable energies development or technological research on CO₂ capture and storage can greatly contribute to reducing GHG emissions. The

Fund contribution is expected to generate a reduction of 10 million tonnes of GHG emissions per year.

This project is a good example of multilateral involvement in the global warming issue since it is supported by the United Nations Foundation (UNF), the Global Environment Facility (GEF), the French Global Environment Facility (FFEM) and the European Business Congress (EBC) with an approved amount of \$7.75 million.

For more information see <http://www.ee-21.net/> or contact info.energy@unece.org.

Coming up

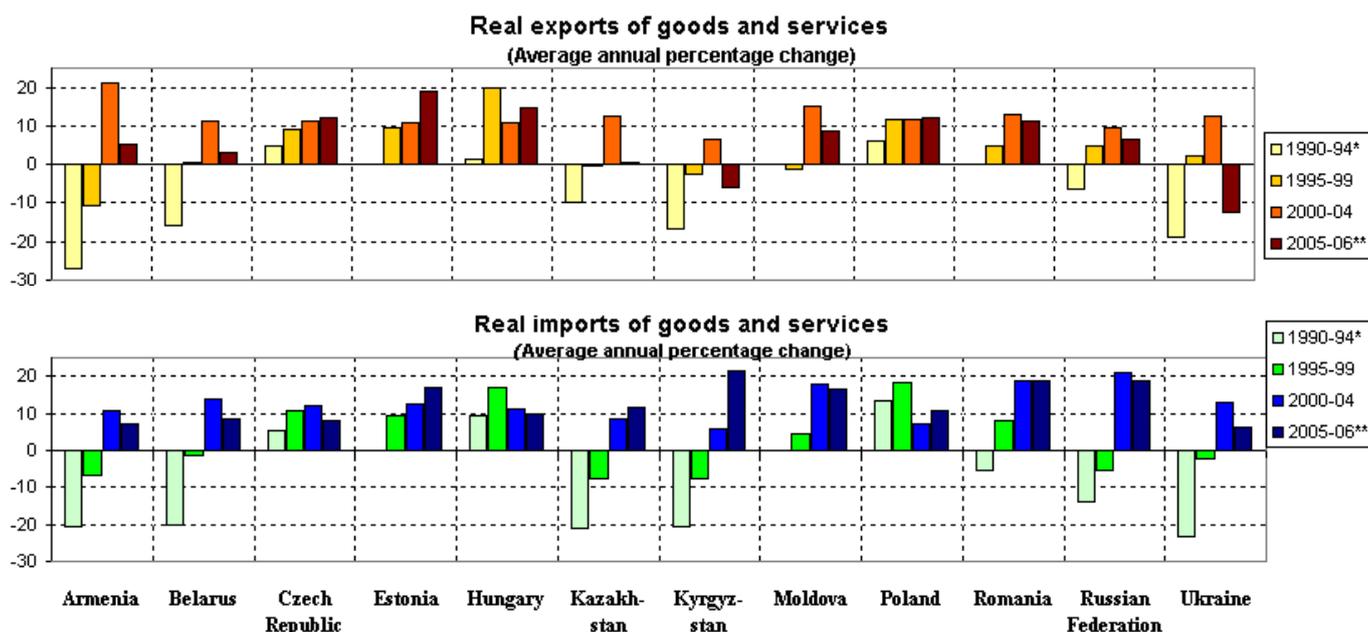
11-13 June
Conference of European Statisticians

11-13 June
Working Group on Environmental Monitoring and Assessment

13-15 June
Working Party on Customs Questions affecting Transport

Facts and figures

Pace of integration into global economy varies notably across the UNECE emerging economies



Source: UNECE Statistical database (<http://www.unece.org/stats/data.htm>).

* Data refer to 1992-94 for Hungary and Russian Federation.

** Data refer to 2005 only for Kazakhstan and Ukraine.

Ever since the centrally planned economic system crumbled in Europe and the CMEA (Council for Mutual Economic Assistance) was dismantled, most UNECE emerging market economies succeeded in better integrating into the global economy. The development of their foreign trade over the last 15 years reflects the varied pace of this integration.

In the chart, two groups of countries can be distinguished: one consists of economies with continuous strong trade growth and close ties to western Europe (new EU members) and the other group includes economies focused on the Russian Federation.

For this group, the breakup of the Soviet Union and terms-of-trade shock prompted a collapse of trade in the early 1990s; their export and import recovery suffered further setbacks in the aftermath of the Asian (1997) and Russian (1998) crises. Since 2000, export volumes from Russia and other energy exporting countries have boomed but lately the momentum has weakened. Armenia and Moldova observed strong export growth as well due in part to partner diversification. Nevertheless, the penetration of world markets with processed goods remains problematic for CIS economies.

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