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UNECE REGIONAL ADVISORY SERVICES PROGRAMME IN THE FIELD OF ENERGY DURING 2005-2007

Note by the secretariat

Summary

The Committee on Sustainable Energy requests that it be provided at each session with an update on the Regional Advisory Programme on Energy. This document is prepared on that basis and covers the activities of the regional advisory services undertaken in energy and the associated extrabudgetary projects during the period February 2005 to August 2007. The purpose of the Regional Advisory Programme on Energy is to provide advice and technical assistance, of an operational nature, to countries of the UNECE region with economies in transition and, most notably, to the most disadvantaged of these. It also complements and reinforces the regular and extrabudgetary programmes in energy.

The Committee is invited to take note of the information provided in this report and may also wish at this session to discuss and agree upon the priorities for future activities to be undertaken through the Regional Advisory Services for Energy.

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I. INTRODUCTION

1. The programme of work on energy has one Regional Advisor dedicated to it. The forms and methods of operational activities undertaken by the Regional Advisory Programme on Energy vary according to the needs of the recipient countries and the subregions, but invariably involve a combination of the following: the preparation and implementation of specific programmes, both country-oriented and subregional in nature; the preparation of project proposals for funding by international organizations and donor countries; the development and preparation of substantive studies with participating countries relating to policy issues and energy strategies; assistance in facilitating the transition of energy markets towards a more sustainable future by increasing the market share of renewable energy sources in the current energy mix; assisting governmental organizations in implementing the United Nations Framework Convention on Climate Change (UNFCCC), in particular the Kyoto Protocol through its flexible mechanisms such as the Clean Development Mechanism (CDM) and Joint Implementation (JI); participation in the development and implementation of programmes for capacity and institutional building and training; the organization of workshops, seminars and other group meetings; consultative and advisory missions; and study tours.

2. Over the last two and a half years, the Regional Advisor on Energy has participated in the preparation of analyses on the energy situation, energy efficiency potential and prospects for countries of the Commonwealth of Independent States (CIS); assisted national experts in the elaboration and preparation of plans, programmes and projects to facilitate the implementation of energy policies and strategies; assisted in the planning and implementation of programmes for capacity and institutional building and in the provision of training on business planning, financial engineering, project development and sources of financing; provided advice and participated in workshops and seminars on the restructuring, rehabilitation and modernization of the energy sector in the CIS countries; and assisted in the preparation of project proposals for funding by the United Nations Development Account (UNDA), the United Nations Development Programme (UNDP) and the Global Environment Facility (GEF). During this period special attention has been paid to problems related to energy efficiency and conservation in economies in transition, notably the development of Energy Efficiency Investment Zones and elaboration of different financial mechanisms to attract foreign investors in order to realise energy efficiency projects in member States. Advisory services were also provided on the interconnection of electricity networks and on the utilization of new devices and technologies in the energy field, with particular emphasis on environmentally clean technologies.

3. In addition to funding from the Regional Advisory Services budget (section 21), activities are supported by extrabudgetary resources, notably from the Energy Efficiency 21 Project, UNDP, GEF, donor countries and countries with transitional economies, as well as from the UNDA (section 33). Due to limited staff resources, activities continue to be focussed on a limited number of countries taking into account their priority areas for development, government support as well as the availability of extrabudgetary financing.

4. Information related to projects and programmes initiated and carried out by the Regional Adviser on Energy and activities in which he actively participated are provided in sections II to VI.

II. ENERGY EFFICIENCY AND ENERGY SUPPLY

5. A programme of Energy Efficiency Investment Zones in Belarus, Kazakhstan, Russian Federation and Ukraine within the project "Energy Efficiency 21" has continued. Implementation of this project has to date leveraged significant investments: US$ 7.3 million from the World Bank, GEF, the Government of Japan and local organizations in Belarus; US$ 165,000 from a local organization in Kazakhstan, US$ 5.2 million from GEF and local organizations in the Russian Federation; and US$ 2.25 million from local organizations in Ukraine.

6. Phase "C" of the project "Biomass Energy for Heating and Hot-Water Supply in Belarus" commenced in September 2003 and will continue until 31 May 2008. The total cost of the project, in accordance with the project document, is US$ 8,936,000 of which US$ 3,129,000 has been provided by GEF as a grant for realization of the full project, US$ 2,192,000 from the Belarus Government and US$ 3,370,000 from local organizations. Investments by the Belarus Government and local organizations have already exceeded by 70 per cent those that were anticipated in the project document. The UNECE is a Cooperating Agency for the implementation of this project.

7. Since February 2005, the following project results have been achieved:

(a) The third project demonstration site (Vileika Forestry Enterprise wood supply project) was put into operation in December 2006. Two mobile wood-chipping units and other equipment for the loading and transportation of wood chips were provided to this enterprise with financial support from the project.

(b) The Revolving Fund for managing the US$ 1,540,000 allocated by the GEF and an equivalent amount to be allocated by the Belarus Government in local currency was set up by its Committee on Energy Efficiency in November 2005. It was established within the framework of RUE "Belinvesenergosberezhenie" (the organization responsible for implementation of international projects on energy efficiency and renewable energy in Belarus). The Revolving Fund provided all the financial resources allocated by the GEF to five project sites. Four additional loan agreements for implementing energy efficiency and renewable energy projects were signed with Bobruysk Tractor Enterprise, Borisov Electrical Equipment Plant, "Dnepr-Bug Water Way" and Mogilev Plant of Artificial Fibres. The Belarus Committee on Energy Efficiency provided financial resources to the Revolving Fund in the amount of Belarus Rubles 1,900,000 (US$ 840,000).

(c) The second project demonstration site (JSC Mostovdrev, superheated steam boiler with a capacity of 22 tonnes of steam per hour and 2.5 MW backpressure turbine) and the fourth project demonstration site (Vileika CHP, superheated steam boiler with a capacity of 22 tonnes of steam per hour and 2,4 MW backpressure turbine) will be completed in December 2007. Both projects are already 90 per cent completed. The project contribution through the Revolving Fund to these demonstration sites is US$ 400,000 and US$ 350,000 respectively.

(d) The fifth project demonstration site (CHP BelGRES) received US$ 300,000 from the Revolving Fund to purchase harvesting and transportation equipment for organizing a wood-chipping site in order to provide an additional supply of wood residues to BelGRES.

(e) The Geographical Information System (GIS) was developed for Belarus, which includes geographical data on existing boilers, heating needs, wood-waste resources, wood enterprises, existing government wood supply organization, and transport systems. The latest data on boiler houses from each region (oblast) are now being incorporated in the GIS.

(f) Seven business plans for further financing by the Revolving Fund were elaborated. Two wood processing plants “Fandok” and “Pinskdrev” requested financing for biomass energy activities from the Fund.

(g) Belarussian specialists and decision-makers participated in three study tours to Austria, Czech Republic and Sweden that were prepared and conducted during this period. The study tours focussed on the combustion, production, transportation and storage of biofuels. Detailed reports on these study tours were submitted to the Government of Belarus and posted to the project website.

(h) A Twinning Agreement between LandesEnergieVerein Steiermark (Regional Energy Agency based in Graz, Austria) and Belinvestenergosberezhenie was signed in July 2005. Both parties agreed to cooperate on the development of biomass district heating in Belarus by transferring know-how on quality management (planning, operation, maintenance, etc) of biomass heating and cogeneration plants. The complete text of the Agreement, as well as project news, progress in the implementation of the demonstration sites, and seminar and study tour reports are available on the project website www.bioenergy.by.

8. As a result of implementation of phase “B” of the project "Removing Barriers to Energy Efficiency Improvements in the State Sector in Belarus" a project brief and a project document for financing phase “C” of this project were elaborated and submitted to the GEF Secretariat in September 2005. In April 2006, the GEF approved the project proposal and the National Executing Agency “State Committee for Energy Efficiency and Control” received US$ 1,400,000 as a grant for realization of this phase. The total cost of the project is US$ 9,679,600, of which US$ 3,150,000 will be provided by the Belarus Government and US$ 5,119,600 by local organizations. The UNECE is a Cooperating Agency and will provide US$ 100,000 “in kind” contribution for the implementation of this project, which was started in January 2007.

9. The following project results have been achieved since the project commenced implementation:

(a) A Project Management Unit was created and a work plan for the first year of project implementation was elaborated and agreed upon with the National Coordinator of the project.

(b) An Energy Centre was established. A Centre Director and national experts on energy, finance and information were selected according to UNDP selection procedures.

(c) Terms of reference for selecting International Consultant Companies on Energy Centre development and on business planning, financial engineering and energy auditing were prepared and international bid tenders were announced.

(d) The selection of new investment projects sites to be implemented within the project has started.

10. Phase "A" of the project "Feasibility Study on Opportunities for Belarus to Join the Kyoto Protocol under the UNFCCC" was completed in March 2004. Financial support totalling US$ 30,000 for project implementation was received from the SPPD (Support Services for Policy and Programme Development) fund of the UNDP Office in Minsk.

11. The main conclusion of the above project that Belarus should join the Kyoto Protocol was taken into account by the Belarus Government and an official application for joining the Protocol was submitted in August 2005. This application is now under consideration by the Protocol's Parties.

12. Implementation of the project "Wide utilization of new energy efficient technology 'FISONIC' in municipal heat and hot supply systems" was continued in the Republic of Belarus and Ukraine. Twenty-seven "FISONIC" devices for heating and hot water supply systems were installed in different enterprises within the two countries.

13. The aim of the project "Financing Energy Efficiency Investments for Climate Change Mitigation" is to assist South-East European, East European and CIS countries to enhance their energy efficiency, diminish fuel poverty arising from economic transition and meet international environmental treaty obligations under the UNFCCC and the UNECE Conventions.

14. The project has three immediate objectives to produce measurable results during the next seven years. The first objective is to establish a public-private partnership fund in four steps. The second is to develop the skills of the public and private sector experts at the local level to identify, design and submit bankable projects for financing to the Fund Manager. The third is to raise the general awareness of the importance of energy efficiency and renewable energy and to provide assistance to municipal authorities and national administrations to introduce the economic, institutional and regulatory reforms needed to support the investment proposals developed within the framework of the project.

15. Preparatory work for implementation this project was started in 2005 and since then, with the participation of the Regional Adviser, the following results have been achieved:

(a) National Coordinators were appointed in four countries (Belarus, Kazakhstan, Russian Federation and Ukraine).

(b) National implementing agencies in four countries were determined and the terms of reference for their activities were agreed upon.

(c) Networks of energy efficiency technical experts and managers were set up in the four countries.

(d) Data collection and the preparation of bankable proposals were started in the same countries.

(e) Four missions were undertaken to advise national ministries to support implementation of the project.

16. Implementation of the project "Financing Energy Efficiency Investments for Climate Change Mitigation" commenced on 1 June 2007. Missions to the capital city of each participating country by the project's Financial Adviser and a representative of the Project Management Unit are currently being prepared. During the missions consultations will be held on the investment fund with relevant governmental authorities and private sector entities that could potentially participate in the fund.

17. A new project "Dam Safety in Central Asia" was started in 2005 with the financial and technical support of the Finish Government. The project aims are: to prompt the countries concerned to set up or revise national dam safety regulatory frameworks so as to achieve harmonization; and to promote subregional cooperation on information exchange and notification in the event of accidents or emergency situations occurring at any of the dams in the region.

18. Two meetings of the project working group were held in April 2006 and November 2006. As a result of these meetings a model national law "On the safety of hydro-technical installations" and a draft of the regional agreement on hydro-technical installations safety cooperation were prepared. The model national law was presented to the Eurasian Economic Community (EurAsEc) Inter-parliamentary Assembly for consideration and possible approval and similarly the draft of the regional agreement was submitted to the High-Level Group for Developing a Harmonized Mechanism of Water and Energy Management in the Syrdarya and Amudarya river basins for consideration.

III. COOPERATION WITH SUBREGIONAL ORGANIZATIONS

A. Commonwealth of Independent States

19. Together with the CIS secretariat, a project document for the project "Implementation of the regional (inter-state) programme of rational and efficient use of fuel and energy resources in the CIS" was elaborated.

20. The main objective of the project is to develop and implement organizational, legislative, financial, scientific, technical and information measures aimed at improving international cooperation within CIS countries on the creation and large-scale introduction of advanced energy efficient technologies and methods of business development at the regional level. This objective will be achieved through:

(a) Creating institutional and organizational structures to promote cooperation;

(b) Improving and harmonizing legislation at the national and regional levels;

(c) Harmonizing and unifying energy efficiency standards and labels as well as the certification procedure;

(d) Identifying mutually beneficial financial schemes for the implementation of energy efficiency investment projects;

(e) Developing scientific and research databases; and

(f) Creating an information support system.

21. The project was approved by the CIS Economic Board on 11 March 2005, but due to a lack of financial resources implementation was postponed. However, following a pledge by the Russian Federation of US$1.2 million annually the project will now commence in 2008.

B. Euroasian Economic Community

22. Active cooperation with the Secretariat of the EurAsEC Integration Committee in the field of energy was started in 2006. The Committee's members are Belarus, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan and Uzbekistan. Cooperation has focused on efforts to facilitate implementation of a number of the key recommendations contained in the regional cooperation strategy to promote the rational and efficient use of water and energy resources in Central Asia. This strategy was elaborated within the framework of the UNECE/UNESCAP (Economic and Social Commission for Asia and the Pacific) project "Rational and efficient use of energy and water resources in Central Asia" that was implemented during the period 2000-2003.

23. The High-Level Group for Developing a Harmonized Mechanism of Water and Energy Management in the Syrdarya and Amudarya river basins was created under EurAsEC to provide assistance to the Central Asian countries to establish a Water and Energy Consortium in the region. The recommendation for creating such a Consortium and its functioning stems from the work undertaken by the above-mentioned UNECE/UNESCAP project.

24. The Regional Adviser on Energy participated in three meetings of the High-Level Group. The following information was presented at the meetings:

(a) The report of the results achieved by the United Nations Special Programme for the Economies of Central Asia (SPECA) Project Working Group on Energy and Water Resources during the period 2000-2006.

(b) The report of the fifteenth session of the SPECA Project Working Group on Energy and Water Resources held on 17 November 2006 in Almaty, Kazakhstan.

(c) The model national law "On the safety of hydro-technical installations".

(d) The draft of the regional agreement on hydro-technical installations safety cooperation.

25. The High-Level Group approved the final draft of the concept on the efficient use of water and energy resources in Central Asia with four amendments made by the delegations of Uzbekistan, Tajikistan and Kyrgyzstan. The document was then submitted to the Board of the Heads of Government.

IV. SUBREGIONAL PROGRAMMES

A. Special Programme for Economies of Central Asia

1. Project "Capacity Building for Air Quality Management and the Application of Clean Coal Combustion Technologies in Central Asia" (CAPACT)

26. The objective of the CAPACT project is to strengthen the capacity of air quality management institutions in Central Asia to implement the UNECE Convention on Long-Range Transboundary Air Pollution and its protocols, as well as to promote the application of appropriate clean coal combustion technologies for heat and power generation from solid fuels. Implementation of the Convention and its protocols has been achieved through work on developing policies to manage air quality, air pollution monitoring and the reporting of pollutant emissions. To further facilitate this process the project aimed to develop subregional cooperation and also, in cooperation with the United Nations Environment Programme to strengthen links between Asian and European monitoring programmes.

27. The Project was given the acronym "CAPACT" to facilitate its recognition and identification. In order to attain the project goals and objectives, the project activities were divided into six main Work Packages (WP). WP4, WP5 and WP6 refer specifically to energy/coal-related activities.

28. The following activities were realized in the period under review:

(a) Two Project Working Group meetings, to which all Central Asian countries nominated senior officials, were held in October 2005 and July 2007.

(b) Under Work Package 4, a concept for creating an air monitoring and air quality management information system was elaborated. It was presented to the Project Working Group on 12 November 2005 and then discussed and approved for implementation in accordance with the project document.

(c) New software capable of a range of functions, including monitoring enterprises using coal as a fuel, energy audit, ecological compatibility, efficiency, development of administrative decisions and management of protection of the air environment, was elaborated on the basis of the "EcoAnalyst" software, which is at the core of the computerized information systems used by the National Informational-Analytical Centres in Central Asian countries.

(d) Two training workshops, under Work Package 4, were organized in November 2006 and March 2007 to teach local experts how the new software could be used at the National Informational-Analytical Centres to generate recommendations and air quality management decision-making in the energy sector.

(e) Under Work Package 5, a seminar on “Economic, legal, environmental, institutional, and regulatory policy measures needed for deployment of appropriate, cost-effective and commercially available clean coal technologies (CCTs)” was conducted in Almaty on 12-14 November 2005.

(f) To facilitate this seminar an analytical review “Economic, legislative and institutional problems of clean coal technology utilization in the states of Central Asia” was prepared. Long-term scenarios for power engineering development in Central Asian countries were elaborated to consider the possibility for the utilization of CCTs in this region.

(g) A CD-ROM containing all the reports and presentations delivered during the seminar was produced.

(h) A seminar focusing on “Appropriate pricing reforms regarding coal, heat, and electricity to facilitate investments for deployment of CCTs in the subregion in order to implement the UNECE Convention on Long-Range Transboundary Air Pollution” was conducted in Almaty on 4-6 July 2007 under Work Package 5.

(i) To facilitate this seminar the following two studies were prepared: “Comparative economic analysis of different energy efficient measures, CCTs and fossil fuel systems with carbon capture and storage” and “Prospects for Kyoto flexible mechanisms (CDM and JI) and various market mechanisms for facilitating investment in deployment of CCTs in Central Asian counties”.

(j) A CD-ROM containing all the reports and presentations provided during the seminar was produced.

(k) Under Work Package 6, a study “Criteria development: selecting projects in the field of cost-effective and energy-efficient CCTs in the Central Asia countries and training programmes for their utilization” was prepared. The study was presented to the Project Working Group on 12 November 2005, discussed and approved. The Group recommended the use of the elaborated criteria for selection of appropriate clean coal projects in Central Asian countries for which business plans would be worked out during the course of the training programme.

(l) Three training workshops, under Working Package 6, were organized in July and November 2006 and March 2007 on the development of business plans for energy efficiency projects for improved air quality management and deployment of appropriate clean coal combustion technologies for heat and power generation from solid fuels.

(m) As a result of this training programme, experts from Central Asian countries elaborated seven business plans. Two of them have been presented to international financial institutions in order to obtain financial support for their implementation.

(n) More detailed information in English and Russian is available on the project website: http://www.unece.org/ie/capact. This site is regularly updated with project information and also provides details of forthcoming events and Project Working Group meetings.

29. The project will be completed in December 2007.

2. Project Working Group on Energy and Water Resources

30. At the request of a number of SPECA member countries, the Project Working Group "Energo" resumed its work in November 2005 under the umbrella of the reinvigorated SPECA II. These SPECA member countries expressed interest in continuing activities in the water sector and in expanding the scope of the SPECA work in the area of energy so that the latter would not be limited to hydro-power, but also address broader issues such as the possibility of creating common energy markets involving SPECA member countries and consideration of energy security matters in the Caspian Sea region.

31. The fourteenth session of the Project Working Group "Energo" was organized on 9-10 November 2005 in Almaty. Experts, nominated by the Governments of the Central Asian countries, discussed matters related to the formulation and implementation of national policies in the water and energy sectors in the SPECA member countries. This followed the adoption of the SPECA "Cooperation strategy to promote the rational and efficient use of water and energy resources in Central Asia" at the thirteenth session of the Project Working Group on Water and Energy Resources held in Bishkek, Kyrgyzstan in November 2003.

32. The Project Working Group "Energo" discussed and approved its terms of reference and a Work Programme for 2005-2007.

33. The fifteenth session of the Project Working Group "Energo" was held on 18 November 2006 in Almaty. The Group reconfirmed the SPECA Cooperation Strategy's principles and purpose to develop a coordinated regional policy providing for the equitable and rational use of water and energy resources with due regard for the social, economic and environmental interest of the countries of the region. The need to develop strategies to further conceptualize and accelerate the implementation of the Plan of Action contained therein was stressed.

34. With respect to the decisions of the Governing Council requesting the Project Working Group "Energo" to consider the two proposals (a) Coordinated SPECA Energy System; and (b) Baku Initiative on Energy Efficiency and Conservation, the Group decided that high level consultations, preferably at the level of the heads of energy agencies, may be needed to secure political commitment by the participating member countries. It recommended that such a high level meeting be held in 2007.

V. AD HOC REQUESTS BY A SINGLE COUNTRY ON SPECIFIC TOPICS

A. Workshops

35. The Greenhouse Gas (GHG) Inventory/Joint Implementation Workshop within the framework of the project "Technical assistance to Ukraine and Belarus with respect to its global climate change commitments" was held on 23-24 May 2005 in Kiev, Ukraine. A report was presented on the opportunity for Ukraine to participate in the new UNECE project "Developing capacities and removing barriers to financing energy efficiency investments for climate change mitigation".

36. Three workshops were organized in Minsk as part of the activities within the project "Biomass energy for heating and hot-water supply in Belarus". A workshop on the storage and transportation of biomass for fuel purposes was conducted on 29 November 2005, at which a report entitled "New financial mechanisms using UNECE for financing energy efficiency projects" was presented. A second event on the "Experience of substitution of importing energy resources by local fuels and utilization of alternative energy sources" was held on 18 May 2006 in Minsk. The aim of the workshop was to increase energy security in Belarus. A report entitled "Energy efficiency as a factor for increasing energy security in the CIS" was presented. A third event "Sustainable development national plan and replication of project results" was held on 5 December 2006 in Minsk. The aim of this workshop was to present the Sustainable Development National Plan of local energy resources utilization that was developed during implementation of the project. A report "Wood as an alternative energy source in Europe" was presented.

37. Within the project "Removing barriers to energy efficiency improvements in the state sector in Belarus" two workshops were held. The first, focussing on the key results achieved during implementation of phase "B" of the project, was conducted on 14 April 2005. A report on "UNECE experience in implementing international projects in the field of energy efficiency in CIS" was presented. The inception workshop for phase "C" of the project was organized on 23 March 2007. A report entitled "Analysis of programmes and financial mechanisms that could promote realization of energy efficiency projects in the state sector of Belarus" was presented.

B. Advisory Missions

38. At the request of member States and to facilitate implementation of a number of projects, the Regional Adviser on Energy undertook missions to the following countries: Belarus, Kazakhstan, Kyrgyzstan, Russian Federation and Ukraine. Direct advice was provided to national experts on the preparation of plans, programmes and projects in order to facilitate implementation of their energy strategy, capacity and institution building and training. Special attention was paid to energy security matters and problems related to energy efficiency and conservation in countries with economies in transition. Specific examples include: realization of Energy and Water Efficiency Demonstration Zones in Central Asia; realization of Energy Efficiency Investment Zones in Belarus and Ukraine; creation of energy services companies in Belarus and the Russian Federation; and development of financial mechanisms for attracting foreign investors to realize energy efficiency projects in these countries. Advisory services were additionally provided on the creation of small and medium-sized electricity production units; development of renewable sources of energy; interconnection of electricity systems; and on technology cooperation in the field of energy efficiency. Particular emphasis was given to environmentally clean technologies, assisting governmental organizations in realization of the UNFCCC, in particular through use of the CDM and JI. Specific examples of the results of these missions are provided in Part II of this report.

C. Project Formulation

39. A project document for financing phase “C” of the project "Removing barriers to energy efficiency improvements in the state sector in Belarus" was prepared and submitted to the GEF Secretariat. As noted previously, the GEF approved the project proposal (see paragraph 9 above).

40. The Terms of reference and work programme for 2005-2007 were elaborated in October 2005 for the Project Working Group “Energo” and approved by its fourteenth session held on 9-10 November 2005 in Almaty.

D. Training Programmes

41. Training programmes were held within the framework of a range of projects (see sections II, III and IV).

E. Conferences, forums, meetings and training

42. A presentation entitled “Past, present and future UNECE activities in the field of energy efficiency in Belarus” was delivered to the International Forum “Energy Efficiency and Resources Savings” held on 16-17 May 2006 in Minsk, Belarus.

43. The Regional Adviser participated in the International Congress “BIOENERGY 2006” (22 November 2006, Moscow) and presented a report entitled “Projects on biomass utilization for heat and electricity production implemented by UNECE in Belarus and Ukraine”.

44. A report entitled “Financing and implementing country-oriented and subregional projects on energy efficiency and renewable energy in CIS with the financial support of GEF, UNFIP (United Nations Fund for International Partnerships), UNECE and UNDP” was presented at the international seminar “Modern technologies of traditional and renewable energy and mechanisms of investment projects’ financing” that was organized by the Government of Belarus in cooperation with the secretariat of Central European Initiative on 4-5 June 2007 in Minsk.

VI. PROBLEMS, EVALUATION AND FUTURE WORK ORIENTATION

A. Problems

45. The development of energy systems is a major priority for most of the countries with economies in transition and hence it is not possible to satisfy all the requests for assistance received by the governments of these countries. Due to limited staff resources, activities necessarily continue to be focussed on a limited number of countries, taking into account the priority areas of their development, the government support available, as well as the level of extrabudgetary financing.

1. Project "Biomass energy for heating and hot-water supply in Belarus"

46. The Revolving Fund for this project was not established as a separate legal entity as per the Project Document. Being incorporated within RUE "Belinvesenergosberegenie", which conducts a number of other activities, means that the operation and management of the Revolving Fund is not fully transparent (i.e., it is subsumed within other activities of RUE for reporting purposes).

47. There is no methodology within the Charter of the Revolving Fund, as adopted by Department on Energy Efficiency, for determining the credit rate for loans. The Commission, which was authorized to determine the rates, borrowers and the amounts of any loans issued by the Revolving Fund, is providing credit at low rates and hence due to inflation the financial resources of the Fund are declining in real terms.

48. The Belarus Government has transferred just over half of its contribution (US$ 840,000) to the Revolving Fund. Sources of funding to meet its obligations outlined in the Project Document for 2007 (including the rest of contributions to the Revolving Fund) are not yet determined.

2. Project "Implementation of regional (inter-state) programme of rational and efficient use of fuel and energy resources in the CIS"

49. The CIS Economic Board approved this project on 11 March 2005. However, due to uncertainties relating to the political future of the CIS as well as permanent changes within the secretariat of the CIS Executive Committee, it has been possible neither to find co-financing from the participating countries nor to start full-scale implementation of this project.

3. Project "Capacity building for air quality management and the application of clean coal combustion technologies in Central Asia"

50. Communicating with project-related experts and authorities has proved to be difficult due, to a large extent, to these experts and organizations lacking fax numbers and/or e-mail addresses. In addition, the authorities of Turkmenistan have not responded to any of the invitations extended to participate in the Project. Responses to communications and implementation of requests for information and organizational actions have also taken a long time, with the requests often having to be re-issued by UNECE and UNESCAP headquarters a number of times. When responses are received, they usually arrive after a considerable time delay and their quality is not always of a satisfactory standard.

51. In order to seek to resolve the above difficulties, invitations continue to be issued to Turkmenistan to participate in the Project. With regard to the communication problems, a recommendation has been given to use the "Information-analytical centres for rational and efficient utilization of energy resources" in order to gain access to the internet and the ability to communicate by e-mail. These Centres were created in each capital of the Central Asian countries during the implementation of the SPECA project "Rational and efficient use of energy and water resources in Central Asia", as financed by UNDA.

B. Evaluation

52. Mid-term evaluation of the project "Biomass energy for heating and hot-water supply in Belarus" was conducted by an independent UNDP consultant in February 2006. The consultant's report is available from the UNDP Office in Belarus.

53. Within the framework of the CAPACT project, seven business plans were elaborated by experts from the Central Asian countries. Two of the business plans have now been presented to international financial institutions in order to obtain financial support for their implementation. The projects seeking funding are: "Modernization of Angrenskaya Thermal Power Station to increase coal combustion efficiency" and "Modernization of CHP (Bishkek) with introduction of a boiler with steam capacity of 420 tonnes per hour". An external evaluation of the CAPACT project currently being undertaken by an independent consultant will be completed in October 2007.

54. Two independent consultants conducted an external evaluation of the UNECE Regional Advisory Service Programme in the field of energy in Belarus during the period October to December 2005. The final report is available on the UNECE website at: www.unece.org/operact/opera/eval.html.

C. Future work orientation

55. The Regional Adviser on Energy will continue to respond to the specific needs and priorities of countries with economies in transition in strategic areas of sustainable energy development such as: the rational and efficient use of energy; energy security; analysis of new developments affecting energy demand and supply in the short and medium-term; pricing policy and security of supply; restructuring of the energy sector; energy infrastructure, including interconnection of electric power networks; normative activities in the energy field; and renewable sources of energy. In all these areas, assistance will be provided in identifying the needs for further development of the energy sectors of economies in transition, assisting national experts to prepare plans, programmes and projects to facilitate the implementation of their energy strategies, providing assistance in capacity and institution building and in realization of the UNFCCC, in particular the Kyoto Protocol through use of the CDM and JI. Special emphasis will be given to energy efficiency investment, training on project financing and management, small and medium-sized company start-up including energy services companies (ESCO) and their participation in the realization of Energy Investment Demonstration Zones, utilization of new environmental clean energy technologies, networking and information exchange, energy efficiency standards, and development of business contacts.

56. Primary attention will be given to cooperation with subregional organizations such as EurAsEC and CIS and to the implementation of energy projects under subregional programmes such as SPECA.

57. The Regional Adviser will continue his cooperation with agencies of the United Nations and international organizations, in particular with UNDP, World Bank, European Bank for Reconstruction and Development, Black Sea Trade and Development Bank, EurAsEC

Integration Committee Secretariat, CIS Executive Committee and other regional and subregional organizations as well as the Commission of the European Union.

58. With regard to specific projects that are currently being realized and will be implemented in the future, the following examples can be noted:

(a) 2006-2009 phase of the “Energy Efficiency 21 Project”;

(b) Project “Financing energy efficiency investments for climate change mitigation”;

(c) Project “Implementation of regional (inter-state) programme of rational and efficient use of fuel and energy resources in the CIS”

(d) Project “Biomass energy for heating and hot-water supply in Belarus”, phase “C”;

(e) Project "Removing barriers to energy efficiency improvements in the state sector in Belarus", phase “C”;

(f) Project “Development of energy and water efficiency demonstration zones in the Republic of Kazakhstan”; and

(g) Project “Wide utilization of new energy efficient technology “FISONIC” in municipal heat and hot water supply systems” in Belarus, Kazakhstan, Russian Federation and Ukraine.
