



Economic Commission for Europe

Financing Energy
Efficiency Investments

Long-Term Objective

Financing Energy Efficiency Investments for Climate Change Mitigation

Promote an investment environment for self sustaining energy efficiency and renewable energy projects to be developed and financed to reduce greenhouse gas emissions

Potential Market

- Vast Potential Market Eastern Europe & CIS
- US\$ 5 to 10 billion Payback < 5 Years
- Euro €224 billion Payback < 15 Years
- Large Investment Potential – Private Sector
- Private Sector Requires Market

Market Formation

- Market Formation in Eastern Europe & CIS
- Private Sector - Large Investments
- Low Transaction Costs
- Acceptable Risk to Returns Ratio
- Reasonable Time Period

Finance Requirements

- Financing Energy Efficiency Investments in Eastern Europe is Possible
- Time Consuming Labour Intensive
- Needs to Become Business-as-Usual
- Framework Conditions Beginning to Emerge
- No Dedicated Source of Financing

Financing Investments

- Grants, Loan Guarantees, Subsidies
- Public Sector Demonstration Investments
- Project Development – Capacity Building
- Dexia- EBRD Energy Efficiency Emissions Reduction Equity Fund – Euro 71 million

Donor Institutions

- United Nations Foundation
- Fonds Français pour l'Environnement Mondial
- United Nations Environment Programme –
UNEP Global Environment Facility

Implementing Institutions

GEF Implementing Agency

- United Nations Environment Programme
- European Bank for Reconstruction and
Development

Executing Agency

- UN Economic Commission for Europe

Countries

Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kazakhstan, Former Yugoslav Republic of Macedonia, Russian Federation, Romania, Serbia & Montenegro, Moldova, Ukraine and RENEUER

Objectives

- Identify and develop investment projects
- Strengthen energy efficiency and renewable energy policies
- Promote opportunities for banks and commercial companies to invest in energy efficiency projects

Develop Investment Projects

Identify, develop, finance and implement demand side and supply side energy efficiency investment projects

- Network of Energy Efficiency Managers
- Trained Experts
- Investment Project Pipeline

Strengthen Energy Policies

Assist municipal and national authorities to introduce economic, institutional and regulatory reforms that support investment projects

- Broad analysis policy reforms and case studies
- Senior Decision Maker Seminars
- Policy Advisory Services

Energy Efficiency Investments

Promote investment opportunities in energy efficiency and renewable energy projects through a professionally managed Fund

- Investment Fund
- Investment Project Development Standards
- Investment Project Pipeline Inventory

Investment Fund

- Public Private Partnership Fund
- Private 65% – Public 35%
- US\$ 250 million – ESCOs & SPVs
- Project Selection Criteria
- EE21 Investment Project Pipeline
- Fund Manager Separate Legal Entity

Fund Investors

- Private & Public Banks
- Insurance Companies
- Local Banks in Beneficiary Countries
- Large Industrial Groups
- Dedicated Environmental & Green Funds

Investment Fund Start Up

- Lead Investor
- Investment Memorandum
- Investor Seminars
- Energy Efficiency Investment Fund
- Fund Manager

Work Methods – Management

Regional Management

- Project Management Unit PMU – UNECE
- UNECE Personnel, Travel, Communications, Conference Services, Documents
- Senior Financial Adviser
- Consultants and Contractors
- Coordination – EE21 & UNECE Committees

Work Methods – Management

National Management

- National Coordinator – NC
- National Participating Institutions – NPI
- National Coordination Unit – NUC
- Local, National & International Coordination
- Implement National & Local Activities

Structure – Governance

Intergovernmental Body

- Chairman & Vice Chairman – Elected
- Supporting Institutions
- National Coordinators
- Monitoring & Evaluation Officers
- International Partners and Projects

Work Methods – Monitoring

Monitoring & Evaluation Advisers

- United Nations Foundation
- French Ministry Foreign Affairs – MAE/FFEM
- UNEP – CO₂, NO_x & SO₂ Emissions
- UNECE Programme Performance Review

Work Methods – Dissemination

- Project Development Standards
- CD-Rom eBook Electronic Publications
- Dedicated Regional Website
- EE21 Steering Committee
- Training Courses, Seminars & Workshops
- UNTV, CNN, EuroNews, EuroVision Network

Budget – Resources

- US\$ 2 million United Nations Foundation
- US\$ 2.5 million MAE/FFEM
- US\$ 3.0 million UNEP GEF
- US\$ 250,000 European Business Congress
- US\$ 400,000 / year UNECE In-Kind
- US\$ 50,000 / year National In-Kind

Budget – Components

Total Expenditures

1. Project Development US\$ 3.570 million
2. Assistance Policy Reform US\$ 3.025 million
3. Investment Fund – US\$ 3.138 million
4. Monitoring & Evaluation – US\$ 0.430 million
5. Project Total – US\$ 10.550 million

Project Document

- Context & Justification
- Development Objective
- Immediate Objectives, Outputs & Activities
- Inputs, Risks, Legal Context
- Budget
- Work Plan & Timetable

Next Steps

- Steering Committee 29 – 31 May 2006
- Signature Project Documents
- Project Operations Begin 2nd Half 2006