



United Nations Economic Commission for Europe



Financing Energy Efficiency Investments in Selected Member States of the Energy Community

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Energy Efficiency 21 (EE21) Programme



- Launched in 1991
- Seventh 3-year phase of the Project (2009-2012)
- General Objective: To enhance regional cooperation on energy efficiency market formation and investment project development to reduce greenhouse gas emissions in economies in transition
- Ten regional, sub-regional, country-oriented and interregional projects



Financing Energy Efficiency Investments for Climate Change Mitigation Project



Long-Term Objective

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

Activities

- Source of financing with dedicated investment funds
- Training to help establish bankable project proposals
- Institutional and policy reforms
- Establishing network of energy efficiency managers

Duration and Funding

- 4 years (2008-2011); US\$ 7.5 million



Financing Energy Efficiency Investments for Climate Change Mitigation Project



- **Co-funding**

- United Nations Foundation
US\$ 2 million
- Fonds Français pour l'Environnement Mondial
US\$ 2.5 million
- UNEP/Global Environment Facility
US\$ 3 million

- **12 participating countries**

- 2 European Union countries: **Bulgaria, Romania**
- 5 South-Eastern European countries: **Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia**
- 5 EECCA countries: Belarus, **Republic of Moldova**, Kazakhstan, Russian Federation, **Ukraine**



Barriers for investments in energy efficiency and renewable energy sources



Main legal, institutional and administrative barriers

- Complexity of the regulatory framework
- Lack of secondary legislation and operational instructions, tools and procedures
- Complex and cumbersome authorization procedures
- Inefficiency and limited use of public tendering processes



Barriers for investments in energy efficiency and renewable energy sources



Main economic and financial barriers

- State intervention in price formation
- Energy tariffs not covering full costs
- Limited availability of public funds for financing initiatives and projects
- Relatively small size of EE and RES projects



Barriers for investments in energy efficiency and renewable energy sources



Main barriers in the level of awareness, human capacity and professional skills

- Overall low level of awareness of the need in energy efficiency improvements
- Commercial banks lack experience in financing schemes
- Lack of training and education possibilities for improving professional skills



European Clean Energy Fund – Conning



- **Officially launched in April 2007 under the EE21 Project mandate**
 - Investment capital of € 354 million, and over 80% committed
 - Mezzanine and Equity Capital (preferred return 7%)
 - 27 European Union member states
- **ECEF targets clean energy projects in 27 European Union countries**
 - Renewable energy: wind, solar, biomass
 - Electricity sector: hydro-electric, cogeneration, combined cycle
 - Fuel switching, geothermal, clean coal, waste-to-energy, district heating



Structure of the new Investment Fund

Making “business as usual” through market formation in the UNECE region

Terms of transaction:

- **Targeted capital: €250 million**
 - Public–Private Partnership
 - Equity and mezzanine financing
- **Targeted countries:**
 - EU: Bulgaria, Romania
 - South-Eastern Europe: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia
 - EECCA: Belarus, Kazakhstan, Republic of Moldova, Russian Federation, Ukraine
- **Investment time:**
 - Investment period of 4 years
 - Investment term of 10 years





Financing modalities of the new Investment Fund



- **Examples of projects**
 - Cogeneration, fuel switching, boilers refurbishment, district heating rehabilitation, street lighting renovation
 - Renewable energy: wind, solar, biofuels, biomass
 - Clean technologies
- **Financing of large scale projects**
- **Bundling schemes for smaller projects**
 - ESCOs or other SPVs (Special Purpose Vehicles)
- **Create a financing facility for interaction with development and commercial lenders**
- **Implement a project support framework for the generation of project documents**



The project will achieve:

- Reduction of 10 million tons of GHG emissions a year
- Considerable energy savings
- Creation of necessary standards and reforms to make energy efficiency projects perceived as business-as-usual
- Replication of investment funds
- Extension of the EE21 Programme to the other UN Regional Commissions





Thank you for your attention !



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