



United Nations Economic Commission for Europe

Global Energy Efficiency 21 (EE21) Project

Viktor Badaker

Project Manager

Sustainable Energy Section/Sustainable Energy Division

**1st Policy dialogue on energy efficiency in Latin America
and the Caribbean: Towards sustainable Institutionalities**

Santiago, Chile

18-19 November, 2010

Committee on Sustainable Energy

- Energy Security Dialogue
- Working Party on Gas
- Gas Centre
- **Energy Efficiency 21 Programme**
 - a) Group of Experts on Energy Efficiency Investments for Climate Change Mitigation**
 - b) Group of Experts on Global Energy Efficiency 21 (GEE21)**
 - Group of Experts on Cleaner Electricity Production
 - Group of Experts on Coal Mine Methane (CMM)
- Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology

EE21 Programme Plan 2009-2012

Seventh 3-year phase of the Project

General Objective

To enhance regional cooperation on energy efficiency market formation and investment project development to reduce greenhouse gas emissions in economies in transition

Financing Energy Efficiency Investments for Climate Change Mitigation Project (FEEI)

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

National Management

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

Country Visits

- evaluating the policy framework
- evaluating capacity building needs
- Identification of financial needs:
 - *difficult banking market conditions*
 - *projects exist and are stalled*
 - *project development is accelerating*
 - *Project Pipeline Summary to kick start the pipeline spurred the submission of project information*

Structure of the new Investment Fund - EE21

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

Terms of transaction:

- **Targeted capital: €250 million**
 - Public (30 %) – Private partnership (70 %)
 - Equity and mezzanine financing
- **12 Targeted countries:**
- **Investment time:**
 - investment period of 4 years
 - investment term of 10 years

Investment Fund Design

- Project Pipeline Summaries
- Project Identification Form
- Lead Investor candidate: Identified
- Investment Manager candidate: Identified, experienced
- NBGI Private Equity (“NBGI PE”)
- One of the key conditions for NBGI PE to invest for NBGI PE to be the investment manager of the fund
- NBGI PE has experience in investing in the participating countries

Investment Manager: Pipeline in the Participating Countries

- NBGI PE has currently an active pipeline of renewable energy projects in the participating countries
- Focus on tested technologies: wind, solar, small-hydro, biogas and biomass
- Active pipeline means that the fund would be expected to commit capital at or shortly after closing

The project will achieve:

- Reduction of GHG emissions of 10 million tons 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

Global Energy Efficiency 21

- This experience in the transfer of energy efficiency policies and markets is a key feature of Global Energy Efficiency 21
- The UNECE region has a rich history and experience of this feature of energy trade and cooperation through UNECE, UN agencies, the European Commission and many bilateral programmes
- Another key driver of GEE21 is energy efficiency market formation based on the work, inter alia, of the Financing Energy Efficiency for Climate Change Mitigation project

GEE 21 Global Strategy

- One of the most important features of FEEI and GEE21 is that they are designed to rely on cost-effective energy efficiency investments to reduce greenhouse gas emissions
- The key point is that only the private sector has the capital required to make a significant difference in global CO2 levels
- The government role in this approach is primarily in those areas where governments are normally most effective, energy policies, regulations and other structural features of energy efficiency market formation

Group of Experts on GEE21

- Kick-off Meeting, June 2009
- 1st meeting: June 2010:
 - Agree programme of work 2010-2011
 - Explore funding options for self-sustaining project
- Extended Bureau Meeting: October 2010
- 2nd meeting: April 2011 (to discuss draft on Global Strategy for EE Market Formation)

Extended Bureau Meeting: 18-19 October 2010

- Agreed to pool each region's expertise and set up a Task Force.
- The work of this Task Force will be led by UNECE Secretariat and assisted by a Consultant and is intended to lead to the formulation of the “**Global Strategy for EE Market Formation**”.
- A draft Global Strategy will be elaborated and presented to the Group of Experts during its Second meeting, scheduled for April 2011.

“Financing Global Climate Change Mitigation”

- a wide-ranging **review of 22 selected EE financing mechanisms** from countries and institutions in all regions of the world;
- an assessment of the relevance of the carbon market for EE financing;
- a discussion of the purposes and sources of capacity building and technical assistance (TA) for EE financing;
- a collection of existing EE programmes, sources of financing and national legislative frameworks;
- five overviews of the energy situation and climate for EE investment in each region provided by the respective RC.

Energy Efficiency Programmes of the UN Regional Commissions in Relation to the UNECE Technical Assistance Activities

Technical Assistance Activities	ECE	ESCAP	ESCWA	ECA	ECLAC
Objective One: Capacity Building for the Development of Energy Efficiency Investment Projects					
a) Information campaigns, energy manager briefing sessions	●	●	●	●	●
b) Training courses financial engineering & business planning	●				
c) Business development workshops on project preparation	●	●	●		
Objective Two: Assistance to Participating Governments with the Introduction of Energy Policy Reforms					
a) Regional policy analysis of energy policy reforms	●	●	●	●	●
b) Case studies of energy efficiency policy reforms	●		●	●	
c) Senior policy maker seminars	●	●	●		
Objective Three: Financing Bankable Projects to Reduce CO2 Emissions					
a) Local commercial banks	●				
b) International Financial Institutions	●				
c) Public Private Partnership (PPP) Dedicated Funds	●				

GEE21 Policy component

- Regional commissions have a lead role in this field
- Assistance in adoption and enforcement of legislative and regulatory framework
- Combined country level approach and regional experience sharing
- Crucial importance of successful National Coordinators (NCs) and National Participating Institutions (NPIs) selection
- Awareness raising

GEE21 Capacity Building component

- CB to project developers: extensively needed
- CB on Energy Audits and M&V: not covered by other actors
- CB to banks
- Awareness raising !

GEE21 Financing Component

- Means of financing investments through dedicated investment funds

Conclusions and Recommendations

- The challenge of scaling up existing productive experience
- Private capital should be the main source of financing, but public financing can be a catalyst
- Understanding of local environment is paramount
- Well-structured TA programme key ingredient of success
- Energy policy framework and strength of banking system are key underpinnings of success and sustainability
- To facilitate dissemination of best practice and improve coordination of TA programmes, 2 practical suggestions:
 - Create in each region a GEE21 Task Force
 - Create in each region an EE&RE financing website

Thank you for your attention!

Alexandre Chachine,
Chief, Sustainable Energy Section
UNECE Sustainable Energy Division

Viktor Badaker
GEE21 Project Manager
Economic Affairs Officer
+41 22 917 2443
viktor.badaker@unece.org

<http://www.unece.org/energy/>