



**Economic and Social
Council**

Distr.
GENERAL

ENERGY/WP.4/2004/2
29 September 2004

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Steering Committee of the Energy Efficiency 21 Project

Meeting of the Bureau, 9 and 10 February 2004

REPORT ON THE MEETING

I. ATTENDANCE

1. The meeting was attended by the Chairman of the Energy Efficiency 21 Project, three Vice Chairmen of the Energy Efficiency 21 Project, the Chairman of the Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation and members of the secretariat. Presentations were made to the Bureau by representatives of companies and banks proposing to develop energy efficiency investment funds or financing mechanisms in relation to the next phase of the Energy Efficiency 21 Project (2003-2006).

II. ADOPTION OF THE AGENDA

Documentation: ENERGY/WP.4/2004/1

2. The agenda was adopted.

III. ELECTION OF OFFICERS

3. The elected officers are as follows: Chairman of the Energy Efficiency 21 Project: Mr. Bernard Laponche (France), Vice-Chairmen of the Energy Efficiency 21 Project: Mr. Zdravko Genchev (Bulgaria); Ms. Milena Presutto (Italy) and Mr. Boris Reutov (Russian Federation); Chairman of the Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation: Mr. Bernard Jamet (France). Mr. Thomas Sacco (United States of America) and Mr. Trond Dahlsveen (Norway) were unable to attend the meeting.

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IV. RECENT DEVELOPMENTS IN THE PREPARATION OF THE ENERGY EFFICIENCY 21 PROJECT PLAN (2003-2006) INCLUDING ITS FINANCING MECHANISM (Agenda item 3)

Documentation: ENERGY/WP.4/2003/8; ENERGY/WP.4/2003/12

4. In accordance with the conclusions and recommendations of the meeting held in December 2003 (ENERGY/WP.4/2003/12), the Bureau of the Energy Efficiency 21 Project held its meeting to discuss the criteria for investment project selection, use of the Energy Efficiency 21 logo, financial support to the Energy Efficiency 21 Project and work methods to be included in the Project Plan for the new phase of Project activities (2003-2006) with each fund management team. The secretariat outlined recent developments of the Energy Efficiency 21 Project noting the relevant decisions of the Steering Committee concerning the development of the new phase of the project along with the steps taken to fulfil them. The secretariat presented the status of the project by describing the contacts made in January with some of the fund managers and through ad hoc consultations held in Washington D.C., New York, Paris and Geneva.

5. The Bureau then discussed recent developments on the preparation of the Energy Efficiency 21 Project Plan (2003-2006) including its financing mechanism. Although all fund managers expressed their interest and commitment in working to create a dedicated Energy Efficiency Fund, fund managers were internally discussing at this stage their possible participation in the co-financing with the EE21 project. These resources would complement the proposed support of the United Nations Foundation and other co-financing partners. Other sources of co-financing would be also explored, including Russian national public and private sector partners.

6. The proposal for the UN Foundation will have to be submitted by 1-April 2004 for consideration by the UN Foundation Board Meeting on 14-16 June.

The next steps can be summarised as follows:

- (a) 1 April: UN Foundation Proposal Submission.
- (b) April-May: Letters of Intent Co-Financing.
- (c) June: UN Foundation Board Meeting.
- (d) Second half of 2004: Project Operations Begins.

7. In addition, the Bureau discussed two other key issues: the use of the EE21 logo and criteria for project selection. The Bureau agreed that the use of EE21 logo and the criteria for project selection are interrelated. The discussion led to a general consensus that the EE21 logo should be attributed to one or more funds without entering in a more analytical process for the certification of individual projects. Nevertheless, the discussion on the use of the logo also raised the need to clarify the issue of using an EE21 logo for marketing purposes. The secretariat noted that the use of the logo refers to the use of an EE21 logo and not to the UN logo which cannot be used in any way for any commercial purpose. The secretariat will continue to work on the development of the EE21 logo for the consideration of the Bureau.

V. PRESENTATIONS OF FINANCING MECHANISM OR INVESTMENT FUND PROPOSALS (Agenda item 4)

8. Discussion under this item was focused on the follow-up activities by each fund manager after the presentations made during last Bureau meeting on 2-3 December 2003. The Bureau met representatives of a team led by Energy Communications and Solutions LLC and representatives of the Caisse de Dépôts de Cosignations Group - (CDC) IXIS. The Bureau had the opportunity to learn about each proposal from follow-up presentations of the fund managers concerned and from an open discussion on the details of how each financing mechanism would operate in relation to the Energy Efficiency 21 Project.

9. The secretariat also informed the Bureau about the status of the proposals by Swiss Re, Conning Asset Management, Commonwealth Bank of Australia and SigmaBleyzer from correspondence with their fund management teams.

10. The discussion with each fund management group was mainly focused of the five following issues:

- (a) Review of the status of each proposal and how each fund management group proposes to proceed in the development of the Fund or financing mechanism during the current year;
- (b) Criteria for project selection;
- (c) Use of the EE21 logo for the purpose of promoting the fund or financing mechanism;
- (d) Participation of each fund group as co-financing partner in the EE21 project or the participation of other institutions on their behalf as co-financing partner;
- (e) Further development of the EE21 project, including the deadline for submission of the proposal to the UN Foundation.

VI. OTHER BUSINESS (Agenda item 5)

11. The Bureau was informed by one of the Vice Chairmen, Mr. Zdravko Genchev, on the activities of the Regional Network for Efficient Use of Energy and Water Resources in Southeast Europe (RENEUER). Information was provided on the status of the activities related to the clearinghouse, the partnership incubator and the advisory centre. The partnership incubator was based on the collection and distribution of data to build up a compendium of good practices, identify and develop a project portfolio, a database of project sponsors and potential investors, and a directory of financial sources. This information has been recently updated and a presentation will be made during the next Steering Committee on 24-26 May 2004.

12. The Bureau welcomed an award recently accorded to the Energy Efficiency 21 Project. On the occasion of the UN Framework Convention on Climate Change (UNFCCC), Ninth Conference of Parties, COP9 in Milan (Italy), 11 December 2003, the European Business Council for a Sustainable Energy Future (e5) and the Business Council for a Sustainable Energy (USA) have awarded the “Climate is Business e-WARD 2003 – Public Sector” to the Steering Committee of the EE21 Project. The award was received on behalf of the Steering Committee by the Vice Chairman Mr. Zdravko Genchev. The award was given in recognition of the EE21 Project efforts “to establish a very important Green Fund for energy efficiency projects in Eastern Europe and Russia”.

13. The Bureau discussed also a diagram of the structure of the project prepared by Mr. Genchev, which the Bureau considered to be a valid tool to explain the present process and structure of the EE21 Project.

14. The secretariat announced the recent appointment of Mr. Gianluca Sambucini as Project Manager of the EE21 Project within the UNECE secretariat.

VII. CONCLUSIONS AND RECOMMENDATIONS (Agenda item 6)

15. After discussion, the Bureau of the Energy Efficiency 21 Project Steering Committee:

- (a) Expressed appreciation to each team that was preparing a financing mechanism or an investment fund for their commitment to achieving Project objectives;
- (b) Agreed that the development of the proposals for financing mechanisms or investment funds were proceeding in line with the objectives of the new phase of the Energy Efficiency 21 Project (2003-2006);
- (c) Agreed that the proposals appeared to be developing in such a way as to meet the general criteria for an Investment Fund described in the draft Energy Efficiency 21 Project Financing Mechanism (ENERGY/WP.4/2003/10);
- (d) Requested the secretariat to provide assistance as needed to fund managers in relation to the development of their proposals, including assistance with contacts of supporting institutions and donors so that project operations will have the resources needed to work with each investment fund or financing mechanism;
- (e) Agreed that Bureau members would work together with the secretariat to identify and contact potential bilateral donors to co-finance the technical cooperation activities related to energy efficiency investment funds or financing mechanisms;
- (f) Requested the secretariat to prepare a common press release on all proposals, to be presented to the next meeting of the Steering Committee and to be issued when considered most appropriate in relation to the level of development of the fund proposals;
- (g) Requested the secretariat to further reflect on the design and use of the EE21 logo, and to develop a specific proposal which would be discussed during next Steering Committee meeting.