



**Economic and Social
Council**

Distr.
GENERAL

ENERGY/WP.4/2003/4
14 March 2003

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Steering Committee of the Energy Efficiency 21 Project

Fourteenth session, 27 May 2003

(Provisional agenda Item 6)

Energy Efficiency 21 Project – A draft proposal for activities in 2003-2006

Note by the secretariat

Introduction

1. The Energy Efficiency 21 project is a region-wide project to enhance trade and cooperation in energy efficient, environmentally-sound techniques and management practices in order to help close the energy efficiency gap between actual practice and best technologies, and between UNECE countries, in particular developed market countries and economies in transition. It is the successor of the Energy Efficiency 2000 Project that was launched in 1991 (www.ee-21.net).

A review of the current phase of the EE-21 project

2. The objectives of the current three-year programme (2000 – 2003) are to: enhance the dissemination and exchange of information, analyses and experiences on energy efficient, environmentally-sound technologies; improve the networking of institutions, organizations and individuals working in the area of energy efficiency; provide institutional capacity development and training in business planning, financial engineering and project development; promote the implementation of energy efficiency legislation; and identify energy efficiency investment projects and potential sources of financing.

3. Energy Efficiency 21 is supported by extra-budgetary resources from a variety of sources, notably government departments, United Nations agencies such as the Global Environment Facility (GEF), companies and foundations. Over the last ten years, cash contributions to the Trust Fund have averaged about US\$ 200,000 per year. Energy Efficiency 21 has three sub-regional projects in eastern Europe and the CIS, south eastern Europe and Central Asia. Energy Efficiency Investments for Climate Change Mitigation has received US\$ 2 million from the United Nations Foundation and co-financing partners. The Rational and Efficient Use of Energy and Water Resources in Central Asia has support of US\$ 1.75 million from the United Nations General Assembly Development Account. The Regional Network for the Efficient Use of Energy and Water Resources (RENEUER) is supported by the USAID, US Department of Energy and bilateral donors (www.reneuer.com).

4. In addition, significant financial and 'in-kind' contributions are directly provided to support the activities of the project. For example, the European Commission provided about 400,000 Euros to support a joint project on energy efficiency labelling and standards in a number of transition countries under the auspices of the EE 2000 Project and the EU SAVE Programme. This study has been issued as an e-book publication by the United Nations, with a CD-ROM containing 500 pages of text and graphic illustrations.

Energy Efficiency 21 Project 2003-2006: Rationale and background

5. During the last eleven years of operation, Energy Efficiency 21 has met agreed project goals in four three-year phases. As a result, during its annual session in November 2002, the UNECE Committee on Sustainable Energy requested the Bureau of the EE21 Steering Committee and the secretariat to develop a draft Project Plan for a second phase of the Energy Efficiency 21 Project 2003-2006 and to explore extra-budgetary support with interested governments and supporting institutions. The last three-year phase of the project has produced significant outputs and important lessons, which can serve as a foundation for further work. Results include:

- An extensive network of energy efficiency officials, experts, business and financial counterparts in 24 participating countries linked by website www.ee-21.net
- US\$ 60 million of energy efficiency investment project proposals: 30 business plans
- US\$ 9 million financing approved by World Bank and other investors for projects in Belarus and the Russian Federation
- US\$ 15 million EBRD financing for energy efficiency investments in the City of Moscow under negotiation with EBRD within a total package of US\$ 150 million
- Carbon emissions trading techniques and work methods published as the Carbon Emissions Trading Handbook, a CD-Rom based e-Book with UNTV video footage, emissions reduction calculation software, training course slide presentations animated with video of instructors, case studies and reference materials

- Guidance for investors published as a the Financing Energy Efficiency and Climate Change Mitigation CD-Rom e-Book describing the business and investment climate in selected east European countries and the experience of multilateral institutions in promoting energy efficiency in economies in transition

New Objectives and Activities

6. The new phase of Energy Efficiency 21 will benefit from the lessons learned from earlier project operations and reflect key decisions of the World Summit on Sustainable Development (WSSD) held in Johannesburg. The General Objective will be to enhance regional cooperation on energy efficiency market formation and investment project development to reduce greenhouse gas emissions in economies in transition. This will be implemented through three immediate objectives and related activities outlined below:

Immediate Objective 1: Develop carbon emissions trading standards and emissions tracking based on specific energy efficiency projects developed and financed within Energy Efficiency 21 monitored and evaluated for Assigned Amount Units (AAU) in line with the United Nations Framework Convention on Climate Change (UNFCCC) Kyoto Protocol mechanisms

Immediate Objective 2: Finance energy efficiency investments through advisory services to project sponsors and investors on bankable projects including submission to sources of finance and negotiation through Energy Efficiency Seminars for projects that meet the criteria of the UNFCCC Kyoto Protocol

Immediate Objective 3: Promote a sound business environment and corporate governance to introduce the economic, institutional and regulatory reforms needed to support energy efficiency investments to reduce greenhouse gas emissions and the Kyoto Protocol mechanisms.

7. The project will be focused on economies in transition as a whole with the sub-regional project in south-eastern Europe, the Regional Network for the Efficient Use of Energy and Water Resources (RENEUER). The project will be organised by the UNECE secretariat while some services will be provided under contract to UNECE. The project will be supported partly by the regular budget of the UNECE and by an extrabudgetary trust fund based on financial contributions from government departments, commercial companies and the financial community. Engagement of personnel and procurement of supplies, services or equipment from the trust fund will be subject to the regulations, rules, policies and procedures of the United Nations Organization.