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ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Steering Committee of the Energy Efficiency 21 Project

Ad Hoc Group of Experts on Energy Efficiency
Investments for Climate Change Mitigation

Tenth meeting
Geneva, 21-22 February 2008

**REVISED WORKPLAN AND TIME TABLE FOR THE FIRST YEAR OF
OPERATIONS**

Note by the secretariat

I. INTRODUCTION

1. During its 2006 meeting, the Committee on Sustainable Energy endorsed the Project Plan 2006-2009 of the Energy Efficiency 21 Project (ECE/ENERGY/WP.4/2006/5/Rev.1) that includes Financing Energy Efficiency Investments for Climate Change Mitigation as one of six sub-regional projects. At its meeting held in December 2006, the Executive Committee of the UNECE endorsed, inter alia, the terms of reference of the Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation (ECE/EX/2006/L.22) which is responsible for this sub-regional project.

2. During its ninth session held on 1 June 2007, the Ad Hoc Group of Experts requested the secretariat to transmit the work plan for the first year of project operations to the National Coordinators before 30 June 2007 (ECE/ENERGY/WP.4/GE.1/2006/2). This note provides information on the objectives, activities, outputs, work methods, role of project participants, timetable and budget for the first year of the project operations in accordance with the Project Document.

II. OBJECTIVES

3. The long-term development objective of the project and three immediate objectives are described below. This is followed by a listing of the outputs to be achieved under each activity during the first year of project operations.

General Objective: Promote an investment climate in which self-sustaining energy efficiency and renewable energy projects can be identified, developed, financed and implemented by local teams in municipalities, factories and energy utilities.

Objective One: Identify and develop investment projects in the private and public sectors at the local level: identify, develop, finance and implement demand side and supply side energy efficiency and renewable energy projects that meet environmental, health and institutional reform priorities.

Objective Two: Strengthen energy efficiency and renewable energy policies in the participating countries, assisting municipal authorities and national administrations to introduce the economic, institutional and regulatory reforms needed to support investments in energy efficiency and renewable energy projects.

Objective Three: Promote opportunities for banks and commercial companies to invest in energy efficiency and renewable energy projects through the development of new public private partnership investment funds or financing mechanisms.

III. ACTIVITIES AND OUTPUTS

4. The activities to be pursued under each objective and the outputs to be produced during the first year of the project are listed below.

A. Objective One: Identify and develop investment projects

1.1 A network of energy efficiency managers in participating countries:

- (a) National Coordinators confirmed in each participating country
- (b) National Participating Institutions confirmed in each participating country
- (c) 5 Business Development Teams nominated in each participating country
- (d) 1 Website per participating country
- (e) 1 Project Website

1.2 Trained experts in project development, finance, business planning:

- (a) 1 Energy Efficiency Business Development Advisory Team
- (b) 1 Energy Efficiency Business Development Course Curriculum
- (c) 1 Energy Efficiency Business Development Course Materials
- (d) 1 Energy Efficiency Business Development Course (6 Courses total)

1.3 Investment project pipeline:

- (a) Project Selection Criteria
- (b) Project Development Advisory Service

B. Objective Two: Strengthen energy efficiency and renewable energy policies

2.1 Economic, Institutional and Regulatory Reforms:

- (a) Policy Analysis Team
- (b) 1 Regional Analysis of Policy Reforms (see Annotated Outline Annex 3)
- (c) 6 Case Studies Launched (20 Case Studies total)

2.2 Energy Efficiency Seminars:

- (a) 1 Set of Policy Makers identified in each country
- (b) 1 Policy Seminar prepared (4 Seminars total)

2.3 Policy Advisory Services:

- (a) 5 Policy Advisors Missions, Consultations (15 Missions total)

C. Objective Three: Promote opportunities for commercial banks and companies to invest

3.1 Energy Efficiency Investment Funds:

- (a) Initial Fund Announcement
- (b) Abridged Proposed Terms of Transaction
- (c) Private Placement Memorandum
- (d) 15 Missions to Investor
- (e) Lead Investor
- (f) Investment Fund Manager
- (g) Investment Fund First Closing

3.2 Investment Project Development Standards:

- (a) Standards Working Group
- (b) Standard Format and Software Applications

3.3 Investment Project Pipeline Inventory:

- (a) Software Development Team
- (b) Project Pipeline Software Package
- (c) Pipeline Data for Business Development Teams and Fund Managers
- (d) Project Pipeline Inventory of Projects

IV. WORK METHODS

5. The United Nations Economic Commission for Europe is the Executing Agency for the project carried out under the auspices of the UNECE Committee on Sustainable Energy by the Steering Committee of the Energy Efficiency 21 Project. Decision-making and guidance for the project are in line with the participation and procedures of the EE21 Project Plan 2006-2009

(ECE/ENERGY/WP.4/2006/5/Rev.1). As a sub-regional project of Energy Efficiency 21, the project is the direct responsibility of the Ad Hoc Group of Experts on Financing Energy Efficiency Investments comprising National Coordinators (NC) who are representatives of National Participating Institutions (NPI) appointed by the Governments of the participating countries of the project.

6. The Ad Hoc Group of Experts includes representatives of UN Environment Programme (UNEP) and UNECE secretariats as well as the co-financing partners United National Foundation (UNF), UN Fund for International Partnerships (UNFIP), Global Environment Facility (UNEP/GEF), Fonds Français pour l'Environnement Mondial (FFEM), European Business Congress (EBC) and representatives of international financial institutions active in the region including European Bank (EBRD), World Bank, International Finance Corporation (IFC), Nordic Investment Bank (NIB), Black Sea Development Bank, European Development Bank (EIB) and the Council of Europe Development Bank. Similarly, the UNDP European Regional Office in Bratislava (Slovakia) and the UNDP Resident Representatives in the participating countries are invited to take part in project activities. Decision-making within the Sectoral Committees of the UNECE and subsidiary bodies is on the basis of consensus.

7. The project also implements activities through sub-regional networks, in particular, the Regional Network for the Efficient Use of Energy and Water Resources (RENEUER) hosted by the Centre for Energy Efficiency EnEffect located in Sofia, Bulgaria (www.reneuer.com). Monitoring and evaluation advisers also participate in the Ad Hoc Group of Experts biannual meetings as observers. The Ad Hoc Group of Experts elects a Chairman and a Vice Chairman on a rotating basis. The Ad Hoc Group of Experts normally meets twice per year in Geneva in the Palais des Nations.

V. ROLE OF PROJECT PARTICIPANTS

8. The UNECE is the **Executing Agency** for the project that is to be carried under the auspices of the UNECE Committee on Sustainable Energy by the Steering Committee of the Energy Efficiency 21 Project.

9. Each supporting institution participates in the Ad Hoc Group of Experts to provide **institutional oversight, monitoring and evaluation** of project activities. The United Nations Environment Programme (UNEP) is the Implementing Agency of the Global Environment Facility which provides donor institution oversight through the UNEP Division of Technology, Industry and Economics (DTIE). Representatives of the Fonds Français pour l'Environnement Mondial, European Business Congress and the United Nations Foundation also take part and perform similar functions for their institutions. Mr. Glen Skovholt is the Monitoring and Evaluation Adviser to project reporting to the Steering Committee of the Energy Efficiency 21 Project and the United Nations Foundation.

10. The **Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation** provides guidance on the project's implementation on the basis of the Project Document during its biannual sessions and reports on progress to the annual sessions of the Steering Committee of the Energy Efficiency 21 Project.

11. **National Co-ordinators** are responsible for the implementation of the project at the national level under the guidance of and in cooperation with the Project Manager located within the Project Management Unit in the UNECE secretariat (see Annex 1).

12. **National Participating Institutions** coordinate project operations at the national level in close cooperation with relevant government ministries or agencies responsible for international sustainable energy and climate change mitigation projects (see Annex 2).

13. The **Project Management Unit** located within the UNECE secretariat plans the detailed operations of the project and coordinates activities with the National Participating Institutions, local organisers, consultants, national experts, other international organisations, the UNF, UNFIP, FFEM, UNEP/GEF, EBC and other supporting institutions. The Project Management Unit organises project seminars, workshops, produces selected outputs and services the meetings of the Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation.

14. The role of the main project participants and responsibilities for the activities and outputs is shown in Table 1 below.

VI. TIMETABLE

15. The timetable for activities planned for the first year of operations is given in Table 2.

VII. BUDGET

16. The **participating countries** 'in kind' contributions provide for project offices, training course classroom facilities, local interpretation for training and project advisers, office equipment, consumables, staff (both professional, including the full-time services on a National Co-ordinator and support personnel) and computer technology for Internet operations for the duration of the project.

17. The **UNECE Secretariat** will make an annual 'in kind' contribution of US\$ 500,000 of personnel, offices, communications, conference services, interpretation, documents translation, reproduction and distribution.

18. The **Co-financing Partners** will be requested to make financial contributions of US\$ 2,562,500 for the first year of project operations. The estimated expenditures for objectives and activities of the project are shown in Table 3.

Table 1: WORKPLAN TASKS – Objectives, Activities, Outputs and Tasks for the First Year of Project Operations

Project Objectives, Activities and Outputs	Partners for Project Implementation			
	National Coordinators	National Participating Institutions	Project Management Unit	Contractors & Consultants
Objective One: Identify and develop investment projects				
1.1 Network of energy efficiency managers in participating countries				
1 National Coordinator per participating country confirmed				
1 National Participating Institution per country confirmed				
5 Business Development Teams per country nominated				
1 Website per country				
1 Project Website				
1.2 Trained experts in project development, finance, business planning				
1 Business Development Advisory Team				
1 Business Development Course Curriculum				
1 Set Business Development Course Materials prepared, posted on Website				
1 Business Development Course (6 Courses total)				
1.3 Investment project pipeline				
1 Project Selection Criteria				
1 Project Development Advisory Service				

Table 1: WORKPLAN TASKS

Objectives, Activities, Outputs and Tasks for the First Year of Project Operations (continued)

Project Objective, Activities and Outputs	Partners for Project Implementation			
	National Coordinators	National Participating Institutions	Project Management Unit	Contractors & Consultants
Objective Two: Strengthen energy efficiency policies				
2.1 Economic, Institutional and Regulatory Reforms				
1 Policy Analysis Team				
1 Regional Analysis of Policy Reforms				
6 Case Studies Launched (20 Case Studies total)				
2.2 Energy Efficiency Seminars				
1 Set Policy Decision Makers identified (4 Seminars total)				
1 Policy Seminar prepared				
2.3 Policy Advisory Services				
5 Policy Advisory Missions, Consultations (15 Missions total)				

Table 1: WORKPLAN TASKS Objectives, Activities, Outputs and Tasks for the First Year of Project Operations (continued)

Project Objective, Activities and Outputs	Partners for Project Implementation			
	National Coordinators	National Participating Institutions	Project Management Unit	Contractors & Consultants
Objective Three: Promote opportunities for commercial sector investors				
3.1 Energy Efficiency Investment Fund				
1 Initial Fund Announcement				
1 Abridged Proposed Terms of Transaction				
1 Private Placement Memorandum				
15 Missions to Potential Investors				
1 Lead Investor				
1 Investment Fund Manager				
1 Investment Fund First Closing				
3.2 Investment Project Development Standards				
1 Standards Working Group				
1 Standard Format and Software Applications				
3.3 Investment Project Pipeline				
1 Software Development Team				
1 Project Pipeline Software Package				

1 Set Information for Business Development Teams & Fund Managers				
1 Project Pipeline Inventory of Projects				

Table 2: WORKPLAN TIMETABLE – Objectives, Activities, Outputs and Schedule of the First Year of Project Operations

Project Objectives, Activities and Outputs	Schedule of Project Operations: June 2007 – June 2008											
	6	7	8	9	10	11	12	1	2	3	4	5
Objective One: Identify and develop investment projects												
1.1 Network of energy efficiency managers in participating countries												
1 National Coordinator per participating country confirmed	■											
1 National Participating Institution per country confirmed	■											
5 Business Development Teams per country nominated	■	■	■	■	■	■						
1 Website per country	■	■	■	■								
1 Project Website	■	■	■	■	■	■						
1.2 Trained experts in project development, finance, business planning												
1 Business Development Advisory Team	■	■	■	■								
1 Business Development Course Curriculum			■	■	■	■	■					
1 Set Business Development Course Materials prepared, posted on Website						■	■	■	■	■		
1 Business Development Course (6 Courses total)										■	■	
1.3 Investment project pipeline												
1 Project Selection Criteria	■	■	■									
1 Project Development Advisory Service			■	■	■	■	■					

Table 2: WORKPLAN TIMETABLE Objectives, Activities, Outputs and Schedule of the First Year of Project Operations (continued)

Project Objective, Activities and Outputs	Schedule of Project Operations: June 2007 – June 2008											
	6	7	8	9	10	11	12	1	2	3	4	5
3.2 Investment Project Development Standards												
1 Standards Working Group												
1 Standard Format and Software Applications												
3.3 Investment Project Pipeline												
1 Software Development Team												
1 Project Pipeline Software Package												
1 Set Information for Business Development Teams & Fund Managers												
1 Project Pipeline Inventory of Projects												

Table 3: PROJECT BUDGET – Objectives and Activities (US dollars)

Project Objectives and Activities	First Year (US Dollars)	Total Project Document (US Dollars)
Objective One: Identify and develop investment projects	322,500	2,965,000
1.1 Network of energy efficiency managers in participating countries	114,500	930,000
1.2 Trained experts in project development, finance, business planning	142,000	1,620,500
1.3 Investment project pipeline	66,000	415,000
Objective Two: Strengthen energy efficiency / renewables policies	756,000	1,825,000
2.1 Economic, Institutional and Regulatory Reforms	696	1,160,000
2.2 Energy Efficiency Seminars	- -	415,000
2.3 Policy Advisory Services	60,000	250,000
Objective Three: Promote opportunities for commercial investors	1,374,000	2,080,000
3.1 Energy Efficiency Investment Fund	1,128,000	1,415,000
3.2 Investment Project Development Standards	108,000	265,000
3.3 Investment Project Pipeline Inventory	138,000	400,000
Monitoring and Evaluation	110,000	442,000
Total Project Budget	2,562,500	7,312,500

Including Programme Support Costs

ANNEX I

TERMS OF REFERENCE FOR NATIONAL COORDINATORS

Under the guidance of and in co-operation with the UN ECE Project Manager, the National Co-ordinator will:

1. Lead and co-ordinate the day-to-day management of the Project Management Units located in national capitals and/or in each demonstration zone, including administration, accounting, technical expertise and actual project implementation.
2. Provide support and input regarding directions of work for consultants and experts designated by the PMU including facilitating the contacts with the administrations and local authorities, participating in these contacts and suggesting complementary approaches, organising the logistics, coordinating the work in the field of the various experts susceptible to intervene and ensure there will be no duplication of efforts and good liaison among these experts and consultants, review of technical reports, measurement of project achievements and cost control.
3. Identify and propose to PMU for possible selection CVs of local staff and experts for local and/or international training.
4. Support the organisation of training workshops/seminars and suggest venues for the events.
5. Liaise with the national, regional and city authorities on policy, co-ordination and dissemination in the implementation of the project activities, in order to ensure the maximum coverage regarding project awareness and understanding.
6. Ensure smooth coordination of the project's local activities with those being implemented under those of other national and international programmes.

Qualifications and Experience:

The National Co-ordinator should possess at least a Bachelors degree in engineering with a minimum of 10 years of experience and some knowledge of energy efficiency systems. He/she should also possess a strong background in economics, investment project development and project management.

Duration:

An initial appointment of one year with possibility of extension.

ANNEX II

TERMS OF REFERENCE FOR NATIONAL PARTICIPATING INSTITUTIONS

The national government ministry or agency responsible for implementing sustainable energy policies will establish the project management structure and coordination effort of each country. In consultation with the relevant GEF Focal Point, government of each participating country will appoint a National Coordinator (NC), normally a senior representative of the country's National Participating Institution (NPI). The NPI is a government Ministry, agency or professional non-governmental organisation assigned the responsibility for international sustainable energy and climate change mitigation projects.

National Participating Institutions:

1. Serve as the host institution for a National Coordination Unit (NCU) which provides the national coordination of project operations;
2. Maintain international co-ordination with the Project Management Unit PMU located within the UNECE secretariat in Geneva and with the NCUs in other participating countries;
3. provide national level coordination with local offices of the UN system, as required by the PMU;
4. Maintain local coordination with the managers of relevant international projects and financing mechanisms including projects supported by the GEF, EBRD, World Bank, IFC, European Commission, USAID, USEPA and bilateral programmes.
5. Identify and suggest to PMU municipalities and industrial plants to participate in investment project development activities;
6. Serve as the webmaster, either directly or through sub-contract, for the project network of national and international counterparts;
7. Work with the PMU and international counterparts to support the organisation of project training courses, workshops, and seminars;
8. Provide information, data and assistance for the preparation of the regional energy efficiency policy review, project case studies and the identification of barriers to the implementation of investment projects;
9. Disseminate the results of project activities through local language publications, Internet posting of relevant project materials, radio and television broadcasts;
10. Contribute 'in-kind' resources to support project activities.

The NPI will ensure close coordination and follow-up on policy analyses by providing the information or documentation needed to implement local policy, administrative, regulatory or institutional reforms that support energy efficiency investment projects. This will include assistance in the preparation of international seminars for senior decision makers and/or parliamentarians in the framework of the project.

ANNEX III

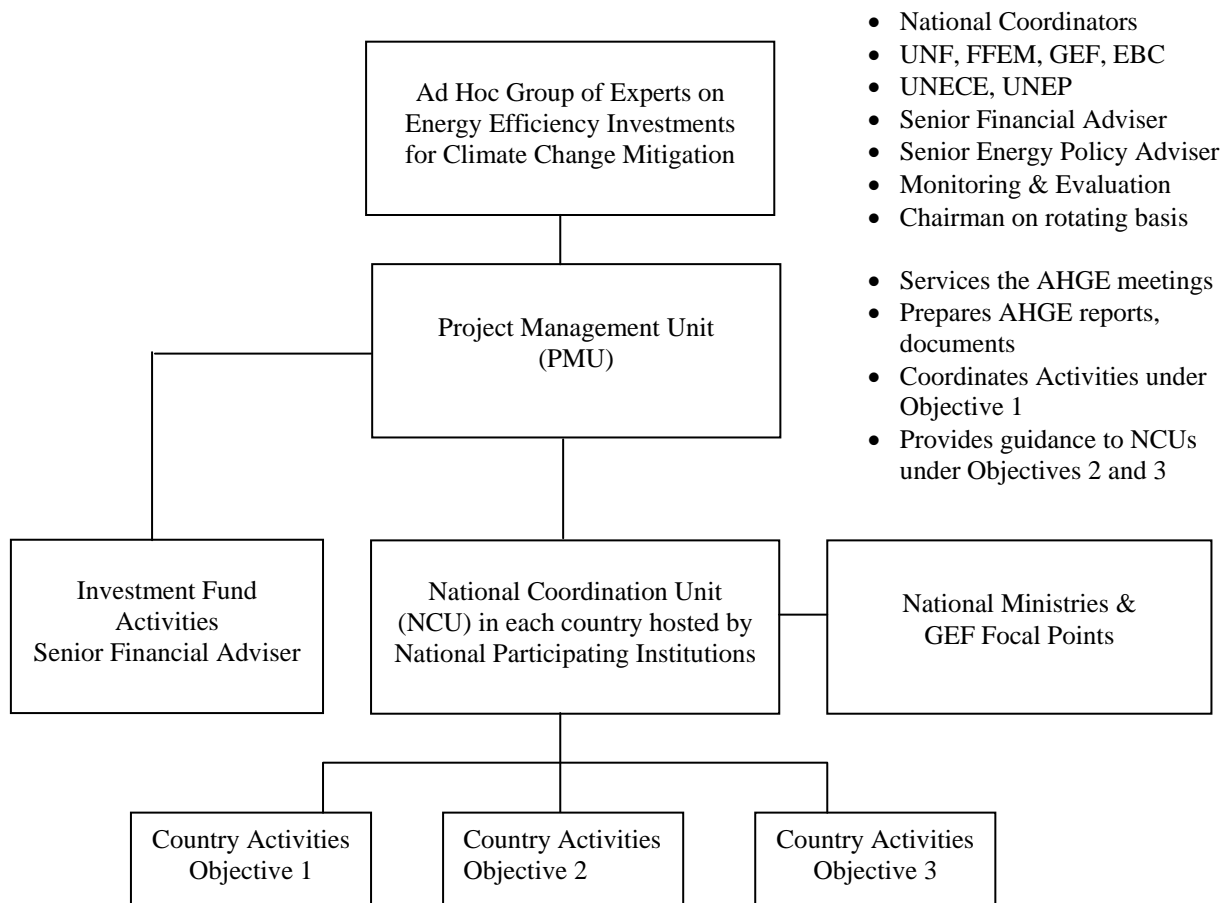
ANNOTATED OUTLINE FOR THE REGIONAL ANALYSIS OF POLICY REFORMS TO PROMOTE ENERGY EFFICIENCY AND RENEWABLE ENERGY INVESTMENTS

A. The second objective of the project is to strengthen energy efficiency and renewable energy policies through a wide-ranging regional assessment, case studies, workshops and policy maker seminars. The process begins with a **broad analysis of policy reforms** needed to promote energy efficiency and renewable energy investments and reduce fuel poverty in the twelve participating countries. It will include **ten case studies** of individual projects or classes of projects. The regional analysis of the policy reforms include the sections on the following subjects:

1. Recent developments of economic transition in the energy sector:
 - (a) Energy supply, demand and economic structure;
 - (b) Energy intensity: evolution and regional comparisons;
 - (c) Policy making and government structural reforms;
 - (d) Administrative, institutional and regulatory reforms;
 - (e) Reforming energy prices and subsidies;
 - (f) Eliminating non-payment and barter payments.
2. New reforms to introduce market-based energy systems:
 - (a) Increasing awareness and institutional capacity;
 - (b) Market based legal framework;
 - (c) Formation of municipal budgets;
 - (d) Promoting foreign direct investments;
 - (f) Resolving cross subsidies;
 - (g) Enhancing opportunities for private entities.
3. Specific policy 'bottlenecks' to energy efficiency and renewable energy market development.
4. Case Studies of policy reforms to promote bankable investment projects:
 - (a) The case studies are to inform policy makers at different levels of the direct social, environmental and financial benefits that would be forthcoming from a specific energy efficiency investment project or series of projects if particular policy reforms are made. These may be economic, financial, energy pricing and tariff structure, institutional or comparatively simple administrative reforms. But they are often necessary changes that can transform economically attractive and pre-feasibility study business plans into bankable projects that could be considered for financing by the investment fund or its third party financing entities;
 - (b) The case studies will be based on three workshops with international and local experts through the following activities:
 - (i) Review the key policy changes in the energy sector of economic transition to help identify new reforms required to introduce market based energy systems;
 - (ii) Select specific policy 'bottlenecks' to energy efficiency, renewable energy projects;
 - (iii) Identify sets of bankable investment projects that require the selected reforms.

ANNEX IV

STRUCTURE OF THE PROJECT AND EXECUTION MODALITIES



- National Coordinators
- UNF, FFEM, GEF, EBC
- UNECE, UNEP
- Senior Financial Adviser
- Senior Energy Policy Adviser
- Monitoring & Evaluation
- Chairman on rotating basis

- Services the AHGE meetings
- Prepares AHGE reports, documents
- Coordinates Activities under Objective 1
- Provides guidance to NCUs under Objectives 2 and 3
