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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

Twelfth session
Geneva, 19 December 2008

**REPORT OF THE AD HOC GROUP OF EXPERTS ON ENERGY EFFICIENCY
INVESTMENTS FOR CLIMATE CHANGE MITIGATION
ON ITS TWELFTH SESSION**

I. ATTENDANCE

1. The meeting was attended by the following member countries of the United Nations Economic Commission for Europe (UNECE): Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Republic of Moldova, Russian Federation, Serbia, and Ukraine.
2. Representatives of the Agence de l'Environnement et de la Maitrise de l'Energie (ADEME), Fonds Français pour l'Environnement Mondial (FFEM), United Nations Environment Programme (UNEP), United Nations Foundation (UNF), and the World Bank participated in the meeting.
3. The meeting was also attended by representatives of Conning Asset Management Ltd, Center for Energy Efficiency EnEffect, Econoler International, Energy Saving International AS, ICE International Consultants on Energy, Pöyry Energy Consulting AG, and Renaissance Finance International Ltd.

II. OPENING OF THE SESSION

4. The meeting was opened by the Director of the UNECE Sustainable Energy Division, who described the most recent developments related to the Energy Efficiency 21 project on Financing Energy Efficiency Investments for Climate Change Mitigation.

III. ADOPTION OF THE AGENDA

(Agenda item 1)

5. The agenda was adopted as contained in document ECE/ENERGY/WP.4/GE.1/2008/8.

IV. ELECTION OF OFFICERS

(Agenda item 2)

6. Mr. Zdravko Genchev (Bulgaria) and Mr. Sergey Surnin (Ukraine) served as Chairman and Vice-Chairman, respectively.

V. RECENT DEVELOPMENTS OF THE PROJECT FINANCING ENERGY EFFICIENCY INVESTMENTS FOR CLIMATE CHANGE MITIGATION

(Agenda item 3)

7. The secretariat made a presentation on recent developments of the project. They include the assessment missions to the participating countries; conclusion of competitive bid tenders and selection of major contractors to prepare investment fund design, regional analysis of policy reforms and project website; award of grants to National Participating Institutions (NPIs) and formation of Project Management Unit (PMU).

8. The Ad Hoc Group of Experts noted the importance of close cooperation between the subjects of the Project, namely PMU, major contractors, National Coordinators, NPIs, consultants and donors, as well as importance of a clear distribution of responsibilities between them for successful implementation of the Project.

VI. OUTCOME OF THE COMPETITIVE TENDERING PROCESS FOR THE SELECTION OF THREE PROJECT CONTRACTORS

(Agenda item 4)

9. Three contracts have been awarded through an international competitive bid tender process carried out by the United Nations Office at Geneva procurements services. Conning Asset Management Ltd has been selected as the Investment Fund Designer. Pöyry Energy Consulting AG has been selected to undertake Regional Analysis of Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments. Center for Energy Efficiency EnEffect has been selected to undertake the Development of a Website and Internet Communications Network of Energy Efficiency Managers in Eastern Europe.

10. Each of the three contractors made a presentation outlining their vision and initial proposals on fulfilling their Terms of Reference and achieving Project objectives.

11. Representative of the Conning Asset Management Ltd presented a proposal for the preparation of design of the investment fund. The primary objective is to design a Euro-denominated public-private partnership fund with contributions from both the public and private sectors in the region. The investment fund will identify, develop and finance self-sustaining energy efficiency and renewable energy projects to be implemented locally in twelve participating countries. The contractor presented a scheme and initial design proposal for investment fund and indicated the role of each subject of the Project.

12. Representative of the Pöyry Energy Consulting AG presented a framework for the regional energy policy analysis that will identify and develop investment projects, strengthen energy efficiency and renewable energy policies and promote opportunities for commercial banks and companies to invest. The presentation included a concept for regional analysis, including a collection and further analysis of energy data, review of the progress of reforms, identification of case studies and development of recommendations for new reforms.

13. Representative of the Center for Energy Efficiency EnEffect presented its concept on preparation of the project website and addressed the barriers to its development. The approaches to structure future internet portal were outlined. The importance of close coordination and cooperation between EnEffect and NPIs, which are responsible for developing national project websites, was emphasized.

14. Several delegations requested detailed work plans of each contractor to be transmitted for information and discussion at the next session of the AHGE.

VII. ASSESSMENT MISSIONS TO PARTICIPATING COUNTRIES

(Agenda item 5)

15. The secretariat and representatives of the consulting companies constituting Business Development Advisory Team (Econoler International, Energy Saving International AS, ICE International Consultants on Energy, Renaissance Finance International Ltd) made presentations on the preliminary results of the assessment missions to the countries participating in the Project conducted jointly by consulting companies, representatives of UNECE secretariat, Monitoring and Evaluation Officer and Senior Energy Policy Advisor.

16. The assessment missions were conducted in all participating countries except Romania. However, assessment of Romania will be included in the report based on the existing data and research.

17. The objectives of the assessment missions included an initial assessment of public and private sector investor interest of the Eastern European Energy Efficiency Investment Fund; a preliminary analysis of the local financial environment and conditions under which an equity

fund could operate in each country; and an appraisal of the energy efficiency and renewable energy investment project development capacities of local experts and capacity building needs.

18. Delegations requested draft report on the assessment mission to each country to be sent to the National Participating Institution and the National Coordinator in that country for comments before the final version of the combined assessment mission report is produced.

VIII. REVIEW OF PROGRESS IN IMPLEMENTATION OF GRANTS BY THE NATIONAL PARTICIPATING INSTITUTIONS

(Agenda item 6)

19. The secretariat reported that by the time of the session grants to NPIs in all twelve participating countries have been approved. Memoranda of Understanding (MoU) have been signed between UNECE and NPIs of five countries (Bulgaria, Croatia, Republic of Moldova, Russian Federation and Ukraine); seven other MoU are under preparation. Delegates from Bulgaria and Ukraine made presentations on the progress in implementation of their respective grants. Delegate from Russian Federation made intervention explaining why the work for implementation of the grant has not started in his country.

IX. PRESENTATIONS BY THE MONITORING AND EVALUATION OFFICERS OF THE PROJECT

(Agenda item 7)

20. Mr. Glen Skovholt, Monitoring and Evaluation Officer for the United Nations Foundation, made presentation on the current status of Project implementation. He emphasized the importance and usefulness of assessment missions to the participating countries, the potential of the investment fund and its role in attracting further investments to the countries in the area of energy efficiency and renewable energy sources.

X. WORK PLAN FOR THE SECOND YEAR OF PROJECT OPERATIONS (2009)

(Agenda item 8)

21. The Secretariat introduced a draft Work Plan for the Second Year of Project Operations (2009). It was agreed that comments on the draft Work plan would be submitted by the members of the Ad Hoc Group of Experts to the secretariat. It was also agreed that the secretariat would present a revised draft Work Plan at the 13th session of the Ad Hoc Group of Experts on 27 February 2009.

XI. OTHER BUSINESS

(Agenda item 9)

22. No other business was discussed under this agenda item.

XII. CONCLUSIONS AND RECOMMENDATIONS

23. After discussion, the Ad Hoc Group of Experts:

(a) Acknowledged the decision of the Committee on Sustainable Energy at its seventeenth session held on 19-21 November 2008 (ECE/ENERGY/78) and the UNECE Executive Committee to welcome the results of the United Nations Office at Geneva (UNOG) procurement process for the contract awards related to the project;

(b) Welcomed the award of the Investment Fund Designer contract to Conning Asset Management Ltd for 12 months; the Regional Analysis of Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments contract to Pöyry Energy Consulting AG for twelve months; and Development of a Website and Internet Communications Network of Energy Efficiency Managers in Eastern Europe to the Center of Energy Efficiency EnEffect for thirty six months;

(c) Noted with appreciation the presentations of Conning Asset Management Ltd, Pöyry Energy Consulting AG, and the Center of Energy Efficiency EnEffect on their plans for the implementation of the awarded contracts;

(d) Requested Conning Asset Management Ltd, Pöyry Energy Consulting AG, and the Center of Energy Efficiency EnEffect to present draft detailed work plans for contracts implementation for information and discussion at the thirteenth session of the Ad Hoc Group of Experts (AHGE) to be held on 27 February 2009;

(e) Requested the Project Management Unit (PMU) to submit draft detailed work plans for contracts implementation by the three contractors to the National Participating Institutions (NPIs) for their information no later than one week before the thirteenth session of the Ad Hoc Group of Experts (AHGE) to be held on 27 February 2009;

(f) Took note of the preliminary results of the assessment missions to 11 participating countries as presented by the international consultants and the Project Management Unit (PMU);

(g) Requested the PMU to submit drafts of the country reports on the assessment missions to the NPIs for their review and comments by the end of January 2009 and a draft final report to the 13th session of the AHGE, on 27 February 2009;

(h) Welcomed the approval of grants to the NPI of each participating country with the purpose of developing and delivering National Project Website, National Energy Policy Information for Regional Analysis, and National Case Study;

(i) Took note of the progress in implementation of grants by the National Participating Institutions of Bulgaria and Ukraine;

(j) Welcomed the approval of grant to ADEME – Agence de l'Environnement et de la Maîtrise de l'Energie (French Environment and Energy Management Agency) to provide

advisory services to the Project on energy policy in the twelve participating countries;

(k) Welcomed the development of a Memorandum of Understanding between the UNECE and the United Nations Environment Programme, Division of Technology, Industry and Economics (UNEP/DTIE) to provide financial advisory services to the Project;

(l) Expressed appreciation to Mr. Glen Skovholt, Monitoring and Evaluation Officer at the United Nations Foundation, for his presentation to the AHGE on the current status of the project implementation;

(m) Invited members of the AHGE to provide their comments to the PMU on the draft Work Plan for the Second Year of Project Operations (2009), which was presented and discussed at the twelfth session of the AHGE on 19 December 2009, by 15 January 2009;

(n) Requested the PMU to submit a revised draft Work Plan for the Second Year of Project Operations (2009) to the members of the AHGE for their consideration one week before the next session of the AHGE and to present a revised draft Work Plan to the thirteenth session of the AHGE, on 27 February 2009;

(o) Expressed appreciation to the United Nations Foundation, United Nations Fund for International Partnership, the French Ministry of Foreign and European Affairs (MAEE) and the Fonds Français pour l'Environnement Mondial (FFEM), the United Nations Environment Programme / Global Environment Facility (UNEP/GEF), and the European Business Congress e.V for their support of the project 'Financing Energy Efficiency Investments for Climate Change Mitigation'.
