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# Interaction of public and governmental organizations in financing and execution of energy efficiency projects by example of **ROLL Program** in Russia



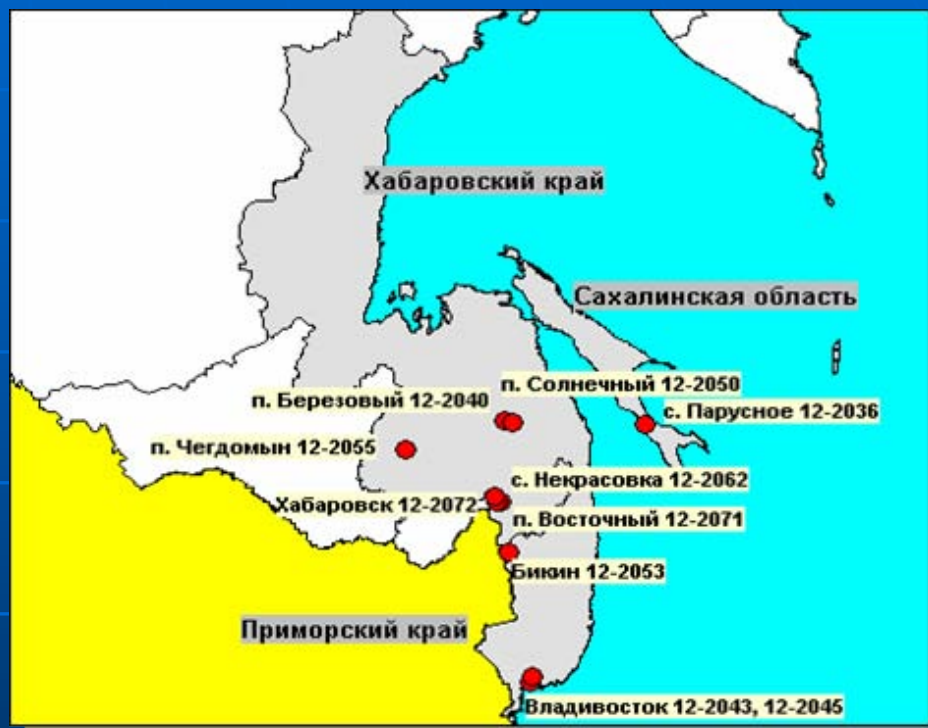
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# ROLL PROGRAM

- **ROLL** program – is a grant multi-purpose environmental program of USAID (active since 1996).
- Totally, there have been financed about 500 projects, the overall cost being \$10 million.
- Key principles of activity at the moment:
  - *Work at the municipal level*
  - *Execution of several projects within the same territory*
  - *Local contribution*
  - *Synergy effect*



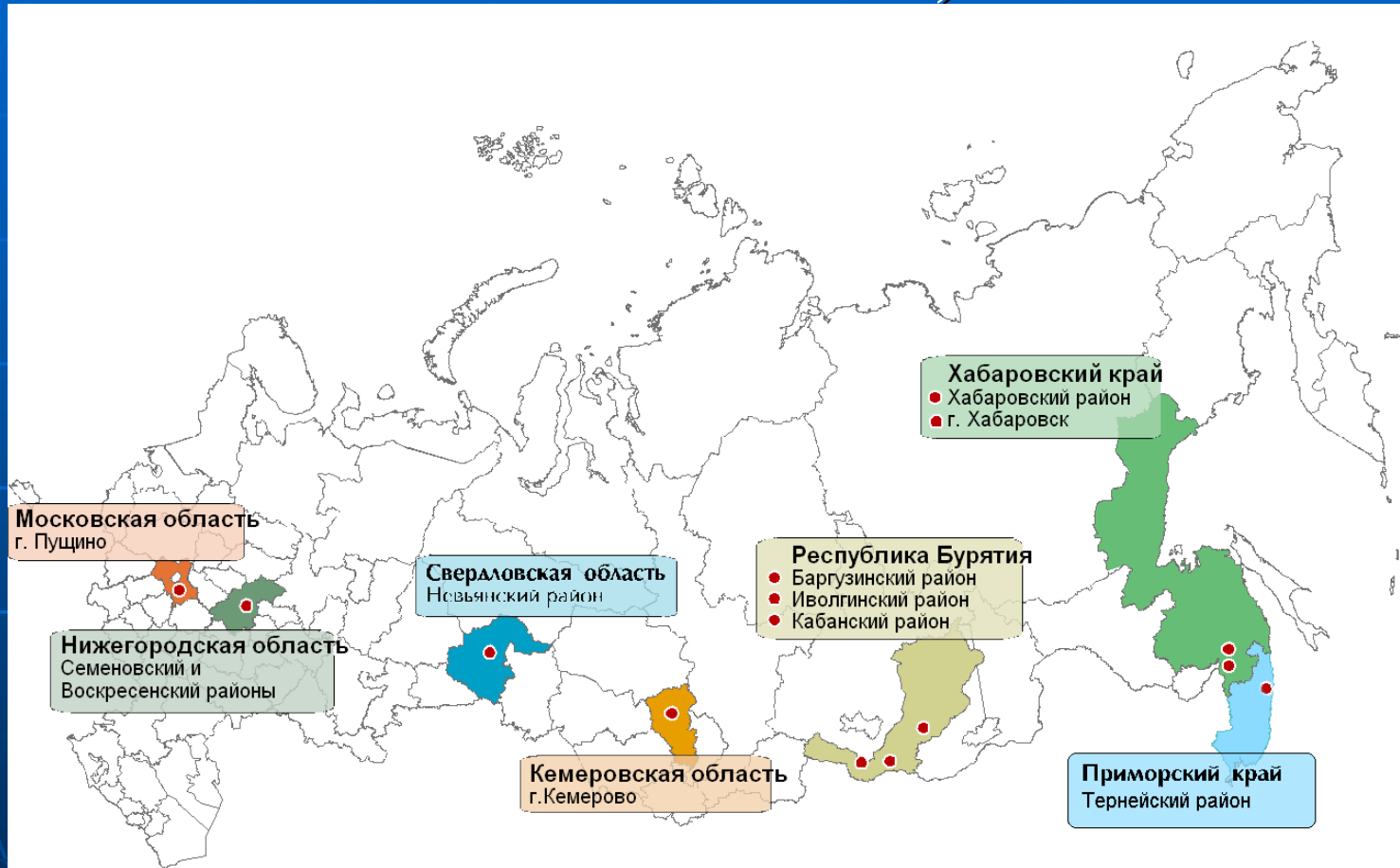
# ROLL energy saving projects in **Povolzhje** and in the Far East



- 16 projects
- Cost \$ 646 000
- Year 2002-2003

- 10 projects
- Cost \$ 419 082
- Year 2004 – 2005.

# ROLL energy saving projects within the framework of the 15<sup>th</sup> round (Model Communities)



- 12 energy saving projects
- Total cost – about \$ 400 000
- Works started – July-August, 2005.

# Significant funds have been saved as result of execution of the projects

Before...



- General economic effect in **Povolzhje** \$ 344000 during one year.
- General economic effect in the Far East \$ 211000 during one year.

• Expected effect as result of energy saving measures within the 15<sup>th</sup> round – about \$ 300000.



...After

# Rationalization of Energy Efficiency Billing in Housing Stock, Solnechnyi Town, Habarovsk

- Project description: equipment of common use areas of the housing fund of Solnechnyi settlement (staircases)
- Project executor: Municipal Utility «Communal Maintenance Enterprise» of Solnechnyi settlement (MU CME)
- Project's total cost - \$36 930
- Grant beneficiary's contribution - \$10 677
- Grant received by **ROLL** - \$26 253
- Commencement date: May 10, 2004. Deadline: January 11, 2005.

# Rationalization of Energy Efficiency Billing in Housing Stock, Solnechnyi Town, Habarovsk

## Key Results

- It was identified that real annual electric energy consumption in 2005 is less than the planned (normative) by 492 ths. kWt/h.
- Saving of funds made up \$22.000 in the prices of the year 2005.

# Rationalization of Energy Efficiency Billing in Housing Stock, Solnechnyi Town, Habarovsk

## *Post-Project Effects*

- Minimum 2-time reduction of payments for electric energy for residents of the settlement!
- Due to delays with re-approval of tariffs by the Regional Energy Committee, communal services of Solnechnyi town got a reliable source of investments into energy saving measures.
- Under the influence of the project's results, it was envisaged to additionally allocate from the rayon's budget \$20 000 for continuation of the work in 2006 in Gornyi settlement. It is expected, that the real electric energy consumption in this settlement will make up just one third of the normative one, which means it will be possible to considerably decrease tariff for illumination of common use areas.
- The rayon's administration adopted a decision to take into account the investment component when calculating the tariff for the population for 2006-2007 and, thus, to obtain additional means and go on installing the meters. Everybody benefits of such scheme of re-investment: population, which will have to pay less for illumination; administration, which will cut on spending budgetary means for subsidizing communal payments; MU CME, which will receive a stable income of investments for implementation of energy saving technologies on their subordinated territory.

# Key Lessons

- It is profitable to save energy!
- Energy saving projects have a high potential to **replicability** and, as a rule, develop at the account of follow-up investments. Some types of projects are able to **replicate** with a minimal outside financing.
- Efficient and transparent mechanisms of re-investment of saved means are needed.

# What do we consider important lessons?

1. When financing similar projects, it is important to determine, who will actually be the key «beneficiary» when carrying out energy saving measures. The most interested stake-holders are the MUs (Municipal Utilities) and rayon administrations, i.e., either these who distribute the rayon budget, or the business entities, which save their budgets, without having a possibility to raise the cost of their services for the population. In their activity they, as a rule, lack funds to implement modern technologies. They are impelled to scatter their scarce funds to the most needy objects, covering the gaps, repairing old equipment. Grant means allow them, even compel them, to a certain extent, because these funds are project's means, to use a large sum of money namely to implementation of modern technologies, procurement of new equipment. Budgetary organizations, as such, are less motivated to carry out energy saving measures. They are indirect beneficiaries of the results of energy saving works, and are more interested in getting the services themselves (heat, water, electric energy), whereas the result of saving is less important to them, because the money they saved during this year will not be given to their organization the next year. And, there is no doubt, it is necessary to examine the issue about how to make implementation of energy saving measures profitable to everybody.
2. Saving of both money, and resources, when implementing energy saving measures, not «BY» some percentage, but «SEVERAL TIMES». Not in one or two projects, but in a row of projects. That is, the payback period of the majority of projects is one year, and even less. When asked a reasonable question about why then nobody implements these measures, the majority of executors speak over again about the poverty of rayon budgets and the impossibility to take loans in banks, because municipal organizations have nothing that would be of «mortgage value», which is a mandatory condition for getting any bank loan. This is why grant means in this case are justified and give the organizations a possibility to «breakthrough» and use the saved means to further develop energy saving measures.

# What do we consider important lessons?

## (continuation)

3. Executed projects are kind of models, and they give a possibility to very obviously show the benefit of energy saving measures and technologies. In some cases, our projects acted as a «snowball», which allowed to move the issue of energy saving at the rayon, oblast, and republican levels.