

# Municipal Energy Efficiency in the Republic of Moldova

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**FINANCING MUNICIPAL ENERGY EFFICIENCY  
IN THE COMMONWEALTH OF INDEPENDENT STATES**

**November 13-14, 2006,**

**Moscow, Russia**



# *Legal Framework for Municipalities*

- Budget Law for 2006, No. 291-XVI of November 16, 2005.
- Law on Local Governments, No 123-XV of March 18, 2003.
- Law on Public Finances, No 397-XV of October 16, 2003.

# *Energy Efficiency Legal Framework*

- Energy Efficiency Law
- Energy Law
- Electricity Law
- National Energy Saving Program
- Regulation on Energy Saving National Fund
- Government Decisions (the measures and responsibilities to reduce the energy costs per unit)



# *Government Support to Municipal Energy Efficiency*

- Annually allocates budget for each municipality for capital and current repairs, renovation of buildings, communal heat and water supply networks.
- Created the National Agency for Energy Conservation.



# *National Energy Conservation Fund*

- Created under the National Agency for Energy Conservation to finance energy saving programs and projects.
- Each year the budget transfers 280 thousand MDL (\$22 thousand) to the National Energy Conservation Fund.
- The Fund also functions from contributions of legal and physical entities, donations, and other resources.

# *Municipal Energy Efficiency Efforts*

## *Budget Allocations:*

- Annual municipal budgets provide funds for capital and current repairs, public water and heat utilities.

## *International Credits:*

Examples:

- Floresti - \$450 thousand loan from the World Bank for heat supply and energy efficiency;
- Chisinau - \$8 million from EBRD for DH system improvements and \$23 million EBRD loan for water supply system upgrade and improvements;
- Ungheni – \$710 thousand loan from the World Bank for DH system decentralization and improvement

## *Credits from local commercial banks*

- Chisinau
- Ungheni – 5,408 million MDL (\$416 thousand) credit for optimization of heating system (decentralized the DH system)

# *Donors' Support to Municipal Energy Efficiency*

- **World Bank** – loans for municipalities for energy improvements
- **EBRD** – credits for public utilities
- **SIDA** - technical assistance under WB credit program; launched the grant initiative for energy efficiency in residential sector.
- **DEPA** – rehabilitated water systems in 8 settlements throughout Moldova with the local contributions of the municipalities.

# *Donors' Support to Municipal Energy Efficiency*

## **USAID Support: Local Government Reform Project**


**TOTAL FINANCIAL EFFORT - \$11 million.**

*Strategic Planning* - assisted 120 municipalities of Moldova with strategic planning.

*Fiscal improvement:* helped 120 municipalities to implement integrated municipal financial soft.

**Improving Municipal Services** – technical support; training on development and implementation of demonstration projects. Publication of the demonstration projects' results in a series of practical booklets and training programs. At the moment, the project issues grants for micro-projects implementation in water supply improvements, alternative heating system, waste management, and public building rehabilitation.

**Demonstration Projects** - 120 projects implemented in public utilities improvement, such as water supply, alternative heating systems, public buildings improvements, waste management, etc. 32 projects are underway. The total financial effort for demonstration projects is \$3 million.



## ***EXAMPLE: Energy Efficiency Demonstration Project***

Project implemented at School 83, Chisinau in 2002.

**Financed by:** USAID/Alliance to Save Energy and Danfoss Equipment (Denmark).

Total Project Investment – \$6.5 thousand.



# *Energy Efficiency Demonstration Project*

## *School 83. Chisinau*

### **Energy saving measures implemented:**

- Installation of an automatic control heating system; and
- Insulation of heating pipes.

# *Energy Efficiency Demonstration Project*

## *School 83. Chisinau*

### *Results:*

- 2002-2003 – 26.1% savings
- 2003-2004 – 14% savings
- 2004 -2005 - 16.5% savings
- \$5,430 saved during 3 years

### *Other benefits:*

- Even distribution of heat in the classrooms
- Meeting the consumption limits set by the municipalities
- No personnel needed for heat regulation
- Positive example for other schools



# *Barriers to Municipal Energy Efficiency*

- Legal
- Administrative
- Institutional
- Financial

# ***Recommendations***

- Improve the fiscal legislation as to provide incentives for energy efficiency
- Harmonize the fiscal and energy efficiency legislations
- Apply short and medium-term strategic planning
- Introduce new financial mechanisms
- Capacity-building for energy planning

***THANK YOU FOR YOUR ATTENTION***

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