



**The Development of Financing sectors from within:
stimulating the private banking sector
ASE, Moscow, 13-14 november 2006**

**"The EE21
Project"**

Gianluca Sambucini

Energy Efficiency 21

- Launched in 1991 - 5 three-year phases
- Enhance East-West Trade and Co-operation
- Improve Capacities and Networking
- Policy Reforms
- Financing Energy Efficiency Investments

Energy Efficiency 21

Energy Efficiency Investments

- 1999-2005
- US\$ 2 million UN Foundation & Partners
- Belarus, Bulgaria, Kazakhstan, Russian Federation and Ukraine

Energy Efficiency Investments

- Carbon Emissions Trading Handbook
- Guide to Investors in Energy Efficiency and Climate Change Projects
- Promoting Energy Efficiency Country Reports
- Website 55,000 Visits per year

Energy Efficiency Investments

- US\$ 60 million in 30 Business Plans
- Potential 530,000 tonnes / year CO₂
- US\$ 14.9 million financing approved in Belarus, Bulgaria, Russia, Ukraine
- Financed Projects 136,000 tonnes / year CO₂

(I) Carbon Emission Reduction of Financed Projects (in tonnes per year)

Belarus	Investment (US Dollars)	CO2 savings (t/y)	Unit Cost of CO2 (US Dollars /t/y)
Borovljany Control Systems for district Heating Project	770,000	1,000	770
Vitebsk Grosvet	370,000	2,600	142
Vitebsk Television Factory	2.4 million	24,200	99

(II) Carbon Emission Reduction of Financed Projects (in tonnes per year)

Bulgaria	Investment (US Dollars)	CO2 savings (t/y)	Unit Cost of CO2 (US Dollars /t/y)
Blagoevgrad Street Lighting	400,000	1,300	308
Russe Street Lighting	1.4 million	7,000	200
Gasification and energy retrofit of Municipal sites in the city of Dobrich	660,000	11,000	60
Heat transfer pipelines reconstruction of Pernik city	3.3 million	34,800	95
Energy efficient street lighting Pernik	790,000	9,800	81
Increasing the energy efficiency of the Sofia Municipality buildings	1.8 million	20,000	90

(III) Carbon Emission Reduction of Financed Projects (in tonnes per year)

Russian Federation	Investment (US Dollars)	CO2 savings (t/y)	Unit Cost of CO2 (US Dollars /t/y)
Nikolskoye Settlement	840,000	6,300	133
Vinnitsy Settlement Raizhilkomhhoz Boiler Station	230,000	7,100	32
Krakolje Boiler Station	80,000	2,600	30
Vyritsa Settlement	260,000	2,000	130

(IV) Carbon Emission Reduction of Financed Projects (in tonnes per year)

Ukraine	Investment (US Dollars)	CO2 savings (t/y)	Unit Cost of CO2 (US Dollars /t/y)
Implementation of energy saving solutions in the exterior lighting systems in the city of Zaporizhzhya	340,000	660	515
Installation of automated temperature controllers in heating systems of Ivano-Frankivsk	280,000	1,400	200
Ivano-Frankivsk Boiler Plant	670,000	3,440	194
Upgrades to the lighting and heat supply system of Mariupol city hospital	140,000	570	245
Energy efficiency improvements of heating systems in schools of Dniprodzerzhynsk left-bank region	190,000	580	327

New Project

Financing Energy Efficiency Investments for Climate Change Mitigation

Promote an investment environment for self sustaining energy efficiency and renewable energy projects to be developed and financed to reduce greenhouse gas emissions

Potential Market

- Vast Potential Market Eastern Europe & CIS
- US\$ 5 to 10 billion Payback > 5 Years
- Euro €224 billion Payback > 15 Years
- Russian Ministry Estimate Euro €7.5 billion
- Large Investment Potential – Private Sector
- Private Sector Requires Market

Finance Requirements

- Financing Energy Efficiency Investments in Eastern Europe is Possible
- Time Consuming Labour Intensive
- Needs to Become Business-as-Usual
- Framework Conditions Beginning to Emerge
- No Dedicated Source of Financing

Investment Fund

- Public Private Partnership Fund
- Private 65% – Public 35%
- US\$ 250 million – ESCOs & SPVs
- EE21 Investment Project Pipeline
- SwissRe, CDC IXIS, EE Capital, EBRD, CEB
- Fund Manager Separate Legal Entity

Donor Institutions

- United Nations Foundation
US\$ 2 million
- Fonds Français pour l'Environnement Mondial
US\$ 2.5 million
- UNEP - Global Environment Facility
US\$ 3 million

Participating Countries

Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kazakhstan, Former Yugoslav Republic of Macedonia, Russian Federation, Romania, Serbia, Montenegro, Moldova, Ukraine

Objectives

- Public Private Partnership Fund
- Bankable Project Development Skills
- Institutional & Policy Reforms

Objective One Outputs

Public Private Partnership Fund

- Investment Memorandum
- Investor Seminars
- Energy Efficiency Investment Fund
- Fund Manager

Fund Investors

- Private & Public Banks
- Insurance Companies
- Local Banks in Beneficiary Countries
- Large Industrial Groups
- Dedicated Environmental & Green Funds

Objective Two Outputs

Bankable Project Development Skills

- Investment Project Development Standards
- Network of Energy Efficiency Managers
- Trained Project Development Experts
- Investment Project Pipeline

Objective Three Outputs

Institutional & Policy Reforms

- Economic, Institutional & Regulatory Reforms
- Energy Efficiency Strategy
- Policy Advisory Services

Next Steps

- Signature Project Documents
- Preliminary Private Placement Memorandum
- Discussions Lead Investor / Investors
- Project Operations Begin 1st Half 2007
- Launch Meeting 1-2 March 2007 Geneva