



Romania

United Nations Development Programme

Newsletter

Issue # 16 / 25 June

2003

UNDP/GEF and World-Bank/GEF launch Energy Efficiency Financing Projects



From left: Parviz Fartash, Senior Programme Manager, UNDP New York, Soknan Han Jung, UNDP Resident Representative, Mark Velody, Project Manager UNDP, Romulus Moucha, Counselor, Ministry of Economy and Commerce

The joint launch of UNDP/GEF (Global Environment Facility) 'Capacity Building for GHG Emissions Reductions through Energy Efficiency' and World Bank/GEF 'Romanian Energy Efficiency Fund' (FREE) was held at the Marriott Hotel, Bucharest, on 25th June 2003.

The \$2 million UNDP project will identify 'bankable' energy efficiency projects of any size and use GEF resources to help project developers find commercial financing. The \$10 million World Bank project has a narrower focus but a wider scope - it will find energy efficiency projects of up to \$1 million, and lend money over 2-4 years. The two projects are natural partners in this respect.

The UNDP/GEF project will be managed by a core team of banking and energy specialists from UNOPS, who will work closely with banks and other financial institutions. The team will carry out or arrange a range of services to help leverage energy efficiency projects - business plans, financial analysis, feasibility studies, energy audits, due diligence or finding additional resources such as insurance, guarantors and investors. Any technically robust and commercially realistic energy efficiency investment - private or public - is eligible for support.

The team will adopt a simple, 3-stage approach: **I. Project identification:** Potentially 'bankable' energy efficiency projects are identified through existing networks (including other UNDP projects in Romania), and by participating in or running events; **II. Deal-building:** Introducing borrowers and lenders - bringing in additional stakeholders as required - creating an outline deal - achieving a written Agreement-in-Principle between lenders and borrowers; **III. Completion:** For deals with an Agreement-in-Principle in place, project resources are used - usually through consultants - to help the borrower to meet the banks' lending requirements.

In addition to the services described above - which are available to both private and public energy efficiency stakeholders - the core team will also manage an energy efficiency equipment fund of \$450,000 to help leverage public sector projects, and a further \$825,000 in parallel financing from the Government of Romania is available through The Romanian Agency for Energy Conservation (ARCE).

UNDP Resident Representative, Soknan Han Jung and CTA/Project Manager, Mark Velody were present at the opening session along with representatives of the Government of Romania, World Bank, International Energy Agency and FREE.

Parviz Fartash, Senior Programme Manager represented UNDP New York; Project Director Katherin Topar-Michon represented UNOPS Geneva; and Vesa Rutanen represented UNDP/GEF Bratislava. The 120 participants consisted mainly of project developers, equipment suppliers, banks and other financial institutions.

If you have a technically robust and financially realistic idea for an energy efficiency project, you are invited to get in touch with the UNDP/GEF Energy Efficiency Financing Team at: energie@undp.ro



For more information visit: www.energie.undp.ro