



Office for South East Europe

European Commission / The World Bank



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IFI Advisory Group – Working Group Meeting on Energy and Environment

Draft Chairman's Conclusions

The Energy and Environment Working Groups of the IFI Advisory Group (IFI-AG) met for the third time in a combined meeting on November 18, 2008. As with previous Working Group meetings, there was a very productive atmosphere and the meeting provided a very useful opportunity for exchange of information on operational programs of the different IFIs while also serving as a forum for strategic discussion.

1. Energy

The meeting focused on Energy Efficiency and the following conclusions were reached:

- Participants took note of the broad range of Energy Efficiency (EE) initiatives being carried out by IFIs, as well as activities covered by the Energy Community Secretariat Task Force on EE.
- Participants concurred that beneficiary ownership, at both strategic programming and implementation level, is critical for the success of EE investments. In this context, IFIs underlined the importance of completing National Energy Efficiency Action Plans (NEEAPs). These will be key framework documents for helping to prioritize investment needs and attract financing from IFIs and bilateral donors. The NEEAPs should also help to foster better donor coordination in the field to address investment needs.
- Participants also noted the complementarity of activities on EE between IFIs and other donors and agreed that the group should continue to facilitate exchange of information on the topic; so as to determine specific action, when this is appropriate, to avoid duplication of efforts.
- The key constraints preventing further promotion of Energy Efficiency initiatives in the region were identified as: i) pricing of energy, ii) cost effectiveness and, iii) billing policies and metering of energy use. The group requested the Energy Community Secretariat (ECS) to continue its work to seek political resolutions to these obstacles. In addition, participants agreed on the need to align their activities to provide financing to diminish these obstacles and lead the way for future market based interventions.
- The meeting participants recognized the need also to improve institutional capacity in the EE sector, particularly at local level; this will be key to help them to develop and, more importantly, implement the NEAPs.
- All members acknowledged the importance of 'raising awareness' of EE benefits, particularly among local stakeholders. While it is clear that the ECS and the Regional Cooperation Council can take a lead role on this, participants noted the need for donor funding of awareness raising activities. In this context, the European Commission proposed that its Civil Society Facility could be a useful instrument in this regard.

- It was agreed that EE will continue to be a topic closely monitored by the Working Group. It was proposed that the next meeting, in Spring 2009, focus on the NEEAPs, which should be adopted by all Energy Community contracting parties by February 2009.
- Concerning action to be taken immediately, IFIs agreed to provide the ECS with a mapping of their existing projects in the Energy sector. In addition, the ECS will send to all members of the group its updated list of energy investment projects.

1. Environment

The following conclusions were reached:

- Participants took note of the many initiatives that IFIs are developing with regard to climate change and 'climate proofing' investment projects. All members were encouraged by the fact that the issue is being taken very seriously and concurred on the need to build on existing good will in this sector.
- Participants supported a proposal of the World Bank to establish a small working group of expert practitioners from various IFIs and other interested organizations to investigate one or two investment projects in the region. The aim would be to design operational approaches for these projects to better take into account climate change. The first meeting could be held in the spring, 2009, possibly in the context of the RENA working group on climate change. A concept note on this proposal will be circulated to members early next year.
- Participants welcomed the initiative to replace the Regional Environmental Reconstruction Programme with a Regional Environmental Network for Accession (RENA). In particular, IFIs were encouraged that the RENA will be clearly oriented towards accession and that strategic planning takes on more importance in establishing a pipeline of investment projects. IFIs are welcome to inform the EC on their interest to be involved in the working groups of RENA.
- The European Commission provided an update on work being carried out to better understand donor coordination (DC) mechanisms on environment in the region. Participants were reminded that a DC overview paper had been tabled at the last IFIAG plenary meeting and were informed that DG Enlargement has commissioned a study to further analyse donor coordination mechanisms in some of the countries of the region. This study will be finalised at the beginning of 2009. Participants welcomed a proposal by DG Environment to put together a short action plan on Donor coordination in the light of the results of the DG Enlargement analysis. This action plan will be shared with the group early next year.
- The European Commission provided an update on the status of the IPF. To date, 18 projects have been shortlisted to benefit from a first round of funding; the list of the five shortlisted environment projects (in the water, waste water and solid waste sectors) was shared with participants. The IPF is now fully functional and TORs for each of the projects are now being prepared.
- A first discussion was held on future priorities of the Working Group. The challenge will be to see whether there is appetite to move beyond simple exchange of information, so as to reserve more time for pragmatic country specific analysis (eg, using one meeting to focus on one or two countries to run through IFI programmes, IPA funds, DG Environment activities etc). Participants were encouraged to provide written comments with their ideas on improving the output of the Working Group to the Secretariat.