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### ECONOMIC COMMISSION FOR EUROPE

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### UN/ECE REGIONAL ADVISORY SERVICES PROGRAMME IN THE FIELD OF ENERGY DURING 1999-2001

Prepared by the secretariat

#### I. INTRODUCTION

1. This report covers activities of the regional advisory services during the period from August 1999 to September 2001. Assistance was provided on the economic and technical analysis of the energy situation in economies in transition, on the elaboration of their energy policy, on the technical, institutional and economic requirements for developing the energy sector in economies in transition. Direct advice was provided in assisting national experts to prepare plans, programmes and projects to facilitate implementation of their energy strategy, to develop capacity and institution building, and training. Special attention was given to energy efficiency and conservation problems of economies in transition: creation of Energy Efficiency Demonstration Zones and development of financial mechanisms for attracting foreign investors to carry out energy efficiency projects in the member States. Advisory services were provided on interconnection of electricity and natural gas networks and on utilisation of new devices and technologies in the energy field with particular emphasis on environmentally clean technologies. The most part of the Regional Adviser's activity was implemented through the financial resources of the Regular Programme of Technical Cooperation, UN Development Account, UNDP, GEF and extra budgetary resources.

2. Information related to projects and programmes initiated and carried out by the Regional Adviser on Energy and activities in which he participated actively are provided in the following paragraphs.

## **II. ENERGY EFFICIENCY AND ENERGY SUPPLY**

3. A programme of Energy Efficiency Demonstration Zones realisation in Belarus within the "Energy Efficiency Investment Project Development for Climate Change Mitigation" has been worked out and approved by the State Committee on Energy Efficiency and Control.

4. A project "Sustainable forestry management and reduction of adverse environment impacts by using wood and wood residue resources for production of heat power in the Republic of Belarus" was implemented. The UNDP Office in Belarus provided financial resources for carrying out the project realisation.

5. Seven projects in the Energy Efficiency Demonstration Zones of Belarus were selected in accordance with criteria to be approved by the Steering Committee of the project "Energy Efficiency 21". Business plans for these projects are to be elaborated through training courses to be held within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation". The first session of the training course was conducted on 23 – 26 May 2001 and the second one will be conducted on 8-10 October 2001.

6. Assistance was provided to experts of the State Committee for Energy Efficiency and Control to elaborate the State Programme on Energy Savings during the period 2001-2005. The Government of Belarus approved the Programme on 21 December 2000.

7. A first phase of the joint Belarus/Russian project was implemented on obtaining additional electricity at the industrial large gas consumer enterprises, gas-producing enterprises, and thermal power plants due to utilisation of natural gas letdown pressure. A "TURBODETANDER" with a capacity of 5,000 KW was put into operation at the Lukoml thermal power station in Belarus. A second phase of the project will be started in 2002.

8. On the basis of results achieved during the implementation of the project "Sustainable forestry management and reduction of adverse environment impacts by using wood and wood residue resources for production of heat power in the Republic of Belarus" a project proposal and a first draft of the project document for PDFB resources requirements for the project "Removing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Waste for Municipal Heating and Hot Water Supply in Belarus" were elaborated and submitted to the GEF Secretariat. On 15 December 2000 the CEO of the Global Environment Facility approved the project proposal and the National Executing Agency "State Committee for Energy Efficiency and Control" will receive US \$ 245,000 in PDFB resources for preparation of the project document of the full project. The UNECE is a Cooperating Agency for this project which is now being implemented.

9. Assistance was provided to implement a first phase of the project "Improvement of Energy Efficiency in Public Sector (schools and hospitals) of the Republic of Belarus". The project is being financed by the World Bank and will be correlated with the project "Removing

Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Waste for Municipal Heating and Hot Water Supply in Belarus". On 5 June 2001 the Executive Board of the World Bank approved US \$ 22,4 million loan for implementation of the second phase of this project. Phase 2 of the project "Development of Financing Mechanisms for Norwegian Involvement in Energy Efficiency Projects in the Russian Federation" has been started together with experts from the Norwegian Institute for Energy in accordance with the plan for this phase approved by the Royal Norwegian Ministry of Foreign Affairs. The Ministry provided financial means for implementation of Phase 2.

10. A joint US Department of Energy (DOE)/ UN Foundation project "Energy Saving in Moscow Medical Academy" was launched in Moscow (Russian Federation) on 2 October 1999. The former US Secretary of Energy Bill Richardson inaugurated the project that will be implemented under the auspices of UN ECE.

11. Eighteen projects in the Energy Efficiency Demonstration Zones of the Russian Federation were selected in accordance with criteria to be approved by the Steering Committee of the project "Energy Efficiency 21". Business plans for these projects are to be elaborated through training courses that will be conducted in 2001 within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation".

Implementation of the project "Wide utilisation of new energy efficient technology "TRANSSONIC" in municipal heat and hot supply systems" was continued in the Energy Efficiency Demonstration Zone "Chuvashy" (Russian Federation) and the same projects were started in Energy Efficiency Demonstration Zones of the cities of Almaty and Bishkek.

12. A training course "Energy Saving in Russian Hospitals" was prepared together with Russian experts. The course will be conducted within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation" in the Moscow Medical Academy in 2001.

13. A second phase of the project "State of the Art of Cooling Household Appliances Standards" (SACHA II) was finished in Belarus and Ukraine.

14. Eight projects in the Energy Efficiency Demonstration Zones of Kazakhstan were selected in accordance with criteria to be approved by the Steering Committee of the project "Energy Efficiency 21". Business plans for these projects are to be elaborated through training courses that will be conducted in 2001 within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation". The Global Environment Facility provided assistance to Kazakh experts for implementing a block B phase of the project "Removing Barriers to Energy Efficiency in Municipal Heat and Hot Water Supply". This project is being implemented in close coordination with two UNECE projects: "Energy Efficiency Investment Project Development for Climate Change Mitigation" and "Rational and Efficient Use of Energy and Water Resources in Central Asia".

### **III. COOPERATION WITH SUB-REGIONAL ORGANISATIONS:**

#### **Commonwealth of Independent States (CIS)**

15. A first phase of the project "Energy Efficiency and Security in CIS" has been implemented. A meeting of the group of CIS experts appointed by the Governments and responsible for implementation of this project was organised together with the secretariat of the CIS Executive Committee in Geneva in November 1999. A first version of the study was presented to the ninth session of the Committee on Sustainable Energy in November 1999.

16. Three meetings of the Ad hoc Project Group that is responsible for preparation of a study "Energy Conservation as a Factor in Increasing the Energy Security in the Member States of the Commonwealth of Independent States" to be prepared within the project, were held in Moscow on 10-11 February 2000, on 15-16 May 2000 and on 26-27 October 2000 respectively. The final version of the study was approved by 11 Governments of the participating countries and was presented to the tenth session of the Committee on Sustainable Energy in October 2000.

17. A second phase of the project "Energy Efficiency and Security in CIS" was started. A meeting of the group of CIS experts who have been appointed by their respective Governments and who are responsible for implementation of this project was organised together with the secretariat of the CIS Executive Committee, in Geneva on 31 October-2 November 2000. A second phase of this research is being pursued in the United Nations Foundation supported project on Energy Efficiency Investments for Climate Change Mitigation (ECE-CIS-99-043) as part of the UNECE Energy Efficiency 21 Project. It examines more closely the investment requirements of national energy efficiency programmes emphasising a selection of CIS countries: Belarus, Kazakhstan, Russian Federation and Ukraine. This will include descriptions of several best practice case studies of energy efficiency projects already financed in these countries.

### **Main Objectives of the Second Phase**

18. The second phase of the project is designed to pursue the following objectives:

- (a) Contribute to the implementation of the recommendations of the study Energy Conservation as a Factor in Increasing the Energy Security of the CIS Member States. These recommendations call for CIS member States and the Commonwealth bodies to strengthen their co-operation aimed at shifting their economies to the energy saving pattern of development and, hence, at improving their energy security. It recommends that CIS member States:
  - take measures aimed at shaping valid market-oriented energy conservation management structures;
  - develop and align priority areas of the economic cooperation with regard to the energy conservation;
  - establish agreements on political backing and development of inter-state economic entities which would put into practice energy efficiency projects and strengthen the interaction between the public and the private sectors in this area;
  - initiate coordinated approaches to the improve the sustainability of energy supply in general and to the implementation of energy conservation policies in particular;
  - ensure information support for systems of access to energy conservation technologies;

- establish financial instruments and mechanisms designed to develop and promote commercial projects and bring them to the investment market.
- (b) Undertake an analysis of the relationship between energy efficiency and the environment and their influence on energy security of the CIS member countries.
- (c) Provide assistance towards establishing liberal and competitive markets for energy resources, energy conservation equipment and services. These market formation activities need to foster consumer choice and promote improvements in the end-use applications of energy.

### **Project Implementation and Work Methods**

19. Each of the project objectives will be pursued by a variety of work methods by the Experts Group, international experts and other participants in the Energy Efficiency 21 Project:

- Three regional Workshops will be held in order to assist local authorities in creating the framework for implementing relevant policy reforms recommended in the study “Energy Conservation as a Factor in Increasing the Energy Security of the CIS Member States”. A selection of energy efficiency investment projects that have been implemented successfully and those to be implemented in CIS countries will be presented at the Workshops. The workshops will focus the investment needs and policy reforms for achieving national energy conservation scenarios elaborated in Phase One of the project. Western experts will be invited to participate in preparing and conducting the Workshops including with presentations on policy reforms to support the formation of markets for energy efficiency technology and services.
- The first Workshop will be conducted from 9 to 11 October 2001 in Minsk, Belarus. Participating countries: Republic of Moldova, Russian Federation and Ukraine with the support of the UNF/UNFIP Project.
- The second Workshop will be conducted in spring of 2002 in Kiev, Ukraine. Participating countries: Belarus, Armenia, Azerbaijan and Georgia with the support of the UNF/UNFIP Project.
- The third Workshop will be conducted in summer of 2002 in Almaty, Kazakhstan. Participating countries: Belarus, Kyrgyzstan, Turkmenistan and Uzbekistan with the support of the SPECA Project.

20. A consultative seminar or an ‘Energy Efficiency Circle’ on policy reforms and financing investments with selected east European policy makers and experts is under consideration for support by the French Government. The consultative seminar would be held prior to an international conference on “Financing Energy Efficiency Investments and Energy Security in CIS” will take place in Moscow, Russian Federation, in autumn 2002 as the final stage of the project implementation with support of the Energy Efficiency 21 and the UNF/UNFIP Project.

21. The Experts Group will continue its regular work and will consider the following documents prepared by the national experts and developed with the assistance of western experts:

Analysis of forecast scenarios of the CIS fuel and energy complex development taking into account different stages of energy efficiency programmes implementation and amount of investment to be provided to those programmes.

22. Assessment of outlay on implementation of major energy efficiency measures (short-term, medium term and long-term) in the main sectors of economy. Taking into account energy prices a number of economically paying energy efficiency measures should be determined for each CIS member country.
23. Assessment of effectiveness of energy efficiency programmes in CIS member countries, including efficiency gains and emission reductions: historical trends, future trends and costs. Assessment of possibility to include in the energy-related taxes, as a constituent part of them, an amount of damage to the environment from production, transportation and consumption of energy resources. This factor will reflect the desire of Governments to promote energy efficiency programme in their country.
24. Description of the most acceptable financial mechanisms for implementation of energy efficiency policy in each particular CIS member-country.
  - Presentation of Energy Efficiency Demonstration Zones set up in the framework of the project “Energy Efficiency 21”.
  - Description of 2-3 successful energy efficiency projects implemented in 1995-2000 that could be recommended to be initiated in other CIS member countries. It has to contain information on financial mechanisms used for these projects.
  - Presentation of 2-3 energy efficiency projects for which business plans have been prepared but have not yet been implemented. The reasons why these projects at the stage of stand-by should be presented.

#### **IV. SUB-REGIONAL PROGRAMMES**

##### **Southeast European Cooperative Initiative (SECI)**

25. A report on the results achieved during the implementation of the SECI Project “Interconnection of natural gas networks, diversification of gas supply and improvement of security of supply in Southeast Europe” was presented at the Workshop on promotion of Investments in Gas and Oil Interconnections in South-eastern Europe which was organised within the framework of the EU Task Force on Balkan Energy Interconnection. An agreement was reached to work together with the secretariat of the European Union on preparation of a feasibility study for the project “Gas Supply to Bosnia and Herzegovina”.
26. A report “Energy Projects: Natural Gas, Electricity and Energy Efficiency within SECI” was prepared for a Working Session on Energy which was held in October 1999 at the Conference “Priorities of the SECI Participating States for Implementing the EU Stability Pact” in Vienna. The Working Session on Energy established two lists of energy projects, which were presented to the Working Table II of the EU Stability Pact on Economic Reconstruction, Development and Cooperation in October 1999 at the meeting in Bari (Italy).

Special Programme for Economies of Central Asia (SPECA)

27. The aim of the Programme is to contribute to national institution strengthening, to international discussion of Central Asian development issues, to cooperation between the countries of the sub-region and, in particular, to their closer integration into the economies of Europe and Asia. The Regional Adviser on Energy is a coordinator of the project "Rational and Efficient Use of Energy and Water Resources of Central Asia". Kyrgyzstan is a lead country for this project.
28. A Project Review Form for the project "Rational Use of Energy and Water Resources in Central Asia" was prepared, agreed upon with ESCAP and approved by the DESA/OUSG and DM/PPBD of UN Headquarters. On the basis of this document an allotment of US \$ 1,750,000 was transmitted to UN ECE.
29. The fourth session of the Project Working Group on Rational and Effective Use of Energy and Water Resources of Central Asia (PWG-Energo) was held in Bishkek (Kyrgyzstan) on 5-6 April 2000. The Group discussed and approved a draft of the Project Review Form presented by the Regional Adviser on Energy. A plan of project implementation for 2000 was also discussed and agreed upon.
30. The fifth session of PWG-Energo was held in Bishkek (Kyrgyzstan) on 17-18 November 2000. The Group confirmed a recommendation of the Workshop on energy issues to prepare a study "State of the Art and Outlook of Rational and Effective Use of Fuel and Energy Resources in the countries of Central Asia ". It also discussed and passed a plan of project implementation in 2001.
31. The Workshop on rational and efficient use of energy resources in Central Asia was held in Bishkek (Kyrgyzstan) on 14-16 November 2000. An outline of the above-mentioned study was presented to the participants of the Workshop. It recommended preparing such a study on the basis of information provided by national consultants from each Central Asian country.
32. The Workshop on rational and efficient use of energy resources in Central Asia was held in Bishkek (Kyrgyzstan) on 19-21 June 2001. A first version of the study was approved.
33. The sixth session of PWG-Energo was held in Bishkek (Kyrgyzstan) on 22-23 June 2001. The Group confirmed a recommendation of the Workshop on preparing a second version of the study by 15 October 2001. It also decided to hold the third Workshop on rational and efficient use of energy resources in Central Asia from 27 to 29 of November 2001.
34. Energy Efficiency Demonstration Zones in the cities of Almaty and Bishkek were set up in accordance with the Project Review Form of the project "Rational Use of Energy and Water Resources in Central Asia". Grants for development of these Zones were provided to their Management.
35. A programme was elaborated for a training course to develop a Business Plan for concrete energy and water efficiency projects within Central Asian countries for the first presentation to financial institutions or potential partners was elaborated. The Kyrgyz Company "ISTMAR" was

selected on the basis of conducting a local tender for implementation of this programme. A grant was provided to this company for carrying out the training programme.

36. A concept of the Information Network for energy and water efficiency managers in Central Asian countries is now being developed, giving an opportunity to achieve the output defined under Goal Two of the UN SPECA Project on Rational and Efficient Use of Energy and Water Resources in Central Asia. Goal Two is to promote region-wide economic and technical cooperation among the Central Asian countries and their integration into the world economy.

37. Eight institutional contracts and six contracts for individual consultants were prepared for implementing major goals of the project formulated in the Project Review Form.

## **V. AD HOC REQUESTS BY A SINGLE COUNTRY ON SPECIFIC TOPICS**

### **Workshops**

38. In the framework of the 2<sup>nd</sup> International Trade Fair for Energy Saving Technology (Energy Saving 2000), a seminar "International cooperation and implementation of the state energy efficiency policy in the Russian Federation" was organized together with the Russian Ministry of Fuel and Energy and held in Moscow on 13-14 March 2000. A report on Energy Efficiency 21 strategy for new project development was delivered to the participants of the seminar.

39. The ECE /OECD Workshop "Enhancing the Environment by Reforming Energy Pricing" was organized together with the UN ECE Environment and Human Settlements Division in Prague (Czech Republic) on 14-16 June 2000.

40. The Workshop "Problems of Accounting and Managing Energy Resources during its Consumption" was held on 14 March 2001 in Moscow (Russian Federation). A presentation was made on a strategy for new project development in CIS taking into account recommendations made in the study "Energy Conservation as a Factor in Increasing the Energy Security in the Member States of the Commonwealth of Independent States".

41. An initiation Workshop of the Project "Reducing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Residues for Municipal Heat and Hot Water Supply in Belarus" with the participation of all relevant stakeholders was organised on 25 May 2001. The aim of the Workshop was to present the objectives of the project; take stock of and clarify the links to other ongoing or already finalised activities relevant to the project; review the terms of reference for the subcontracts; and clarify the institutional and other management arrangements for the project implementation.

### **Advisory missions**

42. At the request of the Governments and to implement a number of projects, the Regional Adviser on Energy carried out missions to the following countries: Belarus, Czech Republic, Italy, Kazakhstan, Kyrgyzstan, Netherlands, Russian Federation and Ukraine. Direct advice was provided in assisting national experts to prepare plans, programmes and projects, to facilitate



implementation of their energy strategy, capacity and institution building, and training. Special attention was given to energy efficiency and conservation problems of economies in transition: creation of Energy Efficiency Demonstration Zones and development of financial mechanisms for attracting foreign investors to carry out energy efficiency projects in these member states. Advisory services were provided on interconnection of electricity and natural gas networks and for technology cooperation in the field of energy with particular emphasis on environmentally clean technologies. Specific examples of the results of the missions have been included in the chapter I "Energy Efficiency and Energy Supply" of this report.

#### Project formulation

43. Project proposals for the project "Rational and Efficient Use of Energy and Water Resources in Central Asia" was elaborated and submitted to the UN Headquarters for financing from the United Nations Development Account. Assembly resolutions 54/249 and 54/250 of 23 December 1999 approved the initial appropriations for the biennium 2000-2001, which include section 33, Development Account. This project is among those approved for funding through the Development Account. The total approved budget is US\$ 1,750,000. It should be implemented in 2000-2002.

44. The Project Review Form for the project "Rational Use of Energy and Water Resources in Central Asia" was prepared, agreed upon with ESCAP and approved by the DESA/OUSG and DM/PPBD of UN Headquarters. On the basis of this document an allotment of US \$ 1,750,000 was transmitted to UN ECE.

45. A project proposal and a first draft of the project document for Global Environment Facility (GEF) PDFB resources requirements of the project "Removing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Waste for Municipal Heating and Hot Water Supply in Belarus" were submitted to the GEF Secretariat. On 15 December 2000 the CEO of the Global Environment Facility approved the project proposal and the National Executing Agency "State Committee for Energy Efficiency and Control" will provide US \$ 245,000 in PDFB resources for preparation of the project document of the full project. UNECE will be a Cooperating Agency for the implementation of this project.

#### Training programme

46. Training courses on financial engineering and business planning were organised within the UNECE project "Energy Efficiency Investment Project Development for Climate Change Mitigation". The general format of the courses was similar to those held under the Energy Efficiency 2000 Project involving both classroom training and homework between sessions. The training courses were based on a standard approach, materials, curriculum and set of core experts to serve as instructors. The application of the standard training course varied according to the experts available, sources of support, requirements of National Coordinators of the project and co-financing partners. The basic minimum course programme includes the following: solicitation of project proposals with agreed criteria and standard format by National Coordinators from demonstration zone teams; initial review by National Co-ordinators of up to 10 proposals from demonstration zones and transmission to training course teams, ECE; preliminary project descriptions for presentation to the training course; first training session (TC1) on the technical

aspects of energy efficiency projects with up to 10 projects (20 to 30 trainees); homework by trainee teams and advisory services by trainers; second training session on financing energy efficiency projects and presentation skills to banks and financing institutions; etc... .

47. The first session of the training course was organised in Minsk from 21 to 23 May 2001. Thirty-two Belarusian experts took part in the session. Eight teams of local experts presented their energy efficiency projects in the field of district heating, lighting, small hydropower station and combined power generation. A first phase of the development of the investment project plans was started. The second session of the training course will take place in Minsk from 9 to 11 October 2001.

48. The second session of the training course was organised in Moscow Medical Academy (Russian Federation) from 28 to 30 May 2001, for 52 people, including 31 trainees from various parts of Russia and a representative of the Ministry of Health Care of Belarus. Twenty-one presentations were made at the session. Participating experts briefly presented challenges they would expect from energy efficiency measures implemented in their hospitals. They highlighted most acute problems of energy supply and consumption caused mainly by worn out and low efficiency heat and electric equipment as well as district heating networks. Site visits to both MMA energy facilities, which have been modernized by the ESCO "Negawatt", and to an International Energy Efficiency Trade Fair were organized for the trainees. During the round table discussions, covering practical aspects of financing energy efficiency in the Russian health care sector, the results of the first training session were summarized and conclusions and recommendations were made.

#### Conferences, forums, meetings and training

49. The Regional Adviser on Energy participated and presented reports at the following international events:

- A second meeting of the "Friends of the Chair" of the working Group of Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects, The Hague (Netherlands), 9- 11 September 1999;
- Central Asia sub-regional Workshop "Financing of Energy Efficiency Investments", Almaty (Kazakhstan), 11-12 May 2000.
- International Forum on "Can Advanced Energy Systems Cope with Energy Demands of Asia, OECD-Pacific and CIS?", Como (Italy), 5-8 July 2000.
- 5<sup>th</sup> Belorushin Energy and Ecology Congress, Minsk (Belarus), 4-6 October 2000.
- Under UN Upgrading of Substantive Skills Programmer, the Regional Adviser on Energy took a training course on promotion of energy policy in the Russian Federation and other CIS countries at the Centre for Energy Policy of the Russian Ministry of Industry, Science and Technology. The course took place in the cities of Moscow, Vladimir and Apatity from 21 August to 2 September 2000. It included the following issues: energy demand modelling and policy analysis; applied systems approach in the development of sub-regional and regional programmers; policy and programmes of enhancing energy efficiency in the CIS countries; methodology of forecasting the future energy demand in the CIS countries, etc... .

## **VI. PROBLEMS, EVALUATION AND FUTURE WORK ORIENTATION**

### **Problems**

50. Development of energy systems is one of the major priorities for the most of the economies in transition and it is not possible to satisfy all requests of the Governments of these countries. Because of the limited resources of the Regional Adviser it was necessary to concentrate his activity on a limited number of the countries in transition taking into account priority areas of their development and governmental support regarding cooperation with UN ECE in each particular area.

51. The greatest obstacles to carrying out operational activities more efficiently in the economies in transition are the following:

- there is no appropriate coordination of technical assistance provided to economies in transition by donor countries and international organisations;
- absence of strategic focus on key priorities of operational activities in regions and each particular country;
- complexity of rules and procedures of UN system;
- limited coordination of UN system at the region and country level;
- lack of national experts of appropriate level and huge bureaucracy in the countries of Central Asia;
- frequent changes of governments and instability of countries' managerial systems.

### **Evaluation**

52. On the basis of results achieved during the implementation of the project "State of the Art of Cooling Household Appliances Standards" a task of elaboration of new energy efficiency standards for different national products was included in the Belarus State Programme on Energy Savings during the period 2001-2005, approved by the Government of Belarus in December 2000.

53. The Belarus State Programme on Energy Savings during the period 1996-2000 was prepared in 1995. One of the tasks of the programme was to create Energy Efficiency Demonstration Zones (EEDZ) in the different regions of the country. EEDZ in all six regions of Belarus were set up and results achieved were taken into account when the new State Programme on Energy Savings during the period 2001-2005 was worked out in 2000.

54. The project "Sustainable forestry management and reduction of adverse environment impacts by using wood and wood residue resources for production of heat power in Belarus", financially supported by the UNDP Office in Minsk, was implemented in 1999. A project proposal and a first draft of the project document for PDFB resources requirements for the project "Removing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Waste for Municipal Heating and Hot Water Supply in Belarus" were elaborated and submitted to the GEF Secretariat in 2001. In December 2000 the CEO of the Global Environment Facility approved the project proposal and the National Executing Agency "State Committee for Energy

Efficiency and Control” will receive US \$ 245,000 in PDFB resources for preparation of the project document of the full project. UNECE will be a Cooperating Agency for the implementation of this project.

55. The study ”Energy Conservation as a Factor in Increasing Energy Security in the Member States of the Commonwealth of Independent States was presented to 11 Governments of the participating countries and approved by them. It was published and submitted to the tenth session of the Committee on Sustainable Energy in October 2000.

56. Capacity building is one of the major tasks of the project ”Rational and efficient use of energy and water resources in Central Asia”. All events organised within this project have a direct link to this task. Two workshops and two sessions of the Project Working Group ”Energo” were conducted during this year. More than 150 local experts participated in these events. Two local organisations that will be responsible for the creation and development of Energy Efficiency Demonstration Zones in the cities of Bishkek and Almaty were set up.

57. Activities undertaken within the project ”Energy Efficiency Investment Project Development for Climate Change Mitigation” assisted in promoting Energy Efficiency Investment Zones as enabling environments to develop the reforms, skills and capacities needed for investment projects that meet the criteria of the UNFCCC Kyoto Protocol and Joint Implementation offers.

#### Future work orientation

58. The Regional Adviser on Energy will continue to respond to the specific needs and priorities of countries in transition in such strategic areas of sustainable energy development as: rational use of energy, efficiency and conservation; analysis of new developments affecting energy demand and supply in the short and medium-term; pricing policy and security of supply; restructuring of the energy sector; energy infrastructure including interconnection of electric power and natural gas network; normative activities in the energy field; renewable sources of energy. In all these areas assistance will be provided in identifying needs for developing the energy sector, assisting national experts to prepare plans, programmes and projects to facilitate implementation of their energy strategy, capacity and institution building. Special emphasis will be given to energy efficiency investment and demonstration zones, training on project financing and management, small and medium size company start-up including energy services companies and their participation in realisation of Energy Efficiency Demonstration Zones, networking and information exchange, energy efficiency standards, and development of business contacts.

59. Primary attention will be given to cooperation with sub-regional organisations such as CIS and to implementation of energy projects in sub-regional programmes SPECA and SECI.

60. The Regional Adviser will continue his cooperation with UN bodies and international organisations, in particular with the UNDP, the European Union, World Bank, EBRD, CIS Executive Committee and other regional and sub-regional organisations.

61. With regard to the specific projects, which are being realised now and will be implemented in the future, the following should be mentioned in the first place:

- Project “Energy Efficiency 21”
- Project “Energy Efficiency Investment Project Development for Climate Change Mitigation”
- Project “Rational and Efficient Use of Energy and Water Resources in Central Asia”
- Phase 2 of the project “Energy Efficiency and Energy Security in CIS”
- Project “Reducing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Residues for Municipal Heat and Hot Water Supply in Belarus”
- Project “Regional Network for the Efficient Use of Energy Resources in South-east Europe” (RENEUR)
- Project “Interconnection of Natural Gas Networks, Diversification of Gas Supply and Improvement of Security of Supply in the Southeast Europe”
- Phase 2 of the Project “Development of Financing Mechanisms for Norwegian Involvement in Energy Efficiency Projects in Russia”.
- Phase 2 of the project “Improvement of Energy Efficiency in Public Sector (Schools and Hospitals) of the Republic of Belarus”.
- Phase 2 of the joint Belarus/Russian Project on obtaining additional electricity at the industrial large gas consumer enterprises, gas-processing enterprises, thermal power plants due to utilisation of natural gas let-down pressure using “following” cold for preparation of cryogenic products: nitrogen, oxygen, argon.
- Identification of projects for possible Activities Implemented Jointly (AIJ-projects) between economies in transition and developed countries in order to facilitate an implementation of the provisions of the Kyoto Protocol.
- Identification of possible projects to be implemented in the Caucasian region.