Supporting investment in clean Energy infrastructure in the Republic of Moldova

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“Moldova 2020”: 7 solutions for economic growth and poverty reduction

• National development strategy adopted in 2012
• Aims to accelerate economic growth and, implicitly, poverty reduction by:
  – Conducting structural changes of the national economy;
  – Promoting a dynamic growth model based on local and foreign investments and development of industries exporting goods and services.
• Identifies seven priority areas: the “7 solutions for economic growth and poverty reduction”
• States that the country will undertake all efforts to ensure the transition towards green economic development

Population: 3.5 million
Capital: Chisinau
Area: 33,800 sq km (13,050 sq miles)
Life expectancy: 66 years (men), 73 years (women)
Main exports: Foodstuffs, animal and vegetable products, textiles
GNI per capita: US $1,810 (World Bank, 2010)
Moldova: High Energy Intensity

Energy Intensity of GDP, 2010

Moldova: 0.45
EU: 0.16
World: 0.21
OECD: 0.19

Source: IEA

Moldovan energy use is currently 3 times higher than the EU average per unit of GDP!!!
Moldova: High CO₂ emissions

Moldavian CO₂ emissions are among the highest in Europe!!!
Promotion of Green Economy (GE) and Sustainable Development in Moldova

• 2010 - First Round Table on GE with Parliament, supported by OECD and UNDP
• 2011 - National Workshop on GE organized by the Ministry of Environment, UNDP, UNEP, OECD
• 2012 – Submission of the National Report for the UN Conference on Sustainable Development Rio+20, containing a Chapter on GE
• 2012 – Launch of the UNDP Environmental Fiscal Reform project aimed at improving the existing subsidy system in the energy sector as one of the major polluting sectors in Moldova
• 2013 - Ministry of Economy signs the Statement on “Green Industry Platform” - initiative launched in 2012 by UNIDO, UNEP and other partners
• 2013 - Draft National Environmental Strategy developed by the Ministry of Environment with the major objective of promoting the Sustainable Development of the country through the implementation of the Green Economy in all sectors
• 2013 – Launching of the EU-supported program “Greening Economies in the Eastern Neighborhood” in Moldova, implemented by the OECD jointly with UNECE, UNEP and UNIDO. Three major projects are being implemented by the OECD:
  – Monitoring of green growth” (MoEn and NBS)
  – Greening of small and medium enterprises (MoE)
  – Energy subsidies and climate change (MoEn and MoE)
Attracting investments in clean Energy infrastructure is crucial for the development of GE in Moldova

• The Energy Strategy 2030 was approved by the Government in February 2013:
  – strengthening the energy security of the country, including by developing of network energy interconnections with EU: “Solving the problem of the “base load” is crucial element”;
  – Deployment of RES & EE: …”not to repeat regional mistakes”…

• Investment to Moldovan energy sector is likely to come from the following sources:
  – the energy entities involved;
  – loans and grants from International Financial Institutions and development partners;
  – private investors: …“is important to create favorable investment climate with a guarantee of the reasonable return on investments”.

Energy efficiency and RES objectives

• To reduce the primary energy consumption by 20% until 2020;
• To reduce the GHG emissions by 20% until 2020;
• To stimulate the use of energy produced from renewable sources, in relation to the total internal gross consumption: 20% in 2020;
• To ensure a 10% share of bio fuels in the total liquid fuel consumption by 2020;
• To ensure a 10% annual share of electricity produced from renewable sources by 2020.

Minimum EUR 240 mil. are necessary for the implementation of EE and RES objectives!!!
Specific objectives for attracting investment in Moldovan Energy sector

• promoting reforms that facilitate project finance and an attractive investment climate;
  – implementation of new financing mechanisms (project financing, capital market, EEF, tax incentives and stimulus, state and municipal credit guarantees, ESCO’s, etc.) in environmental protection, EE and development of RES;
  – promoting private investment in projects and, eventually, entering into appropriate agreements to work within the EU Emission Trade Scheme;
  – use of internationally approved methodologies for estimating the amount of required investments to reach strategic objectives and specific objectives for each segment of the Moldovan energy industry;
  – supporting reforms in the banking and financial sector etc.

• establishing and strengthening mechanisms for attracting and efficient use of financial resources for financing of energy projects;
• developing an information base and a data base for energy projects financing;
• rational use of state and private investments in energy development projects etc.

All these should be supported by stable and predictable regulatory framework!!!
Energy Efficiency Fund

Project

State budget
Contribution of 10% according to the Law on RES

Energy Efficiency Fund (revolving)

Savings
Investments

Loans, grants, leasing…

Donors, IFI’s

New EE /RES projects

Investments
Savings
Suggested activities for the implementation of GE concept in Moldova

- Support the implementation of the provisions on GE from the National Environmental Strategy with clear indicators and monitoring process;
- Capacity building of the governmental agencies for promotion and integration of GE in the socio-economic activities of the country;
- Green/Sustainable Public Procurement promotion to be accompanied by trainings/promotion of Green Office and Green Meetings provisions;
- Organization of the national trainings and workshops in the field of GE etc.

THANK YOU FOR YOUR ATTENTION!!!