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**ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (ESCWA)  
ECONOMIC COMMISSION FOR EUROPE (ECE)**

**Regional Seminar on: «Enabling Policies to Promote Financing Renewable Energy Investments»**

**19-20 October 2016**, in the framework of the Seventh International Forum on Energy for Sustainable Development International Conference on Renewable Energy (18-21 October 2016) - Baku, Azerbaijan

## Seminar Summary

The Economic and Social Commission for Western Asia (ESCWA), in partnership with the UN Economic Commission for Europe (UN ECE), organized a regional seminar on “Enabling Policies to Promote Financing Renewable Energy Investments”. The seminar was held the 19th and 20th October 2016, in Baku, Azerbaijan. Moreover, the seminar was organized in the framework of the Seventh International Forum on Energy for Sustainable Development, and the closing session of the seminar was held as the third session of the plenary part of the “International Conference on Renewable Energy” that took place during the Forum.

### **Opening Session: Overview of the Project & Expected Outcomes from the Seminar**

**19 October 2016, 09:10 – 09:25**

The present UN DA project, on “Promoting Renewable Energy Investments for Climate Change Mitigation and Sustainable Development”, is designed to work closely with RE policy makers, project developers, and other RE stakeholders in the Member Countries, to carry out several capacity building activities related to promoting RE investments. These activities aims at: (a) Developing the skills of the public and private sectors at the national level to identify, develop and implement RE investment projects, (b) Providing assistance to authorities to introduce regulatory and institutional reforms needed to support these investment projects, (c) Enhancing the financing of renewable energy projects in selected countries. Activities also include case studies on the experience of policy reforms, regional trainings, workshops and seminars.

This regional seminar is one of the main activities of the UN DA project, and focuses on the policy and institutional reforms that are needed to provide a better environment for promoting RE investments, based on lessons learned from four UN ESCWA Member Countries and four UN ECE Member countries. The eight countries were the subjects of eight case studies’ reports on policy reforms that are being finalized in the two Regions.

The countries considered for the case studies in the ESCWA region are the following: (a) *Morocco as a showcase for the Maghreb sub-region*, (b) *Jordan and Lebanon as showcases for the Mashrek sub-region*, the *United Arab Emirates as a showcase for the GCC sub-region*.

The countries considered for the case studies in the UNECE region are the following: (a) *Ukraine and Serbia as showcases for the Eastern and South-Eastern Europe sub-regions respectively*, (b) *Georgia and Kazakhstan as showcases for the Central Asia and the Caucasus Sub-regions*.

## Session 1: Policies and institutional frameworks to promote investments in renewable energy projects (Part 1) – ESCWA Region

19 October 2016, 09:25 – 13:00

The first session of the seminar on «Enabling Policies to Promote Financing Renewable Energy Investments», considered National Case Studies from selected ESCWA member States.

The session started with a keynote presentation on “The Dynamics of Renewable Energy Policies Development: Key stakeholders, process and barriers”. Dr. Dhamir Manai, Former Member of the Tunisian Parliament, Parliamentary Advisor / Regional Director, Africa and Middle East - Climate Parliament, made the presentation.

The four case studies on RE policies, developed for the four ESCWA Member States, were then presented, and used as seed elements for three panel discussions:

- ✓ Panel discussion 1 on the *Maghreb* region based on the *Morocco* case study
- ✓ Panel discussion 2 on the *Mashreq* region based on the *Jordan* and *Lebanon* case studies
- ✓ Panel discussion 3 on the *GCC* region based on the *United Arab Emirates* (UAE) case study

### ▪ *Keynote Presentation: The Dynamics of Renewable Energy Policies Development*

Policies are the highest level of governance for RE. The process of developing RE policies differs from one country to another, but is generally a complex process that involves a variety of stakeholders. The dynamics of developing RE policies involves setting up clear objectives and goals backed up by a strong political will and the process requires reaching a consensus between all concerned stakeholders. So, the first step in the process, is to identify the stakeholders, to understand them, and define their roles and relationships (responsibilities / collaborations). No stakeholder should be excluded, since this may produce barriers down the road.

Comprehensive and Complete Frameworks, that make economic sense, need to be sought in the development of RE policies. These policies need to be implementable and therefore require the development of adequate institutional and legislative frameworks.

### ▪ *Panel Discussion 1: Case Study of Morocco as a showcase for renewable energy policies' status in the Maghreb sub-region*

The first panel discussion focused on the Maghreb region, and in particular, Morocco. In addition to the ESCWA consultant that prepared the case study for Morocco, the panel included government officials from Morocco and Sudan, a former member of the Tunisian Parliament, and a Chinese special guest.

Morocco is facing some major challenges due to the water stress, land degradation, strong energy dependence and vulnerability to climate change. The Morocco Case study showed that RE is a strategic orientation for the country, with very ambitious targets (42% of installed power capacity from RE by 2020 and 52% by 2030). The country already invested in major RE project, and made significant progress at the institutional and policy levels. However, some issues still need to be addressed in order to remove some of the remaining barriers. These include institutional and policy frameworks for small scale projects and their access to financing. Also, some technical issues regarding connecting RE to the grid.

Several recommendations were formulated to meet the existing challenges.

Tunisia had recently adopted a Law to promote RE and provide a framework for RE activities and projects. However, some of the associated decrees and application texts include clauses that can make certain RE projects less attractive.

For Sudan, RE can be an important vector for significantly improving access to energy services especially in rural areas. However, some demonstration work needs to be conducted in order to show RE capabilities.

- *Panel Discussion 2: Case Studies of Jordan and Lebanon as showcases for renewable energy policies' status in the Mashrek sub-region*

The second panel discussion focused on the *Mashrek* region, and in particular, Jordan and Lebanon. In addition to the ESCWA consultants that prepared the case studies for these two countries, the panel included government officials from Jordan and Lebanon.

Both Jordan and Lebanon are net energy importing countries. Both countries have been heavily affected by the flow of Syrian refugees. The potential for RE is very important in both countries and RE can easily become a major component of their energy mix. In terms of RE policy development, Jordan has developed a comprehensive set of RE legislations and regulations. Many large RE projects are under consideration, and a dedicated fund (Jordan Renewable Energy and Energy Efficiency Fund) is being set up to finance RE and EE in the country. The Lebanese RE policy development context is quite different. Indeed, the regulatory framework of the electric power sector is still under revision and development. No clear contracting procedure (PPA) is available, and there is no clear code for connecting RE projects to the grid. However, some successful small-scale RE projects were implemented under the Lebanese “National Energy Efficiency and Renewable Energy Action” (*NEEREA*). Furthermore, the new “National Renewable Energy Action Plan” (*NREAP*) includes several RE projects with LCOE lower than the present electrical generation costs. The NREAP can provide a national framework for implementing RE projects, but only a comprehensive institutional and policy framework can insure a sustainable development of RE in Lebanon.

- *Panel Discussion 3: Case Studies of the United Arab Emirates as a showcase for renewable energy policies' status in the in the GCC sub-region*

The third panel discussion focused on the GCC region, and in particular, the United Arab Emirates. In addition to the ESCWA consultant that prepared the case study for the UAE, the panel included two Senior Experts that are familiar with the energy sector in the GCC region.

As an oil exporting country, it was affected by the drop in oil prices. Nevertheless, the UAE has been considering new options for its energy mix, and is one of the leading countries in the GCC that made a strategic choice to develop RE technologies. The country has a number of advantages that can favor the development of RE, including a strong and well-built infrastructure. However, many challenges are facing the sector. Some are technological, such as the presence of high levels of dust and humidity that can result in additional cleaning costs for PV modules and CSP mirrors. Other challenges are related to the RE market in the country, where commercial and bankruptcy laws can be inhibitive of entrepreneurial risk taking and direct foreign investments in the RE sector. Nevertheless, UAE has rebuilt its momentum in renewable energy especially in the power sector, where an LCOE as low as 2.42 US Cents/KWh was achieved for solar PV. But the RE sector in UAE remains mostly operated by foreign companies through the industry business value chain. It is therefore important that the federal government play a more active role in RE and leverage knowledge between all Emirates. It should also insure that more collaboration and coordination is reached between all stakeholders. Furthermore, RE policies should address the potential of RE applications in desalination.

## Session 2: Policies and institutional frameworks to promote investments in renewable energy projects (Part 2) – UN ECE Region

19 October 2016, 14:00 – 18:00

The second session of the seminar on «Enabling Policies to Promote Financing Renewable Energy Investments», considered National Case Studies from selected UN ECE member States and examples of UNDP-GEF projects in renewable energy.

The session started with a keynote presentation on “China’s experience in developing RE projects, including barriers, challenges and incentives”. Mr. Yuechun Yi, Deputy Director-General, China Renewable Energy Engineering Institute, P.R. China, made the presentation.

The four case studies on RE policies, developed for the four UN ECE Member States, were then presented, and used as seed elements for two panel discussions:

- ✓ Panel discussion 4 on the *Eastern and South-Eastern Europe sub-regions* based on the *Ukraine* and *Serbia* case studies, respectively.
- ✓ Panel discussion 5 on the *Central Asia and the Caucasus Sub-regions* based on the *Georgia* and *Kazakhstan* case studies, respectively.

- Key note presentation 2: “China’s experience in developing RE projects, including barriers, challenges and incentives”, Mr. Yuechun Yi, Deputy Director-General, China Renewable Energy Engineering Institute, P.R. China

China holds the largest Hydro, wind and PV power installed capacity in the world. By 2015, China possessed 319.37GW, 129.34 GW, and 43.18 GW hydropower (22.71 GW from pumped), wind power and solar PV installed capacity with the accumulated power output reaching 1100 billion kWh, 186.3 billion kWh, and 39.2 billion kWh respectively. China has developed a full-fledged RE technology and industrial chain. It succeeded to become a world leading country in terms of equipment manufacturing capacity in hydropower, wind power and solar energy. Promoting RE investment in China is based on the following: (1) A mature pricing policies, creating a stable market for investment, (2) An enhanced planning that provides a framework to guide the Industry, promote investment and Upgrade manufacturing capacity, (3) Incentive policies for RE investment. China is presently seeking to enhance international cooperation in RE.

- *Panel Discussion 4: Case Studies of Ukraine and Serbia as showcases for renewable energy policies’ status in the Eastern and South-East Europe Sub-regions*  
Representatives of Serbia and Ukraine opened Panel Discussion 4 (UNECE Eastern and South-East Europe Sub-regions) by presenting case studies on renewable energy financing in their respective countries.  
Representatives of government agencies, UNDP Offices, and academic institutions from Republic of Moldova, Serbia, and Ukraine participated in the panel discussion, which focused on reviewing most pressing policy issues related to RE financing. It was stressed that countries of South-East Europe and Eastern Europe aim to harmonize their legislations with the European Union (EU) and to have access to EU funds for RE projects.
- *Panel Discussion 5: Case Studies of Georgia and Kazakhstan as showcases for renewable energy policies’ status in the Central Asia and the Caucasus Sub-regions*  
Representatives of Georgia and Kazakhstan opened Panel Discussion 5 (UNECE Caucasus and Central Asia Sub-regions) by presenting case studies on renewable energy financing in their respective countries. They demonstrated both similarities and differences in the approaches to promoting RE financing in Georgia and Kazakhstan: existing obstacles; roles of donors and

investors; and effectiveness of policies, government institutions and incentive mechanisms. While existing legislation stimulates RE projects in Kazakhstan, Georgia is still working on introducing new legal framework for RE development.

Representatives of government agencies, UNDP Offices, and academic institutions from Azerbaijan, Georgia, Kyrgyzstan, and Uzbekistan participated in the panel discussion. Major discussion points included: main players in RE field; major needs as related to policies – new legislation or enforcement of the existing one; relationship between international donor aid and national policy reforms and their respective roles; and proposals for next steps. It was noted that countries in the Caucasus do not have yet a well-developed market for RE projects. Creation of favourable market conditions through appropriate legislation and its enforcement is a critical element to enhance renewable energy development.

In both panel discussions representatives from the different countries talked about opportunities and challenges for renewable energy. All stakeholders agree that renewable energy is green and clean but has both advantages and disadvantages. In the countries of the region, it needs various types of support, mostly through proper legislation and appropriate financial incentives.

It was noted that many of the existing financing support schemes are burden on economy and on consumers. There are also specific technical problems associated with introduction of electricity produced from RE sources (wind and solar) into the grid. It may even cause damage to the grid if not integrated properly. For example in Georgia the energy system is not yet fully prepared for the uptake of wind power. Many countries are at the stage of developing demonstration and pilot projects, which help increase awareness and general support of renewable energy uptake.

### **Session 3: Concluding Session - Lessons learned from Case studies on policy reforms conducted in ESCWA and UNECE member Countries**

**20 October 2016, 11:50 – 13:00**

The third, and concluding, session of the seminar was held as the third session of the “International Conference on Renewable Energy (ICoRE)”. The session included presentations of lessons learned from ESCWA, and from UNECE, case studies, and a panel discussion on the role of policy reforms in promoting RE investments. The panelists included government officials from both regions in addition to senior experts that are familiar with the energy situation in the region.

#### ▪ *Lessons learned from ESCWA case studies :*

For the ESCWA region, the four case studies show that there are certain complementarities between the RE policy experiences led in the four countries. Countries can therefore learn from each other’s experience by looking at how certain activities were developed, and how certain barriers were surpassed. Morocco’s focus was on large-scale projects, with small-scale projects left without much incentives. Lebanon has no experience in terms of large-scale projects, but has made good progress on small scale ones. Jordan can be considered as the leading country in the Mashreq region that developed needed RE legislation and regulation. Finally, the UAE has succeeded in integrating a dose of RE in its energy mix, and provides a good example of energy resource management involving RE and fossil fuels.

#### ▪ *Lessons learned from UNECE case studies:*

For the UNECE region, it was noted that many of the existing financing support schemes are burden on economy and on consumers. There are also specific technical problems associated with introduction of electricity produced from RE sources (wind and solar) into the grid. It may even cause damage to the grid if not integrated properly. For example, in Georgia the energy system is not yet fully prepared for the uptake of wind power. Many countries are at the stage of developing

demonstration and pilot projects, which help increase awareness and general support of renewable energy uptake.

- *Role of policy reforms in promoting RE investments:*

Regarding the role of policy reforms in promoting RE investments, it was noted that good policies are key catalysts for RE development and are essential for generating / attracting Investments. Effective policies can in fact trigger RE market initiation and its development. However, policy frameworks have to be complete and implementable, and should have full political support. Furthermore, the objectives and guiding principles of the policies must enjoy a good level of consensus amongst the various stakeholders. And, each country must develop its own business models that is compatible with its own conditions, in order to facilitate the implementation of the developed RE policies.