

Energy Agency Teams With IFC for Efficiency

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A new partnership between the Russian Energy Agency and the International Financial Corporation could open up credit lines and provide broad support system for investors in renewable energy and energy efficiency.

The non-binding memorandum of understanding signed on Thursday by IFC director for Eastern Europe and Central Asia Snezana Stoilkovic and Energy Agency director Timur Ivanov commits the sides to information sharing, developing pilot projects, and promoting public awareness of energy efficiency and renewables.

IFC, part of the World Bank Group, has channeled funding to energy efficiency projects in Russia since 2005 and launched a renewable energy program last December. It estimates it has invested almost \$400 million in the two sectors since 2005.

The Energy Agency was set up under the Energy Ministry in 2008 to implement

the government's energy saving policies.

Provided the two groups can find common ground, the IFC will draft a more formal cooperation agreement defining the terms and conditions of the partnership.

Russia is estimated to annually waste as much energy as France consumes. A 2008 World Bank Report estimated it would cost \$380 billion in investment to eliminate the problem.

In 2008 the government set a target of reducing the country's GDP energy intensity by 40 percent and increasing renewable energy's share of total electricity generation to 4.5 percent by 2020.

The government's public commitment to energy efficiency programs has attracted major foreign corporations anticipating a boom in demand for power saving technologies, including E.On, Fortum and Enel.

But both Stoiljkovic and Ivanov said few existing projects are currently "bankable."

"The current regulatory framework is such that it does not facilitate such projects," Stoiljkovic told the Moscow Times.

The priorities include helping banks develop credit lines for small and medium-sized businesses, contract and licensing systems, and regulating access to the grid for renewable electricity generators.

The idea is to combine the IFC's experience of global best practices with the Energy Agency's native knowledge to eliminate obstacles to deploying efficient energy projects.

Meanwhile, the World Bank is likely to include a credit line for energy efficiency in its country partnership strategy for 2012 to 2016, which is set to be announced in the fall.

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