

ALBANIA

MINISTRY OF TOURISM & ENVIRONMENT

MINISTRY OF INFRASTRUCTURE AND ENERGY

MUNICIPALITIES, UNDP



GREEN
CLIMATE
FUND

GLOBAL
PROGRAMMING
CONFERENCE

Project title

De-risking investment in energy efficient public buildings in Albania

Result areas

Mitigation/Buildings, Cities and Industries and appliances

Sector

Public

Total financing, USD

124,611,800

GCF financing, USD

12,000,000

Financial instrument

Grant/Loan /Guarantee/Equity

Description of specific climate change problem and how the project will address it

The project will achieve greenhouse gas (GHG) emission reductions (**Total tonnes of CO₂ eq to be avoided or reduced per annum: an estimated 15,105 tCO₂ per year or 302,099 tCO₂ over the 20 -year lifetime of the EE interventions from improved building EE and lower energy intensity of public buildings**) influenced by the fact that there is significant suppressed demand in Albania. Some public buildings are not heated at all, and those which are heated are typically heated partially and for only part of the day. When buildings are renovated, in many cases it will be feasible to increase comfort levels through increasing the amount of heating (and cooling in summer). In addition, many buildings currently have no hot water supply and it is assumed that as part of renovation this situation is improved too. Without energy efficiency investments such as those encouraged by this project, in future energy use could increase dramatically as the populations' demand for comfort increases.

An indirect benefit that is not included in these calculations is reduced deforestation due to the significant decrease in the need for wood fuel for heating as a result of the renovations.

Alignment with key country priorities and stakeholders engaged

Project fully in line with the NDC target of Albania as elaborated further into the **National Strategy on Climate Change, National Strategy on Energy , legal frames and endorsed Action plans on Energy Efficiency and Renewable Energy Sources**. The project will build on the success of the Solar Water Heating (SWH) Market Transformation and Strengthening Initiative in order to ensure that the nascent market for solar water heating scales up significantly in the coming years. The most important issues are: (i) rapid establishment/operationalization of the financial mechanism (Energy Efficiency Fund) and (ii) the maintenance/enforcement of the legal framework (Renewable Energy law and Energy Performance in Buildings law recently endorsed by the Albanian Parliament), from the viewpoint of a SWH system as a very energy efficient measure in public buildings.

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Activities

- **Development of an enabling policy framework at the national and local levels** for EE retrofits, including such policy tools as building codes and mandatory energy performance standards for buildings (in line with legal requirements on energy efficient renovations); national and municipal targets and obligations for energy savings and appointment of the single agency responsible for energy management in all public buildings;
- **Investments in energy efficient public building renovations:** municipalities will be able to employ funds allocated to them to renovate a limited number of public buildings that have been identified as the highest priorities for renovation. This will create case studies that, in a next phase of renovation activities, will be followed by a larger scale renovation program funded by the EEF;
- The implementation of **Energy Management Information Systems (EMIS)** in municipalities and conducting **energy audits in public buildings**.

Expected outcomes

- **Policy de-risking and preparation for financial de-risking:** the newly established Energy Efficiency Agency and Fund will get support to become the financial support mechanism for energy efficiency in buildings in Albania;
- **Financial incentives created :** municipalities will be able to employ funds allocated to them to renovate a limited number of public buildings that have been identified as the highest priorities for renovation.
- **Building a pipeline of energy efficiency renovation projects in municipalities**

Paradigm shift potential

- The project is designed with the intention that it will become the catalyst for a national programme on energy-efficiency in Albania with sustained national funding, with the EEF being fully capitalized and providing funding for energy efficiency measures through a variety of grant and non-grant financial instruments:
- The energy savings as a result of retrofitting all public buildings could reach 210 GWh per year;
 - The enabling environment will be created through policy, finance, technical/capacity building and barrier removal for EE in public buildings;
 - On the supply side, this will create real opportunities for construction, heating and air conditioning companies and they will work to increase their skills and knowledge in order to win contracts to implement EE measures in the building stock. After completing a number of such projects successfully, some of these companies could evolve and transform into ESCOs which, with time, could also expand operations to the residential sector;
 - Once awareness and skills for energy efficient renovations have been built up in the country, the hitherto almost untapped potential of energy efficiency improvements in the residential sector could be exploited;
 - The Energy Management System (EMS) will be implemented in participating municipalities, covering all energy-consuming sectors, such as municipal lighting, utilities and transport, thus establishing the foundation and setting a precedent of sound municipal MRV system for local climate change mitigation measures.