

Economic and Social Commission for Western Asia

# Presentation of the general approach of designing an implementation scheme for large scale dissemination of EE measures

ESCWA UNDA Closing Webinar:  
Presentation of the outcomes of the UN Development Account Project on  
“Up-scaling Energy Efficiency in the residential and services sectors in the Arab Region”

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MINISTRY OF ENERGY AND MINERAL RESOURCES  
THE HASHEMITE KINGDOM OF JORDAN



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AGENCE NATIONALE POUR  
LA MAÎTRISE DE L'ÉNERGIE  
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Shared Prosperity **Dignified Life**



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# Targets and objective

## Target :

- Small and Scattered EE / ER investments
  - ✓ Households
  - ✓ Micro and small business
- Small EE / ER investments represent large potential in developing countries

## Objective

- Scaling up the investments on a sustainable base

## Main financial barriers

- Limited capacity of investment of the target
- Limited access to bank financing
- Low profitability of investments because of energy subsidy
- Requirement of low payback period by the target
- Low interest from the banks because of the high transaction costs
- Heavy financing procedures from the banks

# Financial requirements

## Improve profitability

- Public subsidy investment
- Indirect tax incentives
- Direct tax incentives

<b>Measures</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Public investment subsidy</b>	<ul style="list-style-type: none"><li>- Clear effect on the cost reduction</li><li>- Strong signal to the market</li><li>- Good vector for awareness</li><li>- Stimulation effect for supply side</li></ul>	<ul style="list-style-type: none"><li>- Pressure on the public finances</li><li>- Low sustainability</li><li>- High management cost</li></ul>
<b>Indirect taxes advantage</b>	<ul style="list-style-type: none"><li>- Easy implementation</li><li>- Low pressure on public finances</li></ul>	<ul style="list-style-type: none"><li>- Low visibility</li><li>- Low efficiency in case of informal market</li><li>- Difficulty to apply on services cost</li></ul>
<b>Reduction of direct taxes</b>	<ul style="list-style-type: none"><li>- Low pressure on public finances</li></ul>	<ul style="list-style-type: none"><li>- Low efficiency in developing countries</li><li>- Complexity of implementation in developing countries</li></ul>

# Financial requirements

## Insure affordability conditions

- Setting up easy access bank loans (example Prosol)
- Minimum contribution of the household in the initial cost
- Monthly Loan reimbursement **less** than the energy bill saving

Appropriate design of the financial mechanism with good combination of investment subsidy and loan concessionality

# Nonfinancial requirements

## **Strict quality control**

- Suppliers' certification
- Installer's certification
- Material certification
- Ex-ante control (inspection)

## **Capacity building**

- Installers
- Inspectors
- Administration

## **Environmental integrity**



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# Thank you

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