

PROTOTYPE - FACT SHEET

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ORGANIZATION: MINISTRY OF FINANCE -

TITLE:

Innovative Model and Decision-Making Tools to Reduce the Risks Related to the Investments in Energy Efficiency

Mission statement

- Reduction of the energy intensity of 3% annually during the period 2015 – 2030
- Scaling of the energy-efficiency investment in the industry

Briefly describe your prototype idea

The prototype consists into a transition from a model based on a treasury's Special Fund granting only subsidies to reduce the cost of the equipment in projects of energy-efficiency, to a model with an investment fund granting whole financing offers of:

- Participation in equity capital,
- Provision of loan guarantees,
- Granting of credits
- Interest rate subsidy for the climate and energy-efficiency investments

The investment fund is co-financed by the treasury's Special Fund and by banks, its main activity is to fund energy efficiency projects undertaken by Energy Savings Companies as well as sharing in the capital of the ESCOs.

It consists also into creating a transition from a horizontal approach of the public financial intervention to a technology based approach as regards energy efficiency providing industrial companies with support and guidance in implementation of innovative energy-efficiency actions.

Collaboration across different sectors: Since this model is based in a great extent on the factor of innovation; that is incentives are granted to EE investment projects based on an innovative technology, how could the investment (either tangible or intangible) be qualified as innovative?

The best solution is to set up a committee under the EE regulator involving different public stake holders among them a representative of the public institution in charge of innovation management in the country and that to approve the investment program of the company and to allow grants

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Target group

- Engineering and consulting offices
- Technical experts
- Industrial operators

The final direct target beneficiary of the prototype is the industrial company but the main intermediate targets are ESCOs and banking system to be implied into the implementation and funding of EE projects (through funding equity-capital, providing loan guarantees and subsidizing interest rates)

Potential partner(s) for implementation

- Public Administration
- Energy conservation agency
(Institution in charge of the implementation of the State policy as regards energy efficiency)
- International cooperation institutions

Key challenges and opportunities

- Promote the creation of ESCOs
- Implication of the banking system in financing the energy efficiency projects in the industrial sector
- Scaling of the energy-efficiency and climate investment projects

Next steps

- Raising funds within the framework of the international cooperation to finance capacity-building of the different stakeholders (Banks, energy-conservation agency-public administration...)
- Raising subsidies to improve financial conditions of the banking system regarding energy-efficiency projects.

Time frame

I- Regulatory framework (By October 1st, 2016)

1. Drafting of a decree laying down the rules governing the organization and functioning of the Energy Transition (treasury's special) Fund ETF:

Undertake a cost-benefit study of the ETF interventions to fix the amounts of these interventions guaranteeing the economic profitability to the State as well as the financial profitability for the EE projects beneficiaries.

2. Working out the legal and institutional framework of the ESCOs (special status companies, regulate the relationship between ESCO, industrial company and the EE regulation institution...)

3. Legal and financial constitution of the Investment Fund

II- Pilot Project as proof of concept (Within one year starting from now)

1. Creation of an ESCO with public participation

2. Carry out 2 EE projects for two different sectoral public companies (a public health establishment and the national paper pulp factory in Tunisia as an industrial company) with the collaboration of the MED-ENEC Project funded by the European-Union (MOU already signed)

Given the budgetary reform where we shifted from a classic management of public finance to the concept of Budget Management by Objectives, implementing a pilot project as a proof of concept of the developed prototype on two different public enterprises through reducing their energy bill seems to be an efficient way to highlight the prototype's strengths and weaknesses so as to be improved and subsequently generalized.