



September 14, 2011

PROSPECTUS

Regional Strategic Planning for Low Emissions Development Strategies in the Energy Community

Background

USAID is interested in continuing our support for strategic planning in the Athens Energy Community. The current Regional Strategic Energy Planning activities, undertaken in collaboration with Hellenic Aid and the Greek Center for Renewable Energy Sources, have recently produced National Energy Policy Briefs and analysis using a common modeling approach of the implications of enhanced energy efficiency and renewable energy development. A summary regional overview was presented to the May 25, 2011, Energy Community Investment and Climate Change Conference in Vienna.

A regional approach is critical to optimizing clean energy resources in the region, attracting private investment and creating the market framework for expanded trade in renewable energy. USAID has long supported the Energy Community and its efforts to create regional electricity and gas markets integrated with the Western European internal energy market and a harmonized regulatory framework. This planning effort complements other USAID activities to support national energy efficiency actions plans, regional electricity transmission planning for the integration of wind and renewables, and assessment and benchmarking on renewable energy.

Proposed Next Phase of Strategic Planning

As the Energy Community examines the question of renewable energy targets and implementation of energy efficiency directives and action plans, we suggest it is timely to assess in more detail the investment costs and emissions implications of different economic and energy development paths.

The Copenhagen Accord and the subsequent Cancun Agreement present a vision of an international approach to climate change that focuses on sustainable economic growth and the development and implementation of low emissions development strategies (LEDS) to reduce the long term trajectory of greenhouse

gas (GHG) emissions. Parties to the United Nations Framework Convention on Climate Change (UNFCCC) have also stressed the importance of developing emissions inventories and systems for measuring, reporting and verifying the impact of mitigation actions within accepted international guidelines.

In 2010, the United States government launched a new whole-of-government effort, titled *Enhancing Capacity for Low Emission Development Strategies (EC-LEDS)* with a goal of helping countries to prepare and adopt low emission development strategies (LEDS) in 20 countries by the end of 2013. The EC-LEDS program seeks to provide targeted technical and capacity building assistance to partner countries on the development and implementation of LEDS, and build a shared global knowledge base on LEDS. The EC-LEDS program is an important component of meeting the United States government's commitment to help mobilize fast start financing approaching \$30 billion by 2012 and is a High Priority Performance Goal for the Obama administration.

Within the framework of the Energy Community, and in close coordination with its members, the EC Secretariat and donors, we propose to cooperate with interested Energy Community countries in developing one or more country-led low emissions strategies that build on the Regional Strategic Energy Planning national studies and the modeling capacity that has been developed to date. It is envisioned that countries participating in the EC-LEDS initiative will assess broadly the implications of economic growth trends in key sectors (e.g. energy, agriculture, transportation, industry) in terms of GHG emissions that meet and/or extend beyond the requirements of the Energy Community Treaty. The expected result of a LEDS will be an integrated framework for achieving sustainable economic development across multiple sectors of the economy that includes a set of priority measures, programs and projects that advance such development while reducing the long-term growth in GHG emissions. By articulating a LEDS, partner countries will be better positioned to define areas of opportunity for international donor and multilateral support.

USAID will enter into separate cooperation agreements with interested countries to define the specific objectives and responsibilities. The EC-LEDS program is aimed at supporting a country-led low emission development strategy processes with our technical and financial support. USAID's ongoing Regional Strategic Planning initiative will continue to strengthen national capacity to analyze low emissions options in energy and other economic sectors, including transport,

assess the costs and barriers to low carbon development, and seek to integrate national models into a tool for regional strategic analysis. The EC-LEDS initiative will be closely integrated with the development and implementation of Energy Community renewable energy and energy efficiency requirements and action plans. Depending on the needs of participating countries, the initiative may also involve a mix of special assistance to help strengthen GHG inventories and develop systems to measure/monitor, report and verify GHG emission reductions in line with UNFCCC requirements. We welcome the opportunity to partner with other donors in these activities.

Next Steps:

We welcome your comments, suggestions and expressions of interest in participating and further discussing this Prospectus.

USAID will follow-up with countries to organize National Workshops in the September-November time period that will review the Regional Energy Strategic Planning and National Energy Policy briefs and offer an opportunity to pursue detailed discussions on further cooperation on Low Emissions Development Strategies.

Following these discussions with countries, the Secretariat and donors, a regional workshop would be held (possibly in December or January) that will consider the regional framework and ways to exchange information and experience and potentially agree on some regional modeling approaches to capture opportunities for trade and investment and regional least-cost emissions reductions.

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