



## GLOBAL CLIMATE CHANGE

MAY 2008



*USAID's assistance lays the foundation for establishing enabling frameworks and targets for significant long term reductions of greenhouse gases through activities that promote efficient energy use and management, and improved energy sector management.*

### BACKGROUND

The USAID Mission to Kosovo was established in July, 1999, after peace was restored to the area by a NATO led coalition and Kosovo came under United Nations authority. The highest priorities at the end of the conflict were to provide emergency assistance and establish a secure environment. A large outpouring of international assistance along with the strength and determination of the Kosovars, stabilized an enormous humanitarian crisis, and initiated the work of rebuilding an economy and establishing a democracy. Today, USAID/Kosovo is providing support to promote economically sustainable institutions in all sectors, including the energy sector. Due to Kosovo's recent history of having an undefined political status, it is not a signatory of any protocol or memorandum for reduction of greenhouse gases, but as a signatory to the European Commission (EC) treaty, endeavors to establish targets and frameworks for significant long term reductions of greenhouse gases in keeping with the goal of the Kyoto Protocol<sup>1</sup>.

### SECTOR-SPECIFIC CLIMATE CHANGE ACTIVITIES

To create the foundation for more efficient use of energy resources, USAID is supporting: 1) improved management of the electric utility; 2) enforcement of payment discipline among consumers to encourage conservation; and 3) attracting investment in new, state of the art, high-efficiency generation capacity. USAID has already helped reform the Kosovo Energy Corporation (KEK), laying the groundwork for policies and structures that promote investment and spur private sector activity. Current projects are intended to further strengthen KEK through institutional capacity building, providing technical assistance to establish a distribution and collection system to ensure an adequate electricity supply and increased revenues to pay for operations.

### KEK NETWORK AND SUPPLY PROJECT

This activity is supporting the KEK through various mechanisms: it is helping KEK to improve collections by cleaning up the customer database and implementing a highly visible and effective disconnection and collection campaign; building the capacity of KEK's workforce through on-the-job-training; strengthening KEK with strategic planning, capital and operating budgeting, and financial management systems; and reducing KEK's technical and commercial losses along the distribution network. By restructuring

1. <http://ieeexplore.ieee.org/Xplore/login.jsp?url=/iel5/4272346/4272347/04272478.pdf?arnumber=4272478>

## PARTNERS

USAID's partners in climate change activities in Kosovo include:

- BearingPoint Inc.
- Energy Regulators' Regional Association (ERRA)
- Kosovo Trust Agency (KTA)
- Kosovo Ministry of Energy and Mines (MEM)
- National Association of Regulatory Utility Commissioners (NARUC)
- PA Government Services, Inc.
- The European Agency for Reconstruction
- The World Bank
- U.S. Energy Association (USEA)

Because partners change as new activities arise, this list of partners is not comprehensive.

For more information, visit:  
<http://www.usaid.gov/missions/kosovo/>

two key divisions – Network and Supply – as well as improving the legal and regulatory environment affecting its operations, the project is helping reposition KEK for greater private sector participation and encouraging energy-efficient practices. Recently, USAID's advisors to KEK have assisted KEK's energy efficiency department to develop informational brochures for KEK's customers on energy saving measures and opportunities.

USAID's support to KEK has already yielded impressive results: a marked increase in collection performance for the first nine months of 2007 (59%) vs. the same period in 2006 (45%). This increase in fiscal discipline has also enhanced the effectiveness of price signals, stimulating rational consumption behavior and conservation, habits that will ultimately reduce carbon emissions – one of the main causes of climate change.

### **BALKAN ELECTRICITY PARTNERSHIP PROGRAM**

The partnership program involves U.S. energy utilities in supporting the development of management capacity at KEK. Under this activity, USAID trained 76 men and women at KEK in general management issues. Training courses covered a wide array of interconnecting business theories, concepts and practices, designed to help KEK management acquire the management skills required and expected in today's global business environment.

### **REGIONAL ENERGY REGULATORY PROGRAM FOR CENTRAL/EASTERN EUROPE AND THE EURASIA ENERGY REGULATORS REGIONAL ASSOCIATIONS (ERRA)**

The objective of this program is to strengthen the capacity of the Kosovo Energy Regulatory Office (ERO). In 2007, USAID continued support to the ERO through participation in the Budapest based Energy Regulators' Regional Association (ERRA). Through ERRA, staff from ERO and the Kosovo Ministry of Energy and Mining attended training to bolster their technical skills and understanding of the regulatory process.

### **ECONOMIC MANAGEMENT FOR STABILITY AND GROWTH (ENERGY)**

Under this activity, USAID provides technical assistance across Kosovo institutions responsible for the formulation and implementation of economic policy. Among these are the Kosovo Ministry of Energy and Mines (MEM), the Kosovo Trust Agency (KTA), and the ERO. In coordination with the World Bank, assistance to MEM is focused on attracting private capital in the development of new mines, construction of generation capacity, and rehabilitation of existing power plants.

In 2007, USAID assigned a resident advisor to ERO to assist with staff and institutional capacity building, as well as the management of complex issues that confront the ERO daily. USAID continues to support refinements to the legal and regulatory framework governing the energy sector – critical to the objective of attracting private capital into the sector. Engagement in this area also supports Kosovo's adherence to requirements of the regional energy integration process ("Athens Process"), contributing to the broad goal of creating modern and efficient energy markets in Europe.