



UNDP/GEF
UNECE
Committee for Sustainable Energy



Project

Biomass Energy for Heating and Hot Water Supply in Belarus

Implementation period: 2003-2007

Minsk, Belarus
2006

*Financing of energy saving
projects using the Revolving Fund
mechanism, established in the
framework of the UNDP/GEF
project “Biomass Energy for Heating
and Hot Water Supply in Belarus”*

Financial Capacity Development

Output 1: Pipeline of biomass energy investment projects

Output 2: Establishment of the Revolving Fund for financing of biomass and energy efficiency projects

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Sources of RF Budget

GEF	USD 1 540 000
Belarusian Government (Committee on Energy Efficiency)	USD 1 540 000
Total	USD 3 080 000

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RF Definition

- Separate legal entity (State Unitary Enterprise) with its own bank accounts, financial and programmatic responsibilities, its own obligations, presentation of its interests in court, etc.
- RF is assigned the mission to implement national and international programs which include pooling and reallocation of investment resources of the state and international organizations

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RF Objectives

- Provide loan financing to EE programs, including replacement of fossil fuels by alternative fuels, in particular - biofuel
- Catalyze loan investment to enterprises of any type of ownership in order to improve EE, reduce fossil fuel use, replace fossil fuels by alternative fuels, including wood and wood waste
- Refine and rank proposals by financial, energy saving, payback and GHG reduction criteria
- Draft and sign agreements of loan investments in EE and renewable energy projects

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RF Activities

- Undertake monetary and financial mediation
- Ensure secure funding and payback
- Finalize legal contracts between all stakeholders involved in the use of RF funds, including payback arrangements
- Calculate, discuss and approve with each stakeholder the cash flows and payback schedule
- Control the correctness of funds allocation and use, targeted use of financing by recipients, observance of payback schedule

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Loan Terms

<i>Revolving Fund</i>	<i>Belarus banking system</i>
3% discount rate for USD loans	10-11% discount rate for USD loans
5% discount rate for national currency loans	12-15% discount rate for national currency loans
Grace period - 1 year	Grace period – subject to negotiations

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Structure of EE Project Investments

- 30% - RF contribution
- 30% - Enterprise equity
- 40% - Contribution of Committee on Energy Efficiency

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RF Disbursement Status

End user	Loan, \$	Project description	Status
Volat-1	130,000	Replacement of 2 electricity boilers with biomass boilers	Operating
Mostovdrev	400,000	Construction of biomass CHP	Construction
Vileika CHP	350,000	Construction of biomass CHP	Construction
Vileika forestry	360,000	Biomass fuel supply system	Negotiation
Petrikov CHP	300,000	Construction of biomass CHP	Negotiation
<i>Bobruysk TractorPlant</i>	<i>300,000</i>	<i>Reconstruction and modernization to improve EE</i>	<i>Frame agreement</i>

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Government Contribution

Contributions of the Committee on Energy Efficiency to the RF:

- 2005 - \$375,000
- 2006 - \$470,000
- 2007 - \$695,000

TOTAL: \$1,540,000

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Thank you

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