

Annual Project Report

1. PROJECT IDENTIFIERS:

Project № and title:	00050819, Energy Efficiency in Belarus (Removing barriers to Energy Efficiency improvements in the state sector in Belarus, Full-Size Project)
National implementing partner:	Energy Efficiency Department of the State Committee for Standardization (EED)
Donor:	GEF
Project duration:	January 2, 2007 - December 31, 2010
Total budget (Atlas):	US\$ 1,400,000
Reporting period:	January 2, 2007 - December 31, 2007
Period budget:	US\$ 181,000
Expenditure:	US\$ 69,950

2. PROJECT RISKS AND ISSUES:

Risk description	Type	Date identified, author	Status update / Mitigation strategy	Risk monitor
Lack of ongoing, long-term government support for energy efficiency improvements and incentives in the state sector	political	Sep 2005, Project Proponent	Risk probability is low, stable. If the risk were to occur, it would prevent the project from delivering on its overall objective. Promotion of energy efficiency and energy conservation has been identified as one of the key priorities under Directive #3 on "Savings and thrift as the main factors of economic security of the state" approved by the by the Belarusian President on June 17, 2007.	Project Manager
Prices of fossil fuels go down	financial	Sep 2005, Project Proponent	Risk probability is low and decreasing. The prices of fossil fuels imported from Russia are expected to increase further over the coming years.	Project Manager
Unfavorable investment climate for energy efficiency investment projects in Belarus	political	Sep 2005, Project Proponent	Risk probability is low, stable. The government has been pursuing a dedicated energy efficiency policy for many years. The government encourages investments in energy efficiency projects through a number of state, regional and sectoral energy efficiency programs, setting and monitoring annual specific energy conservation targets for regions and ministries. To mitigate possible problems with financing of the project investment program by EED, the Project Steering Committee adopted the approach whereby the project can contribute to the positive development of energy efficiency financing on a repayable basis by dealing not only with state energy efficiency loans but also with commercial loans.	Project Manager
Insufficient	strategic	Sep 2005,	Risk probability is low, stable.	Project

Risk description	Type	Date identified, author	Status update / Mitigation strategy	Risk monitor
cooperation between project stakeholders		Project Proponent	The Project Steering Committee held two sessions over the course of 2007 to inform project stakeholders of progress and to discuss needed revisions to the work plan.	Manager
Withdrawal of baseline funding	financial	Sep 2005, Project Proponent	Risk probability is medium, increasing. Due to changes in energy import prices in early 2007 and the subsequent need for revising the national energy efficiency funding framework, the government's decision on allocating national co-funding for the project implementation in 2007 came as late as September 2007. To mitigate possible problems with funding the project investment program by EED, the Project Steering Committee approved a shift in strategy toward inclusion of commercial loans, along with government loan financial for energy efficiency. Nevertheless EED should provide guarantee on allocating funds timely in future for better planning project expenses. Taking into account significant changes of the project energy efficiency investment program it is necessary to have financial obligations signed by all project stakeholders.	Project Manager
Inadequate project implementation and inefficient use of project funds	operational	Sep 2005, Project Proponent	Risk probability is medium, stable. The risk has to be considered as medium, inasmuch as it is connected with the risk of withdrawal of baseline funding, which can bring to inadequate project implementation as a result. To mitigate the risk in addition to dealing with commercial loans that is stated above, any changes and problems in project implementation should be considered and agreed with EED, UNDP and the Project Steering Committee.	Project Manager
Cost overrun and time delays	operational	Sep 2005, Project Proponent	Risk probability is medium, stable. The risk has to be considered as medium inasmuch as withdrawal of baseline funding can bring time delays. Any changes and problems in project implementation should be considered and discussed with EED, UNDP and the Project Steering Committee.	Project Manager
Use of inappropriate technologies	operational	Sep 2005, Project Proponent	Risk probability is low, stable. According to Belarusian technical regulations, the public examination body must examine and approve all technical project documentation, thus ensuring proper technical solutions are used. Furthermore, all technical proposals will	Project Manager

Risk description	Type	Date identified, author	Status update / Mitigation strategy	Risk monitor
			be considered and approved EDD, site owners and other financing parties.	
Lack of local funds for personal and institutional incentives	financial	Sep 2005, Project Proponent	Risk probability is medium, stable. To mitigate the risk, the agreement with Mogilev Executive Committee has been prepared, due to be signed in the 1 st quarter of 2008. Mogilev Executive Committee will select financially reliable partner institutions as demonstration sites for cooperation with the Energy Center.	Project Manager
Failure of Energy Center's becoming self-financing	operational	Sep 2005, Project Proponent	Risk probability is medium, stable. An international consulting company on Energy Center development will provide assistance to the Energy Center management in utilizing best practices in development of the Energy Center towards self-sustainability. 6 cooperation agreements have been signed with the Energy Centre's partners, 2 more agreements are under consideration. 1 agreement on cooperation has been signed between the Energy Center and Belvnesheconombank. The second one with Belinvestbank is under consideration and is expected to be signed during the 1 st quarter of 2008.	Project Manager

Issue description	Type	Date identified	Status update / Management response	Date solved
Allotment of work places for the project experts and premises for the Energy Center	Problem	Aug 2007	As per the Project Document, EED had taken on the obligations but did not allot so far work places for the project experts and premises for the Energy Center, which makes it difficult to organize the work properly in close coordination of efforts.	N/a Expected to be solved in the 1 st quarter of 2008
Significant changes in the project energy efficiency investment program	Change	Aug 2007	Initially the project energy efficiency investment program included 4 sites. The Energy Center experts' assessment concluded that the energy efficiency activities planned at 2 sites (Housing and Utility Enterprise "Borovliany" and Agricultural co-operative enterprise "Ozeritsky") would be technically and economically inexpedient at present. On August 15, 2007, the Project Steering Committee approved the removal of these sites from the investment program. In November 2008 another site owner (JSC "Grodnochimvolokno") made a decision to implement its energy efficiency project without support of the Energy Center.	N/a To be solved in the 1 st quarter of 2008

Issue description	Type	Date identified	Status update / Management response	Date solved
			Under such circumstances, the project experts had to identify new energy efficiency investment projects. The revised energy efficiency program should be considered and approved at the next meeting of the Project Steering Committee in January-February 2008.	
Delays in selection of international consultant for Energy Center development	Problem	Sep 2007	Delays are connected with the need to request additional information from several bidders to clarify institutional and staff experience. Upon receiving the information selection procedure has been finalized. The contract has been draw up and is ready to be signed.	Dec 2007
Delays in selection of international consultant for training	Problem	Oct 2007	An international consultant on training was not hired in 2007 because of lack of sufficient number of bids. The vacancy has been re-announced. The selection procedure is being conducted.	N/a

3. RESULTS DELIVERY:

Results Expected	Annual Target	Rating ¹ and Status of Achievement
Outcome 1: Increased incentives for state (budget) organizations to invest in energy efficiency		
Output 1.1. Budget organizations use energy norms in estimating their annual budget	<p>Development of legislation regulating budgetary planning and application of energy consumption norms:</p> <ul style="list-style-type: none"> Report on budgetary planning in connection with energy norms to EED with recommendations on the reasonability of updating the current regulations. Draft(s) of regulations are agreed with the EED and submitted to the corresponding Ministries and Executive Committees. 	<p>PA</p> <ul style="list-style-type: none"> The report on budgetary planning in connection with energy norms with recommendations on the reasonability of updating the current regulations is under finalization and will be submitted to EED in February 2008. As per the current draft, there is no need to update regulations in the target field. There is a set of government regulations on energy rate fixing, accumulating and using energy efficiency savings, estimating target energy efficiency indicators, planning budgetary charges for energy consumption and other. The main reason for non-allocation of funds in accordance with technically-grounded fixed energy norms for budgetary organizations is the absence of possibilities for Ministry of Finance and Oblast Executive Committees to plan the allocation of budgetary funds for energy resources in compliance with the approved energy norms because of lack of budgetary funds in general. To analyze the situation in detail, the

¹ Rate the achievement of annual targets as follows: FA - fully achieved; PA - partially achieved; NA - not achieved, and provide necessary details in the same column.

Results Expected	Annual Target	Rating ¹ and Status of Achievement
		<p>agreement with Mogilev Oblast Executive Committee has been prepared to be signed in the 1st quarter of 2008. Mogilev Executive Committee will select financially reliable partner budgetary institutions as demonstration sites for cooperation with the Energy Center.</p>
<p>Output 1.2. Budget organizations deposit their energy savings into settlement accounts</p>	<p>Development of legislation regulating the application of special deposit accounts for accumulation of the resources gained due to energy saving:</p> <ul style="list-style-type: none"> • Report to EED on current legislation and regulations on incentives for energy efficiency activities in budgetary organizations with recommendations on the reasonability of updating the current regulations. • Draft(s) of regulations are agreed with EED and submitted to the corresponding Ministries and Executive Committees. • The recommendations for budgetary institutions on how to establish special settlement accounts are agreed with EED and submitted to the corresponding Ministries and Executive Committees. 	<p>PA</p> <ul style="list-style-type: none"> • The report to EED on current legislation and regulations on incentives for energy efficiency activities in budgetary organizations with recommendations on the reasonability of updating the current regulations has been finalized and submitted to EED at the end of 2007. As per the report, there is no need to update regulations in the target field. The main reasons for non-introduction of energy efficiency incentive mechanisms for budgetary organizations are: (i) absence of possibilities for Ministry of Finance and Oblast Executive Committees to plan the allocation of budgetary funds for energy resources in compliance with the approved energy norms because of lack of budgetary funds in general; (ii) covering of overspending in some budget lines through redistribution of funds from other lines. To analyze the situation in detail the agreement with Mogilev Oblast Executive Committee has been prepared to be signed in the 1st quarter of 2008. Mogilev Executive Committee will select financially reliable partner budgetary institutions as demonstration sites for cooperation with the Energy Center. • Draft recommendations for budgetary institutions on how to establish special settlement accounts have been developed and are under finalization. The recommendations are based on the regulation of Belarus National Bank of June 20, 2007 № 127. They describe procedure of establishing special settlement accounts and the list of required documents for the purpose. The final recommendations will be submitted to EED and corresponding ministries and Executive Committees in February 2008.
<p>Output 1.3. Budget organizations issue incentives to staff responsible for</p>	<p>Development of legislation regulating the application of economic incentives for</p>	<p>PA</p> <ul style="list-style-type: none"> • The analysis of options for staff incentives at budgetary organizations

Results Expected	Annual Target	Rating ¹ and Status of Achievement
increasing their investments in energy efficiency	<p>improving energy efficiency:</p> <ul style="list-style-type: none"> • Report to EED on options for staff incentives at budgetary organizations for energy efficiency improvements including the corresponding recommendations. • UNECE proposals on applying economic incentives are submitted to EED. • The recommendations are agreed with EED and submitted to the corresponding Ministries and Executive Committees. 	<p>for energy efficiency improvements has been conducted jointly with EED. Based on the analysis, the recommendations on staff incentives at state organizations for energy efficiency improvements have been developed as stated below. Report to EED on options for staff incentives at budgetary organizations for energy efficiency improvements is under finalization and will be submitted to EED in January 2008.</p> <ul style="list-style-type: none"> • UNECE has not submitted proposals on applying economic incentives. The project team and the EED will follow up with the new UNECE Regional Energy Advisor on this, once he/she has been appointed. • The recommendations on staff incentives at state organizations for energy efficiency improvements have been developed and approved by the joint regulation of the Ministry of Labor and the State Committee on Standardization of October 29, 2007, №132/54.
Outcome 2. Financial resources available to the state sector for energy efficiency investment are used more efficiently		
Output 2.1. The capacity of state organizations to carry out energy audits is enhanced	<p>Improved capacity of national specialists based on international experience:</p> <ul style="list-style-type: none"> • International Consultant's recommendations on applying international energy audit practices in Belarus are submitted to EED. • UNECE recommendations on applying international assessment practices for evaluating cost efficiency of energy saving measures in Belarus are submitted to EED. • The training program is agreed with EED, UNDP and UNECE. • The list of the national specialists enrolled for the training is approved by EED. 	<p>NA</p> <ul style="list-style-type: none"> • An International Consultant on Training was not hired in 2007 because of lack of sufficient number of bids. Hence, it was impossible to get and consider any training program and compile a list of national specialists for training, because the list should be based on a specific training program. The bidding is expected to be re-announced and the consultant on training to be contracted in the 1st quarter of 2008. • UNECE did not submit recommendations on applying international assessment practices for evaluating cost efficiency of energy saving measures. The project team and the EED will follow up with the new UNECE Regional Energy Advisor on this, once he/she has been appointed.
Output 2.2 The portion of loans compared to grants, offered by the state for energy efficiency, is increased	<p>Development of legislation promoting loan financing of energy efficiency projects:</p> <ul style="list-style-type: none"> • The report on the structure and regulatory framework of energy 	<p>PA</p> <ul style="list-style-type: none"> • The report on the structure and regulatory framework of energy efficiency financing in the state sector with recommendations on the reasonability of updating the current

Results Expected	Annual Target	Rating ¹ and Status of Achievement
	<p>efficiency financing in the state sector with recommendations on the reasonability of updating the current regulations is submitted to EED with justification for updating the current legislation and the corresponding recommendations.</p> <ul style="list-style-type: none"> • Draft regulatory documents are agreed with EED and submitted to the corresponding Ministries and Executive Committees 	<p>regulations has been finalized and submitted to EED. As per the report, there is necessity in developing new regulations on obtaining soft credits for implementing energy efficiency projects and establishing energy efficiency funds at state enterprises at the cost of net profit.</p> <ul style="list-style-type: none"> • Draft regulatory documents will be developed by a short-term national consultant, agreed with EED and submitted to ministries and Executive Committees in the 1st quarter of 2008.
<p>Output 2.3 The capacity of the state organizations to use credits (as opposed to grants) for energy efficiency investments is enhanced</p>	<p>Improved capacity of national specialists based on international experience:</p> <ul style="list-style-type: none"> • The training program is agreed with EED, UNDP and UNECE • The list of the national specialists enrolled for the training is approved by EED • At least 2 agreements are signed with the local banks or other financial organizations 	<p>PA</p> <ul style="list-style-type: none"> • An International Consultant on Training was not hired in 2007 because of lack of sufficient number of bids. Hence, it was impossible to get and consider any training program and compile a list of the national specialists training, because the list should be based on a specific training program. The bidding is expected to be re-announced and the consultant on training to be contracted in the 1st quarter of 2008. • 1 agreement on cooperation has been signed between the Energy Center and Belvnesheconombank. The second one with Belinvestbank is under consideration and is expected to be signed during the 1st quarter of 2008.
<p>Output 2.4 US\$ 8 million in energy efficiency project investments secured</p>	<p>The list of investment projects verified, program implementation started:</p> <ul style="list-style-type: none"> • Experts' reports are prepared on the current condition of the sites included in the investment programme (4 sites) • The report on the programme's target rates and feasibility reports for 5 extra activities are approved by EED • UNECE recommendations on the activities submitted to EED • 6 cooperation agreements are signed with the Energy Centre's partners • Express energy audits, feasibility studies and estimations are completed for energy efficiency 	<p>PA</p> <ul style="list-style-type: none"> • Experts' reports on verification of technical data for 3 sites (Housing and Utility Enterprise "Borovliany", Agricultural co-operative enterprise "Ozeritsky" and RUE "Orshanskaya distatsia grazhdanskih sooruzheniy") have been prepared and submitted to EED. Housing and Utility Enterprise "Borovliany": at present, steam load of the boiler house is unstable. Effective running of a steam turbine is actually impossible under such conditions. Agricultural co-operative enterprise "Ozeritsky": at present, steam load of the boiler house is absent and two steam boilers have been dismantled, and the site owner has no sufficient funds to cover co-financing part of double-glazing of green houses. RUE "Orshanskaya distatsia grazhdanskih sooruzheniy": the project is highly effective with the

Results Expected	Annual Target	Rating ¹ and Status of Achievement
	<p>projects at 4 extra sites. The energy audits' results and estimates are approved by EED</p> <ul style="list-style-type: none"> • A draft of the normative technical act on calculation of GHG emission reductions from energy efficiency and renewable energy measures is submitted to the Ministry of Environment and EED 	<p>payback period of about 3 years. One site owner (JSC "Grodnochimvolokno") refused to cooperate with the Energy Center.</p> <ul style="list-style-type: none"> • The energy expert's report on the investment program target rates with evaluation of energy savings and CO₂ emission reductions for 4-6 extra activities is under finalization and will be presented at the next Project Steering Committee in January-February 2008. The revised program is expected to generate around 23,500 tons of CO₂ emission reductions annually. • UNECE did not submit recommendations on investment activities. The project team and the EED will follow up with the new UNECE Regional Energy Advisor on this, once he/she has been appointed. • 6 cooperation agreements have been signed with the Energy Centre's partners (UE "Borisovskiy kombinat hleboproduktov", Association "Belorusskaya zheleznaya doroga", Housing and communal services of Ivatsevichi, JSC "Ceramika" (Vitebsk), PRUE "Beriozastroimaterialy", Lidskiy Executive Committee). In addition, the Energy Center is dealing with: JSC "Krasnoselskstroyaterialy", RUE "Smorgonskoye ZhCH". Signing of agreements is under consideration. • Project experts made verification and adjustment of the feasibility study for a cogeneration unit at UE "Borisovskiy kombinat hleboproduktov". EED and the management of the enterprise approved the corrected feasibility study. On request of EED, the Director of the Energy Center and the Energy Expert took part in the energy audit of JSC "Mogiliovchimvolokno" in July-August 2007. The results of the express energy audit with calculations and recommendations were submitted to EED for further detailed development of specific projects. • TORs for short-term experts (on energy conservation and on technical norms and ecology standardization) have been developed in cooperation with the Ministry of Environment and approved by EED and UNDP. Selection of experts will be finalized in February 2008. As per the TORs, a draft

Results Expected	Annual Target	Rating ¹ and Status of Achievement
		normative technical act on calculation of GHG emission reductions from energy efficiency and renewable energy measures should be developed and submitted to the Ministry of Environment and DEE in August 2008.
Outcome 3. Project successes throughout Belarus sustained and replicated		
<p>Output 3.1. The Energy Center is established to support the state organizations in mobilizing investment and implementing energy efficiency improvements.</p>	<p>Logistical support for the Energy Centre is provided; key personnel recruited:</p> <ul style="list-style-type: none"> • The decision of the EED about establishing the Energy Center is documented. • Key personnel for the Energy Centre is selected (director; power engineering, finance and IT experts). • Premises for the Energy Center's office is rented. • Agreement is signed about co-financing of the Energy Center by the Belarusian party. • Equipment for the Energy Center is purchased according to the list agreed with EED and UNDP (expense equally shared by GEF and EED). • The TORs for designing 1) the Energy Center's Internet portal and (2) the software for business-planning and feasibility studies for energy efficiency investment projects are agreed with EED and UNDP. • The list (specification) of equipment for the Internet portal is agreed with EED and UNDP. • The software for business-planning and feasibility studies for energy efficiency investment projects is approved by EED and UNDP. • The International Consultant's Report on the assessment of the Belarusian energy saving services market and Proposals for positioning the Energy Center are 	<p>PA</p> <ul style="list-style-type: none"> • The Decree of the EED on establishing the Energy Center was issued on April 28, 2007. Until formal incorporation in line with the legal requirements, the Energy Center is created under the EED. • Personnel for the Energy Center have been selected and hired in March - July 2007 (director; power engineering, finance and IT experts). • EED failed to rent premises for the Energy Center's office in 2007. There is an agreement between EED and Main Economic Department of Belarus President Administration on allocating premises for the Energy Center in the 1st quarter of 2008. • The list of equipment for the Energy Center and its Internet portal has been prepared and is being reviewed by the EED and UNDP. The Government decision on allocating co-financing was made at the end of September 2007. The equipment is expected to be procured within the 1st quarter of 2008. • The TORs for designing the Energy Center's Internet portal and the software for business-planning and feasibility studies for energy efficiency investment projects, have been developed and submitted to EED and UNDP for consideration and approval. • The list of equipment for the Internet portal has been prepared and is being agreed with the EED and UNDP. • The trial software for business-planning and feasibility studies for energy efficiency investment projects has been developed and submitted to EED and UNDP for consideration and approval. • Due to delayed bidding process, the International Consultant on Energy Center development will be contracted in January 2008, so the report on the assessment of the Belarusian energy saving services market and proposals for positioning

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	submitted to EED, UNDP and UNECE.	the Energy Center will be prepared according to the contract in the 2 nd quarter of 2008.
Output 3.2. A pipeline of energy efficiency investments for implementation after project closure is developed	None	The activities are intended for implementation in 2009 - 2010
Output 3.3. Number of project's and Energy Center's partners is expanded	<p>Successful information campaign and cooperation development:</p> <ul style="list-style-type: none"> • The structure and design of the Project's website are agreed with EED and UNDP. • The web site is created and regularly updated (in English and in Russian). • No less than 3 articles are published in the press informing on the Project and Energy Center, and at least 2 interviews are given by the Project and Energy Center's employees. • 3 Cooperation Agreements are prepared and signed. • The proposals of the UNECE are submitted to the EED. 	<p>PA</p> <ul style="list-style-type: none"> • The structure and design of the Project's web site have been developed and are under consideration of EED and UNDP • The web site (www.energy-efficiency.by) has been launched in a trial mode • 5 interviews have been given by the project and Energy Center's employees during 2007 for UNO radio, New York, First channel of Belarus radio, ONT TV channel, Belarus Telegraph Agency, ITAR TASS Information Agency, Russia. • 1 cooperation agreement between the Energy Centre and the Centre of Sustainable Energy Development (Russia) has been signed. The key tasks of the parties under the agreement are: joint development and implementation of energy efficiency investment projects and programs, dissemination of up-to-date energy efficiency technologies, equipment and best practices. • The UNECE did not submit proposals on Cooperation Agreements to the EED. The project team and the EED will follow up with the new UNECE Regional Energy Advisor on this, once he/she has been appointed.
Output 3.4. Project Management and Monitoring	<p>The annual plan's target rates are implemented:</p> <ul style="list-style-type: none"> • Activities implemented and project resources delivered in the full amount according to this plan (with 10% tolerance) • The workplan is prepared and updated as required; the TORs are agreed with EED and UNDP. UNECE suggestions are included in the workplan and TORs. • The project presentation is made and the workplan is discussed. • 3 meetings of the Project Steering Committee are 	<p>PA</p> <ul style="list-style-type: none"> • Annual workplan activities have been implemented partially, as described in the present table; close to 39% of annual project budget resources have been delivered (see Section 4 "Financial performance" below for details on under-delivery). • The workplan has been prepared and approved by EED and UNDP, the TORs for international and national consultants have been agreed with EED and UNDP. UNECE suggestions have been included in the workplan and the TORs. • The project objectives and outputs have been presented and discussed at the inception workshop on March 23,

Results Expected	Annual Target	Rating ¹ and Status of Achievement
	<p>held.</p> <ul style="list-style-type: none"> The Project Office operates in compliance with the annual workplan. Reports are regularly submitted to the GEF, UNDP and Ministry of Economy. The Report on the Project's progress, the Energy Center's operation and the contribution of the UNECE is presented to concerned parties. The Project is audited. 	<p>2007.</p> <ul style="list-style-type: none"> 2 meetings of the Project Steering Committee have been held (March 23, 2007 and August 15, 2007). The third meeting is planned to be held in January-February 2008. EED has provided the office for the Project Implementation Unit (Project Manager and Assistant) Reports have been submitted to the GEF (quarterly), UNDP (annual 2007) and Ministry of Economy (mid-year and annual 2007) within the agreed deadlines . The report on the project's progress and the Energy Center's operation has been presented to key stakeholders at the project workshop on December 12, 2007. Since funds have not been advanced to EED, there was no need for a financial audit. The project has gone through comprehensive evaluation by a government commission in December 2007 in line with the national technical assistance requirements.

4. FINANCIAL PERFORMANCE:

Project Outcomes / Atlas Budget Activities	Annual budget, US\$	Annual expenditure, US\$	Delivery, %
Outcome 1: Increased incentives for state (budget) organizations to invest in energy efficiency	8,400	5,400	64,2
Outcome 2: Financial resources available to the state sector for energy efficiency investment are used more efficiently	30,850	8,950	29
Outcome 3: Project successes throughout Belarus sustained and replicated	141,750	55,600	39,2
TOTAL	181,000	69,950	38,6

Note on delivery rates:

Outcome 1 - Lower than expected substantive annual expenditure is connected with results of current analysis that there is no need to update some regulations in the target field and hire additional short-term experts; additionally, short-term experts for some activities will be hired in 2008;

Outcome 2 - International Consultant on Training and short-term experts for some activities were not hired in 2007 because of procedural delays. They will be hired in 2008;

Outcome 3 - Equipment for the Energy Center was not purchased in 2007. It will be purchased in 2008. International Consultant on Energy Center development and short-term experts for some activities were not hired in 2007 because of procedural delays. They will be hired in 2008

5. IMPLEMENTATION ISSUES/ CHALLENGES

The main issues the project faces are:

- Rent office and purchase all necessary equipment for the Energy Center to organize the work and interaction of project experts duly;
- Finalize the project energy efficiency investment program to be approved by DEE to make experts' activities more purposeful on the basis of specific energy efficiency projects of the program;

- Select and hire International Consultant on Training as soon as possible to fulfill all correspondent activities in time and in accordance with the work plan.


The project needs to address the following key challenges:

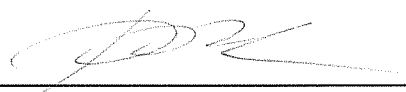
- The Energy Center is established under the Energy Efficiency Department, which is justified for the beginning of its activities. However, such a position may hamper its shifting to self-sustainability in future. The positioning of the Energy center in future should be considered by International Consultant on Energy Center development and discussed with DEE, UNDP and UNECE;
- EED should be more active in providing practical assistance to the newly-created Energy Center when searching and selecting energy efficiency projects and on other relevant issues;
- Methodological assistance of UNECE in the framework of the project is insufficient. It should be provided in accordance with the project work plan and bring the best economic practice to Belarus;

6. LESSONS LEARNED

The key lessons to be drawn from the project are:

- Long-term planning of specific energy efficiency projects as when developing the project energy efficiency investment program is inexpedient as most projects can become outdated in terms of technical or financial parameters or the interest of site owners.
- It is necessary to identify potential providers of specialized consultancy services (e.g. Energy Center development, training) through extensive search on the internet, previous negotiations with potential bidders, referrals by international organizations. In addition, TOR for an international consultant should not be too restrictive, e.g. in terms of Russian language skills requirements, to give opportunities for wider circle of international companies to bid.

Prepared by: 
Sergey Prokazov, Project Manager

Reviewed by: 
Dmitry Golubovsky, UNDP Program Officer