

EnCorr

Ref #: GEFSEC-N-2000-00271

## PROJECT MANAGEMENT FOR GEFSEC

### Incoming Correspondence Log

Official Use Only

Due Date:

08/09/2000

STATUS: Open

**FOR ACTION: Michael Sanio**

**Project Name: Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in  
Northwest Slovakia**

VPU/Dept/Div: GEF	Date Logged: 08/07/2000 09:48:38 AM
Room : G 6-019	Logged By: Ramon Prudencio C. De Mesa (GEF)
Telephone: 458-0263	

#### CORRESPONDENCE DESCRIPTION:

From:	Rafael Asenjo
Organization:	UNDP
Reference #:	
To:	Mr. Kenneth King
Dated:	08/02/2000
Type:	OP6
Subject:	PDF A: Slovakia: Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in Northwest Slovakia

#### ACTION INSTRUCTIONS:

*Please reply directly and provide a copy*

#### INFORMATION COPIES:

Alan Miller, Yasemin E.K. Biro/Person/World Bank, Ritter, Days



**United Nations Development Programme**  
**GLOBAL ENVIRONMENT FACILITY**



**Date:** 1 August 2000

**To:** Mr. Kenneth King  
Assistant Chief Executive Officer  
GEF Secretariat

Mr. Lars Vidæus, Chief  
Global Environment Division.  
World Bank

Mr. Ahmed Djoghlaïf  
GEF Executive Coordinator  
UNEP, Nairobi, Kenya

**Pages:** 7 (including this sheet)

**Fax:** 202-522-3240  
202-522-3256  
2542-520-825

**From:**  Rafael Asenjo  
Executive Coordinator

**Subject:** PDF A Funding for Medium Size Project: Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in Northwest Slovakia

Please find attached for your review and comments a PDF Block A request for funding entitled: **Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in Northwest Slovakia**

We would appreciate receiving your comments no later than 15 August 2000.

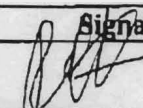
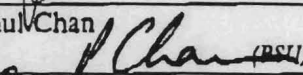

Thank you.

### Medium Size Project Clearance Sheet - PDF A

(the template for this form can be found on L:\Medium Size Projects\Administration\Templates)

<b>Project Title</b>	Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in Northwest Slovakia		
<b>Country (ies)</b>	Slovakia	<b>Focal Area</b>	Climate Change
<b>Regional Bureau</b>	RBEC	<b>PIMS Number</b>	1945
<b>Task Manager</b>	Christopher Briggs	<b>GEF Amount (PDF A)</b>	\$25,000

#### PDF A Circulation

Clearance	Date	Signature <sup>1</sup>
Technical Advisor Clearance (including verification of govt support letters)	7/31/00	 Richard Hosier
Programme Support Unit Clearance (including verification funds available)	31/7/00	Paul Chan  (PSU)
Endorsed by UNDP GEF Executive Coordinator	1/8/00	 O.I.C. (UNDP GEF Exec. Coordinator)
Distributed to IA's and GEFSEC		(task manager)
Comments Received UNEP		(task manager)
Comments Received World Bank		(task manager)
Comments Received GEFSEC		(task manager)

#### UNDP Project Document Information

<b>UNDP Project Number</b>	
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Clearance	Date	Signature
Technical Advisor Clearance (including verification all GEFSEC & IA technical comments addressed)		(technical advisor)
Programme Support Unit Clearance of UNDP Budget		(PSU)
Verified that all the above data is entered in PIMS		(task manager)
Endorsed by UNDP GEF Executive Coordinator		(UNDP GEF Exec. Coordinator)
Delegation of Authority Sent to Resident Representative / Executing Agency		(task manager)

<sup>1</sup> Note and attach e-mail or fax if not physically signed

## PDF BLOCK A - SLOVAKIA

<b>PART I - ELIGIBILITY</b>	
<b>1. Project name:</b> Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in Northwest Slovakia	<b>2. GEF Implementing Agency:</b> UNDP
<b>3. Country or countries in which the project is being issued:</b> Slovakia	<b>4. Country eligibility:</b> Slovakia ratified the UNFCCC on 25 August 1994
<b>5. GEF focal area(s), and/or cross-cutting issues:</b> Climate Change	<b>6. Operational program/Short-term measure:</b> OP 6. Promoting the Adoption of Renewable Energy by Removing Barriers and Reducing Implementation Costs
<b>7. Project linkage to national priorities, action plans, and programs:</b> The Slovak Republic has indicated its intention to reduce greenhouse gases (GHG) under its activities as a party to the Framework Convention on Climate Change. In addition, this project will contribute to the use of alternative energy sources and energy efficiency, which is one of the main goals of the Regional Energy Concept of the Slovak Government. Finally, the Slovak Ministry of Economy has publicly stated its commitment to the areas addressed in the project by establishing a Program for the Support of Energy Efficiency and the Use of Alternative Energy Sources on 1 December 1999.	
<b>8. GEF national operation focal point and date of country endorsement:</b>  Ivan Mojik Director, Department of Air Protection Ministry of the Environment of the Slovak Republic [Preliminary endorsement letter attached]	
<b>9. Project rationale and objectives:</b>  <b>Rationale:</b> This project will create a sustainable market for biomass energy for heat generation in Northwest Slovakia by addressing institutional, financial, and informational market barriers. The project also has the potential to expand to parts of the Czech Republic and Poland. The project team has identified the following immediate objectives:  <b>Specific Objectives:</b> To provide a replicable, economically viable, and environmentally friendly source of heat in 23 schools and public buildings by replacing existing coal/coke boilers with wood pellet-fired boilers; and, <ul style="list-style-type: none"> <li>▪ To establish a wood pellet market in the region by constructing a Central Processing Unit (CPU) for wood-pellet production from wood waste. A potential market for these pellets has also been identified in nearby areas of the Czech Republic and Poland</li> </ul> <p>The CPU will oversee transport of the wood waste material to the unit, sorting, drying, and processing necessary to manufacture wood pellets. The CPU will also manage distribution of the pellets. In addition, the CPU will function as the site for central co-ordination, management, monitoring, and maintenance for the pellet-fired boilers. On an annual basis, the CPU will use 30,000 tons of wood waste that would otherwise be dumped or used in a manner that would</p>	

lead to inefficient combustion. No chemical adhesives will be used in the process of producing the pellets.

Wood pellets made in CPU will be distributed to the 23 schools and public buildings in the Northwest Slovakia, and later to the Czech Republic and Poland where the wood pellets will be used for heating.

Replacing more than 8,000 kW of installed capacity in the existing boilers and installing pellet-fired boilers will eliminate the use of more than 2,500 tons of coke and coal per year. This measure will reduce the overall amount of CO<sub>2</sub> released per year by approximately 6,000 tons. In addition, the other greenhouse gases produced during the combustion of coal and coke will also be reduced, and the region will benefit from improved local air quality due to the reduction in emissions of criteria pollutants.

**PDF A Objectives:** The main objective of PDF A activities is the preparation of a detailed feasibility analysis of the proposed project to utilize wood waste to heat 23 schools and other public buildings in Northwest Slovakia. This study is a necessary precursor for the successful implementation of the project. PDF A activities will also include the preparation of a Medium sized Project Brief for submission to the GEF Council.

#### **10. Expected outcomes:**

##### **Outcomes of project preparation:**

Feasibility Analysis for successful project implementation will consist of:

- Detailed analysis of wood waste production and the suitability of this waste for re-utilisation;
- Feasibility analysis for wood pellet production;
- Feasibility analysis for transport system of wood waste and wood pellets;
- Preliminary energy audits for 23 schools and public buildings;
- Detailed description of the proposed financing arrangements and the requirements of the co-financing organizations.

The output of the project will be also the Medium Size Project Brief.

##### **Outcomes of the large project:**

- decreased operating costs for heating because of the lower fuel costs of using wood pellets derived from waste as opposed to natural gas, coal, or coke
- co-benefit of improved local air quality due to reduced CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub> emissions (the project is situated in a region where the heating systems mostly use coal, coke and sludge)
- modernization of old heating systems
- strengthening of local economies and economy of Slovak Republic
- creation of new job opportunities through the construction and operation of the CPU
- decrease in Slovak dependence on fuel imports
- increase in general awareness concerning the use of alternative energy sources and systems.

#### **11. Planned activities to achieve outcomes:**

##### **During the PDF A:**

During project preparation, the following activities will be carried out:

- meetings with specialists in the field of wood energy efficiency and use of biomass,
- meetings with wood waste producers,
- meetings with the mayors of municipalities and directors of the schools,
- workshops between these people and responsible persons from the state administration and

energy companies,

- preparation of preliminary energy audits for 23 schools and public buildings,
- collection, classification and evaluation of data from the field of wood waste and biomass utilisation,
- organisation of meetings for project presentation,
- preparation a Feasibility Analysis for the project,
- preparation of Medium Size Project Brief

**During the Medium-Size Project:**

During the construction of a Central Processing Unit (CPU) for the production of pellets from wood waste, a new plant will be built with all necessary equipment, administration office, and establishment of a transport system for wood waste and wood pellets.

During the replacement of coal/coke-fired boilers with pellet-fired boilers in 23 schools and public buildings the existing systems will first be dismantled, and the heating systems reconstructed and upgraded. The following activities will then be carried out: installation of new boilers, feeders, tank and feeding equipment, integrated heating systems, substations, and chimneys.

**12. Stakeholders involved in project:**

Agency for Regional Development  
 BIOMASA Association  
 Zilina Regional Office, Trencin Regional Office  
 Municipal Offices in municipalities involved into the project  
 Schools in municipalities involved into the project  
 Slovak Ministry of Finance  
 Ballast ECI (Denmark)  
 Danish Export Credit Fund

**PART II - INFORMATION BLOCK A PDF ACTIVITIES**

**13. Activities to be financed by the PDF:**

Activities in the frame of the project preparation such as: meetings with mayors of municipalities and directors of the schools workshops for members of the project team and all participant in the project; preparation of Feasibility Analysis; collection, classification of wood waste data and evaluation of data quality ; management; travel costs; communication costs; consultant fees; wages, etc.

**14. Expected outputs and completion dates:**

Detailed analysis of wood waste production and their suitability for re-utilization: June - July 2000  
 Feasibility analysis for investment and operational costs for wood pellet production: June-July 2000  
 Feasibility analysis for transport system of wood waste and wood pellets: June - August 2000  
 Energy audits: July-September 2000  
 Medium size Project Brief: September 2000

The project team has conducted a preliminary analysis and pre-feasibility study for the large project, so it is anticipated that PDF A activities can be finished before 15 September 2000.

**15. Total budget and information on how costs will be met (including the Block A grant):**  
 PDF Block A: 25.000 USD (Support for Feasibility Analysis and Consultants--see Section 13)  
 Other: 10.000 USD (Meetings, Support for creation of Feasibility Analysis -- see Section 13)  
 Total: 35.000 USD

Budget item	GEF	Others	Total
Staff time	12.000	5.000	17.000
Consultants, Project designers	4.000		4.000
Travel costs	3.000	2.000	5.000
Project propagation	1.000		1.000
Communications	1.000		1.000
meetings with specialists	1.000	1.000	2.000
meetings with mayors of municipalities and directors of schools	1.000	1.000	2.000
Energy audits for schools	1.250	1.000	2.250
Sundries	750		750
<b>TOTAL</b>	<b>25.000</b>	<b>10.000</b>	<b>35.000</b>

**16. Budget of the Resultant Medium Size Project is estimated as follows:**

GEF: \$880,000

Other: \$3,500,000 Danish Vendors and the Danish Export Credit Agency  
 \$700,000 Slovak Co-financing

**TOTAL: \$ 5.08 million**

### PART III

<p><b>17. Name:</b> The Agency for Regional Development in Zilina, Slovak Republic</p>	<p><b>18. Date of establishment, membership, and leadership:</b>            The Agency for Regional Development in Zilina (ARD) was established in September 1999 and is directed by Dr. Ladislav Zidek</p>
<p><b>19. Mandate/ terms of reference:</b>            Non-governmental, non-profit and public-benefit association of legal entities.             ARD's mission is to contribute to the co-ordination of regional development, preparation and implementation of regional development projects and cross-border co-operation mainly in energy sector.</p>	<p><b>20. Sources of revenue:</b>            Project activities (demonstration projects, trainings, seminars and research) financed from the funds of European Union countries for development countries in central and east Europe</p>
<p><b>21. Recent activities/ programs, in particular those relevant to the GEF:</b>            Projects: Establishment of Regional Energy Agency in Zilina, Cleaner technology in the wood processing industry in the Zilina Region, and others.</p>	

**PART IV - INFORMATION TO BE COMPLETED BY IMPLEMENTING AGENCY**

**22. Project identification number:**

**23. Implementing Agency contact person:**  
Susan Legro, Regional Adviser, Energy and Climate Change  
Tel. +421-7-59337-408, Fax +421-7-59337-450  
E-mail: susan.legro@undp.org

**24. Project linkage to Implementing Agency program(s) :** Emphasis on addressing barriers to sustainable development at a local and regional level is congruent with the Capacity 21 Program that UNDP has supported in Slovakia and other countries in the region.



FROM: RBEC

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12-07-00 12:24

TUE, 11-JUL-00 18:52 MZP SR 000

+421 7 59682662

P. 01/01



Ministry of the Environment  
Nám. L. Štúra 1  
812 35 Bratislava  
SLOVAK REPUBLIC

**FACSIMILE TRANSMISSION**

**TO** Ms. Susan Legro  
Regional Advisor for Energy and Climate  
UNDP-GEF  
Bratislava  
Fax: +6933 7450

**FROM** Ivan Mojik, Director, Department of Air Protection  
Ministry of the Environment  
Nám. L. Štúra 1  
812 35 Bratislava, SLOVAKIA  
Fax: +421-7 5956 2662 or 5956 2367 Tel: +421-7 5956 2220

**SUBJECT** Proposed project in biomass

**DATE** 11 July 2000 **PAGES** 1

Dear Ms. Legro

Thank you for sending me the proposed GEF project information sheet. I would like to confirm our preliminary interest in and support of the project proposal "Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in Northwest Slovakia" you have worked out and submitted for our consideration. We found project a very good contribution to reduction of GHG emission through use of biomass, which is just our priority in the field of Climate Change. However, final approval by the Ministry of the Environment has to be made through the Ministerial Project Approval Committee.

Yours sincerely

Ivan Mojik  
GEF Operational Focal Point

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