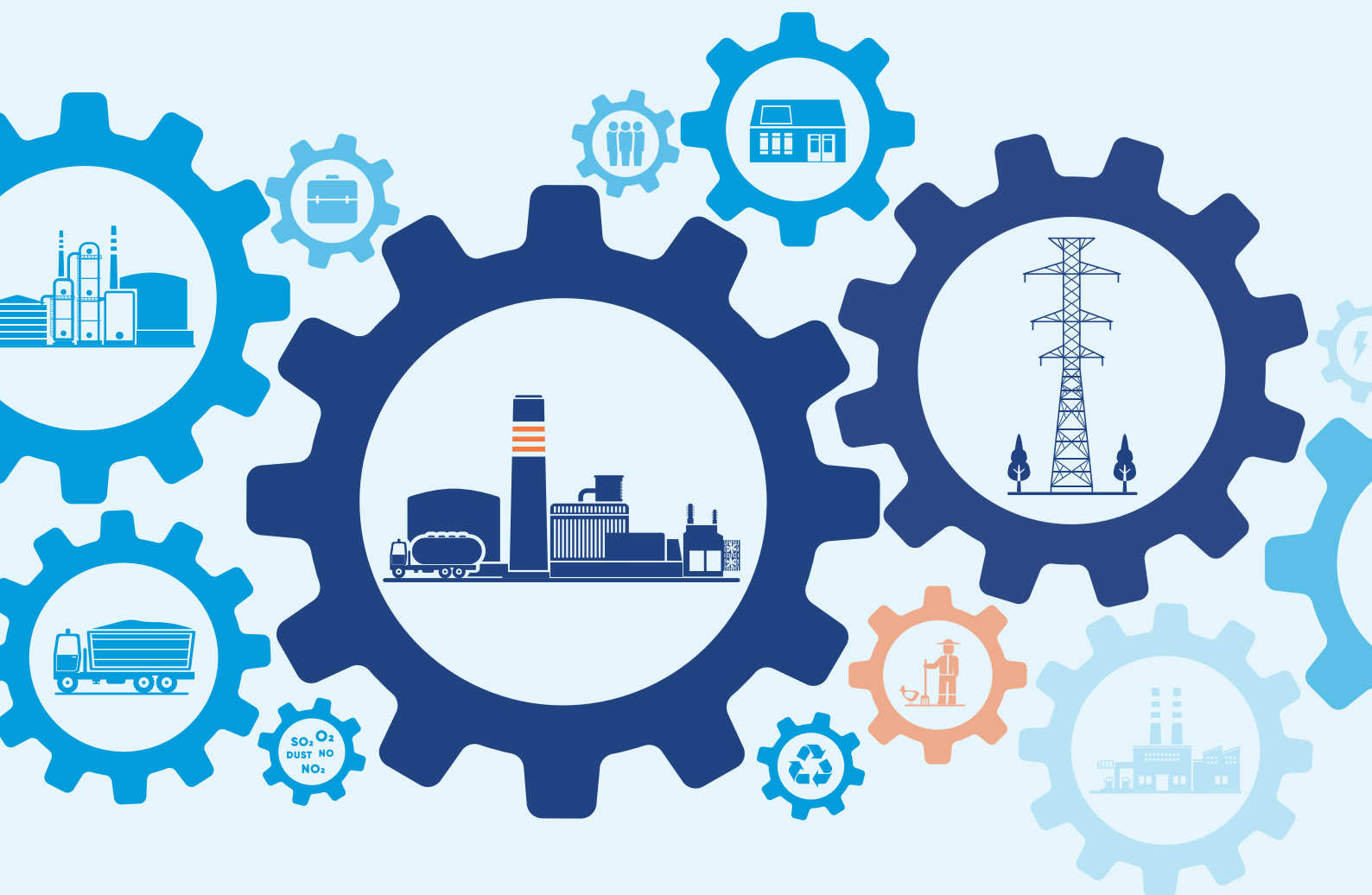




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INDUSTRIAL DEVELOPMENT ORGANIZATION



## FRAMEWORK FOR STIMULATING PRIVATE SECTOR INVESTMENTS IN RENEWABLE ENERGY

Implementation manual for  
bioenergy guarantee funds

This publication is a guidebook developed for creating guarantee funds for promoting private sector investments for bioenergy and clean cooking projects. It is based on experiences gained from two projects implemented by UNIDO and funded by the GEF.

**ACKNOWLEDGEMENTS:** This implementation manual for bioenergy guarantee funds has been drafted by credit guarantee experts, Sanjay Saha and Aniruddha Bagchi of A2F Consultants and validated by the Local Working Group chaired by the Tanzania Investment Bank (TIB) and participants in the credit guarantee framework validation workshops. Special thanks to UNIDO financial expert, Alejandro Vera Casso for guidance and overall technical support in drafting and finalizing the document.

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# **Framework for stimulating private sector investments in renewable energy**

Implementation manual for bioenergy guarantee funds



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# List of Abbreviations

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**A2F** – access to finance

**BEGF** – Bioenergy Guarantee Fund

**BRD** – business requirements document

**CG** – credit guarantee

**CGA** – credit guarantee agency

**CGME** – credit guarantee management entity

**CGS** – credit guarantee scheme

**DA** – demand advice

**DFI** – development finance institution

**ELI** – eligible lending institution

**MFIs** – microfinance institutions

**MLI** – member lending institution

**MSMEs** – micro, small, and medium-sized enterprises

**NBFCs** – non-bank financial companies

**SMEs** – small and medium-sized enterprises

**SPV** – special purpose vehicle

**TIB** – TIB Development Bank, formerly named Tanzania Investment Bank

**UAT** – user acceptance testing

# PREFACE

**Renewable energy impact programs can only become sustainable when they are accompanied by a robust financial support strategy.** For UNIDO's project "Global Impact Program for clean fuels and cooking technologies in high impact countries (GIP-CC)", a strategy was developed to increase access to finance, so that the private sector could make the investments needed to establish biofuel production and distribution for clean cooking.

Based on this initial framework, UNIDO plans to work with financial partners in establishing country-level credit guarantee facilities **to stimulate private sector investments in renewable energy**. To this end, a three-phase approach was adopted, with UNIDO providing technical assistance at every stage:

- i. Evaluation and Feasibility Study
- ii. Design Phase
- iii. Implementation Phase

**In the past, many finance access programs for bioenergy have remained dormant or come to an end without establishing a sustainable structure, developing institutional capacities, or achieving the desired critical mass.** The failure of credit guarantee programs is usually due to faulty or inadequate product and process design, and lack of proper oversight. The design phase is therefore critical, and UNIDO would like to provide a compact guide to a fully designed mechanism that can make access to such finance programs sustainable.

Based on the completed feasibility study, the Design Phase for the bioenergy credit guarantee scheme in Tanzania was structured around producing a Design & Framework Manual, to be shared with the implementing development financial institution (in this case, TIB Development Bank), as a guide for putting in place a dedicated institutional structure, process architecture, and an IT platform to implement and maintain the credit guarantee program.

The Design & Framework Manual was completed in 2021, and this publication is an adapted version that aims to provide a toolkit for application in other countries and contexts.

# Chapter 1

## Background, institutional framework, and roadmap

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# 1.1. Background to this publication – strategic need for credit guarantee funds

## PROJECT BACKGROUND

With funding from the Global Environment Facility (GEF) and the European Union (EU), and in partnership with a number of national stakeholders, UNIDO has been implementing two projects in Tanzania to promote adoption of bioenergy solutions, in particular to establish sustainable clean cooking practices. As part of its technical assistance, UNIDO identified and worked together with a national development bank (TIB) to develop a credit guarantee scheme to facilitate lending to private investors in the biofuels sector, especially small and medium-sized enterprises (SMEs).

Both the UNIDO/GEF 5 and UNIDO/GEF 6 projects have components and objectives to support private sector investment in the biofuel sectors of the Tanzanian economy, especially investments in initiatives that are designed in line with circular economy and agroindustry waste-to-energy (WTE) principles, for the production and distribution of biogas and bioethanol to commercial and household markets. Within the projects, UNIDO is taking an integrated approach to assisting the government and private sector in developing policy reforms to enable:

- Biofuel development
- Industrial standards
- Market development measures (i.e. subsidies and investment grants)
- Production and technology transfer
- Access to investment finance

In these efforts UNIDO has worked together with the Office of the Vice President (VPO), Ministry of Energy (MoE), Ministry of Environment (MoEnv), and the Rural Energy Agency (REA).

To address the objective of promoting investment and finance to the biofuel sector, UNIDO identified, teamed up with, and assisted TIB Development Bank in Tanzania (TIB) to develop a private sector credit guarantee scheme to help investors – particularly SMEs – to access local lending products on market-favorable terms. In addition, TIB is UNIDO's current financial custodian partner for implementation of the ethanol distribution subsidy program in the UNIDO/GEF 6 Clean Cooking Program.

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_31602](https://www.yunbaogao.cn/report/index/report?reportId=5_31602)

