

PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: FULL SIZED PROJECT

THE GEF TRUST FUND

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Submission Date: 09 March 2009

Re-submission Date: 22 December 2010

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹: 3923 PROJECT DURATION: 48 months

GEF AGENCY PROJECT ID: XX/CVI/09/XX

COUNTRY (IES): Cape Verde

PROJECT TITLE: Promoting market based development of small to medium scale renewable energy systems in Cape Verde

GEF AGENCY (IES): UNIDO

OTHER EXECUTING PARTNERS: Ministry of Industry and Energy, ELECTRA, ECOWAS Center for Renewable Energy and Energy Efficiency.

GEF FOCAL AREAS: Climate Change

GEF-4 STRATEGIC PROGRAM (S): SP 3 Promoting market approaches for renewable energy

NAME OF PARENT PROGRAMME/UMBRELLA PROJECT: A national level project in Cape Verde under the GEF Programmatic Approach on Access to Energy in West Africa.

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	March 2010
CEO Endorsement/Approval	November 2010
GEF Agency Approval	November 2010
Implementation Start	Jan 2011
Mid-term Review	December 2013
Implementation Completion	December 2015

A. PROJECT FRAMEWORK

Project Objective: To create market conditions conducive to the development of small to medium scale renewable energy systems in Cape Verde.								
Project Components	Type	Expected Outcomes	Expected Outputs	Indicative GEF Financing		Indicative Co-financing*		Total (M\$)
				(M\$)	%	(M\$)	%	
1. Demonstrating technical feasibility and commercial viability and dedicated seed fund to scale up.	TA/Investment	Feasibility and viability of small to medium scale renewable energy technologies demonstrated. Renewable energy installed capacity of at least 2 MW, and about 7,800 tCO ₂ emissions savings Scaling of renewable energy projects making use of the seed funding. About 1.5 MW of renewable energy installed capacity and about 5,850 tCO ₂ emissions savings.	1.1 Report detailing resource assessment for selected sites	0.1	17	0.5	83	0.6
			1.2 2 or 3 demonstration projects designed, implemented, independently evaluated and lessons learned widely disseminated to stakeholders.	0.7	22	2.5	78	3.2
			1.3 Investment strategy for scaling up or replicating pilot projects in the country finalized.	0.6	25	1.8	75	2.4
			1.4 Dedicated seed funding provided as grant and co-financing to investments in small to medium scale renewable energy projects.					
2. Consolidating a comprehensive legal and regulatory framework conducive to the development of	TA	Existing legal and regulatory framework covering small to medium-scale renewable energy systems are strengthened.	2.1 Existing legal and regulatory framework reviewed and conducive legal and regulatory framework focusing on small to medium scale renewable energy projects proposed and presented to national authorities.	0.13	21	0.50	79	0.63

¹ Project ID number will be assigned initially by GEFSEC.

small to medium scale renewable energy projects.			2.2 Policy and regulatory propositions for integrating of small to medium scale renewable energy into economic and social sectors such as such as education, health etc developed.					
3. Capacity building and awareness raising	TA	Institutions that support the development of small to medium-scale renewable energy projects have their capacity increased. Market enablers and players have capacity to successfully implement small to medium scale renewable energy projects. Awareness of market players and enablers and the general public raised	3.1 Institutional capacity needs evaluated, training programmes developed, and training conducted. 3.2 Training programmes for market enablers and market players especially entrepreneurs, banks etc developed and trainings conducted. 3.3 Awareness raising programmes including, targeted seminars; coaching clinics held.	0.088	23	0.3	77	0.388
4. Project management and coordination.	TA	PMO manages and coordinates the project effectively with support from stakeholders	4.1 Project management office (PMO) is established and key staff of the PMO trained on project implementation and other related matters. 4.2 Project dedicated website established and project milestones, reports etc regularly posted on the website.	0.100182	22	0.35	78	0.450182
Total project costs				1.718182		5.95		7.668182

B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and by NAME (in parenthesis) if available, (M\$)

Sources of Co-financing	Type of Co-financing	Project
Project Government Contribution	In-kind (0.5) and cash (1.2)	1.7
GEF Agency(UNIDO)	Grant	0.29
Multilateral Agency(ies)	Soft Loan	1.9
Private Sector	Hard Loan	2.06
Total Co-financing		5.95

C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (M\$)

	Project Preparation	Project	Total	Agency Fee
GEF Grant		1.718182	1.718182	0.171818
Co-financing		5.95	5.95	
Total		7.668182	7.668182	0.171818

PART II: PROJECT JUSTIFICATION

A. THE ISSUE, HOW THE PROJECT SEEKS TO SOLVE IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

THE ISSUE: Cape Verde is a small country consisting of 10 small islands and 13 islets located in the Atlantic Ocean due west of the westernmost point of Africa. It has total area of 4033 square kilometers and total population of about 542,000 inhabitants of which 55% live in urban areas according to recent census. The 9 inhabited islands rely heavily on imported fuel for their power generation and transportation needs. The country receives very minimal and infrequent rainfall that the only source of portable water for most of the islands that do not have micro climates is through water desalination. As such, water desalination consumes a significant part of the power generated in the country, implying that the power and water supply sectors are closely linked. Each island operates its own local electricity grid that runs on petroleum products. The coverage of these localised power grids is different for each Island. While for the main Island of Santiago, access to electricity is over 85%, for the rest of the islands it is quite low. And for most of the non-electrified areas, there is dependence on localised power grids that run on fossil fuel. At the country level and at the levels of specific islands, power demand is rapidly growing and already exceeding supply. As a result the dependence on imported petroleum products is increasing and exerting a heavy burden on the national budget. Besides electricity, others forms of energy used for cooking are biomass and gas. The overdependence on biomass for cooking, especially in rural areas, is deemed to be fueling the evident deforestation in the country.

Cape Verde has, in the recent past, continued to register positive socio-economic growth as demonstrated by the transition of its status to a middle income country. There has also been a corresponding positive change in affluence amongst the population. In parallel to this, the country's tourism sector has continued to grow. These changes have contributed to a corresponding increase in demand for petroleum products, electricity and desalinated water and consequently carbon emissions. Therefore, Cape Verde as a country and the different islands in their individual capacities are faced with increasing power deficit that is already hampering economic and social development. Although considerable investments have been made in power infrastructure in the last few years, they have largely failed to address the ever widening power supply shortage. Besides, these investments have focused on expanding the current fossil fuel based power generation capacity and distribution networks. This is however so despite of the country being endowed with different renewable energy resources mainly wind and solar energy that, if developed, could augment current power supply systems. In addition, various studies do confirmed local climates on some islands such as Brava and Fogo are responsible for significant resources of small hydropower. The high electricity tariffs that the country experiences (averaging about US\$ 0.25 per kWh) would make investments in renewable energy projects that are connected to the grid financially viable, however this would depend on negotiating a favourable feed-in tariff. Likewise, replacing the fossil fuel based capacity in localised grids in remote areas that are not connected to the central grid in each island with renewable energy resources would reduce cost of energy services, reduce GHG emissions, and improve supply security. The distributed nature of power grids i.e. one grid for each island, would also support the possibility of integrating small to medium scale renewable energy systems into existing grids or stand alone grids for areas that are not currently accessed by the central grids. In addition, the relatively small sized nature of the islands ranging from i.e. from 991 to 35 km², supports the possibility of small to medium scale and localised renewable energy systems, either grid connected or stand alone.

GHG emissions from the combustion of fossil fuels constitute over 67% of the total national GHG emissions. Over 54% of the combustion of fossil fuels occurs in transport sector with the power generation and water desalination accounting for over 35%. The last estimate (first national communication) of total GHG emissions for the energy sector from the combustion of fossil fuel of 219.7Gg of CO₂ equivalent. With increased fossil fuel based power systems having developed in the recent past, the current levels of GHG emissions from this sector would be much higher than this estimate. In addition, this estimate is set to grow as more fossil fuels based power plants are built to address the current power deficit both for grid connected areas but also for remote areas.

The traditional response to the widening power supply gap faced by the country entails increased oil-based power generation capacity that would have global environmental impacts as well as budgetary implications at national level. This would effectively lock the country into an electricity infrastructure based on fossil fuels. Therefore, market based development of power systems that are based on locally available renewable energy resources in the country would usher a double dividend of global environmental benefits and local socio-economic development. More specifically, the benefits to be realised include, increased energy supply security, avoided GHG emissions, and relief on the national budget. Although some projects are underway attempting to develop wind energy, it is foreseen that at the current rate of development and focus, renewable energy technologies would not be developed to levels where they can significantly contribute to the ever increasing power shortage in the country. In fact, lessons learnt from current efforts to develop wind energy in the country would be instructive to this project in its effort to systematically address existing barriers so as to promote a broader and accelerated market based development of small to medium scale renewable energy technologies in the country.

Despite of several factors supportive to the development of renewable energy in Cape Verde, not much has been realised due to a number of existing barriers that include:

- **Lack of appreciation of technical feasibility and commercial viability** of small to medium scale renewable energy systems.

Therefore, there is need to demonstrate the technical feasibility and economic viability of small to medium scale renewable energy technologies that would be suitable for the needs of Cape Verde i.e. wind, solar and small hydropower in particular.

- **Lack of conducive legal and regulatory framework** supportive to the development of small to medium-scale renewable energy projects. Although it is widely acknowledge that the exploitation of renewable energy resources in Cape Verde would significantly contribute towards reducing the widening power and energy supply gap, the country has not developed a dedicated and comprehensive policy or strategy to stimulate the developmet of small to medium scale projects. In addition, there have been no efforts to coordinate efforts to develop this sector with other sectors like education, health, tourism etc where such interventions would be appropriate and cost effective. Furthermore, the country is yet to establish the much needed conducive regulatory framework that would stimulate investmets both local and international in small to meduim scale projects. Such frameworks would on one hand be instrumental in coordinating the development of the sector and on the other hand, define terms of private sector engagements in the sector. In 2008, the country announced a new energy sector policy. What is however more critical is to ensure that this policy have adequate provisions and mechanisms to stimulate private sector interest in small to medium scale renewable energy systems.

- **Low private sector interest in potential renewable energy projects** due to high capital costs, percieved and real risks, and lack of appetite to finance such projects by local financial services providers. Experience from past efforts to develop renewable energy projects, in particular the wind energy project shows that the process of mobilising finance from different sources for big projects faces a lot of difficulties and hence takes much longer to realise. As such private sector would need to make significant investments in the preparation of such projects and setting up the financial arrangements to realise potential projects. Given the sizes of investments required for such projects and the associated costs, potential small to medium scale investors tend not to be able to participate in such projects. On the other hand, the fragmented nature of power grids due to the geographical characteristics of the country i.e. each island would require specific intervetions, tends to discourage potential large-scale investors due to percieved limited market potential. Therefore, there is need for a deliberate effort to promote investments in small to medium scale renewable energy projects that would both meet the needs of the country and would not need huge and complex financing arrangements that are required in the case of large scale projects. In particular, there is need to buy down capital costs of potentail projects and assist in the development of bankable projects and loan negotiations between project developers and financial services providers.

- **Lack of capacity.** The establishment and operation of a market for small to medium scale renewable energy projects is hampered by lack of capacity by institutions, market players and market enablers. At institutional level, there is need to enhance the existing institutional capacities and set up so as to effectively support the development of small to medium scale renewable energy projects. In parallel, market enablers like policy makers, regulators would need capacity building to ensure that they can develop and implement policies and regulations that are conducive to the development of small to meduim scale renewable energy projects. Market players such and entrepreneurs, project developers, financing institutions need capacity on how to successful develop and manage investments in small to medium scale renewable energy projects. Furthermore, there is need to increase awareness on the benefits of using renewable energy systems to all stakeholders so as to increase the market potential.

THE PROJECT: Based on the analysis of the significance of GHG emissions from power generation sector in Cape Verde above and its expected growth, this project provides a systematic approach to addressing barriers to the development of small to medium scale renewable energy based systems, either grid connected or stand alone, in Cape Verde by directly addressing the existing barriers and in the process reduce GHG emissions associated with the power generation sector. These GHG emission reductions will be realized and sustained through the following interventions: (1) demonstrating the technical and commercial viability of small to medium scale renewable energy systems with combined capacity of 2MW, either in grid connected or stand alone format and developing a national investment strategy for the replication of the pilots to the rest of the country. The pilot projects will be selected based on renewable energy resources availability, market potential (replication), potential for GHG emissions reduction among others, and will focus on wind, solar and small hydro technologies. The sites for the pilot projects will be selected from any potential sites throughout the country but focusing on sites that would fit the need to demonstrate the technologies and sites that have low capital costs to develop. A seed fund will be used to, on a selective basis, provide grant capital to projects that need such financing for then to be financially viable. The seed funding will target project developers that would have prepared their projects and would need minimal grant finance or co-financing to ensure project viability. In considering potential beneficiaries of the seed funding, the following will be considered, potential GHG emissions reductions, financial set up of the project, the demonstration effect of the project and location and compliance of the selected technology to be developed with national sustainable development criteria. As a rough estimate, it is foreseen that the seed funding will be used to support projects with total renewable energy installed capacity of 1.5 MW and result in about 5,850 tCO₂ emissions savings. More detailed calculation of GHG emissions saving will be carried out at the PPG phase. 2) establishing and operationalising policy, legal and regulatory framework conducive to the development of small to medium scale renewable energy projects in the country, and 3) strengthening capacities of support institutions, market players and market enablers and awareness raising. These interventions would catalyze a shift from the development of fossil fuel based power generation systems towards renewable energy based systems in addressing the existing power supply deficit and the replication of the renewable energy pilot projects implemented under this project to other sites in the country. Therefore, there will be short-term (during the project) and long-term GHG emissions reductions. The demonstration project to be implemented under this project will be selected in such a

manner that it would maximize exposure and encourage replication throughout the country. This project will build capacity at institutional and individual level among market enablers i.e. policy makers and regulators and market players i.e. private sector, banks etc so as to sustain the project interventions beyond the life of this project and hence sustain GHG emission reductions through replication of the pilot projects to other parts of the country.

GLOBAL ENVIRONMENTAL BENEFITS: By promoting the use of renewable energy technologies, the project will reduce GHG emissions through the reduced consumption of fossil fuels. In the case of the pilot projects that will be implemented by this project GHG emission will be attained from the reduced consumption of fossil fuel from the renewable energy capacity for both grid connected systems and also for decentralized systems on different islands. More detailed calculation of the GHG reductions to be realized by this project will be conducted at the PPG stage. As an estimate, given installed capacity of 2MW_{el} for the pilot projects and assuming an emission factor of 0.893kg(CO₂)/kWh and capacity factor of 50%, it can be estimated that the pilot projects to be implemented under this project, will attain GHG reductions of about 7,800 tCO₂. The projects to be implemented with the support of the seed fund will result GHG emission saving of about 5,850 tCO₂. Given that this project is envisaged to catalyze investments in other small to medium scale renewable energy projects throughout the country, more GHG emission reductions will be realized beyond just the pilot projects and the projects that are supported by the seed fund.

B. CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:

The Government of Cape Verde has accorded special priority to renewable energy utilization through various policy positions/plans as shown below:

First National Communication 1999: The project will support key issues identified in the 1999 First National Communication of Cape Verde. Mitigation options proposed therein include rural electrification through the use of renewable energy technologies and sustainable use of biomass resources. In fact, the First national communication identified the development of wind and solar energy as the most viable mitigation strategy for the country.

National Energy Policy: In view of the country's heavy dependence on fossil fuels, the recent national energy policy recognized Cape Verde's increasing energy demand as the main challenge. In adopting as its vision for the energy sector "a fossil fuel free future", the policy seeks to encourage investments in renewable energy and promote energy use efficiency, among others. In particular, Cape Verde is keen to introduce energy self sufficiency through the use of renewable energy and adopting energy efficiency on an island by island basis. In its 1998 Energy policy, Cape Verde identified the need to promote the market penetration of renewable energy in the local energy market as a priority but also recognized the lack of specific framework that is conducive to the promotion of renewables. In particular, the energy policy calls for 25% of all energy to be produced in the country by 2010 to be from a renewable source, a figure that is to climb to 50% by 2020.

ECOWAS/UEMOA White Paper of 2006 for a Regional Policy For "Increasing Access to Energy Services For Populations in Rural and Peri-Urban Areas in Order to Achieve the Millennium Development Goals": Recognizing the importance of increasing access to modern energy services as a precondition for the attainment of the MDGs, the white paper identifies the need to develop decentralized renewable energy systems to increase access to modern energy services in rural areas.

C. CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND FIT WITH STRATEGIC PROGRAMS:

The project is designed to promote market based dissemination of renewable energy technologies in Cape Verde thereby contributing to the GEF Climate Change focal area and Strategic Program SP 3 - Promoting market approaches for renewable energy. The expected direct impacts of the project are increased share of renewable energy in the electricity generation mix. This will result in lower use of fossil fuels in the power sector and avoid GHG emissions. This project is being developed as part of GEF Programmatic Approach to Access to Energy in West Africa.

D. THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES

GEF resources will be used to partly finance the following activities: demonstrating technical and economic viability of small to medium scale renewable energy systems, grant and co-financing to investments in renewable energy facilities, developing a conducive policy and regulatory framework, capacity building and awareness raising.

E. COORDINATION WITH OTHER RELATED INITIATIVES:

The project will be coordinated with other initiatives that are ongoing and build on experiences from past projects. These include:

- EU funded RECIPES project which seeks to contribute to the implementation of renewable energy in developing countries;
- Project on Implementing New Technologies for Sustainable Development on small Island Developing States – run by UNDESA.
- World Bank Project: Cape Verde – Energy and Water Sector Reform and Development project. The recent Implementation and Completion and Result Report of this project points out that the Renewable energy component of the project, whose objective was

to increase grid connected farms and off-grid electrification services using solar and wind energy systems have not been so successful due to financing gaps and weak appraisal of market conditions for the PV systems. In addition, some reform reversals were also identified as contributing factors.

- ECOWAS Regional Centre for Renewable Energy and Energy Efficiency (ERC). To support the region to achieve the energy access targets stipulated in the White Paper, UNIDO is leading the process of establishing the ERC centre in Cape Verde. The overall aim of the regional centre is to lead and coordinate regional projects and programmes that seek to establish and operationalise renewable energy and energy efficiency markets in the region. As such, it is envisaged that some of the project activities, such as capacity building and the establishment of regulatory framework, will be jointly implemented with the ECOWAS Regional Center. The ECOWAS Center began its operations in November 2009.
- Various studies have been conducted on various issues on renewable energy development in Cape Verde. These studies focused on different issues and will be used in influencing the design of this project. These studies include: Study on wind energy potential in Africa by the African Development Bank, ELECTRA Diagnostic and Restructuring Study in Cape Verde by World Bank, Analysis of potential for market penetration of renewable energy technologies in peripheral islands – Renewable Energy Journal, Wave Energy on Sal Island, Cape Verde – Wave Star Energy.

In designing the strategy for this project, lessons will be drawn from these initiatives and studies to avoid duplication and ensure that the project will in the end, effectively contribute to the development of markets for small to medium scale renewable energy systems in Cape Verde. In particular lessons learnt from the World Bank Project will be instructive to this process. This current project will attempt to mitigate the financing gap by focusing on small to medium scale sized projects and in parallel aggressively mobilize potential local and regional investors.

At the regional level, this project will be coordinated and harmonized with the several similar projects implementing national market transformations to promote the uptake of mini-grids powered by renewable energy (Sierra Leone, Côte d'Ivoire, Chad, The Gambia, Guinea, Liberia, Nigeria and Sierra Leone), through the GEF-funded Programmatic Approach on Access to Energy in West Africa. This regional harmonization and coordination will be undertaken through the Economic Commission of West African States (ECOWAS)'s Regional Center for Renewable Energy and Energy efficiency that is located in Cape Verde. Since ECOWAS has a focus on promoting renewable energy among its members, it is by far the most suited regional institution to organize the coordination between these GEF projects. Through ECOWAS, policies and strategies to promote market-based RE powered mini-grids will progressively be expanded to all countries in the region. The present project will therefore liaise with these specific regional activities under the umbrella of the GEF Programmatic Energy project for West Africa led by UNIDO. Provisions to undertake this coordination will be part of the coordination mechanism of the programme as envisaged in the PFD.

F. THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT:

1. Without the GEF project, the “business as usual” scenario will involve expanding capacity of fossil fuel based electricity generation to meet increasing demand resulting in increased GHG emissions. Although some renewable energy investments are foreseen, they will not be at scales that will have an overall impact on the power deficit in the country. In particular, the focus would be on large-scale projects with not adequate attention to small and medium scale projects. Without GEF project, the government would increase the fossil fuel based power generation to electrify remote areas and the use of renewable energy resources will be very feeble. As a result, the sustainable development policy objectives of Cape Verde of exploiting the available renewable energy resources so as to increase energy self-sufficiency will not be realized.
2. GEB benefits to be realized by the project include avoided GHG emissions from the burning of fossil fuels by the use of grid connected renewable energy systems as well as replacing fossil fueled power generation capacity in remote areas. These GEB will be achieved through activities under the GEF SP 3 Promoting market approaches for renewable energy.
3. GEF funding is sought to generate incremental global environmental benefits from the development of small to medium scale renewable energy systems through market approaches in line with overall sustainable development needs of the country. More specifically, GEF funding will be used to remove barriers to market based adoption of viable small to medium scale renewable energy systems: (i) demonstrating the technical feasibility and commercial viability of small to medium scale renewable energy systems; (ii) strengthening existing policy, legal and regulatory frameworks, and (iii) capacity building and awareness raising activities
4. The overall goal of the project is to develop a market environment that will promote investments in small to medium scale solar, wind and small hydro energy based renewable energy systems in Cape Verde in line with national energy policy objectives of making the country less dependant on imported fossil fuels. Main outcomes envisaged are: (i) technical feasibility and commercial viability of small scale renewable energy systems is adequately demonstrated, (ii) comprehensive policy and regulatory frameworks as well as a strategy for the development of renewable energy is developed (iii) capacity of key market players and market enabler increased and awareness of the benefits of renewable energy technologies is raised;

5. Cofinancing is expected from the government of Cape Verde, ELECTRA, private sector and multilateral agencies, among others. In particular the following will be approached for cofinancing, local and regional banks, the ECOWAS African biofuels and renewable energy funds (ABREF) and other funds. In addition attention will be paid to potential interest from European based banks, in particular, national investment bank or funds. Once the market barriers are removed, local, regional and international private sector are expected to take advantage of conducive policy, regulatory and institutional frameworks and business opportunities created by the project to scale up investments in small to medium scale renewable energy systems. Multilateral agencies are expected to take advantage of the political commitment to the development of renewable energy and the established markets to support viable investments in renewable energy technologies.

G. RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE FROM BEING ACHIEVED; RISK MANAGEMENT MEASURES, INCLUDING IMPROVING RESILIENCE TO CLIMATE CHANGE, TO BE UNDERTAKEN:

Component	Risk	Proposed Mitigation Measure	Risk Level
Technical risks	Small to medium scale renewable energy systems are not technically viable for electricity generation	Only use mature and proven renewable energy technologies that have a track record from other projects in the past.	Low
Market risks	Increased investments on renewable energy do not provide higher returns. Market potential for renewable energy systems is limited	Mobilize part of the investments from development partners who can provide concessionary terms. The PPG will closely assess the market potential of interventions proposed in this project and appropriate action will be taken. If necessary, awareness raising campaigns will be carried out upfront to stimulate the market.	Low
Legal and regulatory framework	Proposed regulatory framework to promote renewable energy is not enacted	Development of the legal and regulatory framework to involve all stakeholders, especially the responsible ministry and the national power and water companies.	Low
Fall in fossil fuel prices	The international price of oil may fall to level where fossil fuel power generation will be more cost effective than renewables	Investment in renewable energy should always include assessment of externalities that will place renewables on a comparative advantage to fossil fuels.	Low
Investment	Lack of enough private sector investments in future.	Explore the possibility of public-private partnerships in project finance. In particular, specific guarantees to investors would be critical in the maintaining continued private sector engagement in potential projects in the long-term.	Moderate

H. STEPS TO BE UNDERTAKEN TO PRESENT COST-EFFECTIVENESS AT CEO ENDORSEMENT:

Cost effectiveness of the project will be determined during the project preparatory phase through the following steps: (i) Collect information on the current energy consumption patterns in the country; (ii) Based on information obtained/produce a GHG inventory; (iii) From the GHG inventory and the potential renewable energy resources estimate the feasible GHG emissions reduction that the projects could achieve from the pilot projects and the projects supported by the seed fund; and (iv) From the costs of the different projects and the avoided emissions for these interventions, calculate the cost effectiveness of the proposed projects.

I. THE COMPARATIVE ADVANTAGE OF UNIDO:

The project fits squarely into the GEF Strategic Program 3 Promoting market approaches for renewable energy. According to GEF Council document GEF/C.31/rev.1 gives UNIDO comparative advantage for this Strategic Program under the Intervention Type Capacity Building/Technical Assistance. UNIDO is especially well placed to implement this project because of its experience and expertise in renewable energy projects, its long history of cooperation with key stakeholders, and its high standards of fiduciary responsibility

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT ON BEHALF OF THE GOVERNMENT:

<p><i>(Enter Name. Position. Ministry)</i> Carlos Alberto de Sousa Montelro; GEF Political Focal Point ; General Director of Planning Budget and Management; Ministry of Environment Rural development and Marines Resources; C.P 115, Praia, Cape Verde.</p>	<p>Date: 29 October 2008.</p>
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B. GEF AGENCY CERTIFICATION

<p>This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.</p>	
<p><i>Name & Signature</i></p> <p>Mr. Dmitri Piskounov GEF Focal Point</p> 	<p><i>Project Contact Person</i></p> <p>Mr. Alois P. Mhlanga Industrial Development Officer Renewable and Rural Energy Unit Energy and Climate Change Branch PTC Division. UNIDO</p>
<p>Date: 22 December 2009</p>	<p>Tel. and Email: :+43126026 5169; a.mhlanga@unido.org</p>



MINISTÉRIO DO AMBIENTE DO DESENVOLVIMENTO RURAL E DOS
RECURSOS MARINHOS
DIRECÇÃO GERAL DE PLANEAMENTO ORÇAMENTO E GESTÃO

To
**United Nations Industrial
Development Organization (UNIDO)
Vienna International Centre
P.O. Box 300
A-1400 Vienna, Austria**

Sua referência Sua comunicação de Nossa referência *510* /DGPOG-MAA/2008

29 October 2008

Copy :

- **Operational Focal Point**
- **General Direction of Environment**
- **General Direction of Industry and Energy**
- **Cabinet of Ministry of Environment Rural
development and Marine Resources**

Subject: *Endorsement letter for Cape Verde of the project "Promoting renewable energy and energy efficiency on the Brava Island"*

In my capacity as GEF Political Focal Point for Cape Verde, I confirm that the above project proposal is in accordance with the government's national priorities and the commitments made by Cape Verde, under the relevant global environmental conventions, and that the project has been discussed with relevant national stakeholders, including the Focal Points of global environmental conventions in accordance with GEF's policies on public involvement.

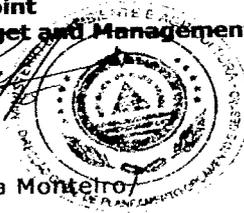
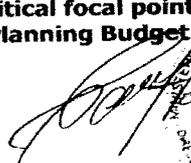
Accordingly, I am pleased to endorse the preparation of the above project proposal with the support of UNIDO. If approved, the proposal will be prepared and implemented by General Direction of industry and Energy.

I understand that the total GEF financing grant being requested for this project is **2,000,000 (two million US dollars)**, inclusive the project preparation grant (PPG), if any, and the Agency fee (10%) to UNIDO for project cycle management services associated with this project.

I consent to utilization of the following indicative allocations available to Cape Verde in GEF 4 under GEF Resource Allocation Framework to cover the GEF project preparation and implementations as well as the associated Agency fees this project.

Sincerely

Political focal point
General Director of Planning Budget and Management



/Carlos Alberto de Sousa Monteiro