



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: 02 April 2009

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹: 3923

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

COUNTRY (IES): Cape Verde

PROJECT TITLE: Promoting renewable energy and energy efficiency on the Brava Island

GEF AGENCY (IES): UNIDO

OTHER EXECUTING PARTNERS: Ministry of Industry and Energy, ELECTRA

GEF FOCAL AREAS: Climate Change

GEF-4 STRATEGIC PROGRAM (S): SP 3 Promoting market

approaches for renewable energy and SP 1 Promoting energy efficiency in residential and commercial buildings.

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	June 2009
CEO Endorsement/Approval	October 2010
GEF Agency Approval	December 2010
Implementation Start	January 2011
Mid-term Review	January 2013
Implementation Completion	December 2015

A. PROJECT FRAMEWORK

Project Objective: To create market conditions conducive to the development of renewable energy systems and promote the use of energy efficient appliances in the residential and commercial buildings sector on the Brava Island of Cape Verde.

Project Components	Type	Expected Outcomes	Expected Outputs	Indicative GEF Financing		Indicative Co-financing*		Total (M\$)
				(M\$)	%	(M\$)	%	
1. Demonstrating the use of renewable energy technologies and energy efficiency appliances in residential and commercial buildings.	TA	Feasibility and viability of renewable energy and energy efficiency appliances in residential and commercial buildings demonstrated. Capacity of installed renewable energy mini grids increased by at least 2 MW, and GHG emissions avoided ² .	1.1 Two demonstration projects, are implemented, independently evaluated and lessons learned widely disseminated to stakeholders 1.3 Investment strategy for scaling up or replicating pilot projects on other Islands of Cape Verde is produced.	0.7	47	0.8	53	1.5
2. Dedicated RE&EE fund and institutional mechanisms	TA/Investment	Increased and dedicated RE& EE funding Capacity of installed renewable energy mini grids increased by at least 2 MW, and GHG emissions avoided ³ .	2.1 Dedicated seed funding provided to promote new RE& EE projects. 2.2 Efficient institutional mechanism established to manage the fund. 2.3 Investment projects on renewable energy and energy efficiency in residential and commercial buildings are implemented.	0.84	42	1.15	58	1.99
3. Strengthening of legal and	TA	Legal and regulatory framework for grid-	3.1 Existing legal and regulatory framework reviewed and conducive	0.078	15	0.25	85	0.328

¹ Project ID number will be assigned initially by GEFSEC.

² GHG emission to be avoided by the project will be established at the PPG stage.

³ GHG emission to be avoided by the project will be established at the PPG stage.

regulatory frameworks and capacity building		connected renewable energy systems are strengthened. Market enablers and players' capacity increased.	legal and regulatory framework is proposed and presented to national authorities. 3.2 Capacity needs of market support institutions evaluated, training programmes for representatives of key institutions developed, and training conducted. 3.3 Key markets players including project developers, financial services providers, equipment manufacturers etc. are trained to effectively operationalize the market					
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. 6.2 Website dedicated to the project is established and project milestones, report etc are regularly posted on the website.	0.100 182	22	0.35	78	0.45018 2
Total project costs				1.718 182		2.550		4.31818 2

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 and cash	0.55
GEF Agency(UNIDO)	Grant	0.29
Multilateral Agency(ies)	Soft Loan	0.71
Private Sector	Hard Loan	1.10
Total Co-financing		2.650

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		2.550	2.550	
Total		4.318182	4.318182	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 426.988 inhabitants of which 55% live in urban areas according to recent census. The ten islands rely heavily on imported fuel for their electricity needs. The energy demand is exceeding the supply and the total dependence on imported petroleum products is exerting a heavy burden on the national budget in view of the high and volatile prices. Considerable investment has been made in electricity supply in the last few years, raising national coverage to around 63%. However, coverage in some islands remains relatively low.

Brava is one such island and has a total area of 67 square kilometers and a total population of about 7,000 inhabitants. Main economic activities on the island include agriculture, fishing, commerce and artisan industries, hospitality industry. Data from 2003 shows that petroleum products are the main source of energy on the island. Excluding the petroleum products used for international flights, 38% of the petroleum products are used for electricity generation, 32% for cars, 13% for household applications. In the residential sector, gas constitutes 60% of the energy used while biomass accounts 39%. For lighting purposes, 52% is accounted for by kerosene and 45% by electricity.

Electricity on the island is generated at one central point - The Favetal with three groups of generators with total installed capacity of 952kW and is operated by the national utility - Electra. In 2003, the generators consumed 589.719 liters of diesel and generated 1.968.420 kWhs, roughly about 0.3litres/kWh. The three groups of generators will be soon coming to the end of their operations lives. In fact, the first group, with a capacity of 296kW, will have to be decommissioned in 2009, the second group that has a capacity of 256kW will come to the end of its life in 2011. The third group of generators, with a capacity of 400kW will come to the end of its life in 2013. Therefore, within the coming 5years, the total electricity generation capacity on the island will have to be replaced. This presents an opportunity to introduce renewable energy systems in this process.

Estimates are that electricity demand on the island grows at over 18% and currently exceeds 2MW and some rural households on the island are currently unelectrified. Power supply on the island is highly unreliable with a lot of blackouts. Studies show that in 2003, there were over 30 black-outs that lasted over 434minutes. Water pumping system on the island is heavily reliant of electricity thereby making electricity central to life on the island. There is need to increase power supply to meet current demand and also extend current grid to non-electrified areas of the island. Where possible, renewable energy based mini grids should be considered for areas that are far away from the current grid. There have been concerted efforts by policy makers to develop renewable energy resources on the island but the results have been limited so far. There are efforts to try and develop a 150kW wind energy generator but faces a number of barriers that needs to be addresses by this project if renewable energy technologies are to be adopted on a wider scale.

The energy situation on the Brava Island is symptomatic of the energy situation on each of the island of Cape Verde. The country, as a whole, faces a serious energy deficit as the economy continues to grow but energy supply remains stagnant. Therefore, although the pilot projects of this project will focus on Brava Island, the overall focus of the project is to catalyse accelerated and broader uptake of renewable energy and energy efficiency appliances throughout the whole country.

Given the high and volatile oil prices, the current heavy dependence of the power generation system that run on petroleum oil is imposing a heavy burden on the national budget. With increasing energy demand on the island and the need to electrify currently unelectrified areas, there is recognition that the locally available renewable energy resources could to be developed to address these challenges.

The traditional response to the energy challenges faced by the island and the country in General entails the risks of oil-based power generation capacity that would have a global environmental impacts as well as budgetary implication at national level. The deployment of renewable energy and energy efficient appliances will continue to be very minimum due to the barriers that exists. This would lock the island into an electricity infrastructure based on fossil fuels. Therefore, market based development of power systems that are based of renewable energy resources that are available on the island, and in the country as a whole, and the adoption of energy efficient devices in the commercial and residential areas would usher a double dividend of global environmental benefits and local socio-economic development. More specifically, the benefits to be realised include increased access to modern energy services in currently non-electrified areas, increased energy security, avoided GHG emissions, and relief on the national budget.

The development of renewable energy resources and the promotion of the use of energy efficient appliances in residential and commercial buildings on the Brava Island and the whole county however face several barriers that include:

- Lack of appreciation of technical feasibility and commercial viability of grid-connected renewable energy systems and benefits of the use of energy efficient appliances. There is need to demonstrate the technical feasibility and economic viability of energy efficient devices so as to be able to attract greater private sector participation in the dissemination and adoption of these technologies.
- Low private sector investments in renewable energy and energy efficiency projects due to high capital costs of such project and perceived risks of such projects. Although Cape Verde has one of the highest electricity tariffs in the region, of about 0.3US\$, this has not catalysed investment in renewable energy and energy efficiency projects. On the other hand, the fragmented nature of the energy markets due to the geographical characteristics of the country i.e. each island would require specific interventions, has tended to discourage international private sector from investing in potential projects on Brava Island and the whole country.
- Lack of institutional support and capacity, and awareness raising. There is need to enhance the existing institutions and set up new institutional mechanisms that support renewable energy and energy efficiency projects. In particular, there is need to support private sector activities in the sector. Furthermore, there is need to increase awareness on the benefits of using renewable energy and energy efficient appliances.

- Lack of legal and regulatory framework. Experiences from past initiatives shows that despite the immediate need to facilitate market based approaches for promoting renewable energy technologies and energy efficient appliances, the existing legal and regulatory frameworks are weak. It is therefore important to put in place a legal and regulatory framework that will create a level playing field for renewable energy technologies and energy efficient appliances and provide clear guidance to activities in this sector.

THE PROJECT: The project provides a systematic approach to address barriers to the development of renewable energy based systems, either grid connected or stand alone, and the promotion of the use of energy efficient appliances in residential and commercial buildings so as to increase access to energy and enhance energy security for the Brava Island.

To address the lack of appreciation of the technical feasibility and commercial viability of renewable energy and energy efficiency project, 2 pilot projects will be implemented. The first will be on another renewable energy resource, which is not wind energy, while the second one will be on introducing energy efficient appliances in the residential and commercial sector of the island.

Lessons learnt will be disseminated widely, through both print and electronic media, and both on Brava Island and in the rest of the country (to maximize the potential for replication on other islands). In addition, an investment strategy to scale up the use of renewable energy systems and the use of energy efficient appliances in the residential and commercial sector on other islands of Cape Verde will be produced. By raising awareness of the potential benefits of using renewable energy systems and energy efficient appliances, the project will increase confidence in these technologies and the benefits of using them.

The project will set up a seed fund to be used to encourage private sector investments in viable renewable energy and energy efficiency. In addition, the project will strengthen existing institutional framework to enable it to manage this proposed fund. It is envisaged that such funding will mitigate the high upfront costs and investment risks thereby catalyzing private sector interest in investing in renewable energy and energy efficiency projects on Brava Island and throughout the whole country.

To address the weaknesses in the existing legal and regulatory frameworks, the project will review the existing legal and regulatory framework and propose improvements that will create a level playing field for the use of grid-connected renewable energy systems and stand alone systems. In particular, guidelines will be produced for Independent Power Producers and standard Power Purchase Agreements. In addition, the project will also strengthen institutions that support market based deployment of grid-connected renewable energy systems and energy efficient appliances through tailor-made training programmes and other capacity building activities.

The interventions proposed in the project will have a national focus, although the pilot project will focus on Brava Island. In particular, the increased energy self-sufficiency on Brava island that would be achieved by the pilot projects could be replicated on other islands since this is recognized as a national development priority as capture in the National Energy Policy. Therefore, GEF resources will play a catalyze investment in renewable energy and energy efficient projects in the whole of Cape Verde. Such a systematic approach will provide useful lessons to other small island developing countries (SIDS) that face similar energy challenges.

GLOBAL ENVIRONMENTAL BENEFITS

By promoting the use of renewable energy and energy efficiency, the project will contribute to an avoidance of GHG emissions by the reduced consumption of fossil fuels. In the case of the pilot projects that will be implemented by this project on Brava Island, GHG emission will be attained from both the reduced consumption of fossil fuel from the renewable energy capacity and the avoided consumption of the fossil fuel due to energy efficiency measures⁴.

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

The Government of Cape Verde has accorded special priority and thrust on renewable energy utilization and energy efficiency through various policies and institutional measures 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, efficient utilization of energy and sustainable use of biomass resources.

National Energy Policy: In view of the country's heavy dependence of 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 the case of Brava Island, the government is keen to increase energy self-sufficiency of all the smaller islands.

⁴ Detailed estimation of the GHG emissions reductions to be realized from this project will be estimated at the PPG stage i.e. once the detailed design of the pilot projects is determined.

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 mini grids 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 across the Brava Island thus contributing to the GEF Climate Change focal area and Strategic Program SP 3 - Promoting market approaches for renewable energy. The project will also seek to promote energy efficiency in residential and commercial buildings in line with GEF SP 1 - Promoting energy efficiency in residential and commercial buildings. The expected direct impacts of the project are increased share of renewable energy in the electricity generation mix and improved efficiency of energy use in residential and commercial buildings on the island. 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: 2 demonstration projects; setting up a seed fund; strengthening support institutions, and legal and regulatory frameworks, capacity building, awareness raising; independent evaluation of the project; and the setting up project management and coordination office. The seed fund is critical to leverage broad and accelerated private sector interest on renewable energy and energy efficiency projects since this is the main bottleneck to the take of this sector. In particular, the seed fund will be used to mitigate investment risks associated with these renewable energy and energy efficiency project in a fragmented market, i.e. island specific nature of interventions. The fund will enable potential investors to view potential investment project from an integrated perspective.

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:

- The proposed 150kW wind energy generator on the island by a private company.
- 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.
- **ECOWAS Regional Centre for Renewable Energy and Energy Efficiency.** To support the region to achieve the energy access targets stipulated in the White Paper, a regional centre will be established and will be located in Cape Verde. The overall aim of the regional centre is to develop and implement 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.

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

1. Without the GEF project, the “business as usual” scenario will, on the supply side, involve expanding capacity of fossil fuel based electricity generation to meet increasing demand and electrify the currently non-electrified areas resulting in increased GHG emissions. Although some renewable energy investments are foreseen, they will not be at scales that will have an overall dent on the energy challenges in the country. On the demand side, the “business as usual” scenario would involve continued dependence on electrical devices in the household and commercial buildings that are not efficient. 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 promoting exploiting the available renewable energy resources and energy use efficiency so as to increase energy self-sufficiency of the island will not be realized.

2. GEB benefits to be realized by the project include avoided GHG emissions from (i) the burning of fossil fuels by the use of grid connected renewable energy systems; and (ii) avoided consumption of fossil fuel generated electricity by the use of energy efficient appliances in the residential and commercial buildings. These GEB will be achieved through activities under the GEF SP 3 Promoting market approaches for renewable energy and SP 1 Promoting energy efficiency in residential and commercial buildings

3. GEF funding is sought to generate incremental global environmental benefits from the development of grid-connected renewable energy systems and the use of energy efficiency appliances in residential and commercial buildings on the Brava Island 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 grid-connected renewable energy systems and energy efficiency appliances in residential and commercial buildings through: (i) piloting the use of grid-connected renewable energy systems and energy efficiency appliances in residential and commercial buildings; (ii) conducting a detailed renewable energy resource mapping and profiling of energy appliances in use on the island; (iii) strengthening existing institutional framework, legal and regulatory frameworks, capacity

building and awareness raising activities ; and (iv) the independent evaluation of the project to decipher lessons that can be applied to other projects that seek to promote grid-connected renewable energy systems and energy efficient appliances under such circumstances.

4. The overall goal of the project is to develop a market environment for the promoting investments in grid-connected renewable energy systems and energy efficiency appliances in residential and commercial buildings on the Brava island of Cape Verde in line with national energy policy objectives of making the island self sufficient in energy. Main outcomes envisaged are: (i) market environment developed for the development of renewable energy and use of energy efficiency appliances; (ii) Detailed assessment of renewable energy resources and energy appliances on the island. (iii) Institutional and legal and regulatory framework for promoting investments in renewable energy and energy efficiency appliances strengthened, capacity of key market players increased and awareness of the benefits of renewable energy and energy efficiency appliances raised; (iv) Independent evaluation of project and dissemination of lessons learnt and support project management and coordination.

5. Cofinancing is expected from multilateral agencies and private sector. Once the market barriers are removed, local, regional and international private sector are expected to take advantage of conducive legal and regulatory and institutional frameworks and business opportunities created by the project to scale up invest in grid-connected renewable energy systems and the use of energy efficient appliances. 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 and energy efficiency appliances.

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	The grid-connected renewable energy systems are not technically viable for electricity generation and the selected energy efficient devices in residential and commercial buildings fail to perform.	Only use mature and proven renewable energy technologies and energy efficient devices that have a track record from other projects in the past.	Low
Market risks	Increased investments on renewable energy and energy efficient appliances do not provide higher returns. Market potential for renewable energy systems and energy efficiency devices is limited	Mobilize part of the investments from development partners who can provide concessionary terms of repayment. The PPG stage 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 company.	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

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 on the island; (ii) Based on information obtained/produce a GHG inventory of the island; (iii) From the GHG inventory and the potential renewable energy resources and assessment of energy appliances on the island, estimate the feasible GHG emissions reduction that the projects could achieve; and (iv) From the costs of the different projects and the avoided emissions for these interventions, calculate the cost effectiveness of the proposed projects and also compare it to potential alternatives that may not be as cost effective.

I. THE COMPARATIVE ADVANTAGE OF UNIDO:

The project fits squarely into the GEF Strategic Program 3 Promoting market approaches for renewable energy and SP 1 promoting energy efficiency in residential and commercial buildings. 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

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 on the island; (ii) Based on information obtained/produce a GHG inventory of the island; (iii) From the GHG inventory and the potential renewable energy resources and assessment of energy appliances on the island, estimate the feasible GHG emissions reduction that the projects could achieve; and (iv) From the costs of the different projects and the avoided emissions for these interventions, calculate the cost effectiveness of the proposed projects and also compare it to potential alternatives that may not be as cost effective.

I. THE COMPARATIVE ADVANTAGE OF UNIDO:

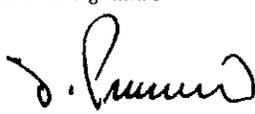
The project fits squarely into the GEF Strategic Program 3 Promoting market approaches for renewable energy and SP 1 promoting energy efficiency in residential and commercial buildings. According to GEF Council document GEF/C.31/rev.1 gives UNIDO comparative advantage for this Strategic Program under 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:

<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.	Date: 29 October 2008.
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B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.	
<i>Name & Signature</i>  Mr. Dmitri Piskounov GEF Focal Point	<i>Project Contact Person</i> Mr. Alois P. Mhlanga Industrial Development Officer Renewable and Rural Energy Unit Energy and Climate Change Branch PTC Division. UNIDO
Date: March 04, 2009	Tel. and Email: :+43126026 5169; a.mhlanga@unido.org



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

Copy :

29 October 2008

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

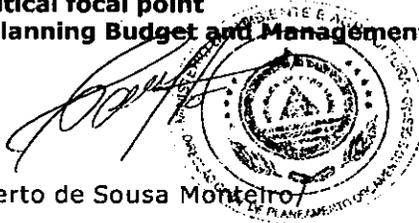
I understand that the total GEF financing grant being requested for this project is **2,000,000 (two million US dollars)**, inclusive the project preparation grant (PPG), if any, and the Agency fee (10%) to UNIDO for project cycle management services associated with this project.

C.P 115 – Praia – Cabo Verde – Tel: 615716 Fax : 611301

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