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TEL: 212 906 6998

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United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY (GEF)



To: Mr. Ian Johnson
Assistant CEO
GEF

Date: 19 April 1996

Mr. Ken Newcombe
Chief, Global Environment Div.
World Bank

Mr. Ahmed Djoghla
Executive Coordinator
UNEP/GEF Coordinating Office

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

Pages: (5 including this sheet)

From: Emma Torres
Deputy Executive Coordinator

Subject: PDF BLOCK A Request - China - Capacity Building and Baseline
Activities in Renewable Energy

Please find attached for your review a PDF Block A request from the China National Environment Protection Agency for your review.

We would appreciate receiving your comments no later than c.o.b. on Friday 26 April. Thank you.

Street Address: 304 East 45th Street, 10th Floor
Mail Address: 1 One United Nations Plaza, Room FF 1094, New York, N.Y. 10017
Telephone: (212) 906 5044
Fax: (212) 906 6998

PROPOSAL FOR PDF BLOCK A GRANTS

PART I: Eligibility

1.

- a) Project Title: China - Capacity Building and Baseline Activities in Renewable Energy
- b) Identification No.:
- c) Implementing Agency: UNDP
- d) IA Focal Point: Nileema Noble
- e) Principal Focal area: Climate Change
- g) Scope: National
- h) Country: China
- i) Country Endorsement: Yes Date: 28 March 1996
- j) National Focal Point: National Environmental Protection Agency and State Economic and Trade Commission

2. Country Eligibility

- a) Convention: The Government of China has ratified the Framework Convention on Climate Change (FCCC)

Date of Ratification: January 5, 1993.

3. Programme Eligibility

4. Policy Framework

a) Country Priority

(i) National strategy/action plan

China completed the report on Issues and options in Greenhouse Gas Emissions Control in December 1994 supported by GEF and formulated China Environmental Action Plan. In 1995 the State Council approved a national strategy for Medium Term Development of Renewable Energy.

(ii) Link to sustainable development planning

Following the United Nations Conference on Environment and Development in 1992, China affirmed its commitment to development of renewable energy in "Ten Policies for Sustainable Development", and China's Agenda 21 White Paper on China's Population, Environment and Development in the 21st Century which was approved March 25, 1994.

b) Other links

5. Nature and scope of expected project: Technical assistance and capacity building.

6. Linkage of Expected Project to IA programme:

The project will be part of UNDP's Fourth Country Programme (CP4) which runs from 1996-2000. CP4 includes an energy sector programme of 8-10 projects and one of the four areas will be renewable energy. The GEF programme will thus be coordinated with the UNDP programme. The GEF renewable energy project will also lay the basis for the World Bank Investment project to be funded through GEF and World Bank lending.

7. IA Contact Person: Nileema Noble**PART II: Information on grant activities****1. Summary description of the Proposed Project or Programme****a) Objectives:**

The main objective of the project is to increase the competitiveness of renewable energy applications in China through capacity building and institutional strengthening activities and demonstrations projects. The UNDP project will prepare the institutional and technical capacity framework to support the World Bank sector strategy in renewable energy development funded through GEF/IBRD. On the global level the project will reduce associated CO₂ emissions by introducing and commercialising alternative energy options.

b) Activities:

- * support establishment of a renewable energy centre;
- * to develop human resources, including training programme design, seminars and workshops as well as international exchange;
- * to undertake renewable energy policy studies and develop a framework policy proposal document;
- * to strengthen the human and institutional capacity on resource assessment;
- * to produce standard specifications and codes of practice for renewable energy technology management;
- * to develop certification procedures and establish some certification centres for renewable energy;
- * to build pilot demonstrations on solar PV, passive solar architecture, biogas digesters, and make preparations for wind farm development

**2. GEF Thematic Area:
Climate Change****3. Expected Global Benefit(s):**

The GEF funding would provide "seed money" so as to increase the medium-term competitiveness of renewable energy technologies in China in order to substitute for fossil fuels. The project is expected to reduce CO₂ in the order of 30-40 million tonnes. Moreover, the strategy development and capacity building elements will contribute to significant although indirect additional CO₂ reductions. This project will be instrumental in assisting China to diversify its current carbon based energy technology path.

4. Activities to be financed by the PDF Block A grant:

1. Fund the mission of 3 international consultants from GEF UNDP and NREL in order to reformulate the existing proposal together with the Chinese working group. The UNDP consultant will work mainly on the finalisation of the framework and scheme of the project proposal according to the GEF requirements and practices. From NREL, one consultant will review and revise the proposal with regard to renewable energy technology; and one consultant will focus on resource assessment and economic evaluation.

2. Hold a workshop of 2 to 3 days with the international consultants, Chinese experts, and UNDP Beijing.

5. Expected Outputs and Completion Date(s):

The project document is to be completed by June 1, 1996. The output is a full scale project document for Phase I of the renewable energy development programme. The main outputs of the final document are the establishment of a renewable energy development centre; the strengthening of institutional and personnel capacity; the development of overall policy framework; the carrying out of pilot demonstrations to lay a foundation for the World Bank investment project.

The duration of the project is three years after approval.

6. Other possible contributors/donors and amounts:

The Government of China will contribute with appr. US\$ 14.88 million, including both cash and in kind. Bilateral contributions will be explored as part of the formulation exercise. The Government of Norway has already committed \$ 100,000 towards the initial project identification. NREL is contributing in kind assistance to support this formulation exercise as well.

7. Total Budget and Information on how costs will be met (including the Block A grant):

Budget Line	Mission Cost Activity	US\$ (Thousands)
11.00	Consultants	5,000
16.00	Mission costs of three experts	18,000
73.00	UNOPS Support Costs (8%)	1,840
	TOTAL	24,840

PART III: Background on the Applicant Institution

1. Applicants: The National Environment Protection Agency
The State Economic and Trade Commission

9. Contact Persons

Name: Luo Gaolai
Address: Foreign Economic Cooperation Office
The National Environmental Protection Agency
115 Nanxiaojie, Xizhimennei, Beijing 100035, China
Tel: 8610-66151932 **Fax:** 8610- 66151776

and

Name: Liu Hongpeng
Address: Energy Conservation and Resource Utilization Department
the State Economic and Trade Commission
26 Xuanwumenxidajie, Beijing 100053, China
Tel: 8610-63045521 **Fax:** 8610-63045961

国家环境保护局

CHINA NATIONAL ENVIRONMENTAL PROTECTION AGENCY

115 Nanxiaojie, Xizhimennei, Beijing 100035, The People's Republic of China

March 28, 1996

To: Dr. William L. Wallace
National Renewable Energy Laboratory
U.S.A.

Mr. Richard Hosier
Climate Change Expert
GEF UNDP

Ms. Susan McDade
Assistant Resident Representative
UNDP-Beijing

From: Mr. Luo Gaolai
Division Chief, Foreign Economic Cooperation Office
National Environment Protection Agency (NEPA)

RE: Consultation for China: GEF TA Project Proposal
on Renewable Energy Development

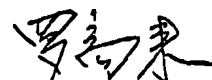
Please find attached the draft proposal of "China - Capacity Building and Base-line Activities in Renewable Energy", which was just revised by the Chinese team.

We would like to invite you to visit Beijing between 6-10 May as international consultants, and work together with the Chinese team to discuss and finalize the proposal. If a visa authorization is needed for you, we will arrange it given that your passport information on nationality, time of birth, passport No., issue date and agency as well as date of expiry is available.

I am looking forward to hearing from you.

With my best regards.

Sincerely yours,



Gaolai Luo

Chief

Project Manage Division II
FECO, NEPA