



PROJECT PREPARATION GRANT (PPG)

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

Submission date: January 16, 2013

GEF PROJECT ID: 5064

GEF AGENCY PROJECT ID: 4998

COUNTRY(IES): Egypt

PROJECT TITLE: Grid-Connected Small-Scale Photovoltaic Systems

GEF AGENCY(IES): UNDP

GEF FOCAL AREA(s): Climate Change

A. PROJECT PREPARATION TIMEFRAME

Start date of PPG	05/01/2013
Completion date of PPG	04/30/2014

B. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)

Describe the PPG activities and justifications:

The proposed project aims to address impediments to the dissemination of PV power and create conditions for the autonomous long-term development of PV in the Egyptian market. Specifically, the proposed project intends to achieve these aims through the following: supporting the establishment of a regulatory framework that allows the installation of PV systems; coordinating with the national electricity regulator and the power distribution companies to allow the connection of PV systems to the grid and the sale of power from these systems to the grid; establishing a purchase price (tariff) for PV power that encourages private investors to invest in renewable energy systems; and establishing a technical knowledge base and supply chain that help to reduce the cost of PV.

As part of the activities to finalise the required documentation for final CEO endorsement, the PPG activities will focus on each of the project components, as well as on important inter-linkages between the different components. The regulatory environment in Egypt has been changing rapidly, a trend that is expected to continue (and even accelerate) with the recent arrival of a new government. Care will be taken to 'future proof' the project design - that is, to ensure that it is consistent with (and, indeed, contributes to strengthening) the anticipated regulatory framework of the future.

Specific project preparation activities will focus on: conducting a more detailed assessment of the market (retail, production, O&M), cost and revenue profiles and GHG reduction potential of small decentralized PV systems in Egypt; mapping and coordinating stakeholders, and mobilising particular sectoral constituencies (e.g. in the financial community); feasibility assessments of potential sites for roll-out of PV units; and laying the groundwork for sustainable financing mechanisms for PV uptake.

Eleven months is considered to be an appropriate project preparation period given Egypt's current circumstances. Egyptians will be voting for a new parliament and a new constitution in late 2012/early 2013, which will inevitably lead to a slow-down in Government and, indeed, among donors and the private sector as donors and firms adopt a 'wait and see' attitude before agreeing to participate in initiatives such as the GEF project. Civil disturbance is not anticipated on a large scale but cannot be wholly discounted; such disturbance would further impact Government performance and distract policy-makers. It is in UNDP's and the Government's interest if project preparation can be compressed and all efforts will be made to do so.

Nonetheless, given the unique Egyptian context, the 11-month PPG timeline is appropriate, presented on the understanding that we will endeavour to deliver the CEO Endorsement Request more quickly if circumstances allow.

List of Proposed Project Preparation Activities	Output of the PPG Activities	Trust Fund	Grant Amount (a)	Co-financing (b)	Total c = a + b
Conduct of Logical Framework Analysis (LFA) workshop and stakeholder consultations, including conclusion of discussions on project implementation and management arrangements	Project Planning Matrix (defined project goal, objective, outcomes, outputs and activities, including success indicators, as well as delineation of responsibilities among the stakeholders); concluded project implementation arrangements	GEF TF	10,000	13,000	23,000
Stakeholder and project mapping exercise, and detailed design of the project activities associated with each project Component: i.e. Component 1 (Construction, installation and grid-connection of PV systems), Outputs 1.1-1.2; Component 2 (Policy, institutional and regulatory framework), Outputs 2.1-2.8; Component 3 (Strengthening the PV technology supply and maintenance chain), Outputs 3.1-3.5; and Component 4 (Create a financing framework to support the development of PV systems (and renewable systems in general), Outputs 4.1-4.4.	The key project stakeholders will be identified and their roles in the project will be defined through a multi-stakeholder process. This process will also allow the identification of any ongoing projects and projects under formulation that can have synergies with the proposed project. This process will allow: (i) the stakeholder/institutional needs (including particular sector-specific needs) to be better assessed; and (ii) better identification of co-financing for the proposed project. This activity will also avoid duplication of activities and hence increase the efficiency and cost-effectiveness of the proposed project	GEF TF	15,000	20,000	35,000

Detailed collation and analysis of existing and planned legal and regulatory frameworks to support grid-connected renewable energy (notably GOO, FiT, Grid Code, PPAs) to ensure full integration and coordination with the GEF project	Detailed mapping and understanding of the fast-evolving regulatory environment, so as to ensure 'future proofing' of the GEF project and its harmonious integration into, and support for, the future national regulatory framework	GEF TF	31,000	30,000	61,000
Conducting a more detailed market analysis for small decentralised PV systems, including feasibility assessments of potential sites for PV unit installations	Detailed market assessment of retail, production and O&M capacities and bottlenecks, economics, GHG reduction analysis, and site roll-out plan for PV unit installations	GEF TF	24,000	25,000	49,000
Finalising the UNDP Project Document and CEO Endorsment Request with related additional analysis and information gathering	Finalized UNDP Project Document and CEO Endorsment Request	GEF TF		12,000	12,000
Total Project Preparation Financing			80,000	100,000	180,000

C. FINANCING PLAN SUMMARY FOR PROJECT PREPARATION GRANT: (\$)

	Project Preparation	Agency Fee
Grant Amount	80,000	7,600
Co-financing	100,000	
Total	180,000	7,600

D. PPG AMOUNT REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)¹: N.A.

¹ No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

E. PPG BUDGET


Cost Items	Total Estimated Person Weeks for Grant (PW)	Grant Amount (\$)	Co-financing (\$)	Total(\$)
Local consultants *	15.00	37,500	35,000	72,500
International consultants*	9.00	36,000	15,000	51,000
Travel		3,000	10,000	13,000
Miscellaneous (e.g. workshop organisation,		3,500	15,000	18,500

office facilities)				
Baseline market analysis, including site search and feasibility assessments for potential PV unit installations			25,000	25,000
Total PPG Budget		80,000	100,000	180,000

* Annex A for Consultant cost details should be prepared first before completing this table. See notes on Annex A for the required detailed information. This table is the sum of all local and international consultants presented in Annex A.

F. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF LDCF/SCCF Trust Fund criteria for project identification and preparation.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Adriana Dinu UNDP/ GEF Officer-in-Charge		January 16, 2013	Robert Kelly Regional Technical Advisor Climate Change Mitigation	+263 4884 580	robert.kelly@undp.org

Annex A

Consultants Financed by the Project Preparation Grant (PPG)

Type of Consultant	Position / Titles	\$/ Person Week¹	Estimated PWs²	Tasks to be Performed
Local	Solar Energy Market Analysis Expert	2500	15.00	Detailed market assessment of retail, production and O&M capacities and bottlenecks; economic analysis; GHG reduction analysis of PV applications in Egypt; and site survey and feasibility assessments for potential PV unit installations to serve the finalisation of the required project documentation.
International	GEF project formulation expert	4000	9.00	Updated and detailed baseline analysis, project log-frame (including facilitation of the log-frame workshop), risk and GHG reduction analysis, detailed project budget, implementation and financing arrangements, terms of reference of the key project experts and analysis and other key requirements.

¹Provide dollar amount per person week

²Provide person weeks needed to carry out the task