

FACSIMILE TRANSMISSION



United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY (GEF)



To: Mr. Kenneth King
Assistant Chief Executive Officer
GEF Secretariat

Date: 15 April 1998

Mr. Lars Vidaeus, Chief
Global Environment Div.
World Bank

Mr. Ahmed Djoghla
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UNEP, Nairobi, Kenya

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Pages: (32 including this sheet)

From: 
Rafael Asenjo
Executive Coordinator

Subject: **PDF Block A Funding - Guatemala: Renewable Energies Promoting Small Enterprise Development in Former Areas of Conflict; Russia: Integrated Conservation of Wetland Biodiversity in Lower Volga; Philippines: Conservation of the Tubbataha Reef National Marine Park**

Please find attached for your review three PDF Block "A" requests for funding entitled:

- **Guatemala: Renewable Energies Promoting Small Enterprise Development in Former Areas of Conflict;**
- **Russia: Integrated Conservation of Wetland Biodiversity in Lower Volga;**
- **Philippines: Conservation of the Tubbataha Reef National Marine Park;**
- **Kazakhstan: Removing Barriers to Increased Energy Efficiency of Hot Water and Heat Supply and Use in Kazakhstan**

We would appreciate receiving your comments no later than c.o.b. on Wednesday 22 April 1998.

Thank you.

Block A PDF: Renewable energies promoting small enterprise development in former areas of conflict.

Fundacion Solar-Guatemala

BLOCK A PDF - GUATEMALA

1. Project name: "Renewable energies promoting small enterprise development in former areas of conflict".	2. GEF Implementing Agency: United Nations Development Programme (UNDP).
3. Country or countries in which the project will be implemented: Guatemala.	4. Country eligibility: Guatemala ratified the UNFCCC on 15 December 1995.
5. GEF focal area: Climate Change.	6. Operational programme # 6: Promoting the adoption of renewable energy by removing barriers and reducing implementation costs.
7. Project linkage to national priorities, action plans, and programmes: In complement to the recently signed peace accords and the preparation of the first communication to the UNFCCC, energy-related NGOs and the Government of Guatemala are seeking strategies to increase rural electrification of marginalized communities and reduce CO ₂ emissions through the adoption of renewable energies in former areas of conflict (ZONAPAZ). This project will help benefit the local and global environments through a reduction in CO ₂ emissions and use of non-renewable energy sources, and will promote local empowerment and self-sufficiency through small enterprise development.	
8. GEF national operational focal point and date of country endorsement: National Commission for Environment (CONAMA) - 5 January 1998.	
9. Project rationale and objectives: The objective of this project is to put in place the necessary conditions and to prepare the outlines of a medium-size project (project brief) that will create and/or strengthen the required renewable energy-based inputs for small enterprise development, including the small enterprise development necessary to deliver renewable energy-based services for industrial, communal and domestic purposes in the Quiche region.	
<p>These activities will be complementary and parallel to activities of an EU/Government of Guatemala (GoG)-funded programme (~US\$ 28 million) entitled "Rural Development Programme in the Quiche region", which will be operational from 1998 through 2002. Renewable energy hardware components related to post-harvest agro-processing and (social) infrastructure will be provided under this programme. The UNDP/GEF medium-size project will provide technical assistance to increase the sustainability of this effort, especially related to small enterprise development, increasing economic self-sufficiency and raising the quality of local life.</p>	
<p>The renewable energy sources initially considered are solar energy (solar thermal and photovoltaic technologies) and small hydro (hydro generators and milling/grinding technologies) due to their local resource availability and their potential to successfully satisfy existing needs.</p>	
<p>The following benefits from such initiative are expected:</p>	
<p><u>Economic:</u> the availability of a reliable and affordable energy service for post-harvest agro-processing creates the potential to add value to agricultural products in the region itself, thereby contributing to an increase in income and local employment.</p>	
<p><u>Social:</u> access to basic industrial, communal and domestic energy services will be increased for the population residing in the Quiche region, thereby raising the local quality of life.</p>	
<p><u>Environmental:</u> replace fossil fuels through the use of solar and hydro energy sources for small-scale electricity generation and the substitution of woody biomass with solar energy for water heating and drying of agricultural produce, reduces CO₂ emissions and decreases local environmental degradation.</p>	

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10. Expected outcomes: Two main outputs will be the preparation of the medium-size project brief and the necessary conditions put in place for a successful medium-size project. The latter entails the following items:

- Small enterprise beneficiaries identified and consulted;
- Other stakeholders, including representatives of local communities in the Quiche region, have been identified and consulted;
- Financial, institutional, technical, social and information barriers to the use of solar and hydro energy technologies identified in the Quiche region;
- Activities for removal of these barriers identified and prioritised in consultation with identified beneficiaries and stakeholders;
- A preliminary indication of the annual/seasonal solar and hydro energy resource availability;
- A preliminary indication of the market size for solar and hydro energy services in the Quiche region, thereby incorporating the ability and anticipated willingness to pay the full price for the energy service provided;
- Six to ten pre-investment studies for the development of solar and hydro energy technologies supporting the objectives mentioned above;
- The indication of required activities for strengthening national capacity to design, implement, monitor and evaluate renewable energy projects, including a plan for implementing these activities;
- Endorsement letters from CONAMA and the EU/GoG-programme directors indicating agreement on, and full support for, the implementation of the medium-size activities as indicated in the project brief, including the budgetary consequences; and
- Co-funding sources for renewable energy hardware identified and discussions initiated for their participation in the combined EU/GoG/UNDP-GEF activities.

Total duration of PDF A activities will be four months after signing the corresponding service agreements. Duration of the medium-size project is estimated to be 2 years.

11. Planned activities to achieve outcomes: To achieve the above indicated expected outcomes, Fundacion Solar will carry out the following activities:

- Identify representatives from industrial, communal and domestic end-user groups, private sector and financial intermediaries that are currently and/or can potentially be involved in the development of solar and hydro energy projects in the Quiche region;
- Explain and discuss the proposed contents of the medium-size project and adapt the approach to local specific circumstances in close consultation with these representatives;
- Identify the main barriers to the use of solar and hydro energy and discuss/review these at a workshop with identified beneficiaries and local actors, after which activities for removal of these barriers are identified and prioritised;
- Undertake a preliminary solar and hydro energy resource assessment;
- Undertake a preliminary market survey to determine the size of the market constituting of end-users with the ability and willingness to pay the full prize for the energy service provided;
- Undertake 6 to 10 participatory, community-based pre-investment studies for the development of solar and hydro technologies and a framework/plan for implementation. The latter will include an institutional assessment and a review of the possibilities to operate in the 'utility-mode', for the provision of (renewable) energy services;
- Identify and pre-select national/regional consultants to be employed during the execution phase of the medium-size project;
- Identify co-funding sources for renewable energy hardware and establish working relationships with the operational units within the financial intermediaries;

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- Work out a detailed budget for the medium-size project, indicating GEF assistance, co-funding sources and in kind contributions from the identified stakeholders; and
- Prepare and submit a project brief for a UNDP/GEF assistance for a medium-size project

12.Stakeholders involved in the project: The following stakeholders will be contacted and invited to participate in the project:

- Representatives of the industrial, communal and domestic end-user groups; e.g. NGO's, Community Based Organisations, Farmers Associations, others;
- Representatives of the private sector; e.g. Chambers of Commerce, Industry Associations for Renewable Energy, Individual suppliers of Renewable Energy Technologies, others;
- Representatives of financial intermediaries; e.g. International, Regional and Local Development Banks, National Banks, NGO's (micro credit schemes); and
- Government Agencies (Energy [including the utility - INDE], Environment [CONAMA], Rural Development, Forestry, Agriculture), academia, the EU/GoG-funded programme and other Bi- and Multilateral Agencies.

13.Total budget and information on how costs will be met: For the PDF A activities funding, other than in kind contribution in terms of staff time, local communications and office space provided by the EU/GoG-funded programme are not foreseen. It is estimated that these in kind contributions will be \$1,500. A breakdown of the costs is presented below. The total estimated budget for the GEF Medium Size Grant is in the range of US\$ 500,000 – 750,000 and will be detailed as part of PDF A activities. The total estimated EU/GoG contribution will be an amount of \$450,000 per year, which for the total medium-size project period adds up to \$900,000.

Budget item	GEF	EU/GoG	Total
Consultants	19,500	1,000	20,500
Travel	3,500		3,500
Communications	750	400	1,150
Office space		100	100
Miscellaneous	500		500
Subtotal	24,250	1,500	25,750
Project Support Services (3%)	750		
TOTAL	25,000	1,500	26,500

14.Name: Fundacion Solar, 15 Avenida 18-78 Zona 13, 01013, Guatemala, Central America
Tel: (502) 360-1172, Fax: (502) 332-2548, e.mail: funsolar@guate.net
Contact Person: Sr. Ivan Azurdia-Bravo

15.Date of establishment, membership, and leadership: 6 October 1993, 22 members, Sra. Maritza Canek, Executive Secretary.

16.Mandate/terms of reference: Fundacion Solar is a non-profit organisation dedicated to helping communities improve their quality of life through the use of renewable energy sources, by fostering human and economic growth whilst minimising the negative impacts on the local and global environments.

17. Sources of revenue: Several cooperation agreements: Winrock International, CECI, HIVOS, Plan International, Sandia National Labs., ORNL, USAID, World Bank, UNHCR and others. Current annual project budget is US\$ 727,000 (for the year 1997).

18.Recent activities/programmes, in particular those relevant to the GEF: JI-Project Development in Guatemala; Support to local training and workshops on desertification (UNSO) and renewable energy.

*Block A PDF: Renewable energies promoting small enterprise development
in former areas of conflict.*

Fundacion Solar-Guatemala

19. Project identification number:

20. Implementing Agency contact person:

Hilda Paparoni, UNDP/GEF Regional Coordinator for Latin America and the Caribbean.

21. Project linkage to Implementing Agency programme(s): *National inventory on Greenhouse Gas and risk assessments of sectors vulnerable to climate change and the Small Grants Programme (PPS), especially related to the operational areas i) emissions control and ii) reforestation (carbon sequestration).*

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COMISION NACIONAL DEL MEDIO AMBIENTE

PRESIDENCIA DE LA REPUBLICA

GUATEMALA

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REFERENCIA

130-02
01-98/JFAP/av.

Guatemala, 5 de enero de 1998

Señor
Lars Franklin
Representante Residente
PNUD Guatemala

Estimado Señor Franklin:

Por este medio reciba un cordial saludo y la solicitud oficial de apoyar a un proyecto del GEF con participación de la Fundación Solar y el Proyecto Quiché.

Dicho proyecto servirá para preparar una intervención de mayor alcance en la ecoregión de Quiché.

El propósito del proyecto es desarrollar proyectos de energía renovable y eficiencia energética integrados a las actividades de creación de empleos y manejo de recursos naturales renovables.

CONAMA como punto focal del GEF, solicita su apoyo para efectuar dicho proyecto en su etapa inicial y luego en su etapa de ejecución a largo plazo.

Muchas gracias por su atención.

Atentamente,

Juan Francisco Asturias E.
Coordinador Nacional



1-It Fax Note	7671	Date	4/2/98
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