



12 January 2005

Dear Mr. Good,

Subject: Identifying and Overcoming Barriers to Widespread Adoption of Renewable Energy-Based Rural Electrification in Lesotho – PIMS 1858

During the bilateral discussion between the GEF Secretariat and UNDP on the above proposal, which was submitted and accepted to the Work Program in May 2004, it was agreed that UNDP should apply for a supplemental PDF B of USD 100,000. The original PDF B budget of USD 220,000 was not sufficient to finalize the financing component. The supplemental PDF B funds are considered necessary to complete the design and establishment of the financing schemes. CEO endorsement would be subject to the successful completion of the design and the establishment of viable financing mechanisms.

At the bilateral, it was also agreed that this project fits best under Strategic Priority CC-2 because it will focus on increasing access to local sources of financing for renewable energy. The financing mechanisms for end-users, dealers and financing institutions will be developed prior to CEO endorsement, building upon locally established mechanisms such as dealer credit schemes and experiences with micro-finance institutions. The implementation of these financing mechanisms will be a central part of the project with substantial budgetary allocations.

The supplemental PDF B funds will be used to achieve two outputs and related activities. In the original project brief, these outputs and activities were included in the implementation phase of the full size project (FSP) but will now be taken out of the FSP and added on to the PDF B phase. Outputs and activities for the supplemental PDF B phase including specific TOR are available in a new annex to the original PDF B document (attached). I am writing to request your approval of \$100,000 in supplemental funds for this PDF B project, as previously agreed and recommended by the GEF Climate Change team.

Yours sincerely,


Yannick Glemarec
Deputy Executive Coordinator and
Officer-in-Charge

Mr. Len Good
Chief Executive Officer
Global Environment Facility
1776 G Street
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c.c. Mr. Martin Krause, Regional Coordinator for Southern and Eastern Africa