



4 September 2003

Dear Rohit,

Subject: **PHI/01/G33: Capacity Building to Remove Barriers on Renewable Energy Development**

I refer to your email of today's date regarding the World Bank's request for CEO endorsement of an additional US\$1 million of the guarantee fund to UNDP for the Philippines Renewable Energy Development project. We have made substantive revisions to budget and cover page of the project above mentioned project to reflect the increase of US\$1 million increase to the above mentioned project as a portion of the overall GEF US\$10 million grant .

Please find attached the revised cover page and budget which incorporates the increased amount reflected in Budget Line 71.02 under the Loan Guarantee Fund.

Many thanks and kind regards.

Yours sincerely,



Yannick Glemarec

Officer-in-Charge and Deputy Executive Coordinator  
Global Environment Facility

Rohit Khanna  
Senior Operations Officer  
GEF  
World Bank



**Justification for Increase in GEF allocation to  
PHI/01/G33 – Capacity Building to Remove Barriers on Renewable  
Energy Development**

This substantive revision has been made in order to accommodate an increase of US\$1 million to the budget for the above-mentioned project. Upon CEO approval of the World Bank project entitled “Philippines: Rural Power Project”, an additional allocation of US\$1 million will be added to the total approved budget for the UNDP. As this UNDP project is already under implementation, it is necessary to undertake this substantive revision to incorporate the additional funds into the budget.

Under Activity 4.1 of the project document, the Loan Guarantee fund has been established to pay for the guarantee costs associated with renewable energy projects being identified and supported under the project. The UNDP project is expected to support largely small hydro activities. The World Bank project is designed to focus on providing partial investment guarantees to photovoltaic (PV) installations. However, in consultations with World Bank counterparts, it was decided that it would be more efficient to have a single entity manage both loan guarantee elements: that devoted to the PV component from the World Bank project and that devoted to the non-PV renewable energy component from the UNDP project. This substantive revision is needed to enable this cooperative activity to take place simply and efficiently.



**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**GOVERNMENT OF THE PHILIPPINES**  
**Substantive Revision**

**Project Number:** PHI/01/G33  
**Project Title:** Philippines: Capacity Building to Remove  
Barriers to Renewable Energy Development  
**Project Short Title:** Philippines Renewable Energy Project

**Starting Date:** 01/07/2002  
**End Date:** 30/06/2007  
**Management Arrangement:** National Execution  
**Designated Institution:** Department of Energy (DOE)

**Project Site:** Nationwide  
**Beneficiary Country:** Philippines  
**ACC Sector and Sub sector:** (5) Energy; (40) New & Renewable  
Sources of Energy  
**DCAS Sector and** (8) Energy; (47) New & Renewable Sources  
of Energy

**Government Sector and Sub sector:** Department of Energy

**Primary Areas of focus/sub-focus:** (3) Promoting Environmental & Natural Resources Sustainability

**Secondary Areas of focus/sub-focus:** (21) Promotion of sustainable energy & atmospheric quality

**Primary type of intervention:** Programme Support

**Secondary type of intervention:** Programme Technical Support

**Primary target beneficiary:** Governmental Organizations

**Secondary target beneficiaries:** Private Sector

**LPAC review Date:** March 01, 2002  
**Programme Officer:** Clarissa Arida, UNDP Manila

**Summary of project inputs (in US\$)**  
**(As per attached budget)**

**UNDP/GEF:** 6,143,048

**Co-Financing:**

Government (In-cash): 3,050,000

Government (In-kind): 1,235,000

Other International  
(In-cash): 6,180,000

Private and NGO Sector  
(In-cash): 7,844,000

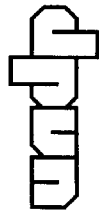
(In-kind): 312,000

**TOTAL** 24,764,048

**Brief Description:**

In order for the Philippines, a) to reduce a growing dependence forecast on fossil fuels; b) to meet ambitious targets for reliable, economic supplies of grid electricity; and, c) to realize widespread electrification and poverty relief in remote communities, new and renewable energy (NRE) sources of energy will have to be tapped over the next ten years. These are abundant throughout the country but relatively under-utilized. Innovative financing and market delivery mechanisms will play a central role in providing the capital and access to the market required to meet expansion targets. The UNDP-GEF PDF-B work that lead up to this proposal identified multiple barriers to the rapid market expansion of NRE. This project removes key market, policy, technical and financial barriers through a rationalized program. The project components include: a) strengthening the capacity of the GOP agencies to enact and implement sound NRE policies; b) providing information for targeted audiences to build an NRE market; c) creating a "one-stop-shop" market service center for preparing and promoting NRE projects; d) increasing coordination among organizations concerned with NRE; e) assisting the market penetration of NRE in remote, off-grid communities by providing incentives for innovative market delivery and financing mechanisms; f) improving the quality of NRE technologies and systems through assistance with standard setting. The project has been designed to be complementary to ongoing and planned NRE and rural electrification sponsored by the GOP. In particular this capacity building project will lay important groundwork for future NRE-related projects in the country. As of September 2003 the GEF allocated an additional US\$1,000,000 to the project, thus increasing the original approved allocation to 6,143,048.

On behalf of:	Signature	Date	Name/Title:
UNDP:	_____	_____	Terence D. Jones Resident Representative
Executing Agent: Department of Energy	_____	_____	Cyril del Callar Undersecretary
Government: Department of Environment & Natural Resources	_____	_____	Gregorio Cabantac Undersecretary



**United Nations Development Programme**  
**PHI/01/G33 "Capacity Building to Remove Barriers on Renewable Energy Development"**  
**Budget – Substantive Revision**

Main Source of Funds: 1G - Global Environment Trust Fund  
 Executing Agency : Department of Energy - Non-Conventional Energy Division (DOE-NCED)

Sbln	Description	Agency	Total	2002	2003	2004	2005	2006
<b>10 PERSONNEL</b>								
<b>11 Int'l Experts &amp; Consultants</b>								
1101	Chief Technical Adviser	DOE	108,155	21,631	21,631	21,631	21,631	21,631
	(Components 1 to 6)		10	2	2	2	2	2
	<b>Total</b>		<b>108,155</b>	<b>21,630</b>	<b>21,630</b>	<b>21,630</b>	<b>21,630</b>	<b>21,630</b>
1102	Policy/NUG Advisor		10,300	10,300	0	0	0	0
	(Components 1)		1	1	0	0	0	0
	<b>Total</b>		<b>10,300</b>	<b>10,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1103	Energy Economist		10,300	0	10,300	0	0	0
	(Component 1)		1	0	1	0	0	0
	<b>Total</b>		<b>10,300</b>	<b>0</b>	<b>10,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
1104	NRE Financing Advisor		20,600	0	10,300	0	10,300	0
	(Component 4)		2	0	1	0	1	0
	<b>Total</b>		<b>20,600</b>	<b>0</b>	<b>10,300</b>	<b>0</b>	<b>10,300</b>	<b>0</b>
1105	Manufacturer's Advisor		15,450	0	0	10,300	5,150	0
	(Component 6)		1.5	0	0	1	0	0
	<b>Total</b>		<b>15,450</b>	<b>0</b>	<b>0</b>	<b>10,300</b>	<b>5,150</b>	<b>0</b>
<b>1199 Line Total</b>								
	Net Amount		164,805	31,931	42,231	31,931	37,081	21,631
	W/M		15	3	4	3	3	2
	<b>Total</b>		<b>164,800</b>	<b>31,930</b>	<b>42,230</b>	<b>31,930</b>	<b>37,080</b>	<b>21,630</b>
<b>13 Admin Support Personnel</b>								
1301	PMO Finance Officer		36,000	7,200	7,200	7,200	7,200	7,200
	W/M		60	12	12	12	12	12
	<b>Total</b>		<b>36,000</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>
1302	PMO Admin Officer		36,000	7,200	7,200	7,200	7,200	7,200
	W/M		60	12	12	12	12	12
	<b>Total</b>		<b>36,000</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>

	Total	36,000	7,200	7,200	7,200	7,200	7,200	7,200	7,200
1303 PMO Admin Assistant	Net Amount	21,000	4,200	4,200	4,200	4,200	4,200	4,200	4,200
	W/M	60	12	12	12	12	12	12	12
	Total	21,000	4,200	4,200	4,200	4,200	4,200	4,200	4,200
1304 Messenger/Driver	Net Amount	21,000	4,200	4,200	4,200	4,200	4,200	4,200	4,200
	W/M	60	12	12	12	12	12	12	12
	Total	21,000	4,200	4,200	4,200	4,200	4,200	4,200	4,200
1305 MSC Admin Assistant	Net Amount	16,800	0	4,200	4,200	4,200	4,200	4,200	4,200
	W/M	48	0	12	12	12	12	12	12
	Total	16,800	0	4,200	4,200	4,200	4,200	4,200	4,200
<b>1399 Line Total</b>	Net Amount	130,800	22,800	27,000	27,000	27,000	27,000	27,000	27,000
	W/M	288	48	60	60	60	60	60	60
	Total	130,800	22,800	27,000	27,000	27,000	27,000	27,000	27,000
<b>15 Duty and Local Travel</b>									
1501 NRE Policy, Planning and Institutional Capacity Building (Component 1)	Net Amount	10,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
	Total	10,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
1502 NRE Market Services Institutionalization (Component 2)	Net Amount	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Total	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
1503 NRE Information & Promotion Services (Component 3)	Net Amount	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Total	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
1504 NRE Initiatives Delivery and Financing Mechanisms (Component 4)	Net Amount	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Total	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
1505 NRE Training Program (Component 5)	Net Amount	15,900	3,000	3,000	3,000	3,000	3,000	3,000	3,900
	Total	15,900	3,000	3,000	3,000	3,000	3,000	3,000	3,900
1506 NRE Technology Support (Component 6)	Net Amount	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Total	12,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>1599 Line Total</b>	Net Amount	75,900	15,000	15,000	15,000	15,000	15,000	15,000	15,900
	Total	75,900	15,000	15,000	15,000	15,000	15,000	15,000	15,900
<b>16 Mission Costs</b>									
1601 Project Advice Mission Cost (CTA)	Net Amount	60,500	12,100	12,100	12,100	12,100	12,100	12,100	12,100
	W/M	10	2	2	2	2	2	2	2
	Total	60,500	12,100	12,100	12,100	12,100	12,100	12,100	12,100
1602 Policy/NUG Mission	Net Amount	7,300	7,300	0	0	0	0	0	0
	W/M	1	1	0	0	0	0	0	0

1603Energy Economic Mission	Total	7,300	7,300	0	0	0	0
	Net Amount	7,300	7,300	0	0	0	0
	W/M	1	1	0	0	0	0
	Total	7,300	7,300	0	0	0	0
1604Financial Advise Mission	Net Amount	14,600	0	7,300	7,300	0	0
	W/M	2	0	1	1	0	0
	Total	14,600	0	7,300	7,300	0	0
1605Manufacturer Advise Mission	Net Amount	7,000	0	0	7,000	0	0
	W/M	1	0	0	1	0	0
	Total	7,000	0	0	7,000	0	0
1606Monitoring and Evaluation Mission	Net Amount	27,000	5,400	5,400	5,400	5,400	5,400
	W/M	5	1	1	1	1	1
	Total	27,000	5,400	5,400	5,400	5,400	5,400
1607Midterm and Final Evaluation Mission	Net Amount	14,600	0	0	7,300	0	7,300
	W/M	2	0	0	1	0	1
	Total	14,600	0	0	7,300	0	7,300
1699Line Total	Net Amount	138,300	32,100	24,800	39,100	17,500	24,800
	W/M	22	5	4	6	3	4
	Total	138,300	32,100	24,800.00	39,100.00	17,500	24,800.00
<b>17 National Professionals</b>							
1701PMO Director	Net Amount	114,000	22,800	22,800	22,800	22,800	22,800
	W/M	60	12	12	12	12	12
	Total	114,000	22,800	22,800	22,800	22,800	22,800
1702MSC Coordinator	Net Amount	81,000	9,000	18,000	18,000	18,000	18,000
	W/M	54	6	12	12	12	12
	Total	81,000	9,000	18,000	18,000	18,000	18,000
1703MSC Information and Promotion Specialist	Net Amount	43,200	4,800	9,600	9,600	9,600	9,600
	W/M	54	6	12	12	12	12
	Total	43,200	4,800	9,600	9,600	9,600	9,600
1704MSC Technical Support Specialist	Net Amount	38,400	0	9,600	9,600	9,600	9,600
	W/M	48	0	12	12	12	12
	Total	38,400	0	9,600	9,600	9,600	9,600
1705MSC Policy and Institutional Development Specialist	Net Amount	38,400	0	9,600	9,600	9,600	9,600

	W/M	48	0	12	12	12	12
	Total	38,400	0	9,600	9,600	9,600	9,600
1706PMO Policy, Institutional and Planning Specialist	Net Amount	48,000	9,600	9,600	9,600	9,600	9,600
	W/M	60	12	12	12	12	12
	Total	48,000	9,600	9,600	9,600	9,600	9,600
1707PMO Info, Promo & Technical Support Specialist	Net Amount	48,000	9,600	9,600	9,600	9,600	9,600
	W/M	60	12	12	12	12	12
	Total	48,000	9,600	9,600	9,600	9,600	9,600
1708NRE Policy Expert	Net Amount	21,000	7,000	7,000	7,000	0	0
	W/M	6	2	2	2	0	0
	Total	21,000	7,000	7,000	7,000	0	0
1709NRE Planning & Modeling Expert	Net Amount	17,500	7,000	7,000	3,500	0	0
	W/M	5	2	2	1	0	0
	Total	17,500	7,000	7,000	3,500	0	0
1710MSC Business Development Expert	Net Amount	17,500	7,000	7,000	3,500	0	0
	W/M	5	2	2	1	0	0
	Total	17,500	7,000	7,000	3,500	0	0
1711 Training Program Expert	Net Amount	21,000	7,000	7,000	7,000	0	0
	W/M	6	2	2	2	0	0
	Total	21,000	7,000	7,000	7,000	0	0
1712 Financing and Del Mechanisms Expert	Net Amount	17,500	7,000	7,000	3,500	0	0
	W/M	5	2	2	1	0	0
	Total	17,500	7,000	7,000	3,500	0	0
1713 Expert on Financial Incentives to NRE Manufacturers	Net Amount	13,608	0	3,500	7,000	3,108	0
	W/M	3.9	0	1	2	0.9	0
	Total	13,608	0	3,500	7,000	3,108	0
1799 Line Total	Net Amount	519,108	90,800	127,300	120,300	91,908	88,800
	W/M	414.9	58	95	93	85	84
	Total	519,108	90,800	127,300	120,300	91,908	88,800
19 PROJECT PERSONNEL TOTAL	Net Amount	1,028,913	192,631	236,331	233,331	188,489	178,131
	W/M	739.9	114	163	162	150.9	150
	Total	1,028,913	192,631	236,331	233,331	188,489	178,131
20 SUBCONTRACTS							



**21 Subcontract A**

2101 NRE Policy and Planning TA	Net Amount Total	65,000	25,000	20,000	20,000	0	0
		65,000	25,000	20,000	20,000	0	0
2102 NRE Resource Inventory	Net Amount Total	90,000	45,000	45,000	0	0	0
		90,000	45,000	45,000	0	0	0
2103 Database & Exchange TA	Net Amount Total	65,000	40,000	25,000	0	0	0
		65,000	40,000	25,000	0	0	0
2104 Advocacy & Promo Campaign TA	Net Amount Total	90,000	20,000	20,000	20,000	20,000	10,000
		90,000	20,000	20,000	20,000	20,000	10,000
2105 Service Industry Development & Green Energy Rating	Net Amount Total	60,000	10,000	40,000	10,000	0	0
		60,000	10,000	40,000	10,000	0	0
2106 DeI/Financing Mechanisms Implementation	Net Amount Total	50,000	15,000	20,000	15,000	0	0
		50,000	15,000	20,000	15,000	0	0
2107 Manufacturers of NRE Equip TA	Net Amount Total	56,640	0	15,000	15,000	15,000	11,640
		56,640	0	15,000	15,000	15,000	11,640
2108 Production of Training Modules/Project Info Materials	Net Amount Total	100,000	20,000	20,000	20,000	20,000	20,000
		100,000	20,000	20,000	20,000	20,000	20,000
2199 Line Total	Net Amount Total	576,640	175,000	205,000	100,000	55,000	41,640
		576,640	175,000	205,000	100,000	55,000	41,640
29 SUBCONTRACTS TOTAL	Net Amount Total	576,640	175,000	205,000	100,000	55,000	41,640
		576,640	175,000	205,000	100,000	55,000	41,640
30 TRAINING							
31 Fellowship							
3101 NRE Observation Tour	Net Amount Total	50,000	20,000	20,000	10,000	0	0
		50,000	20,000	20,000	10,000	0	0
2199 Line Total	Net Amount Total	50,000	20,000	20,000	10,000	0	0
		50,000	20,000	20,000	10,000	0	0
32 Group Training							
3201 NRE Modeling Training	Net Amount Total	8,000	0	8,000	0	0	0
		8,000	0	8,000	0	0	0
3202 NRE Trainors' Training	Net Amount Total	9,000	9,000	0	0	0	0
		9,000	9,000	0	0	0	0
3203 Facilitation & Consensus Bldg Training	Net Amount Total	8,000	0	8,000	0	0	0
		8,000	0	8,000	0	0	0
3204 Training on NRE Pricing	Net Amount	9,000	0	9,000	0	0	0

	Total	9,000	0	9,000	0	0	0	0
3205 Training on Project Financing	Net Amount	8,000	0	8,000	0	0	0	0
	Total	8,000	0	8,000	0	0	0	0
3206 Training on NRE PPA	Net Amount	8,000	8,000	0	0	0	0	0
	Total	8,000	8,000	0	0	0	0	0
3207 NRE Basic Concepts Training	Net Amount	18,000	6,000	6,000	6,000	0	0	0
	Total	18,000	6,000	6,000	6,000	0	0	0
3208 NRE Project Mgt. Training	Net Amount	22,500	7,500	7,500	7,500	0	0	0
	Total	22,500	7,500	7,500	7,500	0	0	0
3209 NRE Technicians' Training	Net Amount	20,000	7,000	7,000	6,000	0	0	0
	Total	20,000	7,000	7,000	6,000	0	0	0
3210 NRE Project Appraisal Training	Net Amount	22,500	0	15,000	7,500	0	0	0
	Total	22,500	0	15,000	7,500	0	0	0
3211 NRE System Design and Operation	Net Amount	8,000	0	8,000	0	0	0	0
	Total	8,000	0	8,000	0	0	0	0
3212 NRE Entrepreneurial Training	Net Amount	22,500	0	7,500	15,000	0	0	0
	Total	22,500	0	7,500	15,000	0	0	0
3213 NRE Bill Consultation Workshops	Net Amount	24,000	8,000	8,000	8,000			
	Total	24,000	8,000	8,000	8,000	0	0	0
3214 NRE Policy and Program Analysis Workshops	Net Amount	14,000	0	7,000	7,000	0	0	0
	Total	14,000	0	7,000	7,000	0	0	0
3215 Stakeholders' Consultation Workshop	Net Amount	21,000	7,000	0	7,000	0	7,000	7,000
	Total	21,000	7,000	0	7,000	0	7,000	7,000
3216 MSC Training	Net Amount	6,000	0	3,000	3,000	0	0	0
	Total	6,000	0	3,000	3,000	0	0	0
3217 PSC/NREIAC Meetings	Net Amount	50,000	10,000	10,000	10,000	10,000	10,000	10,000
	Total	50,000	10,000	10,000	10,000	10,000	10,000	10,000
3218 Other Meetings and Conferences	Net Amount	15,950	3,190	3,190	3,190	3,190	3,190	3,190
	Total	15,950	3,190	3,190	3,190	3,190	3,190	3,190
3299 Line Total	Net Amount	294,450	65,690	115,190	80,190	13,190	20,190	20,190
	Total	294,450	65,690	115,190	80,190	13,190	20,190	20,190
39 TRAINING TOTAL	Net Amount	344,450	85,690	135,190	90,190	13,190	20,190	20,190
	Total	344,450	85,690	135,190	90,190	13,190	20,190	20,190
40 EQUIPMENT								

#### 45 Local Procurement of Equipment

4501 Office & Project Equipment	Net Amount	190,000	100,000	90,000	0	0	0
	Total	190,000	100,000	90,000	0	0	0
4502 Network Comm. Equip. (e.g. computers, server)	Net Amount	113,000	20,000	70,000	23,000	0	0
	Total	113,000	20,000	70,000	23,000	0	0
4503 Test Equipment & Instrumentation	Net Amount	148,051	50,000	50,000	48,051	0	0
	Total	148,051	50,000	50,000	48,051	0	0
4504 O & M Supplies (Project Support)	Net Amount	37,500	7,500	7,500	7,500	7,500	7,500
	Total	37,500	7,500	7,500	7,500	7,500	7,500
4599 Line Total	Net Amount	488,551	177,500	217,500	78,551	7,500	7,500
	Total	488,551	177,500	217,500	78,551	7,500	7,500
49 EQUIPMENT TOTAL	Net Amount	488,551	177,500	217,500	78,551	7,500	7,500
	Total	488,551	177,500	217,500	78,551	7,500	7,500
50 MISCELLANEOUS							
52 Reporting Costs							
5201 Printing of Reports	Net Amount	9,194	2,000	2,000	1,794	1,700	1,700
	Total	9,194	2,000	2,000	1,794	1,700	1,700
5299 Line Total	Net Amount	9,194	2,000	2,000	1,794	1,700	1,700
	Total	9,194	2,000	2,000	1,794	1,700	1,700
53 Sundries							
5301 Sundries	Net Amount	22,000	5,000	5,000	4,000	4,000	4,000
	Total	22,000	5,000	5,000	4,000	4,000	4,000
5302 Project Management Audit	Net Amount	10,000	2,000	2,000	2,000	2,000	2,000
	Total	10,000	2,000	2,000	2,000	2,000	2,000
5399 Line Total	Net Amount	32,000	7,000	7,000	6,000	6,000	6,000
	Total	32,000	7,000	7,000	6,000	6,000	6,000
59 MISCELLANEOUS TOTAL	Net Amount	41,194	9,000	9,000	7,794	7,700	7,700
	Total	41,194	9,000	9,000	7,794	7,700	7,700
70 MICRO CAPITAL GRANTS		0	0	0			
7101 Project Preparation Fund	Net Amount	321,300	260,000	61,300	0	0	0
	Total	321,300	260,000	61,300	0	0	0
7102 Loan Guarantee Fund	Net Amount	2,606,500	0	1,500,000	1,106,500	0	0
	Total	2,606,500	0	1,500,000	1,106,500	0	0
7103 Micro Finance Fund	Net Amount	535,500	0	178,500	178,500	178,500	0
	Total	535,500	0	178,500	178,500	178,500	0

7104Finance Assistance to Local NRE										
	Net Amount	200,000	0	0	0	75,000	100,000	25,000		
	Total	200,000	0	0	0	75,000	100,000	25,000		
7199Line Total										
	Net Amount	3,663,300	260,000	1,739,800	1,360,000	278,500	25,000			
	Total	3,663,300	260,000	1,739,800	1,360,000	278,500	25,000			
79MICRO CAPITAL GRANTS TOTAL										
	Net Amount	3,663,300	260,000	1,739,800	1,360,000	278,500	25,000			
	Total	3,663,300	260,000	1,739,800	1,360,000	278,500	25,000			
99BUDGET TOTAL										
	Net Amount	6,143,048	899,821	2,542,821	1,869,866	550,379	280,161			
	W/M	739.9	114	163	162	150.9	150			
	Total	6,143,048	899,821	2,542,821	1,369,866	550,379	280,161			