



**DEPARTMENT: ENVIRONMENTAL AFFAIRS AND TOURISM
REPUBLIC OF SOUTH AFRICA**

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Mr C Crepin
The World Bank
1818 H Street, NW
Washington DC, 20433
United States of America

Dear Mr Crepin

**PROPOSAL FOR A GEF FUNDED PROJECT TO ADDRESS THE ADOPTION OF
RENEWABLE ENERGY BY REMOVING BARRIERS AND REDUCING IMPLEMENTATION
COSTS**

The Department of Environmental Affairs and Tourism (DEAT) acknowledges receipt of your draft proposal for a project to be funded through the Global Environment Facility (GEF) that seeks to address the adoption of renewable energy by removing barriers and reducing implementation costs.

It is widely recognized in South Africa that renewable energy can be used as a means to address climate change, local pollution and promote improvements in the quality of life and development. As a result, the Department of Minerals and Energy (DME) have recently published a draft White Paper on Renewable Energy for South Africa and are in the process of developing a renewable energy strategy.

Further, DME is already rolling out a renewable energy programme, which includes the following projects, funded by GEF, that are addressing renewable energy generation in South Africa:

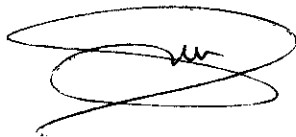
- i. The South African Wind Energy Programme (SAWEP), which will identify and address the barriers to large-scale commercial utilisation of wind power and help to establish a commercial environment that favours independent power producers (IPPs);

- a) Concentrating Solar Power for Africa (CSP-Africa), which will evaluate the possibility of introducing solar thermal electric (STE) technologies as options for electricity generation in Southern Africa. The possibility of decreasing the regional dependence on fossil fuels, particularly coal, by employing non-greenhouse gas emitting options will be quantified.
- iii) Solar Water Heaters for Low-Income Housing in Peri-Urban Areas, which aims to provide parallel support to the development of a business plan for the introduction of solar water heaters in South Africa by addressing the market barriers to the widespread adoption of such devices.
- iv) Pilot Production and Commercial Dissemination of Solar Cookers, which seeks to remove barriers that currently hamper the local manufacturing, retailing and provision of after sales services for different solar cookers. This includes removing the existing awareness and information barriers among end-users in the target areas, as well as with other stakeholders involved in the further development of solar cooking and baking.

Any new proposals will clearly have to take due cognisance of these on-going projects and act to compliment them. There are obviously many areas that remain open for investigation in this regard and we would welcome further round table discussions with yourselves and DME to identify suitable project thrusts. As per your proposal, the implementation of an 'early win' investment for renewable energy sector type projects that will replace the purchase of power from the main electricity grid would certainly be useful. We believe that your suggestions to target commercial solar water heating, as well as power co-generation by industries such as sugar mills, pulp and paper as possible projects is a sound strategy.

It is our opinion that assistance with the design and implementation of the needed policy and the institutional framework for promoting renewable energy projects would be welcome at this stage. DEAT, as the South African Focal Point for GEF funded projects, would, in principle, be prepared to endorse a full proposal for this project, on condition that further development of the draft proposal takes place with the full cooperation of DME

Yours sincerely



Dr Crispian Olver
DIRECTOR-GENERAL

DATE: 4.12.02