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FACSIMILE TRANSMISSION

United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY (GEF)



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Date: 11 December 1995

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Pages: (7 including this sheet)

From: Rafael Asenjo
Executive Coordinator
UNDP/GEF

Subject: PDF Block A Funding - Capacity Building for Renewable Energy/
Energy Efficiency Initiatives in Sri Lanka

MESSAGE:

Attached for your review is a PDF A funding proposal for the above project. You will note that this is a post-facto request. Since the World Bank pre-appraisal mission was to take place during the first half of November, UNDP identified a consultant, Mr. Tony Derrick to accompany the World Bank mission on behalf of UNDP in order to identify Technical Assistance components of the project for UNDP. Due to the urgency of the mission, we paid the mission out of our administrative budget. Since this type of activities should be more appropriately funded from the PDF, we have therefore prepared the attached PDF Block A for your review.

Regards,
Thanks for your understanding

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**UNITED NATIONS DEVELOPMENT PROGRAMME
Global Environmental Facility**

PROJECT DOCUMENT for PDF Funding (Block A)

Project of the Government of Sri Lanka

TITLE AND NUMBER: Capacity Building for Renewable Energy/Energy Efficiency Initiatives in Sri Lanka

CONVENTION RATIFICATION: 23 November 1993

DURATION: 22 Days. GEF Consultations and Brief Finalization over the period from 5 November - 18 November, - 9 December 1995.

2000 Environment, Climate Change

GEF THEME Climate Change

EXECUTING AGENCY UNOPS

ESTIMATED START DATE: 5 November 1995

GOVERNMENT ENDORSEMENT

Institution

Date

UNDP/GEF INPUT PDF FUNDS US\$18,000 for PDF Block A funds

Recently, Block B funding from the World Bank for further development of the Energy Services Delivery (ESD) proposal was approved by GEFOP. As part of the approval, it was agreed that UNDP would work very closely with the mission to develop a complementary technical assistance proposal dealing with inter-alia, wind resource assessment, equipment certification, strengthening of local engineering capabilities in mini-hydro development, strengthening in the local private sector capability to implement energy efficiency and incorporation of energy efficiency into the engineering and architectural programs at Sri Lankan Universities. The overall purpose of this project will be to prepare and finalize a UNDP-GEF project brief and draft project document for submission to GEFOP for a technical assistance/capacity building project which complements work to be undertaken in Sri Lanka under the World Bank (ESD) project.

On behalf of: _____
Signature Date Name/Title

UNDP: _____

Proposal for PDF Block A Grant

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Part I. Eligibility

| | | |
|--------------------------|---|-------------|
| a. Project Title: | "Capacity Building for Renewable Energy/Energy Efficiency Initiatives in Sri Lanka" (suggested title only) | |
| b. Identification No. | | |
| c. Implementing Agency: | UNDP | |
| d. IA Focal Point: | Nileema Noble, GEF Coordinator, RBAP Ph: (212) 906-5893, Fax: (212) 906-5825, e-mail: Nileema.Noble@UNDP.ORG Arve Ofstad, UNDP Resident Representative, Colombo, Sri Lanka Ph: (941) 582-623, Fax: (941) 581-116 | |
| e. Principle Focal Area: | Climate Change | |
| f. Cross-cutting Area: | n/a | |
| g. Scope: | National | |
| h. Country: | Sri Lanka | |
| i. Country Endorsement: | Ministry of Finance | Date: _____ |
| j. National Focal Point: | | |

2. Country Eligibility: a. Convention: UNFCCC Date of Ratification: 23/11/93
b. GEF Art. 9 (a) 26 May, 1994

3. Program Eligibility: a. COP Guidance

This project will assist the Government of Sri Lanka in fulfilling its obligations under the FCCC with regard to stabilization of GHG emissions by providing incremental GEF funding for activities that will promote the widespread adoption of renewable energy and energy efficiency programmes throughout Sri Lanka.

b. GEF Operational Strategy

This project is consistent with the Operational Programme #2 of the climate change operational strategy (barrier removal for renewables) as it relates to renewable energy projects in the climate change focal area, as its demonstration and promotion is likely to lead to the development of a larger and more stable market, increase awareness and competition, promote economies of scale and thereby to stimulate commercialization further. The project will fit within the framework of long-term operational strategy for GEF in that it adopts a long-term strategic approach to GHG reduction through switch to renewables.

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4. Policy Framework: (i) National Strategy/Action Plan/Link to Sustainable Development Planning

The project is consistent with the national plans of the Government of Sri Lanka to develop renewable forms of energy as a way to meet the nation's increasing energy requirements, as reflected in the 1991 National Environmental Action Plan of the Government of Sri Lanka

Sri Lanka's Environmental Sector Activities

7. Sri Lanka was among the first developing countries to formulate a *National Environmental Action Plan (NEAP)* in 1991 for the period 1992-1996. The NEAP built upon the process started before 1990 leading to the *National Conservation Strategy* and the USAID supported effort leading to the document *Natural Resources of Sri Lanka: conditions and trends*. Efforts spanning most of 1991 led to Sri Lanka's *National Report to the UNCED* for the United Nations Conference on Environment and Development (UNCED) at Rio de Janeiro in May 1992.

8. Some of the major institutional and policy initiatives in Sri Lanka in the last 15 years are
- enactment of the *National Environmental Act (1980)* by the Parliament;
 - establishment of Central Environmental Authority in 1981 to formulate policies and programs for environmental protection and management;
 - setting up of the Environmental Council in 1982;
 - establishment of District Environmental Agencies in 1984;
 - amendment of the *National Environment Act* in 1988 which makes it mandatory for Government Project Approving Agencies to prepare environmental impact assessment in collaboration with the Central Environmental Authority;
 - adoption of *National Environmental (Protection and Quality) Regulation (1990)*; and
 - creation of a Ministry of Cabinet rank to look after matters relating to the environment in 1990.

Climate Change and Sri Lanka

9. The commitment of the Government of Sri Lanka with climate change risk is reflected in the early ratification of the United Nations Framework Convention on Climate Change (UNFCCC) on November 23, 1993. The concern with the risk of climate change and its impact is also reflected in the *National Environmental Action Plan (NEAP)*. The NEAP identified a number of priority areas of concern which are of direct relevance to the causes and the consequences of climate change, in addition to having national environmental benefits. Among the more important that the NEAP identified are

- sea level rise;
- domestic fuel wood consumption and its correlation to deforestation;
- industrial energy efficiency (including the creation of institutional capacity to handle issues related to energy conservation);
- the importance of national energy-environment planning; and
- transport and the environment.

10. The process of updating the *NEAP* is a part of the Sri Lanka Environment Action 1 Project (*EA1P*) which seeks to assist the Government of Sri Lanka in translating the *NEAP* objectives and strategy into action. The *NEAP Update '94* while presenting the projection of CO₂ by economic sectors in Sri Lanka, highlights risks of global climate change.

5. Nature and Scope of Expected Project:

- a. Technical Assistance
- b. Capacity Building

6. Linkage of Expected Project to IA Program:

7. IA Contact Person: Nileema Noble, GEF Coordinator, RBAP

Part II: Information on Grant Activities**1. Summary Description of Proposed Project**

Working in close consultation with the UNDP field office, the World Bank mission and the relevant Sri Lankan Government Departments the UNDP consultant will prepare a finalized 10 page draft UNDP-GEF project brief in standard UNDP-GEF climate change project brief format within the guidance of the GEF Operational Strategy which examines incorporation of the following areas for GEF, UNDP(IPF), and other bi-lateral funding:

- a)
 - **Wind Resource Assessment.** Undertaking a wind resources assessment for Sri Lanka for all areas of the country where wind resources have not accurately been documented.
 - **Capacity Building for Equipment Certification.** Undertaking institutional strengthening in equipment certification for equipment purchased on the international market (PV charge controllers, lamp ballasts, turbine runners for smaller hydro plants etc...)
 - **Capacity Building for Local Engineering Capabilities in Mini-Hydro Development** Undertaking capacity building for engineering capabilities to implement larger (over 1MW) mini-hydro projects.
 - **Strengthening Local Private Sector Capability to Implement Energy Efficiency** Undertaking training programmes within the Sri Lankan Energy Managers Association (SLEMA) to increase the capability of the private sector to design and install energy efficient systems and technologies.
 - **Incorporating Energy Efficiency into the Engineering and Architectural Programmes at Sri Lankan Universities** This would involve teaching future engineers and architects about energy efficiency in building design and could be accomplished by placing an energy efficiency expert(s) on the staff at selected Sri Lankan University (ies).
 - **Strengthening the existing solar p.v. battery recycling programme**
- b) - **Additional technical assistance components that complement the World Bank's ESD project which may be determined as a result of the mission.**
- c) **Incremental GEF funding for the project will be provided for activities which would not reasonably be expected to take place without UNDP-GEF support (i.e - are not covered by World Bank ESD project, could not reasonably be expected to be undertaken as part of Sri Lankan government's baseline activities in the energy sector, and are not covered by other initiatives)**

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Baseline funding will be determined on the basis of providing costings for activities in this proposal that the government of Sri Lanka could reasonably be expected to undertake in support of its objectives in the energy sector. Additional funding from UNDP (IPF) and from other bi-lateral donors will also be examined.

The intention will be for the proposal to provide to the extent possible matching funds of up to 50% of GEF project costs from alternative sources (IPF funds, Government of Sri Lankan contribution, other bi-lateral contribution).

2. GEF Thematic Area Climate Change

3. Expected Global Benefits

Global benefits for the project will be determined as a part of the PDF activity.

4. Activities to be financed by the PDF Block A Grant

This PDF Block A grant will cover the costs of the finalization of the project brief. It will cover the cost of travel and DSA and consultancy fee for the consultant (contracted under umbrella with IT Power) who will be responsible for finalizing the project brief, the cost of round-trip travel and DSA of the consultant from London, U.K. to Sri Lanka for 10 working days for consultations and work on the brief with UNDP, the Resident Representative, Government officials and representatives of donor countries, the cost of undertaking technical reviews of the proposal, and the cost of incorporating the comments of the technical reviewers, where appropriate, into the final brief.

5. Expected Outputs and Completion Dates

A finalized project brief by 4 December 1995.

6. Other Possible Contributions

n/a

7. Total Budget and Information on how costs will be met

The total budget for this PDF request is US\$18,000 which is broken down as follows.

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UNITED NATIONS DEVELOPMENT PROGRAMME

| TITLE | Days | Total | 1995 |
|--|------|---------------|---------------|
| 10. Project Personnel | | | |
| 11 International experts and Consultants | 22 | 12,000 | 12,000 |
| 11.01 International expert | | | |
| 13 Expert official travel | | 6,000 | 6,000 |
| 13.01 Expert official travel | | | |
| 19. Component total | | 18,000 | 18,000 |
| 99. Project Total | | 18,000 | 18,000 |
| 999 TOTAL GEF-PDF | | 18,000 | 18,000 |