



**REQUEST FOR PROJECT PREPARATION GRANT (PPG)**  
**PROJECT TYPE: Full-sized Project**  
**THE GEF TRUST FUND**

**Resubmission date:** 27 November 2009

**GEF PROJECT ID:** 4004  
**GEF AGENCY PROJECT ID:** XX/URT/09/XXX  
**COUNTRY:** United Republic of Tanzania  
**PROJECT TITLE:** Mini-Grids Based on Small Hydropower Sources to Augment Rural Electrification  
**GEF AGENCY:** UNIDO  
**OTHER EXECUTING PARTNER:** Ministry of Energy and Minerals, Rural Energy Agency, TANESCO  
**GEF FOCAL AREA:** Climate Change  
**GEF-4 STRATEGIC PROGRAM:** CC-SP3 - Promoting Market Approaches for Renewable Energy  
**NAME OF PARENT/PROGRAM/UMBRELLA PROJECT:** N/A

**A. PROJECT PREPARATION TIMEFRAME**

Start date of PPG	March 2010
Completion date of PPG	Feb 2011

**B. PAST PROJECT PREPARATION ACTIVITIES (\$)**

N/A

**C. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)**

Preparing and detailing a strategy to promote small hydropower technologies for mini-grid connected rural electrification. The PPG will specifically aim at defining barriers to be removed for promoting a market approach to develop mini-grid connected SHP systems for meeting the growing demand for electricity in rural areas, which is currently met by fossil fuels.

**1. Collection of supplemental data**

Baseline and market structure data has been collected during the preparation of the PIF, but additional data is needed for a careful planning of the full project. This will be collected during the PPG. During the PPG, the database[s] on resource endowment and potential of small hydropower sources will be updated.

**2. Stakeholder consultation**

Stakeholders have been consulted in preparation of the PIF of this project. More detailed consultations to assess institutional support and capacity and awareness raising will be conducted. Information about how to enhance the existing institutions or set up new institutional and financial mechanisms that could support renewable energy will be collected, particularly about possible private sector support activities in the sector.

**3. Design of pilot projects**

The PPG will carry out the design of selected pilot projects of total 4 MW (10 sites of capacities ranging between 100-1000kW) to demonstrate the techno-economic viability of mini-grid systems using small hydropower sources as alternative to fossil fuel powered generators.

**4. Project strategy and implementation detailing**

Based on the activities described above, the detailed planning of the full-sized project will be completed. Collaboration with UNIDO and the Ministry of Energy and Minerals will be ensured in particular when designing project strategies and defining the institutional arrangements as well as the scope and activities for the pilot projects. Local NGOs and Community-based Organizations will also be consulted during the definition of the project strategy through site visits and stakeholder consultations.

In summary, the PPG activities will include: <ul style="list-style-type: none"> <li>- Social, economic and financial sustainability assessment of proposed project activities;</li> <li>- The definition of a set of viable outcomes, outputs and activities that constitute the most cost effective response to the identified threats and barriers;</li> <li>- The costing of expected project outcomes and outputs, co-financing sources and co-financing commitments in compliance with the GEF incremental principle;</li> <li>- The elaboration of a monitoring and evaluation plan, including a set of impact indicators to track the project's progress and effectiveness, baseline and target values on indicators;</li> <li>- A cost-effectiveness analysis;</li> <li>- Consultation with stakeholders;</li> <li>- Preparation of the project document.</li> </ul>				
List of Proposed Project Preparation Activities	Output of the PPG Activities	Project Preparation Amount (a)	Co-financing (b)	Total c = a + b
Collection of supplemental data	Report on potential SHP sites available for development	20,000	20,000	40,000
Stakeholder consultation	Collection of information and assessment of institutional frame work and feasible financial mechanisms	20,000	20,000	40,000
Design of demonstration projects	Evaluation of the selected pilot projects designs (total 4 MW)	10,000	10,000	20,000
Project strategy and implementation detailing	Completion of detailed project documentation for submission, approval and endorsement.	10,000	10,000	20,000
<b>Total Project Preparation Financing</b>		60,000	60,000	120,000

**D. FINANCING PLAN SUMMARY FOR PROJECT PREPARATION GRANT (\$):**

	Project Preparation	Agency Fee
GEF financing	60,000	6,000
Co-financing	60,000	
<b>Total</b>	120,000	6,000

**E. PPG REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES):**

N/A. The project is a single focal area, single country, and single GEF Agency.

**F. PPG BUDGET REQUEST**


Cost Items	Total Estimated Person Weeks for GEF Grant (PW)	GEF (\$)	Co-financing (\$)	Total (\$)
Local consultants*	50		50,000	50,000
International consultants*	10	40,000	0	40,000
Travel (Local consultants & International consultants)		10,000	5,000	15,000
Miscellaneous (Office facilities,		10,000	5,000	15,000

equipment, vehicles and communications)				
<b>Total PPG Budget</b>		60,000	60,000	120,000

\* Annex A provides additional information concerning Consultants' activities and cost.

#### G. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Mr. Dmitri Piskounov Managing Director UNIDO GEF Focal Point			Mr. Jossy Thomas	+43-1- 26026-3727	j.thomas@unido.org

**Annex A****Consultants Financed by the Project Preparation Grant (PPG)**

<b>Position Titles</b>	<b>\$/ Person Week</b>	<b>Estimated PWs</b>	<b>Tasks to be performed</b>
Local consultant	1,000	30	Collect supplemental data on SHP mini-grids potential
		10	Consult with public and private sector stakeholders regarding regulatory, technical and marketing activities
International consultant	4,000	3	<ul style="list-style-type: none"><li>- Provide expertise on the international best practices and lessons learnt in the design and implementation of similar projects.</li><li>- Assist in the preparation of project's logical framework and M&amp;E plan with a set of measurable impact and progress indicators.</li><li>- Review baseline and barrier information delivered by the local expert.</li><li>- Assist local project team to define project scope and provide recommendations on the suggested project strategy and design.</li><li>- Assess sustainability of suggested project outcomes and outputs.</li><li>- Provide other guidance for the implementation of the PPG and preparation of the FSP proposal, as needed.</li></ul>
		2	Collect supplemental data on SHP mini-grids potential
		1	Consult with public and private sector stakeholders regarding regulatory, technical and marketing activities
		4	Prepare detailed design of the SHP mini-grids pilot/demonstration projects