



CONCEPT NOTE AND AGENDA

SCOPING MISSION

ON

THE UNIDO/GEF 5 PROJECT ENTITLED 'GREENING THE PRODUCTIVE SECTORS IN GAMBIA: PROMOTING THE USE AND INTEGRATION OF SMALL AND MEDIUM SCALE RENEWABLE ENERGY SYSTEMS IN THE PRODUCTIVE SECTORS'

21 - 25 APRIL 2014

BANJUL – THE GAMBIA

1. INTRODUCTION

The United Nations Industrial Development Organization (UNIDO) is launching a GEF 5 project on "Greening the productive sectors in The Gambia: promoting the use and integration of small and medium scale renewable energy systems in the productive sectors". The GEF 5 project will be built upon the completed UNIDO/GEF 4 project by targeting generation of small to medium renewable energy technologies, building the population's capacity to engage in renewable energy entrepreneurial ventures, and attracting investment from local banks into the renewable energy sector.

Specifically the core components of the projects are as follows:

- Development of strategy and regulation on the integration of small-to-medium scale RE systems;
- Demonstrating technical feasibility and promoting investments;
- Renewable energy projects entrepreneurship skills development.

To facilitate the process of developing the full project document, a GEF CEO Endorsement Request, UNIDO and GEF have approved a Project Preparation Grant (PPG) and a project team which comprises three experts from the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE), a national expert and an international expert has been given this assignment. As part of this process, the project team will gather and analyse data on the energy situation in the country and challenges and opportunities for integrating small to medium scale renewable energy system; develop a proposal on capacity building of relevant institutions; establish criteria for selecting demonstration projects and a feasibility study plan for these projects.

As a first step, the project team is planning a scoping mission to The Gambia with the primary objective to meet with the relevant stakeholders in the country; introduce them to the project, its objectives and activities; sensitize the financial sector on RE & EE projects and their involvement; document their needs and expectations; develop a road map for the project preparation phase.

Participants of the proposed 5-day scoping mission will include: government MDAs, Non-governmental organization including financial institutions, the academia and development partners.

2. BACKGROUND

Commercial electricity production in Gambia is marked by a number of problems. These include under-capitalization, a rigid tariff system, escalating fuel prices, high transmission and distribution losses and non-settlement of electricity bills. Consequently, the utility i.e. National Water and Electricity Company (NAWEC) has great difficulties in meeting its operational costs, replacing obsolete equipment and investing in generation capacity expansion. At the same time, electricity demand is growing at an average rate of 8% per annum, thereby creating a huge power deficit in the country. The existing power generation infrastructure of NAWEC, with a total installed capacity of about 50MW, is predominantly dependent on fossil fuels, is quite old and now operating at very inefficient levels. NAWEC is, therefore, actively encouraging private sector investments in the power generation sector as part of efforts to reduce this power deficit. So far, interest in power generation has come from private sector entities that are willing to invest in large-scale fossil-fuel based systems, normally above 10MW.

Given the success of the ongoing GEF 4 project being implemented by UNIDO, there has been some interest in large-scale renewable energy projects (more than 1 MW) but these are far fewer and smaller in size compared to the proposed fossil fuels based projects.

Moreover, a number of bottlenecks identified during the ECREEE/IRENA led Renewable Readiness Assessment exercise in The Gambia hinder the development of renewable energy markets in the country. The bottlenecks include:

- 1) Lack of adequate human capacity: on the side of the utility and regulatory body, the Public Utility Regulatory Authority (PURA), there is need to strengthen capacity in critical areas such as RE power plant management; executing power purchase agreement (PPA) and Independent Power Producer (IPP) negotiations, project finance training, monitoring and performance appraisal of RE plants. Furthermore, there is need to build and strengthen the capacity of The Gambia Renewable Energy Centre (GREC) in the areas of developing renewable energy standards and certification of equipment. In addition to this, training for installers of renewable energy plants is highly needed.
- 2) Low private investment interest: although the Electricity Act of 2005 allows the private sector to participate in electricity generation only two IPPs have been established due to complex nature of the permitting process for energy project in the country. Private sector participation can be enhanced by the adoption of a streamlined process that reduces the administrative and transaction cost involved while improving efficiency and effectiveness.
- 3) Absence of codes and standards for renewable energy technologies: The Gambia has a draft Feed-in-tariff and PPA regulation which makes mention of applicable codes and standards that renewable energy plant must comply with however specific standards and regulation on quality, design, safety, operation and maintenance of renewable energy technologies are lacking. Developing regulations and a strategy on operationalizing the RE regulations is necessary to ensure a sustainable transition to clean energy technologies in the country.
- 4) Lack of access to key investor information: the exercise pointed out that important information usually solicited by investors interested in renewable energy is usually not available. Moreover, the unavailability of information affects the bankability of the project proposals and the ability of the

investors to obtain affordable interest rates from banks. Reducing the high cost of capital is a requirement for increasing the deployment of renewable energy technologies in The Gambia. By making the necessary information available to banks and investors, the perception of renewable energy projects as high risk investments can be addressed.

These bottlenecks have to be addressed for renewable energy technologies to successfully penetrate into The Gambian electricity market.

3. MISSION OBJECTIVES

The overall objective of the scoping mission is to engage the relevant stakeholders in the project, by collecting primary data on their needs and expectations and integrating the information into the deliverables of the project.

Specifically the scoping mission aims to:

- inform the stakeholders of the project, its objectives, activities, and work programme;
- gather baseline information on:
 - the energy situation in the country;
 - main energy consuming productive sectors and their demand;
 - potential and barriers to renewable energy market development;
 - legal and regulatory frameworks guiding renewable energy development;
 - capacity needs of stakeholders and relevant institutions

4. STAKEHOLDERS

Stakeholders will comprise key representatives from Government Ministries, departments and agencies (MDAs), Non-governmental organization including financial institutions, the academia and development partners.

EXPECTED OUTCOMES

The expected outcomes of the scoping mission include:

- A detailed documentation of the energy situation in the country, existing legal and regulatory frameworks, capacity gaps
- Market potential for renewable energy applications for productive uses
- A comprehensive proposal on how to develop a conducive policy and regulatory framework for renewable energy integration into the productive sectors of The Gambia, and a proposal on sensitization and capacity building strategy for relevant renewable energy institutions

Annex A: PROGRAMME OF ACTIVITIES

Date	Main Activity	Time
Sunday 20 th April, 2014	Arrival of UNIDO and ECREEE experts in The Gambia	N/A
Monday 21 st April, 2014	Meeting with Renewable Energy Association of The Gambia (REAGAM)	10:00 – 11:30
	Visit to Lemon Creek Hotel Resort	12:30 – 12:45
	Visit to Mbolu Women Association	13:30 -14:30
Tuesday 22 nd April, 2014	Courtesy call on the Deputy Hon. Minister of Energy	09:00 - 09:30
	Meeting with Ministry of Energy (MOE) - Energy Division	09:40 – 10:50
	Courtesy call on the Chairperson of the Project Steering Committee(PSC) –GEF 4 Project , GEF Focal Point and the Executive Director of the National Environment Agency (NEA)	11:15 – 12:00
	Meeting with Ministry of Finance and Economic Affairs (MoFEA)	12:30 -13:15
	Lunch Break	
	Meeting with Ministry of Trade, Regional Integration and Employment (MoTRE)	14:30- 15:15
	Meeting with Ministry of Agriculture (MoA)	15:45– 16:30
	Meeting with Ministry of Forestry and the Environment (MoFE)	17:15 – 18:00
Wednesday 23 rd April, 2014	Meeting with Public Utility Regulatory Authority (PURA)	09:00 -10:00
	Meeting with National Water and Electricity Company (NAWEC)	10:30 - 11:30
	Meeting with UNIDO/GEF Project Management Office (PMO)	12:00 – 13:00
	Lunch Break	
	Meeting with Gambia Hotel Association	14: 30 -15:30
	Meeting with The Gambia Chamber of Commerce and Industry (GCCI) and the Association of Gambian Manufacturers	16:00 -16:45
	Meeting with the National Training Authority (NTA)	17:15 -18:00
Thursday 24 th April, 2014	Meeting with United Nations Development Programme (UNDP)	09:00 -09:45
	Meeting with EU Delegation to The Gambia (EU)	10: 15 - 11:00
	Meeting with World Bank (WB)	11:30 -12:15
	Meeting with Gambia Standards Bureau (GSB)	12:45 – 13:30
	Lunch Break	
	Meeting with the Gambia Technical Training Institute (GTTI)	14:30 -15:15
	Meeting with the University of The Gambia (UTG)	16:00 – 17:00
Friday 25 th April, 2014	Meeting with Financial Institutions at the Ministry of Energy	09:00 -09:45
	Meeting with the Gambia Groundnut Corporation (GGC)	10:30 -11:15
	Debriefing at Ministry of Energy (MOE, NEA & MoFEA)	11:45-12:30
	Departure of the Mission	Afternoon