

The

**United Nations Development Programme (UNDP)  
One United Nations Plaza  
New York, NY 10017  
USA**

- hereinafter referred to as "the Recipient" -

and

**Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH  
Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn  
Federal Republic of Germany**

- hereinafter referred to as the "GIZ" -

hereinafter both referred to as "Parties"

Herewith enter into the following Third Party Cost Sharing Agreement  
for the Project

**NAMA Facility Implementation – Call IV Investing in Grid-  
Connected Solar PV in The Gambia – Detailed Project  
Preparation (DPP) Phase I**

Country: Supra-regional

**For correspondence and invoices** (Please quote on all correspondence and invoices)

**Communication details (must be quoted in all correspondence and invoices)**

Contract number: 81222572  
Project processing number: 12.9097.2-007.00

Unit responsible for the budget

Organisational unit: G320  
Responsible officer: Dr. Sören David

Procurement and Contracting

Organisational unit: E270  
Responsible officer: Giulia Krämer

Financial processing of the contract

Responsible officer: Gertrudis Sola-Ripoll

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Dr Friedrich Kitschelt, State Secretary

Management Board  
Tanja Gönner (Chair)  
Dr Christoph Beier (Vice-Chair)  
Dr Hans-Joachim Preuß

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IBAN: DE45 5004 0000 0588 9555 00

The basis for the grant for UNDP is the commission from Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (hereinafter referred to as BMUB) dated 22 January 2018. GIZ shall provide the subsidies pursuant to this agreement exclusively on behalf of and for the account of BMUB.

**THIRD-PARTY COST-SHARING AGREEMENT  
BETWEEN THE DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ)  
GMBH AND THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

WHEREAS the Government of the Federal Republic of Germany has committed to support the Implementation of the NAMA Facility to provide support to developing countries and countries with emerging economies that show leadership in tackling climate change and what to implement transformational country-led Nationally Appropriate Mitigation Actions (NAMAs),

WHEREAS the GIZ has been commissioned by the Government of the Federal Republic of Germany to financially contribute to the implementation of the Detailed Project Preparation Phase (DPP) of the NAMA Facility's 4<sup>th</sup> Call by supporting and advising the Government of The Gambia in developing a NAMA Support Project (NSP) for 'Investing in Grid-Connected Solar PV in The Gambia' in order to present a NAMA Support Project Proposal to the NAMA Facility Board at the end of the DPP according to the project document entitled "Concept for the Detailed Preparation Phase (DPP) of the NSP" (Annex 1) (hereinafter referred to as the project/ programme),

WHEREAS the GIZ hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the project/ programme,

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the project/ programme,

WHEREAS in the spirit of partnership and of ensuring harmonized programme and financial management of the project/program, GIZ has agreed to channel its contribution through UNDP,

WHEREAS the Government of Gambia has been duly informed of the contribution of the GIZ to the project/ programme,

WHEREAS UNDP shall be the executing Entity/ Implementation Partner for the implementation of the project/ programme,

NOW THEREFORE, UNDP and the GIZ hereby agree as follows:

**Article I. The Contribution**

1. (a) The GIZ shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of € 197,208.00 (in words: one hundred ninety-seven thousand two hundred eight EURO).

The UNDP's entitlement shall initially be confined to up to EUR 111,250.00 for the project phase I until the approval of the progress report after phase I has been granted by GIZ-NAMA Facility.

In the event that the approval is not granted, this contract shall be limited to this remuneration entitlement and the corresponding range of measures. Any claims in excess of this amount, including any arising from culpa in contrahendo, shall be excluded. UNDP shall not continue to work beyond the range of specified measures unless GIZ-NAMA Facility has given its approval in writing or called upon UNDP to do so.

The contribution shall be deposited in the

Account Name: UNDP Contributions (EURO) Account  
Account Number: 600862722022  
Name of Bank: BANK OF AMERICA - LONDON  
Address: Mail Code: 473-672-09-01  
5 Canada Square  
London E14 5AQ, UNITED KINGDOM  
IBAN/ABA: GB59BOFA16505062722022  
Swift Code: BOFAGB22  
Sort code: 16-50-50

<u>Schedule of payments</u>	<u>Amount</u>
Not before 16 March 2018	€ 111,250.00
16 October 2018	€ 85,958.00

(b) The transfer of each installment will be made within two weeks upon receipt by the GIZ of a written payment request by UNDP with e-mail confirmation to UNDP when the contribution is paid at the following address: [contributions@undp.org](mailto:contributions@undp.org).

2. The value of the payment, if made in a currency other than USD, shall be determined by applying the UN operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the GIZ with a view to determining whether any further financing could be provided by the GIZ. Should such further financing not be agreed on, the assistance to be provided to the project/programme may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement of the project/programme and shall be made in advance of the implementation of planned activities. The schedule may be amended to be consistent with the progress of project/ programme delivery.
4. UNDP shall receive and administer the payment in accordance with the project document including the total budget for the entire Project (Annex 1) as well as with the regulations, rules, policies and procedures of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. UNDP shall use the contribution exclusively for expenditures for the activities described in Article II of this agreement and as in the project document annexed to this agreement.

7. The grant is made available for the period of 16 March 2018 to 16 May 2019 (DPP Phase I 16 March – 16 September 2018; Decision period 17 September – 16 October 2017; DPP Phase II 16 October 2018 – 16 May 2019). Only expenditures effected during this period and relating to activities carried out during this period may be financed from this grant. Otherwise written approval of the GIZ is required.

## **Article II. Utilization of the Contribution**

1. The outputs of the Project include the full-fledged Proposal for implementation of the NAMA Support Project for Grid-Connected Solar PV in Gambia. Major changes of these outputs as well as of the project document shall be decided in consultation with GIZ. In case of disagreement on the side of GIZ, the latter shall be free to exercise its rights under Art. IX.

2. In reference to the Project document, the GIZ contribution shall exclusively be used for the achievement of the following output and activities:

The primary aim is to implement the Detailed Preparation Phase (DPP) of the NAMA Facility's 4<sup>th</sup> Call by supporting and advising the Government of The Gambia in developing the NAMA Support Project (NSP) to enable distributed solar power in detail.

This will support the Government of the Gambia in attracting international funding for the implementation of the NSP that aims to support financing of grid-connected renewable energy Independent Power Producers (IPPs), which will be supplying electricity based on renewable energies (solar PV) into the six (4 of them interconnected) regional electricity grids.

This DPP will undertake a series of interventions as outlined in the DPP Concept [Annex 1]

3. The implementation of the responsibilities of UNDP pursuant to this Agreement and the project document shall be dependent on receipt by UNDP of the contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above, and shall be carried out in accordance with UNDP regulations and rules for managing a project/programme.
4. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the GIZ on a timely basis a supplementary estimate showing the further financing that will be necessary. The GIZ will decide whether the amount of the contribution will be increased accordingly.
5. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 4 above is not forthcoming from the GIZ or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
6. Any interest income attributable to the contribution shall be credited to the Project.
7. GIZ shall be invited to the Project Board discussions to participate in the project decisions<sup>1</sup>.

### Article III. Administration and reporting

1. Project management and expenditures shall be governed by the regulations, rules, policies and procedures of UNDP as well as by the annexed project document, and where applicable, the regulations, rules and policies of the Executing Entity/Implementing Partner.
2. UNDP headquarters and country office shall provide to the GIZ all of the following reports prepared in accordance with UNDP accounting and reporting procedures. Reporting from the country office (see below) shall include information on the use of the project budget; the expenditures shall be broken down according to the expenditure categories or measures as specified in the annexed project document.

3.

3.1.

For Agreements of more than one year:

- (a) UNDP shall submit an interim report including details on the NAMA Support Organisation (NSO) and audit reports from the last three years on the identified NSO by 16 June 2018
- (b) UNDP shall submit the final report of the project phase I describing the implementation and results of the project in the light of the aims set and submit it to the GIZ-TSU NAMA Facility by 16 September 2018
- (c) UNDP shall draw up a final report of the project phase II describing the implementation and results of the project in the light of the aims set and submit it to the GIZ-TSU NAMA Facility by 16 May 2019
- (d) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of project/ programme progress for the duration of the Agreement, as well as the latest available approved budget.
- (e) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
- (f) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing project/ programme activities and impact of activities as well as provisional financial data.
- (g) From UNDP Bureau of Management/Office of Finance and Administration, on completion of the project/ programme, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.

4. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of the Donor. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.
5. In case of non-submission of project report by UNDP, unless otherwise agreed, the GIZ may, in consultation with UNDP and after having given notice to UNDP for a period of at least sixty (60) days, following such consultation, suspend further payments until such time that UNDP provides the report that was the reason for the suspension.

#### **Article IV. Administrative and support services**

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution actually utilized for the implementation of the Project shall be charged a fee equal to 8%. All direct costs as well as the fee shall be identified in the project budget.
2. The aggregate of the amounts budgeted for the programme/project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the programme/project under this Agreement as well as funds which may be available to the programme/project for project/programme costs and for support costs under other sources of financing. The contribution made available according to Article I shall not be exceeded and shall, therefore, include all costs and fees under Article IV.

#### **Article V. Equipment**

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

#### **Article VI. Evaluation**

All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of Gambia in consultation with the GIZ and other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating the project including an evaluation of its contribution to an outcome, which is listed in the Evaluation Plan. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

UNDP will promptly make available the evaluation reports to the GIZ.

#### **Article VII. Auditing**

The contribution shall be subject exclusively to the internal and external-auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an Audit Report of the Board of Auditors of UNDP to its governing body contain observations/information relevant to the contributions, such information shall be made available to the GIZ.

### **Article VIII. Completion of the Agreement**

1. UNDP shall notify the GIZ when all activities covered by this agreement have been completed.
2. Notwithstanding the completion of the project/programme, UNDP shall continue to hold unutilized payments to the extent and until all commitments and liabilities incurred in the implementation of the project/programme have been satisfied and project activities brought to an orderly conclusion.
3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the GIZ and consult with the GIZ on the manner in which such commitments and liabilities may be satisfied.
4. Any balance that remains unexpended after such commitments and liabilities have been satisfied shall be returned to the GIZ upon a request from GIZ providing bank account details for reimbursement. UNDP shall inform GIZ promptly about any remaining balances.

### **Article IX. Termination of the Agreement**

1. After consultations have taken place between the Parties, this Agreement may be terminated either by UNDP or by the GIZ. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.
2. Notwithstanding termination of all or part of this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred up to the date of termination in the implementation of all or the part of the project, for which this Agreement has been terminated, have been satisfied.

3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be returned to the GIZ upon a request from the GIZ providing bank account details for reimbursement. UNDP shall inform GIZ promptly about any remaining balances.
4. UNDP shall use its best efforts, consistent with UNDP regulations, rules, policies and procedures to recover any funds found by the Parties to be misused. UNDP shall, in consultation with the GIZ, credit any funds so recovered to the Project budget or, in case the Project was complete or terminated, shall dispose of such funds as agreed with the GIZ. The GIZ shall also be entitled to either suspend or terminate disbursements if it is established by the Parties that UNDP, acting wilfully or fraudulently, misuses funds entrusted to it under this Agreement. Furthermore, in the cases of fraudulent or wilful misuse, the GIZ shall be entitled to demand immediate pro-rata repayment of those respective amounts.
5. **Sanction List**
  - (1) The Recipient (UNDP) represents that it does not maintain any business relationship or has not engaged in any other activity (i) with or in favour of persons, organisations or entities which are listed on a sanctions list issued by the United Nations Security Council ("**Sanctions Lists**"), or (ii) which would constitute a breach of embargoes regulating foreign trade or of so-called financial sanctions issued by the aforementioned institution (together "**Sanctions**").
  - (2) The Recipient will not enter into or continue any business relationship with persons, organisations or entities listed on any of the Sanctions Lists and will not engage in any other activity that would constitute a breach of Sanctions.
  - (3) The Recipient will inform GIZ, promptly and of its own accord, of the occurrence of any event which results in (i) the Recipient, (ii) any member of its management bodies or (iii) other governing bodies or any of its shareholders, being listed on a Sanctions Lists.
  - (4) With regard to sanctions obligations the Recipient will, subject to and in accordance with the status, privileges and immunities of the United Nations and its applicable rules, policies and procedures, provide GIZ, as soon as the respective relevant information is available, with a list detailing the partners who will receive funds in connection with the implementation of the Project (the "GIZ List") and with a funding schedule listing the amounts of contributions. The GIZ list contains the following information: Name of the contractor/supplier/implementing partner and country of registration. The recipient will notify GIZ of any changes to the GIZ list without undue delay. To the extent required by GIZ, and subject to and in accordance with the status, privileges and immunities of the United Nations and its applicable rules, policies and procedures, the Recipient will make reasonable endeavours to provide additional details in order to assist GIZ to establish the identity of specific contractors/suppliers/implementing partners on the GIZ List. If, from the perspective of GIZ, an entry in the GIZ List presents any concerns, GIZ will inform the Recipient accordingly. In this case, GIZ will inform the Recipient accordingly and, in that event, GIZ will not issue a Non-Objection Letter to the contract award (with GIZ funding) to that specific contractor/supplier/implementing partner. However, considering the Recipient as the ultimate and final procurement authority in the procurement process, the Recipient will be free to proceed under its own responsibility with the award with funding from other source (donors) and not GIZ funding.



### **Article X. Amicable Settlement and Arbitration**

1. Amicable Settlement

The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Agreement or the breach, termination or invalidity thereof.

2. Arbitration

Unless settled amicably, any such dispute, controversy or claim between the Parties as referred to in the previous paragraph, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable laws. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

### **Article XI. Privileges and Immunities**

Nothing in this agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP.

### **Article XII. Amendment of the Agreement**

The Agreement may be amended through an exchange of letters between the GIZ and UNDP. The amendment letters shall become an integral part of this Agreement.



**Article XIII. Entry Into Force**

This Agreement shall enter into force upon signature and deposit by the GIZ of the first contribution payment to be made in accordance with the schedule of payments set out in Article I, paragraph 1 of this Agreement and the signature of the project document by the concerned parties.

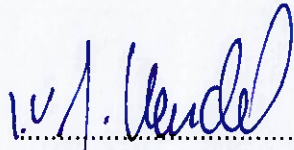
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

For the Deutsche Gesellschaft  
für Internationale Zusammenarbeit (GIZ) GmbH

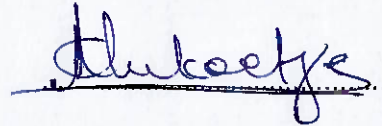
For the United Nations  
Development Programme

Date,

Date, 18-03-2018

  
.....  
Contract Management

  
.....  
Contract Management

  
.....

Annex 1: Project Document including Budget



**81222572 - Annex 1:  
Concept for the Detailed Preparation Phase (DPP) of the NSP**

<b>Country</b>	The Gambia
<b>Project title</b>	Investing in Grid-Connected Solar PV in The Gambia
<b>Legal Entity</b>	United Nations Development Programme
<b>Cost estimate for the DPP</b>	€ 197,208

*The DPP concept defines the "Terms of Reference" for the DPP. It is subject to the overall Outline assessment and might be amended or modified during the on-site assessment or before conclusion of the grant contract. The finalised concept will be the basis for the funding to be provided for the DPP.*

*Guiding questions shall help to define the scope of the DPP. The concept needs to reflect the crucial issues to be further explored, analysed and conceptualised during the DPP as well as the method and procedures the Applicant or Co-Applicant is proposing (e.g. tendering of consulting services, preparation by own staff etc.).*

*In this DPP concept, please do not repeat the information provided in the Outline. Stipulate your open issues to be researched and refined during the DPP.*

*The DPP concept should be **limited to 15 pages** excluding the GANTT Chart and the Budget.*

## **Content**

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## 1. Brief description of the proposed NAMA Support Project

The NSP is fully embedded in The Gambia's Nationally Determined Contributions (NDC), which is also confirmed in the endorsement letter by the Ministry of Environment, Climate Change & Natural Resources (MECCNAR) of The Gambia.

This NSP is based on the NAMA "Rural Electrification with Renewable Energy in The Gambia" and the 'Feasibility Study for Grid-Connected Solar Power Generation in The Gambia', which were developed in 2015 and 2016 with the support of UNDP. The NSP outline further builds on an independent expert assessment for 'Grid-Connected Solar PV in The Gambia', facilitated by the NAMA Facility.

The aim of the NSP is to support financing of grid-connected renewable energy Independent Power Producers (IPPs), which will be supplying electricity based on renewable energies (solar PV) into the six (4 of them interconnected) regional electricity grids. The targeted capacity is at least 12 MW solar energy with the option to increase the capacity in the future as the program and financing is ramped up.

The projects supported through the NSP will generate around 18,000 MWh of electricity from solar PV and will increase the share in renewable energy production in the regional grids to 43%. In the NDC, The Gambia commits to a reduction in overall emissions of 44.4% by 2025 and 45.4% by 2030. The projects therefore help in achieving the NDC target of The Gambia within the first NDC cycle.

Also, the funding of the NAMA Facility will support technical assistance for a tendering scheme and demand assessments for the connection sites. The overall contribution requested from the NAMA Facility is €10.6 million, which will be used to leverage private sector capital of around €15 million through the Paris Climate Bond structure to meet the overall investment requirements of €25.8 million (including a €200,000 contribution from the host country). This leverage shall be achieved by structuring equity funds to de-risking the investment environment through first loss instruments, whereby returns on such investments are subordinated to private sector investments. This will allow The Gambia to add up to 12MW of solar PV to its energy mix in all regional grids within the five years project life time. The Paris Climate Bond will further enable The Gambia to transparently verify the environmental impacts in an economically viable and investable manner and contribute certified mitigation outcomes to its unconditional mitigation pledges under the Paris Agreement.

The NSP will generate annual emission reductions of at least 7,200 tCO<sub>2</sub>. Over 5 years, emission reductions will add up to 57,600 tCO<sub>2</sub>. Over the next 10 years, emission reductions will be around 129,600 tCO<sub>2</sub>.

## 2. DPP mandatory Output

*The DPP is to result in the NSP concept ready for implementation. This is to be documented in the **NSP proposal** and its annexes to be submitted in the format of the NAMA Facility's respective templates. The proposal is to include – but is not limited to – details on the NSP implementation structure, on the business model and financing, on the direct and indirect GHG mitigation effect, on the results of an assessment of environmental and social impact, human rights and gender issues, the Theory of Change and the logframe.*

*The submitter of the proposal is the NAMA Support Organisation (NSO).*

*Identification and confirmation of a qualified **NAMA Support Organisation (NSO)** has to occur no later than 3 months after the commencement of the DPP. In case the Applicant who is*

leading the DPP is not proposed as the NSO, close cooperation between the Applicant and the NSO needs to be established and ensured during the DPP.

At mid-term of the DPP but no later than 6 months after the start of the DPP (Phase 1), progress according to pre-defined milestones needs to be demonstrated in a **DPP interim report**. This report for which no separate template is provided should be supported by relevant evidence to include, at a minimum, the following:

- details on the financing mechanism including information on the organisation(s) to be involved, underlying business cases, potential co-funding contributions, agreements to be concluded between these organisations, the financial flows including indicative amounts (incl. indicative interest rates and fees), proposed use of funds not utilized by the end of the NSP and of funds flowing back during and after the term of the NSP (e.g. unused guarantees, repayments from concessional loans);
- details on the phase-out of NAMA Facility support in the TC support and FC support;
- details on results of a first screening of environmental, social impacts, human rights and gender considerations; and proposed safeguards.

### 3. Scope and content of the Detailed Preparation Phase

In the following table you should list the key questions and issues which need to be clarified during the DPP, so that the project is fully ready for implementation when the Proposal is handed in. Note that the list of topics provided in the table is thought as a guideline that can be subsequently amended if necessary. If some of the aspects are not relevant, indicate that or delete the topic.

#### Overall focus of the DPP

Work in the DPP will focus on the following 5 work packages:

##### 1. Involvement of key stakeholders

- Establish fully buy-in of all key public and private stakeholders relevant for the project;
- Hold at least 1 workshop with private sector players interested in investing into and operating solar PV projects;
- Hold at least 1 workshop with technology providers to raise awareness of the upcoming NSP and discuss the planned tendering approach;
- Organize at least 2 meetings with the newly set-up Steering Committee which will include at the least the following stakeholders:

##### 2. Work package 1: DPP implementation process

- Inception workshop and set-up of Steering Committee;
- Contracting of international technical experts (through GIZ);
- Contracting of national energy experts (through UNDP);
- Presentation of final financial and risk mitigation model, results of the technical assessments and TOR for tendering approach to the Steering committee for approval;
- Development of NSP project document;
- Final validation workshop to endorse the full NSP document at the end of the DPP.

##### 3. Work package 2: Analysis of financial and de-risking model

- Detail amount of equity finance needed to leverage private sector debt financing;

- Carry out legal and regulatory due diligence to ensure compliance of financing structure with local and international rules.
  - Define coverage of first loss capital;
  - Provide debt re-financing volume for commercially operated solar PV plants and sequenced plans for ramp up;
  - Identification and costing of insurance coverage for specific political risks;
  - Undertake private sector investor sounding and obtain co-funding commitment of partners;
  - Prepare detailed financial model including indicative amounts (including indicative interest rates and fees);
  - Elaboration of agreements to be concluded between NSO and implementing partners;
4. **Work package 3: Development of Terms of Reference for the tendering system**
- Development of TOR for tendering system aligned with on-going work in this area, if possible;
  - Definition of application process for IPPs;
  - Embed tendering system in existing PPA structures;
  - Determination of timelines for tendering procedures and contractual reviews and approvals;
5. **Work package 4: Feasibility assessment and dimensioning of solar PV additions in existing regional grids**
- Dimension solar PV capacity for all six existing grid system, including battery storage, where applicable;
  - Conduct technical assessment for solar PV system, storage and synchronisation for hybrid HFO/solar options where applicable;
  - Assess costs for solar PV system, storage and synchronisation for hybrid HFO/solar options where applicable;
6. **Work package 5: Confirmation of GHG emission reduction calculation and monitoring, reporting and verification system**
- Review of the application of the approved Standardized Baseline *ASB0009 Standardized baseline: Emission factors for central grid and regional mini-grids of The Gambia, Version 01*;
  - Development of monitoring, reporting and verification database for the GHG emission reductions and sustainable development impacts;
  - Application of UNDP's Climate Action Impact Tool to track the sustainable development impacts.

Topics	Questions and issues to be elaborated
<i>Policy and regulatory framework</i>	<p>The NSP is fully embedded in The Gambia's Nationally Determined Contributions (NDC). The projects supported through the NSP will generate around 30-40,000 MWh of electricity from solar PV and will increase the share in renewable energy production in the regional grids to 43%. In the NDC, The Gambia commits to a reduction in overall emissions of 44.4% by 2025 and 45.4% by 2030. The projects therefore help in achieving the NDC target of The Gambia within the first NDC cycle.</p> <p>. Most recently, a roadmap has been developed by the World Bank addressing the issue of the poor state of The Gambia's power sector. Are more detailed assessment of the alignment of the NSP and the new Roadmap will be conducted during the DPP, in particular with regards to timescale, geographical distribution of capacity additions and alignment of tendering procedures..</p>
<i>Barrier analysis</i>	<p>During the DPP the final design of the NSP will be critically reviewed whether it overcomes the barriers identified by the 'Feasibility Study for Grid-Connected Solar Power Generation in The Gambia' and the independent expert assessment for 'Grid-Connected Solar PV in The Gambia':</p>
<i>Business models and Financing Mechanism</i>	<p>The finance mechanism described in the outline will be further detailed during the DPP: The key assumptions so far are that an equity financing vehicle will co-invest into the six regional grids alongside conventional equity and replacing the normal debt component of finance. The aim of this initial equity financing vehicle will be to assemble an aggregated portfolio with a combined installed capacity of 12 MW. Once these projects are brought into commercial operation, some or all of the equity investment will be refinanced through debt with the conventional equity providing the first loss capital. The first loss capital will absorb risks related to delayed payments by NAWEC but also project underperformance which could lead to delayed payment or breach of debt service cover. Additionally, political risk insurance will cover key political risks such as asset expropriation, civil insurrection and currency controls imposed by the country. The detailed financing mechanism will be elaborated during the DPP.</p>
<i>Technical Assistance measures</i>	<p>Technical assistance during the DPP will focus on work packages 1 to 5 as described above. Also, during the DPP, the alignment of the NSP with the roadmap will be reviewed and corrections made where necessary.</p>
<i>Institutional set-up Implementing partners</i>	<p>During the DPP, the roles and responsibilities and contractual agreements between the NSO and implementing partners as well as collaborating entities will be defined.</p>
<i>Target group(s) and other stakeholders</i>	<p>The target groups were identified in the project outline and include investors and operators of the regional grids and technology suppliers for the solar PV projects,, investors and ultimately businesses and households benefitting from a more stable grid. Gender aspects will also be considered in the DPP phase.</p>

<i>Project rationale</i>	The project rationale as described in the project outline will be further assessed during the DPP: Based on assessments conducted so far, there is a strong understanding that the economic potential of grid-connected renewable energy projects implemented by IPPs is high but for investment in solar PV in The Gambia, an introduction of a credible de-risking mechanism is needed to support NAWEC as it seeks to re-establish itself as a reliable counterpart in respect of meeting its financial commitments. Feedback from interviewees confirmed that such credible de-risking mechanisms must involve non-sovereign guarantees or first loss mechanisms provided by multilateral or national development banks or green bonds.
<i>Risk Analysis</i>	The identified risks will be confirmed during the DPP and mitigation measures will be integrated in the NSP concept. From the current point of view, the following key risks need attention in the DPP and must be reflected in a final NSP approach: <ul style="list-style-type: none"> <li>• Unreliability of NAWEC as counterpart in charge of paying the bill due to their financial hardship and the country's recent political instability;</li> <li>• Equity constraints and investment risks of medium sized companies in the region and even smaller companies in The Gambia that commercial banks don't tolerate.</li> </ul> High investment costs due to lack of competition among construction firms and for Engineering, Procurement and Construction (EPC) contracts
<i>Direct and indirect GHG emission reduction</i>	The GHG emission reduction calculations are based on the approved standardized baseline (ASB) <i>ASB0009 Standardized baseline: Emission factors for central grid and regional mini-grids of The Gambia, Version 01.0</i> . The correct application of the ASB will be confirmed and a detailed MRV plan will be developed during the DPP.
<i>Co-benefits and impact analysis</i>	The co-benefits will be thoroughly analysed during the DPP through UNDP's Climate Action Impact Tool.
<i>Environmental and Social Impact Assessment</i>	An environmental and social impact screening based on UNDP's social and environmental safeguards will be conducted.
<i>Cost and funding</i>	During the DPP the costs and required budget for the NSP will be elaborated and the assumptions described in the project outline will be further detailed and co-funding commitments from the government will be elaborated and confirmed.
<i>Sustainability and phase out of NAMA Facility support</i>	The proposed finance mechanism will lead to a fast uptake of solar PV investments in existing regional grids. Through the fast experience gained with accelerated investments in solar PV projects in The Gambia, capacity will be built up quickly and additional investments will be carried out. The provision of affordable financing options through the equity and de-risking instruments will overcome the barrier of expensive loans and lack of private sector investments. After the end of the NSP, investment costs for zero carbon technologies are expected to have come down to a level, which will make future solar PV additions bankable even in The Gambian context.





Please amend topics as needed.

#### 4. DPP Activities and Methodology

	DPP Methodology
Activities and approach	<p>Activities during the DPP will include:</p> <p><b><u>Involvement of key stakeholders</u></b></p> <ol style="list-style-type: none"> <li>1. Establish fully buy-in of all key public and private stakeholders relevant for the project;</li> <li>2. Hold at least 1 workshop with private sector players interested in investing into and operating solar PV projects;</li> <li>3. Hold at least 1 workshop with technology providers to raise awareness of the upcoming NSP and discuss the planned tendering approach;</li> <li>4. Organize at least 2 meetings with the newly set-up Steering Committee which will include at the least the following stakeholders:</li> </ol> <p><i>Milestones: The activities will be conducted during DPP 1 and DPP 2.</i>  <i>Capacity: In-house capacity to conclude all 4 activities</i></p> <p><b><u>7. Work package 1: DPP implementation process and project design</u></b></p> <ol style="list-style-type: none"> <li>1. Inception workshop and set-up of Steering Committee;</li> <li>2. Contract of international energy and project design experts;</li> <li>3. Contract of national energy experts;</li> <li>4. Identify a suitable NSO within 3 months of start of DPP</li> <li>5. Presentation of final financial and de-risking model, results of the technical assessments and TOR for tendering approach to the Steering committee for approval;</li> <li>6. Development of NSP project document;</li> <li>7. Final validation workshop to endorse the full NSP document at the end of the DPP;</li> </ol> <p><i>Milestones: Activities 1-4 will be completed during DPP 1, activity 4 will be completed at the end of the DPP. Activities 5 and 6 will be completed in DPP 2.</i>  <i>Capacity: In-house capacity with support of international experts contracted through GIZ and UNDP)</i></p> <p><b><u>Work package 2: Analysis of financial and de-risking model</u></b></p> <ol style="list-style-type: none"> <li>1. Detail amount of equity finance needed to leverage private sector debt financing;</li> <li>2. Carry out legal and regulatory due diligence to ensure compliance of financing structure with local and international rules.</li> <li>3. Define coverage of first loss capital;</li> <li>4. Provide debt re-financing volume for commercially operated solar PV plants and sequenced plans for ramp up;</li> <li>5. Identification and costing of insurance coverage for specific political risks;</li> <li>6. Undertake private sector investor sounding and obtain co-funding commitment of partners;</li> <li>7. Prepare detailed financial model including indicative amounts (including indicative interest rates and fees);</li> <li>8. Elaboration of agreements to be concluded between NSO and implementing partners</li> </ol>

	<p><i>Milestones: Activities 1-7 will be advanced during DPP 1 and completed during DPP 2.</i></p> <p><i>Capacity: In-house capacity in collaboration with support of international experts (contracted by GIZ and UNDP) and financial implementing partner and its consortium.</i></p> <p><b>8. <u>Work package 3: Development of Terms of Reference for the tendering system</u></b></p> <ol style="list-style-type: none"> <li>1. Development of TOR for tendering system aligned with on-going work in this area, if possible;</li> <li>2. Definition of application process for IPPs;</li> <li>3. Embedding tendering system in existing PPA structures;</li> <li>4. Determination of timelines for tendering procedures and contractual reviews and approvals;</li> </ol> <p><i>Milestones: Activities will start during DPP 1 and will be completed by the end of the DPP.</i></p> <p><i>Capacity: External international and national expertise needed (contracted through UNDP).</i></p> <p><b>9. <u>Work package 4: Feasibility assessment and dimensioning of solar PV additions in existing regional grids</u></b></p> <ol style="list-style-type: none"> <li>1. Dimensioning solar PV capacity for all six existing grid system, including battery storage, where applicable;</li> <li>2. Conducting technical assessment for solar PV system, storage and synchronisation for hybrid HFO/solar options where applicable;</li> <li>3. Assessing costs for solar PV system, storage and synchronisation for hybrid HFO/solar options where applicable;</li> </ol> <p><i>Milestones: All 3 activities will be completed during DPP 1.</i></p> <p><i>Capacity: External international and national expertise needed (contracted through UNDP).</i></p> <p><b>10. <u>Work package 5: Confirmation of GHG emission reduction calculation and monitoring, reporting and verification system</u></b></p> <ol style="list-style-type: none"> <li>1. Review of the application of the approved Standardized Baseline ASB0009 Standardized baseline: Emission factors for central grid and regional mini-grids of The Gambia, Version 01;</li> <li>2. development of monitoring, reporting and verification database for the GHG emission reductions and sustainable development impacts;</li> <li>3. Application of UNDP's Climate Action Impact Tool to track the sustainable development impacts.</li> </ol> <p><i>Milestones: All 3 activities will be completed during DPP 2.</i></p> <p><i>Capacity: In-house capacity to a large extend with international support of international expert to complete task 2.</i></p>
<b>Participants</b>	<p>The key partners for the implementation of the NSP are informed about the application and have been involved in discussions about the revised project design. Roles and responsibilities will be further defined in the DPP. The main partners involved are:</p> <ul style="list-style-type: none"> <li>- Ministry of Environment, Climate Change &amp; Natural Resources (MECCNAR)</li> <li>National Ministry responsible for climate change</li> </ul>



	<ul style="list-style-type: none"> <li>- Ministry of Petroleum &amp; Energy (MOPE) National ministry responsible for the energy sector</li> <li>- UNDP Co-applicant, support in coordination and implementation of DPP and NSP</li> <li>- Paris Climate Bond Financial implementing partner leveraging private sector capital</li> <li>- Public Utilities Regulation Authority Establishes rates and fees for regulated utilities</li> <li>- National Water and Electricity Company (NAWEC) National electricity company</li> </ul> <p>The main responsibility in the DPP will be with UNDP in cooperation with the main ministries (MECCNAR and MOPE). UNDP will coordinate the DPP and preparation of the NSP proposal. UNDP will also contract a national expert to support the activities in the DPP.</p> <p>Output of the work of the national energy consultant will include:</p> <ul style="list-style-type: none"> <li>- Work package 3 (contribute to): Development of Terms of Reference for the tendering system</li> <li>- Work package 4 (contribute to): Feasibility assessment and dimensioning of solar PV additions in existing regional grids</li> </ul> <p>The national energy expert will support the international energy expert with data collection, stakeholder engagement and site assessments. The national energy expert will be contracted by UNDP.</p> <p>International expertise will support the following work packages:</p> <ul style="list-style-type: none"> <li>- Work package 1: DPP implementation process and project design</li> <li>- Work package 2: Analysis of financial de-risking model</li> <li>- Work package 3: Development of Terms of Reference for the tendering system</li> <li>- Work package 4: Feasibility assessment and dimensioning of solar PV additions in existing regional grids</li> </ul> <p>An international project design expert will support the design of a robust, sustainable NSP with a clear exit strategy and lead the drafting of the full NSP document. The international project design expert will be contracted by GIZ.</p> <p>An international energy expert will support work package 4 on the technical feasibility assessment and dimensioning of solar PV additions in the existing grids. The international energy expert will be contracted by UNDP.</p> <p>International finance experts will support work package 2 and develop the financial and de-risking model for the NSP. International finance experts will be contracted by GIZ and UNDP.</p>
<b>Timeline</b>	<p>The DPP will be carried out in the period of 13 months plus 1 month decision period for the NAMA Board for approval of the progress report phase I, starting after the approval of the DPP (expected in January 2018). Duration of the DPP 14 months in total. The detailed timeline for the activities is show in the Gantt chart below.</p>



### 5. Gantt-Chart for the DPP

<b>Country</b>	The Gambia
<b>Project title</b>	Investing in Grid-Connected Solar PV in The Gambia
<b>Applicant</b>	UNDP

#### Legend / Color coding

Milestone (e.g. D-draft/F-Final/W-Workshop)
Output time-frame
Activity time-frame

Activity	Output	Primary Responsibility	Assisted by	Phase 1						Phase 2										
				Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7				
1	DPP implementation process																			
1.1	NSP preparation and implementation facilitated	UNDP	N/A																	
1.2	NSP preparation and implementation facilitated	UNDP	GIZ (DPP 2) Implementing Partners	X	X															
1.3	Identification of suitable NSO	UNDP	Implementing Partners	X	X															
1.4	Presentation of advanced models and TOR preparation and	UNDP	Implementing Partners																	

1 month Decision period for approval of progress report



								X	
								X	
	X							X	
	X							X	
	X							X	
X									
X									
X									
X									
X									
X									
X									

2.4	Detail debt re-financing volume for commercially operated solar PV plants and sequenced plans for ramp up	Financial de-risking mechanism established and operationalized	UNDP	International technical expert and Implementing Partners	X	X	X	X	X
2.5	Identification and costing of insurance coverage for specific political risks	Financial de-risking mechanism established and operationalized	UNDP	International technical expert and Implementing Partners	X				
2.6	Undertake private sector investor sounding and obtain co-funding commitment of partners	Financial de-risking mechanism established and operationalized	UNDP	Implementing Partners		X			X
2.7	Prepare detailed financial model including indicative amounts	Financial de-risking mechanism established and operationalized	UNDP	GIZ and International technical expert and Implementing Partners				X	
2.8	Elaboration of agreements to be concluded between NSO and implementing partners	NSP implementation facilitated	UNDP	Implementing Partners					
3	Development of TOR for the tendering system								
3.1	Development of TOR for	Tendering approach	UNDP	International Technical,	X	X	X	X	X

SECRET







5.3	reporting and verification database for the GHG emission reductions and sustainable development impacts Application of UNDP's Climate Action Impact Tool to track the sustainable development impacts	MRV system established	UNDP	Implementing Partners												X			

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## 6. Total cost of detailed preparation

<b>Country</b>	The Gambia
<b>Project title</b>	Enhancing Investment in Grid-Connected Solar PV in The Gambia
<b>Applicant</b>	UNDP

cost category	explanation	quantity up to	unit costs in EUR	Total cost Phase I	quantity up to	unit costs in EUR	Total cost Phase II	Total Costs Phase I+II
international consultancies	Determined by TOR (to support workpackage 2, 3 & 4	400	400	93.600			66.400	160.000
national consultancies	Determined by TOR to support workpackages 3 & 4	55	250	11.750			2.000	13.750
								-
<b>1 subtotal personnel</b>				<b>105.350</b>			<b>68.400</b>	<b>173.750</b>
N/A								-
per diem		59	100	5.900	29	100	2.950	8.850
<b>2 subtotal travel</b>				<b>5.900</b>			<b>2.950</b>	<b>8.850</b>
N/A								-
<b>3 subtotal procurement</b>				<b>-</b>			<b>-</b>	<b>-</b>
GMS (8%)							14.608	14.608
<b>4 subtotal other costs</b>				<b>-</b>			<b>14.608</b>	<b>14.608</b>
			<b>TOTAL</b>	<b>111.250</b>			<b>85.958</b>	<b>197.208</b>

currency: EUR

Instruction: double click on the table and it opens up as an excel sheet to be filled in.

- Include all indirect costs, overheads and VAT where applicable. Funding approved by the NAMA Facility Board represents the upper volume; any additional costs incurring at a later stage will not be reimbursed.

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