

United Nations Development Programme

Country: TURKEY

Project Document

Project Title: Utilization of Renewable Energy Resources and increasing Energy Efficiency in Southeast Anatolia Region (PHASE 1)

UNDAF Outcome(s): **Outcome 1:** By 2010 strengthened individual and institutional capacity for both democratic and environmental governance at local and central levels
Outcome 2: By 2010, social and economic policies for poverty and disparity reduction implemented effectively and quality basic social services reaching vulnerable groups ensured.

Expected Country Programme Outputs:

Outcome 5: Competitiveness of Socially and Environmentally responsible private sector increased

Outcome 6: The conservation and sustainable use of natural resources is strengthened.

Expected Output(s): **Output 1.3.5** Increased productivity and competitiveness through improved energy efficiency and conservation

Output 2.1.6 Increased integration of SMEs in national and global value chains through entrepreneurship and business development services, clustering, use of appropriate technologies and vocational training

Implementing Partner: GAP Regional Development Administration

Responsible Parties: GAP RDA, UNDP

Brief Description

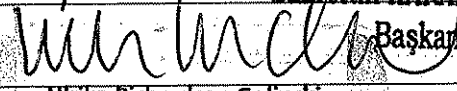
The overall objective, towards which the Project will contribute, is to improve the competitiveness of the Southeast Anatolia Region in a sustainable and socially equitable manner. This overall objective reflects the vision of the Competitiveness Agenda for Southeast Anatolia Region, and serves as a reference point for all initiatives (i.e. projects and programmes) to be implemented within the scope of the Agenda. In line with the said overall objective, the Project at hand, aims at improving the capacity for better utilization of renewable energy resources and increasing the energy efficiency in the Southeast Anatolia Region.

The first phase of the project will be implemented between April 2009 and March 2010. Implementation of the second phase of the project is contingent upon approval of the Government of the outputs (i.e. feasibility studies) of the first phase. This decision will be made latest by September 2009, so that the budget for the second phase can be reflected in the Government's investment programme.

Programme Period	2006-2010	2009 AWP Budget:	1.528.685 TRL
Key Result Area (Strategic Plan):		2010 AWP Budget:	371.315 TRL
Advocacy and Action Plan for Poverty Reduction		Total resources required:	1.900.000 TRL
ATLAS Award ID		Total allocated resources	1.900.000 TRL
Start date	April 2009	Government (GAP RDA)	1.900.000 TRL
End date	March 2010	GMS (3%)	55,340 TRL
PAC Meeting Date	27.02.2009	Contributions from the GAP RDA will be converted into the USD by using the UN Operational Rate of Exchange effective during the month of deposit. The total project budget will be the sum of USD equivalent contributions received from GAP RDA in instalments.	
Management Arrangement:	NEX		

Agreed by the Government of Turkey:  **H. Avni AKSOY** Head of Department Multilateral Economic Affairs **Ankara, 05.06.2009**

Agreed by GAP RDA  **Sadrettin KARAHOCAGIL** Başkan **14/07/2009**

Agreed by UNDP  **Ulrika Richardson-Golinski** Resident Representative a.i. **14/07/2009**

I. ANNUAL WORK PLAN

Year: 2009

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Amount (TRL)	
Output 1: Renewable energy (RE) and energy efficiency (EE) investment and business potentials of the Region assessed and promoted nationally and internationally Indicators: Report on investment and business potential on-line portal Target: Findings of the report is published by the 6 th month Online promotion web portal established by the 6 th Month	1. Establishment of the Assessment Team and Identification of the Methodology		X			GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	50.000 10.000 4.000
	2. Establishment of Working Relations with the Universities		X			GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 2.000 1.000
	3. Assessment of RE and EE Investment and Business Potential		X	X		GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	150.000 15.000 9.660
	4. Promotion, Publication and Dissemination of the Findings of the Report			X	X	GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 5.000 15.000
Output 2 Regional Renewable Energy (RE) and Energy Efficiency (EE) Strategy developed Indicator: Strategy Target: Strategy is developed by 10 th month of the project	1.Regional Needs Assessment		X	X		GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	50.000 8.000 5.000
	2. Development of Regional Renewable Energy and Energy Efficiency Strategy			X	X	GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	70.000 8.000 5.000
	3. Development of the Action Plan of Regional RE & EE Strategy				X	GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	30.000 8.000 5.000
	4. Implementation of the Action Plan of the Regional RE& EE Strategy				X	GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	25.000 3.000 2.500

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (TRL)
Output 3 Access to International Networks for RE & EE Research Indicator: Research Task Force, Action Plan Target: Research Task Force is established by the 4 th month Action Plan developed by the 10 th month	1. Establishment of a R&D Task Force(s) on RE & EE		X			GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 5.000
	2. Development of Regional RE and EE Research and Development Action Plan		X	X		GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	100.000 10.000 15.000
	3. Support to Networking Activities of the Task Force				X		GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services
Output 4 Establishment of RE and Energy Efficiency Centre(s) Indicator: Model for Service Delivery, Business Plan (BP), Center Targets: Model for Service Delivery is developed by 6 th month BP developed within the first year, Center is established in 2010.	1. Development of Service Delivery Models			X	X	GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	25.000 2.500 5.000
	2. Technical Assistance for Development of Business Plans			X	X	GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	25.000 2.500 5.000
	3. Establishment (or improvement) of a Service Delivery Centre (as a role model)				X		GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services
Output 5 Pilot (Demonstrative) Investments on RE Indicator: To be determined for 2 nd phase, if approved by the Government of Turkey Target: To be determined for 2 nd phase, if approved by the Government of Turkey	1. Pilot Investments (this activity will be conducted w/in the second phase, if the 2 nd phase is approved by the Government of Turkey)					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	- - -
	2. Identification of Potential Investors (starts in Phase 1 as a preparatory activity)				X	GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	20.000 10.000 25.000
	3. Business Brokerage Activities and Pilot Investments (starts in Phase 1 as a preparatory activity)				X		GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET	
		Q1	Q2	Q3	Q4		Funding Source	Amount (TRL)
Output 6 Institutional Capacity Building Indicator: number of training programmes, number of staff provided with specialized skills and knowledge on RE and EE Targets: At least two training programmes organized for GAP RDA Staff Members At least two staff members of GAP RDA are provided with specialized skills and knowledge on RE and EE.	1. Institutional Needs Assessment		X			GAP RDA, UNDP	Government	25,000 2,500 0
	2. Training Programmes			X	X	GAP RDA, UNDP	Government	25,000 2,500 3,000
	3. International and National Study Tours			X	X	GAP RDA, UNDP	Government	0 17,500 2,500
	4. Development of Supportive Tools				X	GAP RDA, UNDP		40,000 4,000 1,000
TOTAL								37,500 40,000 300,000 44,525 1,528,685

The budget will be managed and reported by UNDP in USD through its corporate management system, ATLAS. Contributions from the GAP RDA will be converted into the USD by using the UN Operational Rate of Exchange effective during the month of deposit. The total project budget will be the sum of USD equivalent contributions received from GAP RDA in instalments.

Year: 2010

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (TRL)
Output 1: Renewable energy (RE) and energy efficiency (EE) investment and business potentials of the Region assessed and promoted nationally and internationally Indicators: Report on investment and business potential on-line portal Target: Findings of the report is published by the 6 th month Online promotion web portal established by the 6 th Month	1. Establishment of the Assessment Team and Identification of the Methodology					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	2. Establishment of Working Relations with the Universities					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	3. Assessment of RE and EE Investment and Business Potential					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	4. Promotion, Publication and Dissemination of the Findings of the Report	X				GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 3.000 5.000
Output 2 Regional Renewable Energy (RE) and Energy Efficiency (EE) Strategy developed Indicator: Strategy Target: Strategy is developed by 10 th month of the project	1. Regional Needs Assessment					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	2. Development of Regional Renewable Energy and Energy Efficiency Strategy					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	3. Development of the Action Plan of Regional RE & EE Strategy					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	4. Implementation of the Action Plan of the Regional RE& EE Strategy	X				GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	25.000 3.000 2.500

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (TRL)
Output 3 Access to International Networks for RE & EE Research Indicator: Research Task Force, Action Plan Target: Research Task Force is established by the 4 th month Action Plan developed by the 10 th month	1. Establishment of a R&D Task Force(s) on RE & EE					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	2. Development of Regional RE and EE Research and Development Action Plan					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	3. Support to Networking Activities of the Task Force	X				GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	50.000 10.000 5.000
Output 4 Establishment of RE and Energy Efficiency Centre(s) Indicator: Model for Service Delivery, Business Plan (BP), Center Targets: Model for Service Delivery is developed by 6 th month BP developed within the first year, Center is established in 2010.	1. Development of Service Delivery Models					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	2. Technical Assistance for Development of Business Plans					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	0 0 0
	3. Establishment (or improvement) of a Service Delivery Centre (as a role model)	X				GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	100.000 12.500 20.000
Output 5 Pilot (Demonstrative) Investments on RE Indicator: To be determined for 2 nd phase, if approved by the Government of Turkey Target: To be determined for 2 nd phase, if approved by the Government of Turkey	1. Pilot Investments (this activity will be conducted w/in the second phase, if the 2 nd phase is approved by the Government of Turkey)					GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	- - -
	2. Identification of Potential Investors (starts in Phase 1 as a preparatory activity)	X				GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	5.000 5.000 5.000
	3. Business Brokerage Activities and Pilot Investments (starts in Phase 1 as a preparatory activity)	X				GAP RDA, UNDP	Government	Consultancy Travel and Acc. Services	5.000 5.000 5.000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET	
		Q1	Q2	Q3	Q4		Funding Source	Amount (TRL)
Output 6 Institutional Capacity Building Indicator: number of training programmes, number of staff provided with specialized skills and knowledge on RE and EE Targets: At least two training programmes organized for GAP RDA Staff Members At least two staff members of GAP RDA are provided with specialized skills and knowledge on RE and EE.	1. Institutional Needs Assessment					GAP RDA, UNDP	Government	Consultancy 0 Travel and Acc. 0 Services 0
	2. Training Programmes					GAP RDA, UNDP	Government	Consultancy 0 Travel and Acc. 0 Services 0
	3. International and National Study Tours	X				GAP RDA, UNDP	Government	Consultancy 0 Travel and Acc. 17,500 Services 2,500
	4. Development of Supportive Tools	X				GAP RDA, UNDP		Consultancy 10,000 Travel and Acc. 1,000 Services 1,000
TOTAL								Office Costs 12,500 Equip. & Supplies 0 Other Costs 50,000 GMS Fee 10,815 371,315

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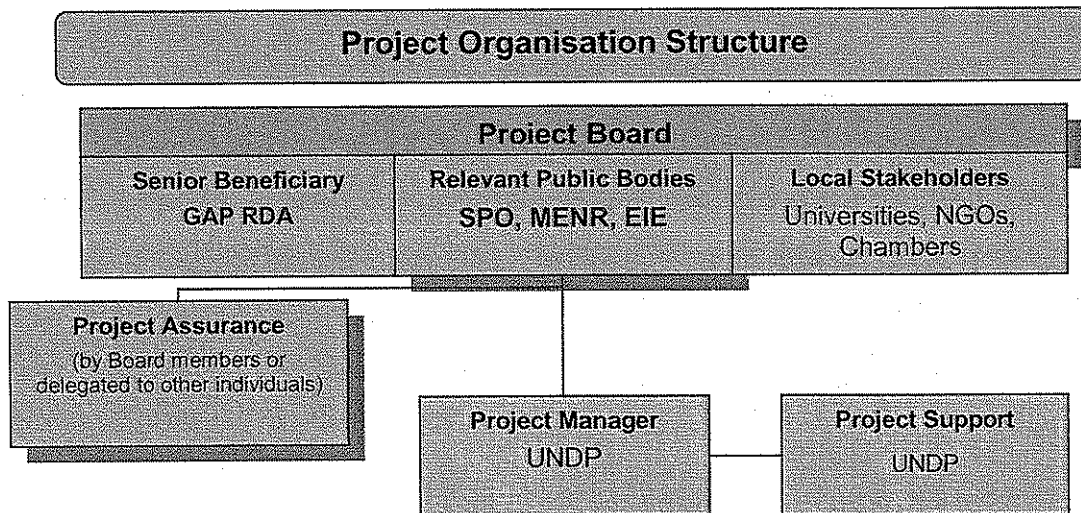
II. MANAGEMENT ARRANGEMENTS

The Project will be managed by the GAP Regional Development Administration with technical assistance of UNDP and in strong collaboration and cooperation with the institutions specified in GAP Action Plan. GAP RDA will identify from its own cadres a project "co-director" who will be main contact point of the co-director to be assigned by UNDP.

GAP RDA will establish and chair an advisory committee, which will meet every six months. The advisory committee will be composed of relevant public bodies (the MENR, the EIE and the SPO etc.) and civil society organizations (universities, chambers).

UNDP will establish a project management and coordination unit for the projects to be implemented within the scope of the Competitiveness Agenda. This unit will be based in Ankara, and will be composed of a director who will oversee implementation of the projects within the competitiveness agenda, project managers for specific projects, and support staff (finance, procurement, human resources).

All the personnel (short-term and long-term experts) to be mobilized within the scope of the Project will be identified jointly by the GAP RDA and UNDP as per the governing rules and regulations of UNDP.



The project will be subject to NEX Audit, cost of which will be charged against the project budget.

III. MONITORING FRAMEWORK AND EVALUATION

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Quarterly (narrative and financial) progress reports will be prepared and submitted by Technical Assistance Team and the Project Management Team to the GAP RDA. Being responsible for the implementation of the GAP Action Plan, Plan Monitoring Committee chaired by the GAP RDA will periodically monitor and evaluate the Project. In addition, regular meetings will be held with the participation of members of the Project Management and Coordination Unit and representatives of the GAP RDA to review the achieved progress.

The progress and performance indicators of the first phase of the Project with their corresponding indicators are listed below¹.

Expected Output 1: Investment and business opportunities and potential in renewable energy (RE) and energy efficiency (EE) assessed and promoted nationally and internationally:

- Report on Renewable Energy and Energy Efficiency Investment and Business Potential of Southeast Anatolia Region,
- The findings of the report published in Turkish and in English by the 6th month of the Project,
- An online portal promoting the RE & EE business and investment potentials of the Region established by the 6th month of the Project

Expected Output 2: Regional RE and Energy Efficiency (EE) Strategy developed,

- A regional RE and EE strategy Developed by 10th month of the Project,

Expected Output 3: The regional R&D capacity on RE and EE improved,

- A RE & EE research task force(s) established by the 4th Month of the Project,
- Regional RE Research and Development Action Plan developed by 10th month of the Project,

¹ The outputs for the second phase of the Project will be identified at the end of the first phase, and will be reflected in the revised project document.

Expected Output 4: A regional RE and EE Centre established (or the capacity of an existing centre improved), and linked to international R&D networks,

- A model for service delivery developed within the 6 months of the Project,
- Business plans development for the service centers within the first year of the Project,
- A centre established in 2010 (contingent upon the assessment to be carried out an already existing centre might be selected to invest in)

Expected Output 6: Institutional Capacity of the GAP RDA and its national and regional partners improved.

- At least 2 training programmes organized for the GAP RDA staff members, and their counterpart organizations
- At least 2 staff members of the GAP RDA are provided with specialized skills and knowledge on RE and EE.

IV. LEGAL CONTEXT

The project document shall be the instrument envisaged in the Supplemental Provisions to the Project Document, attached hereto.

Consistent with the above Supplemental Provisions, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

ANNEXES

Annex 1: Risks and Assumptions

Annex 2: Model Cost Sharing Agreement

Annex 3: Supplemental Provisions (Re. Section IV: Legal Context)

Annex 4: Detailed description of the activities

Annex I

Risks and Assumptions

The Project's intervention modality is based on a holistic regional economic development approach, which combines analytical studies with capacity building activities and demonstrative investments and pilot actions. The intervention modality assumes that high-level political commitment to the Competitiveness Agenda in general, and to utilization of RE resources and improving EE, in specific, continue as strong as today. Successful implementation of project activities requires willingness and cooperation of the regional, national and international stakeholders, including universities, civil society organizations, business community (i.e. investors).

The present Project has been designed in strong interaction with other sectors. The integration of renewable energy sector with organic food, tourism and organic agriculture would further accelerate the economic development of the Southeast Anatolia Region. In addition the Project is developed in such a manner that it can be implemented in other regions serving the potentials of renewable energy

The project activities will be conducted in close cooperation with the target groups and stakeholders. This will ensure that the strategies, action plans and programmes to be developed within the scope of the Project are sustained by the local and regional stakeholders once the funding to be provided within the Project ends.

Experience from other regional development programmes indicates that integration to national and international markets and promotion of competitiveness requires women's integration in labor markets. Thus it is anticipated that enhancing renewable energy sector in the Region will create employment opportunities for men as well as for women.

Renewable energy, by definition, has an environment friendly and sustainable structure as production techniques. Therefore, the Project has been designed in such a manner that is responsive enough to the protection of the environment and the sustainability of the natural resources.

Annex 4: Detailed Description of Activities:

Background and Justification

Over the last two decades the use of renewable energy resources has increased remarkably all across the World. As per the statistical information provided by IEA (International Energy Agency), the generation of electricity from renewable energy resources increased from 2337 terawatt hours in 1990 to 3272 terawatt hours (TWh) in 2005, globally. In 2007, more than \$100 billion was invested in new renewable energy capacity, manufacturing plants, and research and development (Source: Renewable 2007 Global Status Report, by REN21).

Turkish economy grew remarkably in the wake of the economic crisis in 2001. The country registered impressive growth rates between 2002 and 2006. However, starting from the second half of 2007, macroeconomic performance has become less favorable. Although the economy grew between 2002 and 2007, this had almost no impact on unemployment. The unemployment rate, which was 10.3% in 2002, declined by 0.4 points to 9.9% in 2007.

	2001	2002	2003	2004	2005	2006	2007
GDP Growth (%)	-5.7	6.2	5.3	9.4	8.4	6.9	4.6
Inflation (year on year, %)	68.5	29.7	18.4	9.35	7.72	9.65	8.39
Unemployment Rate (%)	8.4	10.3	10.5	10.3	10.3	9.9	9.9

The inflation rates, which dropped from 68.5% in 2001 to 8.39% in 2007, started to increase in 2008. At the end of 2008 the year on year inflation rate again hit double digits, 10.1%.

"The Turkish economy expanded by 3% in the first nine months of 2008, compared with the same period of 2007. However, growth slowed sharply in the second and third quarters and all available data for the final three months of 2008 suggest that there was a sharp contraction in the fourth quarter". (EIU)

In the aftermath of the economic crisis in 2001, Turkey's foreign trade volume has also reached unprecedented levels. Trade volumes, which averaged only USD 68 billion in the second half of the 1990s, reached USD 280 billion in 2007. Turkey's main trading partner continued to be the EU.

Despite the aforementioned remarkable performance between 2002 and 2006, and partly in 2007 and 2008, Turkish economy will certainly be affected by the global economic crisis, which has already started to demonstrate its impact. The unemployment rate was 12.3% in November 2008, and is expected to be higher in the first quarter of 2009.

Better utilization of renewable energy resources is critical for Turkey for a number of reasons. First, nearly 81% of the energy consumed in the country is imported; second, Turkey is a developing country, energy consumption/need of which is increasing steadily (7-8% per annum) both for the industry and households.

The surging energy prices, for instance, have been identified as one of the most important drivers of increasing inflation rates in 2008 (IMF). In addition to having an impact on the inflation rates, the energy prices have also had a negative impact on the competitiveness of the Turkish manufacturing industry, as well. Most of the sectoral associations (e.g. TUSIAD, Turkish Ceramic Federation, Association of Automotive Manufacturers etc.) indicate that the high cost of energy in Turkey is one of their competitive disadvantages.

The share of renewable energy in total primary energy supply decreased from ca 18 percent in 1990 to 9 percent in 2007 (Source: IEA). During the discussions for the 2009 National Budget, the Ministry of Energy and Natural Resources (MENR) announced that in 2007 the total primary energy supply in Turkey was 27,5 Mtoe (million tons of oil equivalent), whereas the total energy consumption was 107,6 Mtoe. The national demand for energy is estimated to reach 126 Mtoe in 2010 and 222 Mtoe in 2020.

Although there are varying estimations on the level of deployment versus potential of renewable energy resources, it is often agreed that "Turkey is extremely well endowed with renewable energy resources" The Project Appraisal Document (2004) of the Renewable Energy Project financed by the World Bank, potential generation from hydropower is estimated at about 126 TWh. The same document argues that Turkey is also rich in wind and geothermal resources. It is estimated that Turkey has the potential for up to 11,000 MW of wind capacity, capable of generating about 25 TWh of electricity per year. Proven geothermal capacity is only about 200 MW of electricity

generating capacity and about 2,250 MW of thermal (heat generating) capacity. However, the potential for electricity generation from geothermal resources (including proven resources) is thought to be as much as 4500 MW. As far as the Southeast Anatolia Region is concerned, together with the proven capacity of 98MW, which is far from reflecting the geothermal energy potential of the Region, the overall potential for electricity generation from the geothermal resources is estimated to be 500 MW.

The legal framework for utilization of renewable energy resources and energy efficiency has been improved considerably. The relevant legislative pieces include Energy Efficiency Law (5627), the Law on Utilization of Renewable Energy Resources for the Electricity Production (5346), Electricity Market Law (4628), and circulars and directives on bio-fuels and bio-diesels. The Energy Efficiency Law lays out the procedures and principles to be implemented to increase the energy efficiency throughout energy production, transmission, distribution and consumption, and encourages taking advantage of the renewable energy sources.

The Turkish Government is cooperating with international organizations to improve the renewable energy sector in Turkey. For instance, the Renewable Energy Project (2004 – 2010), financed by the World Bank aims at increasing privately owned and operated, distributed power generation from renewable sources, without the need for government guarantees, and within the market-based framework of the new Turkish Electricity Market Law. The European Commission has also financed certain projects in this particular area.

The Ministry of Energy and Natural Resources has launched an Energy Efficiency Project (known as ENVER) to promote energy efficiency and utilization of renewable energy resources. The Ministry has also published a national action plan to improve energy efficiency.

Ministry of Energy and Natural Resources (MENR) is responsible, inter alia, for developing and implementing renewable energy policies in Turkey, whereas the Electrical Power Resources Survey and Development Administration (EIE), an associated administration of the MENR, is mainly responsible for making research and survey on energy resources.

Southeast Anatolia Region has a significant renewable energy potential particularly in hydro energy, solar energy and biomass fields. However, the potential of the Region have, thus far, not been used efficiently. The utilization of renewable energy resources is vitally important for the region's development and competitiveness.

Justification

Southeast Anatolia Region is one of the most socially and economically distressed regions in Turkey. As per the socio-economic development index, issued by the State Planning Organization in 2003, the Region is the second least developed region in Turkey.

As the following table demonstrates, with the exception of Gaziantep, all the provinces of the Region have registered very low levels of socio-economic development values.

	Overall		Industry		Health		Education	
	Index Value	Rank	Index Value	Rank	Index Value	Rank	Index Value	Rank
Adiyaman	-0.77647	65	-0.58467	60	-0.86615	66	-0.60197	66
Batman	-0.90456	70	-0.60612	62	-1.42375	77	-1.46186	72
Diyarbakir	-0.66993	63	-0.52514	53	-0.68696	61	-1.50337	73
Gaziantep	0.46175	20	1.06361	7	-0.00510	37	-0.25099	53
Kilis	-0.41175	54	-0.63076	64	-0.65089	60	-0.15697	49
Mardin	-0.98944	72	-0.71096	68	-1.11637	71	-1.58331	74
Siirt	-1.00644	73	-0.72349	69	-0.99157	69	-1.60835	75
Sanliurfa	-0.83158	68	-0.54881	58	-0.76661	63	-2.10995	78
Sirnak	-1.13979	78	-0.81602	80	-1.34016	76	-2.32063	81

As the following table demonstrates the labor force participation rates in the Southeast Anatolia Region are considerably lower than the other regions in Turkey. As per the results of the TUIK's Household Labor Force Survey (2006) women's labor force participation rate in Southeast Anatolia Region is 6.5%.

Labor force status by Classification of Statistical Regional Units, 2006									
Thousand person, 15+ age, %									
	Total			Female			Male		
	L	U	E	L	U	E	L	U	E
Total	48.0	9.9	43.2	24.9	10.3	22.3	71.5	9.7	64.5
Istanbul	48.0	11.2	42.6	21.8	13.9	18.7	73.2	10.5	65.5
West Marmara	53.0	7.1	49.2	31.1	9.2	28.3	74.9	6.2	70.3
Aegean	48.8	8.8	44.5	26.6	9.4	24.1	71.2	8.6	65.1
East Marmara	49.6	9.0	45.2	26.1	11.2	23.1	72.7	8.2	66.7
West Anatolia	45.2	11.6	40.0	20.7	17.0	17.2	70.1	9.9	63.1
Mediterranean	50.1	12.0	44.1	27.5	12.8	24.0	73.2	11.7	64.7
Central Anatolia	43.1	10.9	38.4	19.0	12.4	16.7	68.6	10.5	61.5
West Black Sea	54.2	6.1	50.9	36.5	5.2	34.6	73.4	6.7	68.5
East Black Sea	62.3	5.7	58.7	50.1	5.0	47.6	74.8	6.2	70.1
North East Anatolia	49.8	5.3	47.2	28.0	2.4	27.3	73.4	6.5	68.6
Central East Anatolia	42.8	11.3	38.0	20.4	8.4	18.7	67.8	12.3	59.4
South East Anatolia	34.5	14.0	29.6	6.5	8.4	5.9	63.9	14.6	54.5

L: Labor force participation rate
U: Unemployment rate
E: Employment rate
Source: TurkStat, Household Labor Force Survey

The population of the Southeast Anatolia Region is circa 10% of the national population, whereas the regional GDP has traditionally constituted 6% to 7% of the national GDP. As such the GDP/capita in the Region is also lower than most other regions in Turkey.

A considerable portion of the economic output of the Region is derived from agriculture and trade. Although the region is endowed with favorable factor conditions (land, natural resources etc.), most of the manufacturing activities in the region are concentrated in the lower value-added segments of the manufacturing value chains. The only exception is, again, Gaziantep, where industrial manufacturing is on par with or better than most other provinces in Turkey.

Deployment of renewable energy resources and energy efficiency are both vitally important for Turkey. The Government of Turkey has launched ambitious and visionary programmes in these particular fields. The Southeast Anatolia Region (SAR) is endowed with renewable energy resources, foremost of which are hydro, solar and biomass, and to a certain extent wind. Although a regional assessment has not been carried out yet, it is anticipated that energy efficiency is yet another area, in which the SAR should improve.

The Competitiveness Agenda, which has been developed by UNDP in strong collaboration and cooperation with the GAP RDA within the scope of the EU-funded GAP-GIDEM (Entrepreneurship Support Centers) Project, aims at turning the Southeast Anatolia Region into the "Cradle of Sustainable Civilizations" by integrating the Region to national and international markets with a unique value proposition, which foresees deployment of renewable energy resources to their full potential. The recently-published GAP Action Plan makes specific references to the said Competitiveness Agenda.

In order to operationalise the core strategy of the Competitiveness Agenda for Southeast Anatolia Region, a considerable progress has to be achieved. Initially, the investment and business opportunities in the renewable energy (RE) and energy efficiency (EE) sectors need to be analyzed by conducting region-wide due diligence, upon which sector-specific strategies and action plans will be developed.

These analyses should be carried out concurrent to studies on identification of technologies that need to be brought into the Region. The research and development capacity of the Region (i.e. the universities therein) needs to be improved by establishing and maintaining working relations with international research and business networks. In an effort to lay the ground for such comprehensive efforts, UNDP and GAP Regional Development Administration have already embarked upon a small-scale project (i.e. Short-term Action Plan for the Competitiveness Agenda).

Investment Programme for 2009 and the GAP Action Plan

The GAP Action Plan, which has been announced by the Government in 2008, makes specific reference (ED.6.2) to the deployment of the renewable energy resources in the SAR. During the preparatory studies an indicative amount of TRY10 million has been allocated for this specific action.

During the elaboration of the investment programme for 2009, TRY1.9 million has been allocated for this action with an indication that the allocated funds will be disbursed in 2009.

Thus this Project has two phases. The first phase has a total budget of TRY1.9 million. The Project is planned to be started in April 2009 and completed in March 2010. The budget of the second phase is anticipated to be TRL 8.1 million. This amount is yet not reflected in the investment programme. Depending on the outcomes of the first phase the Government of Turkey will decide whether this amount (or a higher or lower amount) will be reflected in the investment programme for 2010.

Development and Utilization of Renewable Energy Resources Project is composed of the following activity groups:

- Action 1: Assessment of the RE and EE Investment and Business Potentials of the SAR
- Action 2: Development of Regional Renewable Energy and Energy Efficiency Strategy
- Action 3: Access to International Networks for Renewable Energy Research
- Action 4: Establishment of a RE and Energy Efficiency Centre(s)
- Action 5: Pilot (demonstrative) Investments on RE – (Phase 2)
- Action 6: Institutional Capacity Building

It should be noted that, the activities to be carried out during the first year of operations will mainly focus on the development of the analytical framework upon which further planning and implementation processes will be developed in the following years. (please see Section 6. Project Implementation Plan for details)

A1: Assessment of the RE and EE Investment and Business Potentials of the Region

EIE has developed HEPA (Turkish Hydraulic Energy Resources Potential Atlas), REPA (Turkish Wind Energy Potential Atlas) and GEPA (Turkish Solar Energy Potential Atlas) for Turkey. A similar assessment is planned to be made by EIE on "biomass energy potential" in 2009 (source: Strategic Plan of the EIE, Project No: 1.8.2).

This Action will capitalize on the studies of the EIE, and will assess investment and business opportunities to utilize the RE resources, and to deploy energy efficient technologies in the SAR. For instance:

- The GEPA demonstrates the solar energy potential; however an area, which is endowed with solar energy (sun radiation), might be under protection or preservation (i.e. SIT areas etc.), and thus would not be suitable for investment.
- The experience in Turkey has demonstrated that licensing energy generation investments creates a local supply chain (i.e. manufacturers of parts and components

of turbines, testing devices etc.). The same is likely to happen in the SAR, especially when the solar energy generation licenses are granted.

The assessments will be carried out in close cooperation with MENR and EIE to ensure that findings of the assessments are in line with the national policies, plans and programmes.

A1.1: Establishment of the Assessment Team and Identification of the Methodology

UNDP, in close cooperation with GAP RDA, will identify an assessment team, which will ideally be composed of international and national experts. This team will initially conduct desk research and preliminary field studies to develop the assessment methodology. The assessment method is expected to be based on international best practices. The team will develop a methodology, which will be presented at a workshop, to which all national stakeholders (i.e. MENR, EIE, SPO etc.) will be invited. During this workshop the participants will be expected to provide feedback to the methodology to be developed. The methodology will be refined and/or improved as per the feedback to be received.

UNDP and GAP RDA will ensure that the assessment team is composed of such members that the findings of the assessment will gain international recognition and credibility easily. This is particularly important in order to attract foreign investment (including investment in research and development) at later stages of the Project.

A1.2: Establishment of Working Relations with the Universities

UNDP and GAP RDA facilitate establishment of working relations with the national and regional universities, so that the national and regional capacity to conduct such assessment be improved. Additionally, involvement of regional universities to the assessment process will (a) improve the cost efficiency of the studies, and (b) increase commitment of the local academic circles to the RE agenda of the Region. Indicatively, the regional universities that are anticipated to be involved in the assessment include Harran University (Sanliurfa), Gaziantep University (Gaziantep) and Dicle University (Diyarbakir). At the national scale universities, with which working relations are expected to be established include, but not exclusive to, Istanbul Technical University, Aegean University, Hacettepe University.

A1.3: Assessment of the RE and EE Investment and Business Potential

Upon finalization of the methodology the assessment team will embark on analysis. This activity is expected to be completed within 6 months upon mobilization of the assessment team.

At the minimum, the assessment is expected to demonstrate the followings:

- Feasible investment locations (by using GIS techniques, and cross-referencing with the databanks of concerned ministries and administrations),
- Feasible investment and business areas (i.e. manufacturing of parts and components, pipes, testing devices, services etc.)
- Feasibility of deployment of energy efficiency technologies (i.e. cost-benefit analysis).
- Economic and Social Impact Assessment (forecast).

The format of the feasibility studies will follow SPO's standard format for investment proposals.

A1.4: Promotion, Publication and Dissemination of the Findings of the Report

A project website, which will be designed in such a structure that it can be turned into a multi-lingual portal, will be established both to promote the Project and its outputs and to communicate with national and international audience.

The findings of the assessment will be consolidated into a report, which will be used for a number of purposes including development of further interventions (i.e. programmes and projects), attracting investment etc. The report will be published in Turkish (original) and in English..

A2: Development of the Regional Renewable Energy and Energy Efficiency Strategy

The assessments and feasibility studies to be conducted within Action 1 (summarized above) will allow for development of a regional strategy for exploitation of regional renewable energy (RE) resources and promotion of energy efficiency (EE).

The strategy will cover all sectors including industry, agriculture (i.e. irrigation systems), transport, municipal services, households etc., and is planned to be based on the following pillars:

- Promotion of RE investment and business potential of the SAR, nationally and internationally,
- Promotion of EE investment and business potential of the Region, regionally, nationally and internationally,
- Improvement of the Regional R&D capacity on RE and EE,
- Establishment of regional service delivery mechanisms on RE and EE,
- Making demonstrative investments, showcasing successful models and dissemination,
- Development of pro-poor energy solutions to assist the poor in accessing and using affordable, clean and safe energy.

This strategy will also demonstrate how national strategies on RE and EE might be operationalised by regional strategies, indications of which are also visible, for instance, in the ENVER strategy document.

A2.1: Regional Needs Assessment

Parallel to the due diligence to be conducted within Action 1, a region-wide needs assessment will be conducted in order to identify the strategic priorities of the Region in terms of (a) development of the local manufacturing capacity for deployment of RE resources and technologies, and (b) deployment of energy efficient technologies. This needs assessment will be comprehensive in the sense that it will encompass industry, households, public buildings and services etc.

The needs assessment will be carried out to address several issues: (a) competitiveness of the local industry and service sector, (b) municipal services and operations, (c) household consumption (with special emphasis on the poorer segments of the society) etc. During course of the assessment surveys will be conducted.

At this point the project team will also cooperate with regional energy distribution companies and municipalities to collect and analyze data.

A2.2: Development of Regional Renewable Energy and Energy Efficiency Strategy

The Regional RE and EE strategy will be developed in a participatory manner. UNDP and GAP RDA will facilitate establishment of working groups, composed of members from the MENR, the EIE, the SPO and other governmental agencies, and business community, civil society organizations, local administrations and universities.

The strategy development process will include a review of the legislative framework as well. The regional strategy will be in line with the national strategies and action plans on renewable energy and energy efficiency. To that end, representatives of relevant public bodies, such as the MENR, the EIE, the SPO etc, will be invited to take part in the workshops and other studies within this particular action. The participants will be expected to provide feedback on the strategy. The strategy will be refined and/or improved as per the feedback.

The strategy will cast last light on the followings:

- Promotion of RE & EE investment and business potential of the SAR, nationally and internationally,
- Improvement of the Regional R&D capacity on RE & EE,
- Establishment of regional service delivery mechanisms on RE & EE,
- Making demonstrative investments, showcasing successful models and dissemination,
- Development of pro-poor energy solutions.

A2.3: Development of the Action Plan of Regional RE & EE Strategy

Within the scope of Action 2, finally an action plan will be developed in order to ensure that the RE & EE Strategy is operationalised. This action plan will demonstrate the key action lines, responsible parties, stakeholders, and indicative budgets for the action lines.

In addition to the national (public) funds, the action plan will target mobilization of private and international funds (such as European Commission's Instrument for Pre-accession Assistance, Framework Programmes etc.)

A2.4: Implementation of the Action Plan of the Regional RE & EE Strategy

Some (less costly) activities of the Action Plan of the Regional RE & EE Strategy will be implemented within Phase 1. However most of the activities will be implemented in Phase 2.

A3: Access to International Networks for RE and EE Research

In order to capitalize on the SAR's RE resources, and to deploy EE technologies therein, Region's universities should possess the R&D capacity to develop and/or transfer technologies that can be deployed effectively and efficiently in the region. These types of research and development (R&D) studies can be conducted more efficiently, if the universities in the Region can access to international networks of RE and EE.

Accessing international networks for RE and EE research involves participation to international events, establishment of bilateral and multilateral working relations with global leaders in this particular field, hosting international missions and conducting international study tours.

A3.1: Establishment of a Regional R&D Task Force(s) on RE and EE

UNDP and GAP RDA will facilitate establishment of Regional R&D task force(s) on RE and EE. These task forces will be composed of representatives from the local universities (Dicle, Gaziantep and Harran etc.), and from relevant public organizations (i.e. ministries, undersecretariats, administrations etc.) and NGOs.

A3.2: Development of Regional RE and EE Research and Development Action Plan

These task forces, with the support of the international and national short-term experts, to be mobilized within the scope of the Project, will develop an Action Plan. This Action Plan will initially target identification of international networks, to which the task forces need to access, and partner organizations, with which the task forces should establish and maintain working relations.

UNDP and GAP RDA will support development of a governance system for the task forces.

A3.3: Support to Networking Activities of the Task Force(s)

After development of the Action Plan, the Project will support networking activities of the task forces. This support will include organization of international missions to the Region, organization of similar study tours to the potential partner organizations, provision of technical (and later financial) support for joint research projects etc.

A4: Establishment of a RE and EE Centre(s)

In order to ensure sustained impact of the Project, regional self-sustainable service delivery mechanisms should be established. Similar mechanisms (i.e. service centers, designed to deliver services to private and public sector) can be found in other countries. For instance, the Energy Efficient Technologies Programme of the US Department of Energy leverages on the Energy Efficiency Centers that are established at the universities. These centers provide services to local businesses and identify energy efficient technologies that can be deployed by the local businesses (mostly SMEs).

The Project will address this issue, initially during elaboration of the Regional RE and EE Strategy. In anticipation of the budgetary constraints, which will prohibit establishment of such centers all across the Region, the Project will provide technical assistance for establishment of only one centre or for improvement of skills and capabilities of an existing centre within a local university. Dependent on the resources to be made available for the second phase of the Project, a centre may be physically established as well.

For instance, the EIE plans to accredit local agencies to deliver training programmes on EE. This centre can be instrumental in delivering such services in the SAR. Such centers can also deliver services to the investors by conducting site-specific tests (i.e. solar radiation etc.), developing model investment projects etc.

A4.1. Development of Service Delivery Models for the RE and EE Center(s)

The international practices demonstrate that there are different service delivery models that can be deployed in accordance with the local context, in which such centers operate. In some regions,

such centers operate under the auspices of the public bodies (i.e. regional development agencies, governorates etc) with full public funding, in some other regions, such centers are attached to applied R&D centers established at the local universities, providing services on a cost recovery basis and/or at subsidized rates, and in some regions such centers operate within the framework of public-private partnerships.

Accordingly, within the scope of the Project alternate models will be scrutinized by analyzing the international best practices and local dynamics. The Project does not intend to impose a single model. The objective is to elaborate feasible models, which can be adopted by the local stakeholders and which will not create redundancies.

A4.2. Technical Assistance for Development of Business Plans

Upon identification of alternate models, and securing commitment of local stakeholders, the Project will provide technical assistance to local stakeholders. This technical assistance will be basically in the form of development of business plans, which will demonstrate how such centers can be established (investment plan), managed (management and governance structure), deliver services (marketing and service delivery) and operated (human resources management, financial management, and cash flow projections).

The business plans will include feasibility studies, format of which will follow SPO's standard format for investment proposals.

A4.3. Establishment of a Service Delivery Centre (as a role model)

As indicated above, dependant on the resources to be made available to the second phase of the Project a centre can be established physically.

A5: Pilot (demonstrative) Investments

Implementation of Action 5 is contingent upon availability of funding for the second phase of the Project.

The aim of the activities to be carried out within the context of the fifth action is to make pilot investments, which will be of demonstrative nature and serve as role models for other investments in the Region. The notion of pilot investments is also planned to be operationalised by attracting international and national investors.

A5.1: Pilot (demonstrative) Investments

The pilot (demonstrative) investments will be made by using the resources that will be made available to the second phase of the Project, and will be determined in accordance with the findings and recommendations of the studies to be conducted with Action 1 and Action 2 (defined above).

UNDP, GAP RDA, MENR, EIE and SPO will develop a list of criteria to be used during the selection of the pilot investments. These criteria will include, inter alia, the followings:

- Value-for-money: The cost versus expected economic and social benefits of the pilot investments,
- Local commitment: Presence of local commitment to sustain the pilot investment upon completion of the funding to be made within the scope of the Project,
- Replicable Models: Priority will be given to the pilot investments that can be replicated in the Region,
- Social externalities: Impact on the poorer segments of the society.

A5.2: Identification of Potential Investors

A5.2 and A5.3 will target attracting private sector investments to the Region. There are three channels, through which potential investors can be identified:

- Investment Support and Promotion Agency of Turkey (ISPAT): ISPAT promotes investment opportunities in Turkey, and support potential international investors. The Project will establish working relations with ISPAT.

- National and international fairs and exhibitions: The investment opportunities in the SAR can also be promoted through participation to international and national fairs and exhibitions.
- International networks: The investment opportunities can also be promoted through UNDP's existing networks, and the working relations to be established with international research and business networks during the implementation of the Project.

Accordingly, international, national and regional investors in the field of renewable energy will be identified with the anticipation of exploitation of the opportunities that Action 1 will identify. GAP RDA and UNDP will be actively involved in negotiation process for the identification of international investors through meetings, interviews and workshops. GAP RDA and UNDP will also leverage on the experience and know-how of the MENR and EIE during the fulfillment of these activities.

A5.3: Business Brokerage Activities and Pilot Investments

Upon identification of the potential national and international investors, pilot investments will be implemented. Afterwards impact assessments of each pilot investment will be conducted, which further lead to the extension of the efficient investments be implemented in much larger scales.

A6: Institutional Capacity Building

The aim of the activities to be carried out within the scope of this action is to improve institutional capacities of the GAP RDA and the local and central institutions (i.e. Project Partners) with which the GAP RDA will be in strong collaboration and cooperation during the implementation of the Project. In this sense, the improved institutional capacities of the GAP RDA and the Project Partners will contribute to (a) the efficiency of the Project activities and the sustainability of the Project and (b) to the replication the Project's intervention modality as a role model in other regions of Turkey serving renewable energy potential. This action will include organization of workshops, training programmes, and national and international study tours, as well as development of supportive tools (manuals, toolkits etc.) that would be referred by the GAP RDA and the Project Partners as the source documentation regarding their prospective initiatives in the field of renewable energy.

The MENR and the EIE have both been involved in similar activities in the fields of RE and EE, as such the experience and know-how of the MENR and the EIE will be utilized to full extent, through consultations with these organizations.

A6.1: Institutional Needs Assessment

The institutional needs assessments will be carried out both at the GAP RDA and at the local stakeholders (Governorships, Municipalities², Chambers, Universities and other related NGOs). The needs assessments will be demonstrate the skills and capabilities that the central and local project partners need to develop in order to improve the effectiveness of the Project activities and to contribute to the sustainability of the Project. The Institutional Needs Assessment Report to be developed within the scope of this activity will include concrete recommendations on the followings:

- Topics and overall contents of the customized training programmes,
- Profiles of participants,
- Duration of training programmes,
- Expected benefits

The needs assessments will also provide recommendations regarding the international and national study tours to be conducted within the scope of the Project (please see A6.3 for details).

A6.2: Training Programmes

Based on the Institutional Needs Assessment Report to be developed within the scope of A6.1, it is anticipated that at least 5 training programmes be implemented during the lifespan of the Project. The topics and overall contents of the training programmes will be identified upon

² Improving institutional capabilities of the municipalities, for instance, is critical at least for two reasons: (a) the municipalities are critical players for utilization of biomass energy resources, and (b) improvement of energy efficiency of municipal services (street lights etc.).

completion of the needs assessment. Some of the training programmes may also be organized in the form of general awareness-raising programmes, which will complement and/or supplement the ongoing efforts of the MENR and the EIE. Selected training programmes will be recorded and be designed as interactive DVDs, which can be shared with a larger audience.

A6.3: International and National Study Tours

The Project's intervention modality is innovative and has been designed not only to achieve short-term results (i.e. development of Regional Renewable Energy and Energy Efficiency Strategy etc.), but also to establish local mechanisms that will ensure sustained impact of the Project. Accordingly, during the course of its execution the Project will need to benefit from international and national best practices.

Incorporation of the experiences of the international and national best practices into the Project will be predominantly achieved by mobilization of international and local experts and by transferring UNDP's (and thereby relevant UN agencies) know-how. The Project Team will facilitate transfer of UNDP's know-how into the Project. However well-designed and implemented international and national study tours have also proven to be an effective tool of transferring international and national know-how and experience and building local capacities.

The Project Team will develop a strategy for the organization of international and national study tours. This strategy will demonstrate the objectives of the study tours, best practices to be visited etc. The strategy to be developed will also demonstrate which objectives will be sought in national and international study tours. Ideally, an international study will be conducted where the objectives of the tours cannot be met by conducting a national study tour.

The international and national networking activities, which will be executed within the scope of access to international networks for renewable energy research (please see A3) are not considered as international or national study tours. Study tours are considered as a tool for improving national and local capacities, the networking activities might also contribute to improvement of national and local capacities, however their main aim will be to achieve the objectives of accessing to international networks for renewable energy.

The international study and national study tours are planned to be organized at later stages of the Project (Phase 1).

A6.4: Development of Supportive Tools

The needs assessment will identify not only the missing skills but also the capabilities. It is envisaged that the capability-related needs can be addressed through development of tools (i.e. manuals, toolkits, systems etc.), which can be used both by the GAP RDA and the Project Partners both at the central and local levels with a view to replicate the Project's intervention modality in other regions and to sustain the impact of the Project.

ANNEX 2:

Model UNDP Programme Country Government Cost-Sharing Agreement

AGREEMENT BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME AND THE GOVERNMENT OF (programme country)

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and the Government of (programme country) (hereinafter referred to as the "Government") have agreed to co-operate in the implementation of a project/programme in the (programme country) (hereinafter referred to as "the Project ") which Project is summarized in Attachment A to this Agreement;

WHEREAS the Government has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis to increase the resources available for the Project;

WHEREAS the UNDP shall designate an executing entity or implementing partner for the implementation of each project financed from the contribution (hereinafter referred to as "the Executing Agency/ Implementing Partner")

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

Article I

1. The Government shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of _____.
2. The Government shall, in accordance with the schedule of payments set out below, deposit the contribution in (title and number of bank account) at the (name and address of bank of deposit).

Date payment due

Amount(US\$)

- (a)
- (b)
- (c)
- (d)

The above schedule of payments¹ takes into account the requirement that contributions shall be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

3. All financial accounts and statements shall be expressed in United States dollars.
4. UNDP may agree to accept contribution-payments in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 5, below. Any change in the currency of contribution--payments shall be made only in agreement with UNDP.
5. The value of a contribution-payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations 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 UNDP of the contribution-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 Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, 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 UNDP Account and shall be utilized in accordance with established UNDP procedures.

Article II

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 shall be charged a fee equal to 3%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of executing entity or implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.

2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources

¹ It is recommended that country offices negotiate the number of installments to ensure at least six months' anticipated disbursements are funded with each installment. This will make processing of contributions and reporting more efficient for the country offices.

available to the project under this Agreement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

Article III

1. The contribution shall be administered by the UNDP in accordance with UNDP regulations, rules and directives, applying its normal procedures for the execution of its projects.
2. Project management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Executing Entity/Implementing Partner.

Article IV

1. The implementation of the responsibilities of the UNDP and of the Executing Agency/Implementing Partner pursuant to this Agreement and the relevant project document shall be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP shall submit to the Government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.
3. If the contribution-payments referred to in Article I, paragraph 2, above, are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2, above, is not forthcoming from the Government or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

Article V

Ownership of equipment, supplies and other property 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

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

Article VII

UNDP shall provide the Government on request with financial and other reports prepared in accordance with UNDP reporting procedures.

Article VIII

1. UNDP shall notify the Government when all activities relating to the contribution have been completed.
2. Notwithstanding the completion of all activities relating to the contribution, UNDP shall continue to hold unutilized contribution-payments until all commitments and liabilities incurred in implementation of the activities finance by the contribution have been satisfied and these activities brought to an orderly conclusion.
3. If the unutilized contribution-payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
4. Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Government.

Article IX

1. After consultations have taken place between the two Parties to this Agreement and provided that the contribution-payments already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by the Government. The Agreement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.
2. If the unutilized contribution-payments, together with other funds available to the Project, are insufficient to meet such commitments and liabilities, UNDP shall notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized contribution-payments until all commitments and liabilities incurred in

implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.

4. Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Government.

Article X

This Agreement shall enter into force upon signature and deposit by the Government of the first contribution-payment to be made by the Government in accordance with the schedule of payments set out in Article I, paragraph 2 of this Agreement.

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

For the Government:

For the United Nations Development Programme

(Signature)

Name:

Title:

Date:

Place:

(Signature)

Name:

Title:

Date:

Place:

Standard annex to project documents for use in countries which are not parties to the Standard Basic Assistance Agreement (SBAA)

Standard Text: Supplemental Provisions to the Project Document:
The Legal Context

General responsibilities of the Government, UNDP and the executing agency

1. All phases and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this Project Document being provided for the benefit of the Government and the people of (the particular country or territory), the Government shall bear all risks of operations in respect of this project.
4. The Government shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities. It shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the "Co-operating Agency"), which shall be directly responsible for the implementation of the Government contribution to the project.
5. The UNDP undertakes to complement and supplement the Government participation and will provide through the Executing Agency the required expert services, training, equipment and other services within the funds available to the project.
6. Upon commencement of the project the Executing Agency shall assume primary responsibility for project execution and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Government or to an entity designated by the Government during the execution of the project.

7. Part of the Government's participation may take the form of a cash contribution to UNDP. In such cases, the Executing Agency will provide the related services and facilities and will account annually to the UNDP and to the Government for the expenditure incurred.

(a) Participation of the Government

1. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document. Budgetary provision, either in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.

2. The Co-operating Agency shall, as appropriate and in consultation with the Executing Agency, assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.

3. The estimated cost of items included in the Government contribution, as detailed in the Project Budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.

4. Within the given number of man-months of personnel services described in the Project Document, minor adjustments of individual assignments of project personnel provided by the Government may be made by the Government in consultation with the Executing Agency, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.

5. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.

6. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance, and replacement, if necessary, after delivery to the project site.

7. The Government shall make available to the project - subject to existing security provisions - any published and unpublished reports, maps, records and other data which are considered necessary to the implementation of the project.

8. Patent rights, copyright rights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries or work within the country free of royalty and any charge of similar nature.

9. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.

10. The services and facilities specified in the Project Document which are to be provided to the project by the Government by means of a contribution in cash shall be set forth in the Project Budget. Payment of this amount shall be made to the UNDP in accordance with the Schedule of Payments by the Government.

11. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to commencement or continuation of project operations.

(b) Participation of the UNDP and the executing agency

1. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.

2. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Manager *a/* who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.

3. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.

4. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.

a/ May also be designated Project Co-ordinator or Chief Technical Adviser, as appropriate.

5. The Executing Agency may, in agreement with the Government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.

6. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.

7. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.

8. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion, retain title to part or all of such equipment.

9. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.

10. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

Rights, Facilities, Privileges and Immunities

1. In accordance with the Agreement concluded by the United Nations (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.

2. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.

3. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:

- (a) Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;
- (b) Be immune from national service obligations;
- (c) Be immune together with their spouses and relatives dependent on them from immigration restrictions;
- (d) Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;
- (e) Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.

4. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.

5. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:

- (a) The salaries or wages earned by such personnel in the execution of the project;
- (b) Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;
- (c) Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b), above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and

(d) As in the case of concessions currently granted to UNDP and Executing Agency's personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.

6. The Government shall ensure:

(a) prompt clearance of experts and other persons performing services in respect of this project; and

(b) the prompt release from customs of:

(i) equipment, materials and supplies required in connection with this project; and

(ii) property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.

7. The privileges and immunities referred to in the paragraphs above, to which such firm or organization and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.

8. The Executing Agency shall provide the Government through the resident representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

9. Nothing in this Project Document or Annex shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.

Suspension or termination of assistance

1. The UNDP may by written notice to the Government and to the Executing Agency concerned suspend its assistance to any project if in the judgement of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that it is prepared to resume its assistance.

2. If any situation referred to in paragraph 1, above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.

3. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.