

Submission Form

To

Sierra Leone PBF Steering Committee

To be completed by the Support Office of the Steering Committee:

Meeting No: 03	Date of Meeting: 15 th July, 2008
Item No: 04	Programme / project: Emergency Support to the energy sector

(To be completed by the Participating UN Organisation and endorsed by Peer Group)

To: Sierra Leone PBF Steering Committee	Date of Submission: 15 th July, 2008
From: National Authority and Head of UN Participating Organisation	Contact: Telephone number, email Mr. Ernest Surrur - Permanent Secretary ea_surrur@yahoo.com Tel: +23276441627
Through: Peer Group Chair <input checked="" type="checkbox"/> Endorsement <input type="checkbox"/> Comments	Contact: Telephone number, email Mr. John Sumallah; +23276684861
Proposed submission, if approved would result in: <input checked="" type="checkbox"/> Continuation of existing programme/project <input type="checkbox"/> New programme/project <input type="checkbox"/> Other (explain) Project provides stop-gap support to electricity	Proposed submission resulted from: <input type="checkbox"/> National Authorities initiative within Sierra Leone PBF Priority Plan <input type="checkbox"/> UN Agency initiative within Sierra Leone PBF Priority Plan <input checked="" type="checkbox"/> Other (explain) New initiative. Priority plan revised.
Programme/project Title: Emergency Support to the energy sector	
Amount of PBF funds requested for Proposed Programme/project: US\$ 9,000,000	
Amount of indirect costs requested: (3%)	

To be completed by the Participating UN Organisation and Government Counterpart

1. Background

Following the cessation of hostilities in 2001, Sierra Leone experienced an average growth rate exceeding 6% p.a. Electricity production, although below pre-war levels, amounted to approximately 125 GWh annually. In 2006 this declined to 24 GWh. This led to major losses in the private sector resulting in a drastic decline in economic activities. The ripple effects led to major shortfall in government revenue, triggering violations of the conditions for the country's programme with the IMF. An important part of the explanation is the non-completion of the Bumbuna hydropower plant and the associated transmission line, long envisaged as the long term electricity solution for Freetown. Internal weaknesses in the performance of the National Power Authority (NPA) also played a major part. The energy situations in the capitals of Freetown, Bo and Kenema continued to deteriorate over the years and dropped to some 15% of the energy needs.

The newly elected Government has rallied its development partners around its energy agenda and there are indicators of incensing commitments from key donors. It is expected that the Bumbuna Hydro Power Plant shall be completed in mid 2009 which shall drastically increase energy supplies to the west and parts of the North. It is also expected that several donors, including the WB, EC, DFID etc have shown commitment in investing the medium to long term energy needs of the country which shall include investing in the reduction of technical and commercial losses. Most of these interventions however target the medium to long term needs of energy in Sierra Leone and fall short of addressing the emergency requirement of the energy sector. Owing to the importance of Energy in promoting SME development and hence wellbeing, Government as an initial move requested the PBC to incorporate the lack of energy as a threat to peace in its cooperation framework (compact) which was concluded in December 2007.

The Government upon assuming power has up till now delivered on its promise of bringing back electricity to especially Freetown. This fulfilment is currently been seen by many Sierra Leonean as a measure of the current Government's commitment in responding to the needs of its people. However, as the agreement with the service provider (IPP) for the 15MW ends in December, and as the current available budget in Government can only support running costs up till September, and as the Hydro in Bumbuna can only come on sometime in May, there is an increasing risk that Freetown may go back into the dark by September if this gap is not filled by the PBF. This will return the feeling of disillusionment that existed just before the last general elections and will constitute a threat to the peace. This will impact on economic and social activities as well.

The current output of power supply has improved from 5 MW in November 2007 to 25MW (15MW rented power and 10MW IPP). The emergency PBF funds shall further improve this supply from 25MW to 31MW for Freetown by rehabilitating one thermal plant at Kingtom Power Station and by providing fuel and lubricants. It shall also support the rehabilitation of two thermal plants in Bo and provide fuel and lubricants. The resources harnessed by Government shall be used to compliment donor's efforts in building capacities for improved revenue collection, reduced power loss etc. Regular and sustained supply to these major towns/cities shall have immediate wins in improving economic performance through the revitalisation of small scale industries that would avert the threats to stability, human security and reduce the increasing feeling of neglect by Government especially in the provinces.

2. Purpose of Proposed Programme/Project

The main goal of the project is to contribute to increased wellbeing, Peace and Security; in order to achieve the following outcomes will be pursued;

- 1.1 Contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalisation of energy based SMEs through increased and sustained power supply
- 1.2 Contribute to increased public revenue base for Government with increased capacity to support poverty related programs
- 1.3 Contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power

These outcomes shall be ensured by ensuring the project delivers key outputs of:

Increase and Sustain power generation for Freetown from 25MW to 31 MW, and Improve power generation in Bo and Kenema from the current 0.5MW to 5MW during the dries (June-July 2008) and (Jan-April 2009). Increasing power in these areas shall be done by ensuring key activities of providing 12,00 metric tons of fuel, some 100,000 imperial gallons of diesel, 67 drums of lubricants, capacity building training in stores management and fuel supply, awareness raising in loss prevention and the provision of 6 vehicles, 6 bikes and office equipments to the NPA and BKPS.

3. Evaluation of Proposals by the Cluster

Provide concise summary evaluation of proposal against:

<i>General principles and selection criteria:</i>		
(a)	Must be explicitly based on Sierra Leone PBF Priority Plan Assessment.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(b)	Must promote and ensure national ownership.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(c)	Must fall within the areas of UN's comparative advantage.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(d)	The organization must have the appropriate system to deliver the intervention.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(e)	The UN response must be effective, coherent, context-sensitive, cost-efficient and the outcomes, sustainable.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(f)	Must avoid duplication of and significant overlap with the activities of other actors.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(g)	Must use strategic entry points that respond to immediate needs and yet facilitate longer-term improvements.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(h)	Must build on existing capacities, strengths and experience.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(i)	Must promote consultation, participation and partnerships.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Project Implementability

2007 2008

Estimated commitments (\$mill)

Estimated disbursements (\$mill)

_____ US\$ US\$ 9,000,000

Project approved by Line Ministry of Energy and Power on _____ (date)

To be completed by the Steering Committee Support Office

4. Review by Steering Committee Support Office

Check on Programme/Project Proposal Format Contents

- | | | |
|---|---|-----------------------------|
| <input type="checkbox"/> Cover sheet (first page) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| <input type="checkbox"/> Logical Framework | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| <input type="checkbox"/> Programme/Project Justification | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| <input type="checkbox"/> Programme/Project Management Arrangements | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| <input type="checkbox"/> Risks and Assumptions | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| <input type="checkbox"/> Budget | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| <input type="checkbox"/> Progress Report (for supplementary funding only) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| <input type="checkbox"/> Support Cost | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Provide concise summary assessment against:

- One year Implementability*

Elaborate:
 One year implement ability of this project is deemed feasible as reflected in the work plan. Most of the key activity relates to procurement which can be implemented concurrently with other programmatic activities.

- Agency indirect support cost*

Elaborate
 With some 95% geared towards the procurement of fuel and lubricants, an indirect cost of 3% has been negotiated with UNDP.

- General evaluation criteria at annex 2.B.*

<i>General criteria for prioritising clusters</i>		
(a)	Must be in line with Sierra Leone PBF Priority Plan	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(b)	Recipient Organization is unable to meet high or urgent priority needs with existing level of funding.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(c)	Need to address high priority activities that have significant impact, and by nature must address seasonal or timing imperatives and	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

	considerations.	
(d)	Supports activities that are likely to improve the overall peacebuilding situation at national and local levels.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
(f)	As the improving security situation permits, activities that exploit the opportunities presented.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

o Overall review of programme submission.

Recommendations

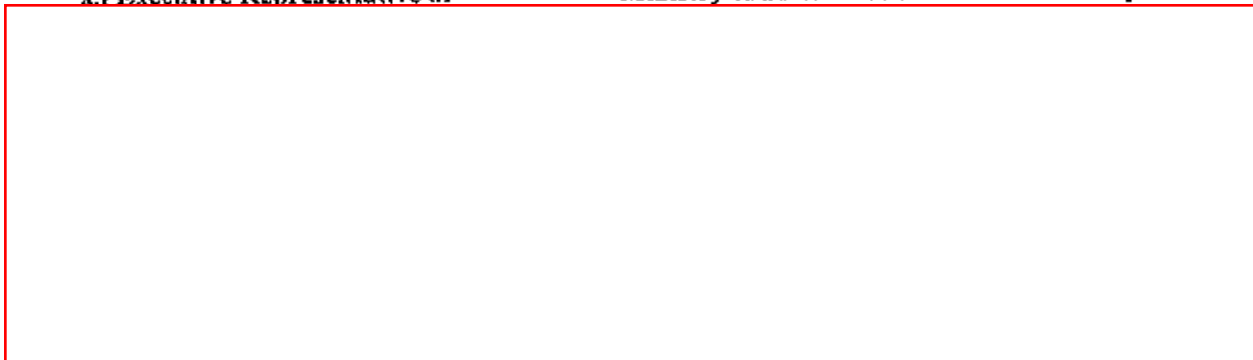
Elaborate
 While the power sector situation can only be characterized as a crisis, the new Government has taken steps to stabilize the situation in an organized manner. The Government has presented its Energy Sector policy letter to its Development Partners, and solicited support for its implementation. Several donors have indicated their interest to finance the needed investments. Most of these interventions however target the medium to long term needs of energy in Sierra Leone and fall short of addressing the emergency requirement of the energy sector. Owing to the importance of Energy in promoting SME development, wellbeing and the fact that it has been a key dividend from a change of Government for a population been further impoverished by the current global trends, we recommend that this project be funded.

6. Decision of the Sierra Leone PBF Steering Committee

- Approved for a total budget of \$ 9,000,000.
- Approved with modification/condition --On the proviso of that the priority plan be approved
- Deferred

Michael Schulenburg
 a.i Executive Representative of

Hon Deputy Minister
 Ministry of Finance and Economic Development



To be completed by the Steering Committee Support Office

To be completed by the UNDC/TFE

7. Action taken by the Executive Coordinator, MDTF Office, UNDP

Project consistent with provisions of the UN-UNDP and UNDP-Participating UN Organizations Memorandum of Understandings and Letter of Agreement with donors (if applicable)

27/08/08
Date

PBF Budget Summary for Energy Project

CATEGORY	TOTAL COST (\$)
1. Personnel	
<i>Including staff and consultants</i>	48,600.00
2. Contracts	
<i>Including companies, professional services, grants</i>	8,442,722.57
3. Training	-
4. Transport	138,000.00
5. Supplies and commodities	43,124.03
6. Equipment	30,000.00
7. Travel	-
8. Miscellaneous	35,417.48
Sub-total	8,737,864.08
9. Agency Management Support**	262,135.92
TOTAL	9,000,000.00





**PEACEBUILDING FUND
PROJECT DOCUMENT COVER SHEET**

RECEIVED
AUG 22 2008

Participating UN Organisation: UNDP	National Ministry or other National Entity : Ministry of Energy and Power and National Power Authority
Programme/Project Manager Name: Dr. Lancelot Ayo Lake - Technical Adviser Address: Ministry of Energy and Power, Freetown Telephone: 232 -76 -348512 E-mail: lajolake1@yahoo.com	Peer Group Chair : Name: Mr John Sumailah Address: MOFED Telephone: +232 76 684 861 E-mail: john.sumailah@yahoo.com
Programme/Project Title: Emergency Support to Energy Sector Programme/Project Number: PBF/SLE/A-1	Programme/Project Location: Freetown, Bo, Kenema (Sierra Leone)
Programme/Project Description: The project aims to contribute to national peace and security by supporting Government's effort in providing increased and regular electricity supply to the cities of Freetown, Bo and Kenema. This will be achieved through the provision of resources for the supply of fuel, lubricants and rehabilitation of thermal plants at the National Power Authority (NPA) and the Bo-Kenema Power Station (BKPS). The project shall also build capacities in stores management and fuel supplies and provide some logistic support geared towards improved service delivery and loss prevention. The Project will significantly target the NPA thermal plants in King tom meant for emergency power supply and the fuel needs for Bo and Kenema Power Station during the low periods of the Dodo Dam (January - April 2009).	Total Programme/Project Cost: US\$ 9,739,200.00 PBF: US\$ 9,000,000.00 Government Input: US\$ 739,200.00 Other: Total: Programme/Project Duration: 12 Months
Development Goal and Key Immediate Objectives: The main goal of the project is to contribute to increased wellbeing, Peace and Security ; in order to achieve the following outcomes will be pursued; <ol style="list-style-type: none"> 1.1 Contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalisation of energy based SMEs through increased and sustained power supply 1.2 Contribute to increased public revenue base for Government with increased capacity to support poverty related programs 1.3 Contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power 	
Outputs and Key Activities: The project outputs and key activities are: Increase and Sustain power generation for Freetown from 25MW to 31 MW, and Improve power generation in Bo and Kenema from the current 0.5MW to 5MW during the dries (June-July 2008) and (Jan-April 2009). Increasing power in these areas shall be done by ensuring key activities of providing 5190 metric tons of fuel, some 723,504 imperial gallons of diesel, 347 drums of lubricants, capacity building training in stores management and fuel supply, awareness raising in loss prevention and the provision of 4 vehicles, 6 bikes and office equipments to the NPA and BKPS.	
Peer Review Date:	

Steering Committee Support Office Review Date _____
Steering Committee Approval Date: _____

On behalf of:	Signature	Date	Name/Title
National/ UNIOSIL	_____	_____	_____
UN-Agency(Print)	_____	_____	_____
Co-Chair (UN) PBF SC	_____	_____	_____
Co-Chair (Govt.) PBF SC	_____	_____	_____



PEACEBUILDING FUND EMERGENCY WINDOW I

COMPONENT 1: Situation Analysis

Following the cessation of hostilities in 2001, Sierra Leone experienced an average growth rate exceeding 6% p.a. Electricity production, although below pre-war levels, amounted to approximately 125 GWh annually. In 2006 this declined to 24 GWh. This led to major losses in the private sector resulting in a drastic decline in economic activities. The ripple effects led to major shortfall in government revenue, triggering violations of the conditions for the country's programme with the IMF. An important part of the explanation is the non-completion of the Bumbuna hydropower plant and the associated transmission line, long envisaged as the long term electricity solution for Freetown. Internal weaknesses in the performance of the National Power Authority (NPA) also played a major part.

In the capital Freetown, the National Power Authority's (NPA) Kingtom Power Station (KPS) is the main generating station in the Western Area, has an installed capacity of 39 MW and very poor availability and reliability track-record. In 2007 the available generating capacity at Kingtom was 23.5 MW. Currently continuous generation of 10.5MW- 17.5 MW could be expected if fuel were available and machines rehabilitated. NPA has difficulties in collecting sufficient revenue to purchase its fuel because of the level of technical and commercial losses and a poor system of billing. Lack of revenue to purchase fuel is also a consequence of the inappropriate tariff, as discussed further below. Existing demand is estimated to be at least 100MW and with continuous power and extension of electricity supply to new settlement along the seaside villages demand will eventually rise.

The Second City Bo and the Eastern capital Kenema with a combined population of 345,000 people have had their power supply from a thermal plant in Bo which is twined with the Dodo Hydro Plant in the East with the two stations complimenting each other during the dries and rains respectively. The Dodo plant's installed capacity had been increased to 6MW in August 2007. However, this plant can only supply effective energy for 6 -7months during the rains with the thermal plant in Bo with an installed capacity of 5MW expected to compliment for the remainder of the year. However, two of the three machines are completely down with only one plant producing around 0.5MW. These twin cities that were recently the energy envy of the Country had been suddenly plunged into darkness leading to a drastic reduction in small scale economic activities and an increase in costs for energy related services and an increasing feeling of neglect. This has also led to a drastic reduction in revenue for Government and thus the inability to purchase additional fuel and spares

The newly elected Government has rallied its development partners around its energy agenda and there are indicators of incensing commitments from key donors. It is expected that the Bumbuna Hydro Power Plant shall be completed in mid 2009 which shall drastically increase energy supplies to the west and parts of the North. It is also expected that several donors including the WB, EC, DFID etc have shown commitment in investing the medium to long term energy needs of the country which shall include investing in the reduction of technical and commercial losses.

COMPONENT 2: Narrative Section: Project justification

While the power sector situation can only be characterized as a crisis, the new Government has taken steps to stabilize the situation in an organized manner. Following the pronouncement by His Excellency the President in his parliament address on 5th October 2007, during which he identified energy as top priority of his Government several efforts have been made. The Government has presented its Energy Sector policy letter to its Development Partners, and solicited support for its implementation. Several donors have indicated their interest to finance the needed investments. Among them are the African Development Bank, DfID, EC, JICA, the Government of China, the Government of Morocco, BADEA, OFID, IsDB and the World Bank. Some of these partners are either already engaged or expected to engage in financing and/or implementing significant improvements in both hydro and thermal generation, in rehabilitation of distribution, and in improvements in management, capacity and commercial operations for NPA.

Most of these interventions however target the medium to long term needs of energy in Sierra Leone and fall short of addressing the emergency requirement of the energy sector. Owing to the importance of Energy in promoting SME development and hence wellbeing, Government as an initial move requested the PBC to incorporate the lack of energy as a threat to peace in its cooperation framework (compact) which was concluded in December 2007.

NPA's losses due to unreliable generation and supply by outdated and badly maintained machines, by technical and commercial power losses, insufficient tariffs, greatly amplified by pilferage, management problems and low revenues, have caused severe cash flow problems in recent years. Revenues in 2005 fell to US\$8.6m, equivalent to a 36% decrease from its level in 2003. In 2006 this fell further to US\$5.62m. Electricity generation has been non-existent for significant periods of time as of late 2006. Some key commercial and industrial customers now use their own generating plants, with further loss of potential revenue to the authority. Government is committed to a review of current tariffs with a view to ensuring that cost-recovery tariffs are set ahead of the Bumbuna project completion (estimated for mid 2009).

Recognizing the inter-relationship between the regular supply of energy and economic performance and noting the increasing deteriorating economic situation that may return the country to the situation before the war, this project is aimed at complementing the medium to long term energy reform process been undertaken by the Government and its development partners by addressing the immediate energy needs for some 1,250,000 Sierra Leoneans in the Capital Freetown, and the Cities of Bo and Kenema.

The current output of power supply has improved from 5 MW in November 2007 to 25MW (15MW rented power and 10MW IPP). The emergency PBF funds shall further improve this supply from 25MW to 31MW for Freetown by rehabilitating one thermal plant at Kingtom Power Station and by providing fuel and lubricants. It shall also support the rehabilitation of two thermal plants in Bo and provide fuel and lubricants. The resources harnessed by Government shall be used to compliment donor's efforts in building capacities for improved revenue collection, reduced power loss etc. Regular and sustained supply to these major towns/cities shall have immediate wins in improving economic performance through the revitalisation of small scale industries that would avert the threats to stability, human security and reduce the increasing feeling of neglect by Government especially in the provinces.

COMPONENT 3: Logical Framework

Objectives	Measurable indicators	Means of verification
Development Objective		
1.0 Contribute to increased wellbeing, Peace and Security	Increased purchasing power parity for low income families Reduced feeling of neglect	National economic surveys Ex-post perception survey
Outcomes		
1.1 Contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalisation of energy based SMEs through increased and sustained power supply	<ul style="list-style-type: none"> No of urban families generating increased income from increased and sustained power supply 	Immediate post evaluation from VA surveys
1.2 Contribute to increased public revenue base for Government with increased capacity to support poverty related programs	<ul style="list-style-type: none"> No of billions of Le collected extra due to increased and sustained power No of billions of Le saved on not having to buy fuel and lubricants No of billions of Le extra invested in poverty related programs from savings/income from the energy sector 	Annual financial report from NPA and BKPS Report from MTEF/PETS survey
1.2 Contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power	<ul style="list-style-type: none"> Sample % of urban population with increasing endorsement of Government's commitment to addressing energy needs of the population 	Report from Mid term and immediate post evaluation perception survey
Outputs		
1-(1,2,3)-1 Increase and Sustain power generation for Freetown	<ul style="list-style-type: none"> Improved and sustained power supply from 25MW to 31MW in 6 months for Freetown 	Monthly Report from KPS
1-(1,2,3)-2 Improve power generation in Bo and	<ul style="list-style-type: none"> Improved and sustained power from 0.5MW to at least 5MW for 	

Emergency Support to Energy Sector

MEP Proposal to PBF

22/5/08

Kenema from the current 0.5MW to 5MW during the dries (June-July 2008) and (Jan-April 2009)	Bo and Kenema in 6 months	Monthly Report from BKPS	
Main Activities			
Collection of basic baseline data			
1-(1,2,3)-1.1 Tender for and supervise the rehabilitation of one thermal plant at the KPS			
1-(1,2,3)-1.2 NPA - 4190 metric tons of fuel and required amount of lubricants enough to generate 40 MW of electricity per day,			
1-(1,2,3)-2.1 Tender for and supervise the rehabilitation of two thermal plants in Bo			
1-(1,2,3)-2.2 BKPS - 1000 metric fuel and lubricant to Generate at least 0.5 MW electricity during the month June-July 2008 and 5MW from Jan to April 2009,			
1-(1,2,3)-(1,2)-1 Provide capacity building training in stores management for relevant staff in KPS and BKPS			
1-(1,2,3)-(1,2)-2 Raise awareness on loss prevention to the general public in Freetown, Bo and Kenema			
1-(1,2,3)-(1,2)-3 Improve storage facilities and security of fuel and lubricants in BKPS, KPS			
1-(1,2,3)-(1,2)-4 Provide logistics support (Vehicles and bikes) for T&D Repairs for BKPS and KPS			

COMPONENT 4: Budget

Category	Item	Number of Items	Unit Cost	Total Cost
1. Personnel (PMU)				
Project Coordinator	Months	12	2,500	30,000.00
Admin / Fin Officer	Months	12	1100	13,200.00
Driver	Months	12	300	3,600.00
Janitor	Months	12	150	1,800.00
Sub Total Personnel				48,600.00
2. Contracts (Commercial, grants, Professional services)				
	Baseline Data Collection	L/S	20,000	20,000.00
	Rehabilitation of Thermal Plants in BKPS/ Spares	2	120,000	240,000.00
	Rehabilitation of Thermal Plants in Kingdom/ Spares	2	175,000	350,000.00
	Fuel for BKPS			
	(i) Marine Fuel Oil (MFO) 6 metric tons/day - 1.0 MW	1,000 metric tons	683.87	683,870.00
	(ii) Diesel Fuel Oil (DFO) 150 gallons/day	21,000 Imperial Gallon	5.5	115,500.00
	Lubricant for BKPS 1 drum/10 days	18 Drums 205 Litre/Drum-	833.33	15,000.00
	Fuel for Thermal Plants in Kingdom Marine Fuel Oil (MFO) 35 metric tons/day - 6.5 MW	4190 metric tons	683.87	2,865,415.00
	Diesel Fuel Oil – Kingdom 15MW	702,504 gallons Imperial Gallon	5.5	3,863,772.00
	Lubricants for Thermal Plants in Kingdom)	329 drums	833.33	274,165.57
	Audit	1	3,000	3,000
	Mid-Year Review and Evaluation	2	6,000	12,000
Sub Total				8,442,722.57

3. Training/Capacity Building/Sensitization				
4. Transport	Vehicles and Accessories (Transmission & Distribution repair)	4	30,000	120,000.00
	Motorbikes	6	3,000	18,000.00
Sub Total				138,000.00
5. Supplies and Commodities	Fuel & Lubricants for vehicles, motorbikes	12	3,200	38,400.00
	Stationeries	L/S		4,724.03
Sub Total				43,124.03
6. Equipment	Office Equipment (computers, Printers, Photocopies, Scanners, Air Conditioners etc.)	L/S	30,000	30,000.00
Sub Total				30,000.00
7. Travel				
8. Miscellaneous				35,417.65
Sub Total				35,417.48
Total				8,737,864.08
9. Agency Management Support (3%)				262,135.92
Grand Total				\$9,000,000.00

Sierra Leone Government Contribution			
Item	Number of Items	Unit Cost (\$)	Total Cost (\$)
Duty and other Free Concessions	Various		150,000.00
Office Spaces in Electricity House, Freetown	2	6,000.00	12,000.00
Office Security for 12 Months	2	2,400.00	4,800.00
Repairs of two Thermal Plants in Kingtom	2	LS	350,000.00
Phase one loss prevention programme (Consumer Survey and Inspection Conducted)		LS	12,000.00
Management Support	Various	LS	25,400.00
Transmission & Distribution repairs		LS	155,000.00
Training in stores management and fuel supplies/ Improve storage facilities and security/ continuation of phase two loss prevention programme		LS	30,000.00
Total Government Contribution			739,200.00

5.0 Management Arrangements.

5.1 Implementation and Supervision Arrangements.

The project will be implemented by NPA with direct supervision from the Ministry of Energy and Power in concert with UNDP.

A Project board of partners and collaborating institutions under the Co-Chairs of selected representatives from the MEP, NPA and UNDP shall be set up to provide overall technical guidance for the implementation of the project. The PB will meet monthly for the initial three months and then quarterly henceforth, to discuss implementation of project activities, lessons, challenges and to review implementation plans. A project management unit PMU shall be set up that shall report to the PB. In collaboration with the PMU and the PB, UNDP will sign MOU's with service providers that shall undertake supplies of services? It shall also be charged with signing off on key decisions about the implementation. The PB shall report to the PBF SC through UNDP. It shall also report at Technical Committee on implementation meetings-a committee set up to provide technical oversight to all PBF projects on a bi-monthly basis or as otherwise maybe agreed. NPA shall report to UNDP on a quarterly basis. Monthly updates shall also be shared with UNDP to enhance monitoring. UNDP shall report to the PBF-SC through the PBF-SCSS on a quarterly basis. UNDP shall also ensure process, output and outcome monitoring and evaluation in concert with stakeholders and in collaboration with the PBFS.

UNDP as UN Recipient Agent reserves fiduciary and programmatic responsibilities in the delivery of this project within the timelines specified¹. The MDTF MOU would be regulatory mechanism for the programme implementation.

5.2 Specific delivery mechanism chosen

Outcome 1.1 - Contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalisation of energy based SMEs through increased and sustained power supply

Realization of this outcome shall include the rehabilitation of two thermal plants each for KPS and BKPS, the provision of a total of 10,000 metric tons of fuel and lubricants. This shall contribute to increased and sustained power for some 1,250,000 people in the key cities of Freetown, Bo and kenema. Increased and sustained power is shall promote small scale businesses that are power based and reduce consumer costs for those services. The Rehabilitation of the thermal plants shall be outsourced to qualified international consultants. The procurement of the fuel shall be outsourced by NPA and UNDP to national/international service providers.

Outcome 1.2 - Contribute to increased public revenue base for Government with increased capacity to support poverty related programs

Currently, the Government spends an average of Le29.0 billion on fuel, lubricants etc per quarter. Savings on fuel, lubricants can be expected to accrue to approximately Le24.45 billion during the period of the implementation. Furthermore, output in Freetown shall increase from the current 25 MW to 31 MW. This has the potential of providing increased net revenue realised from bills. The projected revenue from bills is expected to rise to Le20.0 billion; in addition to Le24.45 billion which is

¹ See MOU between UNDP and NPA
Emergency Support to Energy Sector

expected to be saved from Government's prior expenditure on fuel and lubricants. It is the commitment of Government to re-invest 40% these savings into further building the capacity of the NPA, and the remaining 60% into anti-poverty/peace building related programs.

For Bo and Kenema, in respect of the above analysis, BKPS which happens to be an autonomous entity hitherto spent some Le 8.31 bn on fuel and lubricant in the six months that the thermal plant is operational and producing 5MW. Revenue collected during these period stands at an average of Le 6.85 bn. currently at 0.5MW output, BKPS was only able to collect a meagre Le 898.5 m in revenue during the last six months (Dec-May 2008). With PBF support, power output can return to 5MW, projected expenditure on fuel and lubricants would be saved. Total returns to BKPS would accrue to Le 13.1 bn in year one. BKPS intends to plough 60% of these returns into activities geared towards reduced power losses which currently stand at 40%. A 20% loss reduced in year one shall increase total revenue to Le 15bn in six months.

Outcome 1.3 Contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power

The provision of sustained and increased power, the increase in the purchasing power parity due to an increase in economic activities bordering on energy based Small and Medium Scale Enterprises, shall contribute to an increase in the responsiveness of Government in addressing a basic necessity to humane living. This shall reduce the feeling of disillusionment. This software shall be measured using scooping perception surveys.

5.3 Sustainability Arrangements:

This project constitutes an emergency response to the most critical and immediate electricity needs of people in Freetown, Bo and Kenema. It seeks to fill part of the gap in funding from unforeseen short-falls in domestic revenues through a short-term/emergency intervention, in support of the energy sector one of the commitments which the PBF will seek to address. The sustainability of the project's outputs depends on the functioning of NPA and BKPS as a purely commercial enterprise. The project compliments a number of donor-funded initiatives in the area of energy assistance and rehabilitation for the National Power Authority.

Together, PBF assistance through this project and improved domestic revenue collection will respond to a severe budget deficiency. The addition of power from Bumbuna is a necessary condition for sustainability of power supply, as the current old generators do not have the necessary capacity nor the longer term reliability needed for Freetown's power supply. Therefore in the medium to long term, the completion of the the dam at Bumbuna will greatly compliment this project.

The project will significantly contribute to the sustainability of electricity supply in the Western Area. Tariff restructuring will be necessary to ensure the sustainability of that supply. The tariff increase will be gradual and will only begin to occur after NPA have provided at least 2 months of stable power supply to Freetown. Furthermore, through its contribution to stable electricity supply, this project will contribute to the sustainability of other PBF funded projects, notably the Youth Empowerment and Employment Project. Accordingly, measures have already been envisaged to ensure the effective and efficient administration of revenue collection.

5.4 National Authority Counterpart and extent of Cooperation:

The project will be implemented by NPA under direct supervision from the Ministry of Energy and Power in concert with UNDP.

UN Agencies: UNDP shall provide oversight and technical back-up

5.5 Overall Time frame

The project shall be implemented within one year between July 2008 and June 2009.

6.0 Monitoring and Evaluation:

Baseline Data Collection:

A participatory baseline data shall be collected for both outcomes and outputs. Benchmarks in the forms of quantitative as well as qualitative data shall be collected. This shall later be used to measure progress on activities and results and their contribution to outcomes and outputs.

Monitoring:

Monitoring shall be done at various levels and in various forms. Activity level monitoring on a daily basis shall be the responsibility of the PMU and UNDP. Together, they shall ensure efficacy in quality of delivered materials, efficiency in their costs and timelines of delivery. This monitoring shall be supported by relevant documentation (Monthly updates form field, monthly reports, POs etc.) Monthly monitoring shall be further supported by the PBF Technical Secretariat for informing of the PBF Steering and Technical Committee, and for triangulating monitoring information fed into its system by UNDP, PB and NPA. The PMU shall in this direction submit monthly monitoring reports to UNDP and copy the PBF Secretariat.

Evaluation:

Evaluations shall be mid term and immediate post project. These shall jointly be undertaken by the Ministry, UNDP/PBF Secretariat, and the Steering Committee, Donors and other stakeholders including civil society organisations. It shall take the forms of midterm reviews, future stories and an annual review at the end of implementation. These shall go to indicate immediate effects of the intervention on the lives of the targeted beneficiaries. These shall inform quarterly and annual reports.

7.0 Assumptions and Risks

The project's primary success factor is the ability to ensure that there is immediate power provision to Freetown, Bo and Kenema and that this will lead to sustainable power provision in the future. The secondary success factor will be the provision of longer term power supply (Bumbuna), ensuring the sustainability of the project. Beyond the emergency phase, the restoration of morale and success of the on-going loss prevention programme within NPA will improve public trust and give reason for bills to be paid by consumers. Delay in funding will result in failure to implement the project. The assumption that government will pay its complete electricity bills to NPA in a timely fashion. This is an important assumption, since the government bills equate to 30% of NPA's revenue. The risks of the government not paying may cause NPA to face even greater losses. The development of new employment opportunities is assumed as a result of the provision of electricity. However, since public perception continually notes that the lack of provision of electricity to all parts of Freetown is a major obstacle to private sector development, it is hoped that improved provision by NPA will encourage increasing development in the private sector, leading to increased growth and employment.



Appendix A

AUG 6 2008

SIERRA LEONE PEACEBUILDING FUND PROJECT DOCUMENT COVER SHEET

Participating UN Organisation: UNDP	National Ministry or other National Entity: Ministry of Energy and Power and National Power Authority
Programme/Project Manager Name: Dr. Lancelot Ayo Lake - Technical Adviser Address: Ministry of Energy and Power, Freetown Telephone: 232-76-348512 E-mail: luyohike17@yahoo.com	Peer Group Chair Name: Mr. John Sumaila Address: Ministry of Finance and Development Telephone: +23276684861 E-mail: john.sumaila@yahoo.com
Programme/Project Title: Emergency Support to Energy Sector Programme/Project Number:	Programme/Project Location: Freetown, Bo, Kenema (Sierra Leone)
Programme/Project Description: The project aims to contribute to national peace and security by supporting Government's effort in providing increased and regular electricity supply to the cities of Freetown, Bo and Kenema. This will be achieved through the provision of resources for the supply of fuel, lubricants and rehabilitation of thermal plants at the National Power Authority (NPA) and the Bo-Kenema Power Station (BKPS). The project shall also build capacities in stores management and fuel supplies and provide some logistic support geared towards improved service delivery and loss prevention. The Project will significantly target the NPA thermal plants in Klug ton midant for emergency power supply and the fuel needs for Bo and Kenema Power Station during the low periods of the Dodo Dam (January - April 2009).	Total Programme/Project Cost: US\$ PBF: US\$ 9,000,000 Government Input: US\$ 965,457 Other: Total: Programme/Project Duration: 12 Months
Development Goal and Key Immediate Objectives: The main goal of the project is to contribute to increased wellbeing, Peace and Security; in order to achieve the following outcomes will be pursued: 1.1 Contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalisation of energy based SMEs through increased and sustained power supply 1.2 Contribute to increased public revenue base for Government with increased capacity to support poverty related programs 1.3 Contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power	

Outputs and Key Activities: The project outputs and key activities are:
Increase and Sustain power generation for Freetown from 25MW to 31 MW, and improve power generation in Bo and Kenema from the current 0.5MW to 5MW during the dries (June-July 2008) and (Jan-April 2009). Increasing power in these areas shall be done by ensuring key activities of providing a total of 5500 metric tons of fuel, some 723,504 imperial gallons of diesel, 347 drums of lubricants, capacity building training in stores management and fuel supply, awareness raising in loss prevention and the provision of 4 vehicles, 6 bikes and office equipments to the NPA and BKPS.

Peer Review Date: 19th June, 2008

Steering Committee Support Office Review Date February-April, 2008

Steering Committee Approval Date: 15th July, 2008

On behalf of:

National Counterpart

UN-PBF-SCO

UN-Agency(Print)

Co-Chair (UN) PBF SC

Co-Chair (Govt.) PBF SC

Name/Title

Permanent Secretary

Country Director

108 a.i. GRSC

RICHARD KONTEH / DEP. MIN.



**PEACEBUILDING FUND
PROJECT DOCUMENT COVER SHEET**

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Programme/Project Manager Name: Dr. Lancelot Ayo Lake - Technical Adviser Address: Ministry of Energy and Power, Freetown Telephone: 232 -76 -348512 E-mail: layolake1@yahoo.com	Peer Group Chair Name: Address: Telephone: E-mail:
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Peer Review Date: _____ Steering Committee Support Office Review Date _____ Steering Committee Approval Date: _____	

On behalf of:	Signature	Date	Name/Title
National/	_____	_____	_____
UNIOSIL	_____	_____	_____
UN-Agency(Print)	_____	_____	_____
Co-Chair (UN) PBF SC	_____	_____	_____
Co-Chair (Govt.)PBF SC	_____	_____	_____



PEACEBUILDING FUND EMERGENCY WINDOW 1

COMPONENT 1: Situation Analysis

Following the cessation of hostilities in 2001, Sierra Leone experienced an average growth rate exceeding 6% p.a. Electricity production, although below pre-war levels, amounted to approximately 125 GWh annually. In 2006 this declined to 24 GWh. This led to major losses in the private sector resulting in a drastic decline in economic activities. The ripple effects led to major shortfall in government revenue, triggering violations of the conditions for the country's programme with the IMF. An important part of the explanation is the non-completion of the Bumbuna hydropower plant and the associated transmission line, long envisaged as the long term electricity solution for Freetown. Internal weaknesses in the performance of the National Power Authority (NPA) also played a major part.

In the capital Freetown, the National Power Authority's (NPA) Kingtom Power Station (KPS) is the main generating station in the Western Area, has an installed capacity of 39 MW and very poor availability and reliability track-record. In 2007 the available generating capacity at Kingtom was 23.5 MW. Currently continuous generation of 10.5MW- 17.5 MW could be expected if fuel were available and machines rehabilitated. NPA has difficulties in collecting sufficient revenue to purchase its fuel because of the level of technical and commercial losses and a poor system of billing. Lack of revenue to purchase fuel is also a consequence of the inappropriate tariff, as discussed further below. Existing demand is estimated to be at least 100MW and with continuous power and extension of electricity supply to new settlement along the seaside villages demand will eventually rise.

The Second City Bo and the Eastern capital Kenema with a combined population of 345,000 people have had their power supply form a thermal plant in Bo which is twined with the Dodo Hydro Plant in the East with the two stations complimenting each other during the dries and rains respectively. The Dodo plant's installed capacity had been increased to 6MW in August 2007. However, this plant can only supply effective energy for 6 -7months during the rains with the thermal plant in Bo with an installed capacity of 5MW expected to compliment for the remainder of the year. However, two of the three machines are completely down with only one plant producing around 0.5MW. These twin cities that were recently the energy envy of the Country had been suddenly plunged into darkness leading to a drastic reduction in small scale economic activities and an increase in costs for energy related services and an increasing feeling of neglect. This has also led to a drastic reduction in revenue for Government and thus the inability to purchase additional fuel and spares

The newly elected Government has rallied its development partners around its energy agenda and there are indicators of incensing commitments form key donors. It is expected that the Bumbuna Hydro Power Plant shall be completed in mid 2009 which shall drastically increase energy supplies to the west and parts of the North. It is also expected that several donors including the WB, EC, DFID etc have shown commitment in investing the medium to long term energy needs of the country which shall include investing in the reduction of technical and commercial losses.

COMPONENT 2: Narrative Section: Project justification

While the power sector situation can only be characterized as a crisis, the new Government has taken steps to stabilize the situation in an organized manner. Following the pronouncement by His Excellency the President in his parliament address on 5th October 2007, during which he identified energy as top priority of his Government several efforts have been made. The Government has presented its Energy Sector policy letter to its Development Partners, and solicited support for its implementation. Several donors have indicated their interest to finance the needed investments. Among them are the African Development Bank, DfID, EC, JICA, the Government of China, the Government of Morocco, BADEA, OFID, IsDB and the World Bank. Some of these partners are either already engaged or expected to engage in financing and/or implementing significant improvements in both hydro and thermal generation, in rehabilitation of distribution, and in improvements in management, capacity and commercial operations for NPA.

Most of these interventions however target the medium to long term needs of energy in Sierra Leone and fall short of addressing the emergency requirement of the energy sector. Owing to the importance of Energy in promoting SME development and hence wellbeing, Government as an initial move requested the PBC to incorporate the lack of energy as a threat to peace in its cooperation framework (compact) which was concluded in December 2007.

NPA's losses due to unreliable generation and supply by outdated and badly maintained machines, by technical and commercial power losses, insufficient tariffs, greatly amplified by pilferage, management problems and low revenues, have caused severe cash flow problems in recent years. Revenues in 2005 fell to US\$8.6m, equivalent to a 36% decrease from its level in 2003. In 2006 this fell further to US\$5.62m. Electricity generation has been non-existent for significant periods of time as of late 2006. Some key commercial and industrial customers now use their own generating plants, with further loss of potential revenue to the authority. Government is committed to a review of current tariffs with a view to ensuring that cost-recovery tariffs are set ahead of the Bumbuna project completion (estimated for mid 2009).

Recognizing the inter-relationship between the regular supply of energy and economic performance and noting the increasing deteriorating economic situation that may return the country to the situation before the war, this project is aimed at complementing the medium to long term energy reform process been undertaken by the Government and its development partners by addressing the immediate energy needs for some 1,250,000 Sierra Leoneans in the Capital Freetown, and the Cities of Bo and Kenema.

The current output of power supply has improved from 5 MW in November 2007 to 25MW (15MW rented power and 10MW IPP). The emergency PBF funds shall further improve this supply from 25MW to 31MW for Freetown by rehabilitating one thermal plant at Kingtom Power Station and by providing fuel and lubricants. It shall also support the rehabilitation of two thermal plants in Bo and provide fuel and lubricants. The resources harnessed by Government shall be used to compliment donor's efforts in building capacities for improved revenue collection, reduced power loss etc. Regular and sustained supply to these major towns/cities shall have immediate wins in improving economic performance through the revitalisation of small scale industries that would avert the threats to stability, human security and reduce the increasing feeling of neglect by Government especially in the provinces.

COMPONENT 3: Logical Framework

Objectives	Measurable indicators	Means of verification
Development Objective		
1.0 Contribute to increased wellbeing, Peace and Security	Increased purchasing power parity for low income families Reduced feeling of neglect	National economic surveys Ex-post perception survey
Outcomes		
1.1 Contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalisation of energy based SMEs through increased and sustained power supply 1.2 Contribute to increased public revenue base for Government with increased capacity to support poverty related programs 1.2 Contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power	<ul style="list-style-type: none"> No of urban families generating increased income from increased and sustained power supply No of billions of Le collected extra due to increased and sustained power No of billions of Le saved on not having to buy fuel and lubricants No of billions of Le extra invested in poverty related programs from savings/income from the energy sector Sample % of urban population with increasing endorsement of Government's commitment to addressing energy needs of the population 	<p>Immediate post evaluation from VA surveys</p> <p>Annual financial report from NPA and BKPS</p> <p>Report from MTEF/PETS survey</p> <p>Report from Mid term and immediate post evaluation perception survey</p>
Outputs		
1-(1,2,3)-1 Increase and Sustain power generation for Freetown 1-(1,2,3)-2 Improve power generation in Bo and	<ul style="list-style-type: none"> Improved and sustained power supply from 25MW to 31MW in 6 months for Freetown Improved and sustained power from 0.5MW to at least 5MW for 	Monthly Report from KPS

Emergency Support to Energy Sector

MEP Proposal to PBF

22/5/08

Kenema from the current 0.5MW to 5MW during the dries (June-July 2008) and (Jan-April 2009)	Bo and Kenema in 6 months	Monthly Report from BKPS	
Main Activities			
Collection of basic baseline data			
1-(1,2,3)-1.1 Tender for and supervise the rehabilitation of one thermal plant at the KPS			
1-(1,2,3)-1.2 NPA - 4190 metric tons of fuel and required amount of lubricants enough to generate 40 MW of electricity per day,			
1-(1,2,3)-2.1 Tender for and supervise the rehabilitation of two thermal plants in Bo			
1-(1,2,3)-2.2 BKPS - 1000 metric fuel and lubricant to Generate at least 0.5 MW electricity during the month June-July 2008 and 5MW from Jan to April 2009,			
1-(1,2,3)-(1,2)-1 Provide capacity building training in stores management for relevant staff in KPS and BKPS			
1-(1,2,3)-(1,2)-2 Raise awareness on loss prevention to the general public in Freetown, Bo and Kenema			
1-(1,2,3)-(1,2)-3 Improve storage facilities and security of fuel and lubricants in BKPS, KPS			
1-(1,2,3)-(1,2)-4 Provide logistics support (Vehicles and bikes) for T&D Repairs for BKPS and KPS			

COMPONENT 4: Budget

Category	Item	Number of Items	Unit Cost	Total Cost
1. Personnel (PMU)				
Project Coordinator	Months	12	2,500	30,000.00
Admin / Fin Officer	Months	12	1100	13,200.00
Driver	Months	12	300	3,600.00
Janitor	Months	12	150	1,800.00
Sub Total Personnel				48,600.00
2. Contracts (Commercial, grants, Professional services)				
	Baseline Data Collection			
		L/S	20,000	20,000.00
	Rehabilitation of Thermal Plants in BKPS/ Spares	2	120,000	240,000.00
	Rehabilitation of Thermal Plants in Kingtom/ Spares	2	175,000	350,000.00
	<i>Fuel for BKPS</i> (i)Marine Fuel Oil (MFO) 6 metric tons/day - 1.0 MW	1,000metric tons	683.87	683,870.00
	(ii)Diesel Fuel Oil (DFO) 150 gallons/day	21,000Imperial Gallon	5.5	115,500.00
	<i>Lubricant for BKPS</i> 1 drum/10days	18Drums 205 Litre/Drum-	833.33	15,000.00
	<i>Fuel for Thermal Plants in Kingtom</i> Marine Fuel Oil (MFO) 35 metric tons/day - 6.5 MW	4190 metric tons	683.87	2,865,415.00
	Diesel Fuel Oil – Kingtom 15MW	702,504gallons Imperial Gallon	5.5	3,863,772.00

	Lubricants for Thermal Plants in King tom)	329drums		833.33	274,165.57
	Audit	1		3,000	3,000
	Mid-Year Review and Evaluation	2		6,000	12,000
Sub Total					8,442,722.57
3. Training/Capacity Building/Sensitization					
	Vehicles and Accessories (Transmission & Distribution repair)	4		30,000	120,000.00
4. Transport	Motorbikes	6		3,000	18,000.00
Sub Total					138,000.00
5. Equipment	Office Equipment (computers, Printers, Photocopiers, Scanners, Air Conditioners etc.)		L/S	30,000	30,000
Sub Total					30,000
6. Supplies and Commodities	Fuel & Lubricants for vehicles, motorbikes	12		3,200	38,400
	Stationeries		L/S		4,724.03
Sub Total					43,124
7. Travel					
8. Office Furniture					
GRAND TOTAL					8,653,846.60
Sierra Leone Government Contribution					
Item		Number of Items		Unit Cost (\$)	Total Cost (\$)
Duty and other Free Concessions		Various			150,000.00
Office Spaces in Electricity House, Freetown		2		6,000.00	12,000.00
Office Security for 12 Months		2		2,400.00	4,800.00

Repairs of two Thermal Plants in Livingston		LS	350,000.00
Phase one loss prevention programme (Consumer Survey and Inspection Conducted)		LS	12,000.00
Management support	Various	LS	25,400.00
Transmission & Distribution repairs		LS	155,000.00
Training in stores management and fuel supplies/ Improve storage facilities and security/ continuation of phase two loss prevention programme		LS	30,000.00
Total Government Contribution			739,200.00
SUB TOTAL BEFORE UNDP FEE			8,653,846.60
			259,615.40
UNDP (3%) without government contribution			86538.47
Bank Charges(1%)			
Total			9,000,000.47

5.0 Management Arrangements.

5.1 Implementation and Supervision Arrangements.

The project will be implemented by NPA with direct supervision from the Ministry of Energy and Power in concert with UNDP:

A Project board of partners and collaborating institutions under the Co-Chairs of selected representatives from the MEP, NPA and UNDP shall be set up to provide overall technical guidance for the implementation of the project. The PB will meet monthly for the initial three months and then quarterly henceforth, to discuss implementation of project activities, lessons, challenges and to review implementation plans. A project management unit PMU shall be set up that shall report to the PB. In collaboration with the PMU and the PB, UNDP will sign MOU's with service providers that shall undertake supplies of services? It shall also be charged with signing off on key decisions about the implementation. The PB shall report to the PBF SC through UNDP. It shall also report at Technical Committee on implementation meetings-a committee set up to provide technical oversight to all PBF projects on a bi-monthly basis or as otherwise maybe agreed. NPA shall report to UNDP on a quarterly basis. Monthly updates shall also be shared with UNDP to enhance monitoring. UNDP shall report to the PBF-SC through the PBF-SCSS on a quarterly basis. UNDP shall also ensure process, output and outcome monitoring and evaluation in concert with stakeholders and in collaboration with the PBFS.

UNDP as UN Recipient Agent reserves fiduciary and programmatic responsibilities in the delivery of

this project within the timeframes specified¹. The MDTF MOU would be regulatory mechanism for the programme implementation.

5.2 Specific delivery mechanism chosen

Outcome 1.1 - Contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalisation of energy based SMEs through increased and sustained power supply

Realization of this outcome shall include the rehabilitation of two thermal plants each for KPS and BKPS, the provision of a total of 10,000 metric tons of fuel and lubricants. This shall contribute to increased and sustained power for some 1,250,000 people in the key cities of Freetown, Bo and kenema. Increased and sustained power is shall promote small scale businesses that are power based and reduce consumer costs for those services. The Rehabilitation of the thermal plants shall be outsourced to qualified international consultants. The procurement of the fuel shall be outsourced by NPA and UNDP to national/international service providers.

Outcome 1.2 - Contribute to increased public revenue base for Government with increased capacity to support poverty related programs

Currently, the Government spends an average of Le29.0 billion on fuel, lubricants etc per quarter. Savings on fuel, lubricants can be expected to accrue to approximately Le24.45 billion during the period of the implementation. Furthermore, output in Freetown shall increase from the current 25 MW to 31 MW. This has the potential of providing increased net revenue realised from bills. The projected revenue from bills is expected to rise to Le20.0 billion; in addition to Le24.45 billion which is expected to be saved from Government's prior expenditure on fuel and lubricants. It is the commitment of Government to re-invest 40% these savings into further building the capacity of the NPA, and the remaining 60% into anti-poverty/peace building related programs.

For Bo and Kenema, in respect of the above analysis, BKPS which happens to be an autonomous entity hitherto spent some Le 8.31 bn on fuel and lubricant in the six months that the thermal plant is operational and producing 5MW. Revenue collected during these period stands at an average of Lc 6.85 bn. currently at 0.5MW output, BKPS was only able to collect a meagre Lc 898.5 m in revenue during the last six months (Dec-May 2008). With PBF support, power output can return to 5MW, projected expenditure on fuel and lubricants would be saved. Total returns to BKPS would accrue to Le 13.1 bn in year one. BKPS intends to plough 60% of these returns into activities geared towards reduced power losses which currently stand at 40%. A 20% loss reduced in year one shall increase total revenue to Le 15bn in six months.

Outcome 1.3 Contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power

The provision of sustained and increased power, the increase in the purchasing power parity due to an increase in economic activities bordering on energy based Small and Medium Scale Enterprises, shall contribute to an increase in the responsiveness of Government in addressing a basic necessity to humane living. This shall reduce the feeling of disillusionment. This software shall be measured using scooping perception surveys.

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