

2019

Project Implementation Review (PIR)

**Sao Tome Land, Forest, Energy & Climate**

[Basic Data](#_Toc1)

[Overall Ratings](#_Toc2)

[Development Progress](#_Toc3)

[Implementation Progress](#_Toc4)

[Critical Risk Management](#_Toc5)

[Adjustments](#_Toc6)

[Ratings and Overall Assessments](#_Toc7)

[Gender](#_Toc8)

[Social and Environmental Standards](#_Toc9)

[Communicating Impact](#_Toc10)

[Partnerships](#_Toc11)

[Annex - Ratings Definitions](#_Toc12)

# Basic Data

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| **Project Information** | |
| UNDP PIMS ID | 4602 |
| GEF ID | 5334 |
| Title | Promotion of environmentally sustainable and climate-resilient grid-based hydroelectric electricity through an integrated approach in Sao Tome and Principe |
| Country(ies) | Sao Tome & Principe, Sao Tome & Principe |
| UNDP-GEF Technical Team | Energy, Infrastructure, Transport and Technology |
| Project Implementing Partner | Government |
| Joint Agencies | *(not set or not applicable)* |
| Project Type | Full Size |

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| **Project Description** |
| The objective of the project is to introduce an integrated energy and ecosystems-based approach to grid/isolated-grid-based mini/small hydro-electricity generation in Sao Tome and Principe by leveraging $ 20.7 million in multilateral and private sector financing over its five-year implementation period. This, in turn, is expected to generate direct global benefits of 137,200 tons of CO2 over the same period and 36,850 tons CO2/yr thereafter in avoided greenhouse gas (GHG) emissions. In addition, in order to ensure the availability of hydro resources for electricity generation (and irrigation for job creation), the project will implement an integrated watershed management approach. It aims at integrating natural resource management with community livelihoods improvement in a sustainable way and within a landscape approach. The project will introduce innovative participative methods of natural resource management, conservation farming and agro-ecology. This will be achieved through watershed level land use planning and implementation of community forests over 6,000 ha, sustainable agricultural land management practices over 10,000 ha, and income generating activities (such as mushrooms, medicinal plants, ecotourism, etc.) for rural communities. This landscape approach will be sustained by a financial mechanism between the private hydroelectricity producers and the upstream communities, based on the maintenance of environmental services (water supply regulation). |

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| **Project Contacts** | |
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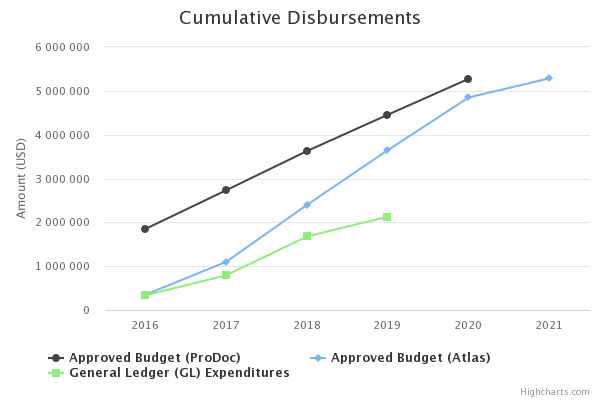
# Overall Ratings

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| Overall DO Rating | Moderately Satisfactory |
| Overall IP Rating | Moderately Satisfactory |
| Overall Risk Rating | High |

# Development Progress

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| **Description** | | | | | | |
| **Objective**  **To assist the Government in addressing the barriers to significantly increase grid/isolated-grid-connected mini/small hydropower capacity and to sustainably manage the watershed.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| 1. Framework in place to enable the private sector to invest in grid/isolated-grid-based mini/small hydropower generation.  2. Hydro-electricity generation  Reduction of tons of CO2 over the 5-year FSP project life cycle.  Subsequent generation MWh/year and reduction of CO2 over the remaining lifetime of the plants.  3. Three (3) Integrated Watershed Management Plans (IWMPs) are adopted, and 23,000 ha are under SLFM practices. | GHG emissions in the electricity generation sector has increased from 79,080 tons in 1998 to 101,480 tons in 2005. This increase is getting bigger due to a sustained increase in diesel fuel use for electricity generation.  The present contribution of hydropower in the electricity generation mix of the country was a mere 8 % in 2013.  No investment taking place in the grid/non-grid-connected mini hydropower sector.  No IWMPs are yet developed in the country.  No lands restoration techniques implemented in STP.  A loss of approx. 1,515 tCO2 every year in the 6,000 ha of forest in the project sites.  No large-scale reforestation driven by the GoSTP (private initiative exists, for a commercial purpose). | *(not set or not applicable)* | Hydro-electricity generation of 51,921 MWh, resulting in direct reduction of 137,200 tons of CO2 over the 5-year FSP project life cycle. Subsequent generation of 15,871 MWh/year and reduction of 874,200 tons of CO2 over the remaining lifetime of the plants.  Estimated cumulative indirect GHG emission reduction of 4.8 million tons of CO2 by 2035 on the basis of a conservative policy scenario and a GEF causality factor of 80%.  At least 3 IWMPs for project sites have been successfully developed, adopted (endorsed) by communities and under implementation.  10,000 ha of lands under good management practices.  At least an enhancement of 144,000 tCO2 during the 20 years lifetime.  At least 35,000 tCO2 sequestered during the 20 years lifetime.  Additional income-generating opportunities for the local economy through the creation of some 200 jobs for the operation and maintenance of the hydro power stations and 6,995 inhabitants from 58 communities in sustainable forests and land management. | The project realizations during mid2017/mid2018 have substantially advanced towards the overall project objective of reduzing barriers to hydro-power production and . After consultation with the energy sector stakeholders, Government and donors, the project oriented its activities to improving the enabling environment by supporting the regulatory and legal framework and by promoting measures to de-risking investment in the three sectors, in line with the integrated approach to watershed management, i.e. energy, forestry/SLM and water resources.  Joint mission UNDP-AfDB in Nov2017, supported evidence on the energy sector current situation. The underlying theory of change for the UNDP-supported project is that by helping to put in place a conducive regulatory environment, the project can facilitate private sector financing in hydropower electricity generation. However, given the characteristics of the electricity market and the prevailing barriers, the more likely scenario in the short to medium-term is that the project can leverage public sector investment or support the establishment of a PPP structure. Thus, the attraction of private investors to hydro-production was deferred until the sector is more mature.  As a key constraint, and until March 2018, the 10-year-old concession of main basins to a private company impeded any solid investment in hydro-production. Besides, major Acts and Regulations were based on the monopolistic sector and needed reviewing.  New Acts, Regulations and updates of existing Acts related to the energy, water and forestry sectors have been elaborated in the past 12 months.  The Integrated Watershed Management Plans were not selected in the period of reference due to the constraints related to the basins and to the lack of reliable data. Instead, in partnership with the Forestry Department, areas needing reforestation were identified and 70 Ha were reforested with 7000 plants of commercial value and participatory methodologies (2017-2018).  In order to improve and update knowledge and data on the existing conditions of the Santomean forests, the project is funding a National Forest Monitoring System. The procurement process is finished and the winning company is to start the field work in mid-July. The Forestry Department will be the main beneficiary of this system and it will be secured to the public IR system through the INIC (Institute for Innovation and Communication). | The project has advanced towards its development objective during the past 12 months. However, the conjuncture along the year has had an impact in the decision-making process needed to speed up implementation. Participation of government technical partners and high-level officials was compromised since August 2019. The electoral process in October 2018 led to a complete change in government which was followed by a renovation of the public administration officials (technical and high-level). The project National Director and the Minister changed and took a few months to familiarized with the project objectives, and to endorse the activities planned for the year.  The project developed a series of partnerships with other donors to support the energy (world bank, UNIDO, AfDB) and water (European Union) sectors, and some activities are implemented synergistically.  The energy sector has been in profound crisis during the last year. Depending 100% on Angola for importing diesel for the generation of 93% of the electricity produced in the country, São Tomé e Principe has accumulated a debt of 190 USD million, Angola has recently expressed the need to put an end to this situation and thus the country will be forced to accelerate the transition to renewable energies, dormant for the last five years. The hydro potential is enormous and together with solar, the government is ready to build a framework for attracting investment. Reform in the obsolete and inefficient utility are under way with the support of the World Bank and its conclusion is essential for the streamlining of the sector. UNDP has negotiated the technical support of a technical assistance to support the government cabinet along the reform process, that will complement local low capacity. The technical assistant ToR are under preparation.  The project finalized the Acts and Regulations, that are now under analysis by the Regulatory Agency, as a previous step to approval, expected before the end of the year.  Terms of reference have been developed for the Renewable Energy Roadmap and the Integrated Watershed Management Plans, which bidding process is to be launched before the end of July 2019.    A SML programme has taken place covering 10 Ha. The programme, the first of its kind, has fed from previous pilot experiences by FAO and is led by the Ministry of Agriculture. It has brought innovatory techniques to farmers that are slowly understanding the benefits to its land productivity and their family economy.  The project concluded in December 2018 a Forest Monitoring System based on GIS that will support the country to improve forest management.  The Mid-term review report is ready and offers good recommendations for the use of the remaining funding of the project, in the current context. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 1**  **Streamlined and comprehensive policy and legal/regulatory framework for private sector investment in on-grid/isolated-grid mini/small hydro electricity generation and for integrated watershed management.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Frameworks finalized and available for consultation by potential investors and by watershed stakeholders. | None available at the present time. | *(not set or not applicable)* | To be completed within 12 months of project initiation and approved by Government early in Year 2. | The project team, with the oversight of UNDP, carried out a mapping exercise with main stakeholders in order to identify gaps and needs related to legislation in the main sectors of intervention: energy, water and forestry.  The Energy Act dates from 2014 and had no regulations. The project in consultation with stakeholders lunched three regulations, namely: i) main Act regulations for renewable energy production (wind, solar, biomass, hydro); ii) interconnection; iii) sanctions framework and quality of service.  Lots of effort was devoted to coordination among donors and a coordination group, still informal, is operational.  In relation to the Water sector, the new Water Act was already drafted and the project provided support to its public discussion, finalization and approval process, in May 2018. Currently, 6 Regulations of the new Water Act are being drafted with the project funding. The Act and regulations are essential to the European Union sectorial budget support. UNDP works in coordination and alignment with other donors.  The Forestry sector was supported by the revision of the outdated Forestry Law (2017) and the regulation of necessary matters, mainly participatory forest management, adaptation to climate change, Nagoya Protocol, COMIFAC Plan. A New National Forestry Development Plan was also drafted.(in 2017-2018)  Also in support to the Forestry sector, the project is funding the National Forest Monitoring System that will allow the Forestry department to collect and process real-time data aimed at improving decision-making at policy development and management in relation to the forestry sector. | All the planned electricity sector legal and regulatory framework has been concluded, approved in plenary by stakeholders and is currently under review by the regulatory body, before submission for approval to the council of Ministers.  Regulations are:  i) main Act regulations for renewable energy production (wind, solar, biomass, hydro); ii) interconnection; iii) sanctions framework and quality of service.  After the approval las year of the Water Act, the project developed the five main regulations for the Water sector, namely: Inspection and Sanction Regime, Economic and Financial Regime, Protection of Underground water against pollution Regime, Water Resources Ownership and Quality of water for Human Use Regime. Besides, the Statute of the Water Management Entity was elaborated. All documents have been approved in public session by stakeholders and are now under review by the Regulator before its submission for approval.  The analysis and alignment of functions and responsibilities of the three entities involved in the public administration of the electrical sector (Directorate of Energy, Utility-EMAE and Regulator- AGER)  was object of concern and regarded as essential for the sector reform. In synergy with the World Bank, this project has commissioned the analysis and alignment of the Directorate of Energy.    The project has approached the Regulatory Agency in the last year in order to support its capacities to a robust regulation of the sector. The Agency has been regulating solely the communications sector and has no capacity whatsoever to regulate the energy sector. The vertical unbundling to take place in the next year (generation, + transmission, distribution and retail functions) requires capacity within the regulatory agency. The World Bank is providing an international technical assistance and UNDP will be funding a local technical assistant that will allow for capacity transfer to the institution. The recruitment process of the local technical assistance is underway. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 2**  **Promotion of investment in mini/small-hydro through appropriate catalytic financial incentives for project investors.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Document outlining incentives drafted, approved and available to investors. | No comprehensive document available at the present time. | *(not set or not applicable)* | To be completed within 12 months of project initiation and applied by Government thereafter. | Two implementation challenges emerged over the past year, notably the operationalization of the loan guarantee fund, which was designed to incentivize private sector investment in the sector, and the fact that many of the sites with known hydropower potential were tied up in concession agreements, which make their exploitation legally challenging. On the first issue, consensus was reached among the key actors in the renewable energy sector that while the guarantee fund is theoretically sound and innovative, it is premature to talk about private sector investment in renewable energy in São Tomé and Príncipe given the absence of a supportive regulatory framework, the low income and electricity consumption levels of most consumers, and the financial situation of the utility, EMAE. Government partners recommended reallocating the $1 million that had been earmarked for the guarantee fund to policy de-risking and investment activities that have a greater likelihood of success.  Mini-hydropower remains a highly relevant technical option for São Tomé and Príncipe although its costs are higher than expected due to remote locations and poor infrastructures.  Yet, 14 pre-feasibility studies of main basins were acquired aimed at providing potential investors, private or public, with preliminary data to de-risk their investment. In the sequence of the November17 joint mission between UNDP and AfDB, SEFA mobilized funds to deepen those pre-feasibility studies and provide updated data to a future investment of the AfDB in the years to come.  Additionally, the project commissioned an extended inventory on the hydro-potential of all main rivers in the island of Principe which so far has been of extensive use to all potential investors, since it includes largely accurate, complete and updated data on energy potential and investment option. | Although it took a few months for UNDP to involve the government in the project dynamics, dialogue already started to yield.  The government has resuscitated the interest of private investors and they are approaching the country with investment proposals for the energy sector. The government seems very cautious to sign concession agreements swiftly due to shady former experiences. The absence of regulation and the lack of technical capacity to analyze the investment proposals seem to be the main hampering factors at present. The approval of the regulatory package developed by the project, under review by the Regulator, will be sent for approval to the Counsel of Ministries.  Although it took a few months for UNDP to involve the government in the project dynamics, dialogue already started to yield. The current government seems open to invest in the rehabilitation or construction of micro or mini hydro power plants, on the basis that any micro hydro production serves to the purpose of diminishing the dependence on fossil fuels. The government willingness to get support to develop a robust and attractive incentive system was recently confirmed by the Minister and some potential specialized technical assistance has already been contacted for future engagement.  The country recently approved the Least Cost Development Plan, drafted with the support of the World Bank energy project, which already constitutes a path for the sector development, despite some disagreements over its approach. More specifically focusing on Renewable Energies, to support the gradual transition that necessarily will need to take place, the UNDP project is funding the Roadmap for Renewable Energies which bidding process is about to be launched after a lengthy definition of the ToR with Government authorities. |
| **The progress of the objective can be described as:** | | **Off track** | | | | |
| **Outcome 3**  **Integrated land use, sustainable forest management and natural resource management provide social benefits and sustain environmental services at the watershed level.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of ha under SALM practices.  Carbon stock enhanced in the forests.  CO2 sequestration with trees plantation / forest rehabilitation. | No lands restoration techniques implemented in STP.  A loss of approx. 1,515 tCO2 every year in the 6,000 ha of forest in the project sites.  No large-scale reforestation driven by the GoSTP (private initiative exists, for a commercial purpose). | *(not set or not applicable)* | 10,000 ha of lands under good management practices.  At least an enhancement of 144,000 tCO2 during the 20 years lifetime.  At least 35,000 tCO2 sequestered during the 20 years lifetime. | Sustainable Forest Management: in partnership with the Forestry Department, the project identified river basins affected by deforestation in the two islands due to illegal logging and absence of reforestation policy). Some were selected and a reforestation programmed was established. Its components are: training to the forest guards, construction of 3 forest tree nurseries (2 in Sao Tome and 1 in Principe), purchase of equipment, production of 7000 plants, and reforestation using participatory techniques in order to engage communities into the maintenance of the plants. The activity was carried out in close partnership with the National Forestry Department and the Regional – Principe Forestry Department.  The species produced were mainly those of commercial use, such as Manilkara obovata, Cleistanthus spp, Carapa procera, Milicia excelsa, Canthium sp., Tetrorchidium didymostemon.  The training to the Forest Guards was carried out with the purpose of improving their general technical knowledge on biodiversity, international laws and conventions, and also their surveillance capacity, data collection and contact with illegal loggers and surrounding communities.  With regards to the SLM techniques, the project design indicated the need for a National Strategy on SLM. However, in mid-2017, the FAO concluded a National Strategy related to SLM on slope areas. The Strategy was adopted and the Government encouraged UNDP to work on the implementation of this strategy. Indeed, population growth in this limited territory has substantially increased the stress on arable land, pushing farmers to cultivate in buffer areas and slope lands, where erosion has impoverished the soil fertility. The construction of terraces and the growing of vegetative barriers are known to reduce erosion. Also training in the efficient use of fertilizers and pesticides is highly pertinent due to the abusive current use of those products. In this context the project negotiated a SLM plan to apply the techniques in 25 Ha during 2018. In collaboration with the Ministry of Agriculture, the proposal was prepared and largely discussed until adjusted to the project objectives. The team is established, preparation meetings have been done, equipment is being purchased and the field work at community level is to start in July2018. | Extensive agriculture, poorly managed and regulated, is a barrier to the implementation of all other natural resource’s management issues such as water and soil. The Sustainable Land Management activities carried out by the project are to help the country manage its land and natural resources. The program is implemented by the Agriculture and Rural Development Directorate in 2 phases. This first phase, considered the pilot phase, implements new agroforestry methods and techniques (agricultural conservation practices) which aim to reduce soil degradation in 10 farming communities identified for their proximity to the Manuel Jorge River watershed. This activity is assisting with the farmers’ introduction to sustainable land management practices through a training and capacity-building programme, continual technical assistance provided for terracing in hilly areas, as well as investing in materials and means for the adoption and diffusion of sustainable farming techniques in other communities. This also contributes to enlarging the cultivation areas, since those sloppy fields were not cultivated before due to risks to human lifes and poor soil. For 8 months, nearly 500 farmers were trained in the elaboration and handling of biological pest control and fertiliser formulae, knowledge on safety precautions with regard to the correct use of phytosanitary products and synthetic pesticides, as well as training on the correct use of personal protective equipment. Additionally, close to 10 ha. of hilly terrain were terraced to contain the erosion caused by the impoverishment of the soil caused by the flow of water removing nutrients from the soil and reducing their productivity. Given that 25 ha. in 10 farming communities are hilly, terracing has been welcomed by the farmers since not only have they seen increases in their incomes, but also understand that they themselves are now more physically secure doing their work on their hills. In synergy with Project PIMS4645, devoted to increasing resilience of rural farmers and fishermen, this activity is being implemented in other communities in order to replicate the practice nationwide.  Reforestation activities are being developed on both islands, São Tomé and Principe. Although in implementation phase, the recovery of 100 ha. of degraded forests on São Tomé and 16 ha. in the Autonomous Region of Príncipe by planting commercially valuable trees and legumes is the goal for 2019. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 4**  **Outreach programme and dissemination of project experience/best practices/lessons learned for replication throughout the region/among SIDS countries.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Outreach programme formulated. Project experience compiled, analysed and disseminated. | Lack of sufficient information to pursue programme. | *(not set or not applicable)* | Increased awareness among stakeholders in place to promote and develop the market for on-grid/isolated-grid mini/small-hydro. | The activities were gradually defined for his component. In July2017 a training of environmental projects monitoring was organized to benefit technicians from the Ministries of Environment and Agriculture.  Later in 2017, and in close collaboration with different Government entities, the need for a National Communication Strategy for the Sustainable Use of Natural Resources was identified. The procurement process started with the participative conceptualization, definition of ToR, launching of public bid, etc. The Strategy draft was presented to the stakeholders in midJune2018 and it is under finalization and budgeting.  UNDP has led a coordination process with stakeholders involved in projects working with natural resources and forest, namely funded by FAO, European Union- ECOFAC VI, African Union and a coordination task force has been established. The rationale is to join efforts to communicate under the umbrella of this National Strategy, using the same image and messages and address comprehensively the whole array of target groups that intervene in the use and management of natural resources and ecosystems.  Last, the project is building the capacity of the Government officials and technicians in issues related to the sectors water, energy and forest. The institutions that will benefit from this capacity building scheme are the General Directorate of Natural Resources and Energy, the Regulatory Agency, the Nation Utility and the Regional Government of Principe. | The 2018 National Strategy for the Sustainable Management of Forests is a document guiding forest conservation actions in the country. This strategy is part of a series of documents awaiting Government approval so that inter-organizational synergetic actions can be implemented with other organizations, such as NGO and academia. The change of Director at the Directorate of Forestry and Biodiversity has slowed down the implementation rhythm that was established since 2017. The project has also implemented sensitisation activities on the protection and conservation of natural resources and energy. Other than sensitisation activities on participative management of hydro resources with the General Directorate of Natural Resources and Energy, involving several institutions, organisations and the population, yet another was carried out during the Energy and Geology Week under the theme “Sustainable future”. This last activity included television programmes, summits and debates, all of which allowed the sharing of knowledge and reflections on the climate change situation of STP, the importance of rational use of natural resources, renewable energy sources and energy efficiency, as well as giving value to and recycling waste. |
| **The progress of the objective can be described as:** | | **On track** | | | | |

# Implementation Progress



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| Cumulative GL delivery against total approved amount (in prodoc): | 40.4% |
| Cumulative GL delivery against expected delivery as of this year: | 47.82% |
| Cumulative disbursement as of 30 June (note: amount to be updated in late August): | 2,130,703 |

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| **Key Financing Amounts** | |
| PPG Amount | 100,000 |
| GEF Grant Amount | 5,274,544 |
| Co-financing | 20,705,704 |

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| **Key Project Dates** | |
| PIF Approval Date | Apr 23, 2013 |
| CEO Endorsement Date | Jun 9, 2015 |
| Project Document Signature Date (project start date): | Jan 21, 2016 |
| Date of Inception Workshop | Mar 28, 2016 |
| Expected Date of Mid-term Review | Dec 1, 2019 |
| Actual Date of Mid-term Review | *(not set or not applicable)* |
| Expected Date of Terminal Evaluation | Dec 31, 2020 |
| Original Planned Closing Date | Mar 31, 2021 |
| Revised Planned Closing Date | *(not set or not applicable)* |

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| **Dates of Project Steering Committee/Board Meetings during reporting period (30 June 2018 to 1 July 2019)** |

# Critical Risk Management

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| Current Types of Critical Risks | Critical risk management measures undertaken this reporting period |
| Financial | In the coming period, it is worth highlighting the risk of not having enough capacity of investment to apply on the main compomente of the project, the component 2, which forecasts the investment in the rehabilitation of an existing hydropower plant. Most probably, additional private or public investment need to be leveraged.  Moreover, guaranteed payment of electricity produced is a major concern given the present situation of the utility EMAE, that currently holds monopoly in terms of energy, transport, distribution and comercialisation. |
| Regulatory | With regards to investments in micro and mini hydroelectric plants, the following major risks were identified:  -Juridical security;  -Attractive taxation policies and incentives to investment.    Project activities with regard to the component “Formulating and introducing rational legal and regulatory policies favouring private sector investment in mini/small hydroelectric stations” have helped mitigate juridical security risks and new activities to stimulate or incentivise hydroelectric production investments are being implemented.  As an added-value to last year’s programmed activities, the project looked at actions towards the elimination of barriers reflecting the fragility of the country’s institutional legal framework. Laws, regulations, plans and strategies were elaborated to guarantee an acceptable juridical and regulatory structure for the energy and water sectors as well as to provide sectoral policies for forestry management. The consolidation of the legal and institutional frameworks are priority actions for the elimination of risk to private investments in renewable energy production, hydroelectric energy.  The main risk to institutional implementation continues to be the slow approval of these documents by the government. However, an encouraging factor is that the current government has embraced environmental issues as its primary concern. The energy sector, more specifically renewable energy, appears in the government’s programme as fundamental to development and therefore a maximum priority. The legal documents are under review by the regulator. Once this process is over, the Council of Ministers is expected to approve the texts before the end of the year. |
| Political | Having a completely operational energy sector attractive to private investment in clean energy is a major concern of the Ministry of Public Works, Infrastructure, Natural Resources and the Environment. Provided there are plenty of players supporting the sector reform, UNDP supported the government to establish a coordination platform, which initial meeting took place in June17th with the participation of the national sectorial institutions and AfDB, UNDP, UNIDO and the WB. This platform will be of great importance for provided a comprehensive support to the government in this important step to the country’s sustainable development process.  Still, there is a potential risk to the investment in the rehabilitation of an existing hydro power plant, despite the fact that the issue has already been presented to the Minister and UNDP got approval to pursue this endeavour. The Steering committee to be held in the third quarter will have to validate this approval by the Government. |

# Adjustments

**Comments on delays in key project milestones**

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| **Project Manager: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| The project recently underwent a mid-term review. The results of this evaluation yielded a “satisfactory” grade for its implementation, despite the discrepancy of implementation activities for one of the components, in particular Component 2, “Investments in mini/small hydroelectric power stations through appropriate financial incentives for Investors”. Some of these delays were caused by the difficulties already mentioned in the previous PIR as well as from the frail government context with regard to its energy sector in the development of commercial hydroelectric energy production. |

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| **Country Office: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| MTR was carried out in March-June 2019 and the report is already completed in Portuguese, pending of translation into English, expected to be ready by end of July 2019.    The meeting of the Steering committee normally scheduled for the first quarter did not take place due to the change in government and the lengthy period of public official’s reorganization. The steering committee is scheduled for the third quarter and will be used to make relevant decisions for next year, following the MTR recommendations, such as the investment in the rehabilitation of a micro hydro power plant and the request of a no-cost extension to GEF. |

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| **UNDP-GEF Technical Adviser: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| Good progress was made on a number of policy activities of the project. However, the project remains unbalanced due to the lack of progress in the planning, study and implementation of the hydroelectric sites. As this project is based on the substitution of thermal energy by hydroelectricity, it is suggested that a partial reorientation of the project should be considered, aiming at the rehabilitation of two abandoned sites rather than the creation of new sites |

# Ratings and Overall Assessments

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| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Manager/Coordinator** | Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | Satisfactory, given the fair implementation of each programmed activity, as per initial planning, during the second trimester of 2019, despite its having been a year marked by important changes in the political arena.  At the policy, legal and institutional policy levels and to improve investment in renewables, a few governance issues were resolved, namely the preliminary draft for the regulation of renewable energy production, a sanctioning regime, a document clarifying the attributions and responsibilities of key sectoral institutions, in particular, the Natural Resources and Energy Directorate General, the Water and Electricity Company, the General Regulatory Authority, and the Environmental General Directorate.  A portfolio of regulations for the legal framework of hydrologic resources was technically validated (Law 07/2018), concerning rules governing the quality of water for human consumption, the ownership of hydrologic resources, the protection of subterranean waters against pollution and deterioration, the economic and financial regime of hydrologic resources, and rules governing inspections, taxation and sanctions. All these regulations are a necessity for the country in terms of planning, monitoring and for the rational use of water to guarantee hydrological sustainability and its easy access by all.  The national forestry surveillance system is a tool for the sustainable management and handling of forests, based on a geographic identification system. Seen as an urgent necessity by the Forestry and Biodiversity Directorate, this tool was successfully implemented, including training and capacity-building of technicians from both islands.  With regard to the farming sector, the second semester of 2018 marked the first project implementation phase of sustainable management of farmland on 25 ha. in 10 communities involving more than 500 farmers. This activity, apart from demonstrating on 10 ha. terracing techniques on hilly terrain, and the increased yields and farm work safety, also allowed for the training of community members in the production of fertilisers, phyto-pharmaceuticals, and biological insecticides. Various synergies with other organisations and projects were created parallelly with this activity. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP Country Office Programme Officer** | Moderately Satisfactory | Moderately Satisfactory |
| Overall Assessment | The project's DO rating of moderately satisfactory is justified because despite some adverse conditioning factors that affected the initial years of implementation, it has achieved a good implementation pace and financial delivery is according to this pace, showing coherence and good management practices. After the amicable resolution of the inoperational concession contract that kept the basins tied to a Portuguese company, in which UNDP mediated successfully, the country was opened for investment in hydroelectricity. During the second half of 2018, the government neither showed interest in mini hydro investments nor defined a clear renewable energy strategy, thus hindering the advancement of component 2 of the project. The late 2018 change in government was, until April 2019, a factor that slowed down the implementation rhythm. However, the evident signs of openness of new rulers to private investors are expected to be a positive factor for the energy sector in general and the project in particular. UNDP is aiming through this project at de-risking investments through reducing two main risks associated to attracting investors: regulatory and strategic framework and technical and managerial capacity in the energy sector.  The main challenge for the remaining period is to continue investing in component 1, 3, and 4 for they are obtaining good results but also to agree with the authorities in the implementation of a small hydro-production project that will allow the accomplishment of component 2. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **GEF Operational Focal point** | Moderately Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | The project’s implementation is considered Moderately satisfactory, because we are in thee third year of project implementation an we still we some indefenition regarding component 2. Tis last two the project unit will need to make sure that they will be able to improve the level of execution related with component 2 and make sure this integrated approach is more visible. Howevver I need to congratulate the project implementetion unit and all partner for all efforts they are made to implement activities related with sustainable management of agricultural land and the entire legal framework that is being created to improve the business environment for future investments in the water and energy sector. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Implementing Partner** | Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | Overall, the rating for project implementation progress is satisfactory. Despite delays in some of its components, the project advanced significantly in relation to its initial period. This is explained by an increase in the involvement by project partners, above all, the Ministry for Public Works, Infrastructures, Natural Resources and Energy which has adopted as its principal policy the promotion of investment in renewables. Every effort by the various bi- and multi-lateral partners is directed to the improvement of the energy sector to guarantee minimum conditions attractive to the private sector. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Other Partners** | Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | Satisfactory. One of the project’s objectives was to introduce the concepts of preservation, conservation and the rational use of forest resources not only for the present population but for future generations. The Forestry and Biodiversity Directorate, as project partner, was directly involved in the implementation of activities while efforts made in developing a group of actions have permitted this sector be better prepared, technically, to lessen pressure on the environment.  Apart from the elaboration of the National Forestry Development Plan, the updating of the Forestry law (Law 01/2001), the Communications Strategy for the Sustainable Management of Forest, the construction of 3 nurseries (2 on São Tomé and 1 on Príncipe) with an overall capacity of 7,000 seedlings to be provided to the centres for the recovery and reproduction of tree species at risk of extinction, the end of 2018 saw the development of the national forestry monitoring system, a forestry management tool based on a geographic forest information platform to improve the Forestry and Biodiversity Directorate’s efforts in guaranteeing conservation of national forestry resources. There are currently several forestry actions to begin during the rainy season on 100 ha. from the communities of Claudino Faro, Bernardo Faro and Santa Adelaide on São Tomé and 16 ha. on Príncipe. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP-GEF Technical Adviser** | Moderately Satisfactory | Moderately Satisfactory |
| Overall Assessment | The overall assessment of the project is Moderately satisfactory as progress has been made in several areas of activities. However, the project remains unbalanced due to the lack of progress in the planning, study and implementation of the hydroelectric sites. As this project is based on the substitution of thermal energy by hydroelectricity, it is suggested that a partial reorientation of the project should be considered, aiming at the rehabilitation of two abandoned sites rather than the creation of new sites    It should be noted that the Micro-hydro focus of the project should be kept as the country's hydroelectric potential is 61 MW, which is almost three times the current demand in terms of power.      The project has contributed to the following achievements in Sao Tome & Principe:  o Improvement of the legal and institutional framework in the water, energy and forestry sectors (Preparation of the various legal texts and framework and planning documents)  o Promotion of an environment favourable to private investment in the field of renewable energies and MCH in particular (Establishment of a financial support mechanism for national investors in hydroelectric energy)  o Development of sustainable land and natural resource management mechanisms (integrated river basin management plan, development of a sustainable forest management strategy).  o Implementation of a programme to raise awareness and disseminate experience/good practices and lessons learned at the regional level and in the SIDS (awareness of good practices and the rational use of natural and energy resources).    - Actions in progress  o Establishment by the Ministry of Energy of a platform for dialogue and coordination of actions between the various Government partners involved in strengthening the energy sector (UNDP, ADB-SEFA, IMF, WB, EIB and UNIDO).  o Creation of an office to monitor and implement the reform of the energy sector.  o identification and confirmation of sites for the rehabilitation of micro-hydro plants    - Difficulties  o Hydroelectric site in a protected area => difficulty or even impossibility of implementation, whereas this is the core of the UNDP project. Concession problem.  o Reforestation program in competition with energy aspects.  o National electricity company in default of payment, effectively discouraging private investors.  o Delay between the initial design of the project and implementation, which has led to the emergence of external disruptive factors  o Difficulty in implementing a viable financial mechanism, with bank rates above 18% in the domestic sector.  o Insufficient technical capacity of institutions directly involved in the sector. | |

# Gender

**Progress in Advancing Gender Equality and Women's Empowerment**

This information is used in the UNDP-GEF Annual Performance Report, UNDP-GEF Annual Gender Report, reporting to the UNDP Gender Steering and Implementation Committee and for other internal and external communications and learning.  The Project Manager and/or Project Gender Officer should complete this section with support from the UNDP Country Office.

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| **Gender Analysis and Action Plan:** *not available* |
| **Please review the project's Gender Analysis and Action Plan. If the document is not attached or an updated Gender Analysis and/or Gender Action Plan is available please upload the document below or send to the Regional Programme Associate to upload in PIMS+. Please note that all projects approved since 1 July 2014 are required to carry out a gender analysis and all projects approved since 1 July 2018 are required to have a gender analysis and action plan.** |
| *(not set or not applicable)* |

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| **Please indicate in which results areas the project is contributing to gender equality (you may select more than one results area, or select not applicable):** |
| Contributing to closing gender gaps in access to and control over resources: Yes |
| Improving the participation and decision-making of women in natural resource governance: No |
| Targeting socio-economic benefits and services for women: Yes |
| Not applicable: No |

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| **Atlas Gender Marker Rating** |
| **GEN2:** gender equality as significant objective |

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| **Please describe any experiences or linkages (direct or indirect) between project activities and gender-based violence (GBV). This information is for UNDP use only and will not be shared with GEF Secretariat.** |
| N/A. |

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| **Please specify results achieved this reporting period that focus on increasing gender equality and the empowerment of women.**    **Please explain how the results reported addressed the different needs of men or women, changed norms, values, and power structures, and/or contributed to transforming or challenging gender inequalities and discrimination.** |
| Although the national energy sector is still a sector dominated by men, the project created and implemented a national forest monitoring system, working closely with the Forestry Directorate, where gender equity is more visible. Through the development of a forestry monitoring system, the project strengthened the capacities of 44 technicians in the handling and use of the platform, of which 11 were women.  In addition, part of capacity-building activities in forestry management included the training of 30 forest rangers, of which 7 were women.  With regard to the reforestation activity carried out during this period, 33 per cent of reforested plots were plots belonging to female farmers. The process of engaging the beneficiaries was strategically implemented by a team of women in charge of community sensitisation and communications activities to improve the transmittal of the message of female empowerment  With regard to the GSTA, of a total of 35 farmers benefitting from project activities, including training, 26 per cent were women, owners of plots on hilly terrain and with low productivity. |

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| **Please describe how work to advance gender equality and women's empowerment enhanced the project's environmental and/or resilience outcomes.** |
| Thanks to the project and to reforestation, the women beneficiaries not only acquired know-how but the means with which they can increase their economic profit. |

# Social and Environmental Standards

**Social and Environmental Standards (Safeguards)**

The Project Manager and/or the project’s Safeguards Officer should complete this section of the PIR with support from the UNDP Country Office. The UNDP-GEF RTA should review to ensure it is complete and accurate.

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| **1) Have any new social and/or environmental risks been identified during project implementation?** |
| No |

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| **If any new social and/or environmental risks have been identified during project implementation please describe the new risk(s) and the response to it.** |
| N/A. |

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| **2) Have any existing social and/or environmental risks been escalated during the reporting period? For example, when a low risk increased to moderate, or a moderate risk increased to high.** |
| No |

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| **If any existing social and/or environmental risks have been escalated during implementation please describe the change(s) and the response to it.** |
| N/A. |

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| **SESP:** [PIMS 4602 STP MFA SESP 150212.docx](https://undpgefpims.org/attachments/4602/213416/1665718/1665999/PIMS%204602%20STP%20MFA%20SESP%20150212.docx)  **Environmental and Social Management Plan/Framework:** *not available* |
| **For reference, please find below the project's safeguards screening (Social and Environmental Screening Procedure (SESP) or the old ESSP tool); management plans (if any); and its SESP categorization above. Please note that the SESP categorization might have been corrected during a centralized review.** |
| *(not set or not applicable)* |

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| **3) Have any required social and environmental assessments and/or management plans been prepared in the reporting period? For example, an updated Stakeholder Engagement Plan, Environmental and Social Impact Assessment (ESIA) or Indigenous Peoples Plan.** |
| No |

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| **If yes, please upload the document(s) above. If no, please explain when the required documents will be prepared.** |
| N/A. |

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| **4) Has the project received complaints related to social and/or environmental impacts (actual or potential )?** |
| No |

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| **If yes, please describe the complaint(s) or grievance(s) in detail including the status, significance, who was involved and what action was taken.** |
| N/A. |

# Communicating Impact

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| **Tell us the story of the project focusing on how the project has helped to improve people’s lives.**  **(This text will be used for UNDP corporate communications, the UNDP-GEF website, and/or other internal and external knowledge and learning efforts.)** |
| Nelson Sousa has been a farmer from the community of Saudade in the Central Zone of Mé-zóchi for the past 16 years. His plot is on hilly land which makes farming difficult. “I planted small plots with a little of everything; but the swift downhill flowing rainwater ruined everything, taking everything I had planted with it”, he said. Today, Nelson is member of a group of 35 farmers from his community benefitting from terraces, a sustainable land management method, financed by the project. The terraces ensure that the farmers have better conditions for planting and thus are able to increase their product. This farming practice, together with soil conservation practices, is used on very hilly terrain. The terraces are designed to guarantee farmers improvement in cultivating their land while allowing for the control of downhill flowing rainwater.  “Now that I have a terrace, I can make my plots a little wider to plant more seeds, walk between the plots, and be able to correctly apply chemicals and, when it rains, everything I plant stays on the terrace,” he added.  So the future holds promise for Nelson. “I know that I’ll increase my production here because I planted many more seeds than I normally do.” |

**Knowledge Management, Project Links and Social Media**

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| **Please describe knowledge activities / products as outlined in knowledge management approved at CEO Endorsement /Approval.**    **Please also include: project's website, project page on the UNDP website, blogs, photos stories (e.g. Exposure), Facebook, Twitter, Flickr, YouTube, as well as hyperlinks to any media coverage of the project, for example, stories written by an outside source. Please upload any supporting files, including photos, videos, stories, and other documents using the 'file lirbary' button in the top right of the PIR.** |
| https://www.facebook.com/pg/pnudstp/photos/?tab=album&album\_id=2253990724669576    https://www.youtube.com/watch?v=Q-soMYTNTV4    https://www.facebook.com/notes/pnud-s%C3%A3o-tom%C3%A9-e-pr%C3%ADncipe/pnud-apoia-o-governo-a-melhorar-a-gest%C3%A3o-das-florestas/1903103526424966/    testimonial from a beneficiary https://www.dropbox.com/s/x39rcl554ak3gjq/MVI\_6673.MOV?dl=0    minute 11:15 - https://www.youtube.com/watch?v=o4T5pkzLRiY (Reforestation in the community of Claudino Faro)      https://www.telanon.info/sociedade/2017/11/27/25921/guardas-florestais-e-eco-guias-recebem-certificados-pela-formacao-tecnica-realizada/ (ranger training article)    minute 20:42 - https://www.youtube.com/watch?v=LKbVsQHECw4 (ranger training)    https://www.youtube.com/watch?v=mNXZq7g19yM (Regulation of the sanctioning regime Energy sector)    https://www.facebook.com/pg/pnudstp/photos/?tab=album&album\_id=1650169091718412 (National validation workshop for the approval of the draft of the Regulations for the Interconnection and Relationship of Purchase and Sale of Energy.)    https://www.facebook.com/pg/pnudstp/photos/?tab=album&album\_id=1482566128478710 (rangers training pictures) |

# Partnerships

**Partnerships & Stakeholder Engagment**

Please select yes or no whether the project is working with any of the following partners. Please also provide an update on stakeholder engagement. This information is used by the GEF and UNDP for reporting and is therefore very important!  All sections must be completed by the Project Manager and reviewed by the CO and RTA.

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| **Does the project work with any Civil Society Organisations and/or NGOs?** |
| No |

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| **Does the project work with any Indigenous Peoples?** |
| Yes |

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| **Does the project work with the Private Sector?** |
| No |

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| **Does the project work with the GEF Small Grants Programme?** |
| No |

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| **Does the project work with UN Volunteers?** |
| No |

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| **Did the project support South-South Cooperation and/or Triangular Cooperation efforts in the reporting year?** |
| No |

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| **CEO Endorsement Request:** [PIMS 4602 STP MFA RCE 21May2015.docx](https://undpgefpims.org/attachments/4602/213416/1665713/1666015/PIMS%204602%20STP%20MFA%20RCE%2021May2015.docx) |
| **Provide an update on progress, challenges and outcomes related to stakeholder engagement based on the description of the Stakeholder Engagement Plan as documented at CEO endorsement/approval (see document below). If any surveys have been conducted please upload all survey documents to the PIR file library.** |
| N/A. |

# Annex - Ratings Definitions

**Development Objective Progress Ratings Definitions**

(HS) Highly Satisfactory: Project is on track to exceed its end-of-project targets, and is likely to achieve transformational change by project closure. The project can be presented as 'outstanding practice'.

(S) Satisfactory: Project is on track to fully achieve its end-of-project targets by project closure. The project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Project is on track to achieve its end-of-project targets by project closure with minor shortcomings only.

(MU) Moderately Unsatisfactory: Project is off track and is expected to partially achieve its end-of-project targets by project closure with significant shortcomings. Project results might be fully achieved by project closure if adaptive management is undertaken immediately.

(U) Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets by project closure. Project results might be partially achieved by project closure if major adaptive management is undertaken immediately.

(HU) Highly Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets without major restructuring.

**Implementation Progress Ratings Definitions**

(HS) Highly Satisfactory: Implementation is exceeding expectations. Cumulative financial delivery, timing of key implementation milestones, and risk management are fully on track. The project is managed extremely efficiently and effectively. The implementation of the project can be presented as 'outstanding practice'.

(S) Satisfactory: Implementation is proceeding as planned. Cumulative financial delivery, timing of key implementation milestones, and risk management are on track. The project is managed efficiently and effectively. The implementation of the project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Implementation is proceeding as planned with minor deviations. Cumulative financial delivery and management of risks are mostly on track, with minor delays. The project is managed well.

(MU) Moderately Unsatisfactory: Implementation is not proceeding as planned and faces significant implementation issues. Implementation progress could be improved if adaptive management is undertaken immediately. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are significantly off track. The project is not fully or well supported.

(U) Unsatisfactory: Implementation is not proceeding as planned and faces major implementation issues and restructuring may be necessary. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are off track with major issues and/or concerns. The project is not fully or well supported.

(HU) Highly Unsatisfactory: Implementation is seriously under performing and major restructuring is required. Cumulative financial delivery, timing of key implementation milestones (e.g. start of activities), and management of critical risks are severely off track with severe issues and/or concerns. The project is not effectively or efficiently supported.