



Project Implementation Report

(1 July 2021 – 30 June 2022)

Project Title:	Promoting Market Transformation for Energy Efficiency in Micro, Small and Medium Enterprises
GEF ID:	4893
UNIDO ID:	120262
GEF Replenishment Cycle:	GEF-5
Country(ies):	India
Region:	SA - Southeast Asia
GEF Focal Area:	Climate Change Mitigation (CCM)
Integrated Approach Pilot (IAP) Programs¹:	NA
Stand-alone / Child Project:	Stand-alone Project
Implementing Department/Division:	ENE / ETI
Co-Implementing Agency:	NA
Executing Agency(ies):	Ministry of Micro, Small and Medium Enterprises (MSME)
Project Type:	Full-Sized Project (FSP)
Project Duration:	60 Months
Extension(s):	<p>24 months Closing date: August 2020 (Project Steering Committee, held in December 2019 recommended 2 years extension until August 2022 and official confirmation is awaited from GEF-OPF, MOEFCC).</p> <p>22 months Closing date: June 2024 (Project Steering Committee, held in March 9th 2012 recommended 18 months extension until June 2024 and official confirmation is awaited from GEF-OPF, MOEFCC).</p>
GEF Project Financing:	<i>USD: 4,465,455</i>
Agency Fee:	<i>USD: 4,46,545</i>
Co-financing Amount:	<p><i>BEE in kind US\$: 2,200,000</i></p> <p><i>Ministry of MSME, GOI in kind US\$: 1,000,000</i></p> <p><i>EESL Investment US\$: 20,000,000</i></p>

¹ Only for GEF-6 projects, if applicable

	<i>SIDBI</i> <i>Loan US\$:</i> <i>3,560,000</i> <i>UNIDO</i> <i>Cash US\$:</i> <i>100,000</i> <i>Total US\$:</i> <i>26,860,000</i>
Date of CEO Endorsement/Approval:	4/16/2016 <i>Insert the date as per letter from GEF CEO</i>
UNIDO Approval Date:	12/18/2016 <i>Insert EB approval date of the project</i>
Actual Implementation Start:	8/28/2015 <i>Insert the PAD issuance date of the project</i>
Cumulative disbursement as of 30 June 2022:	3,695,227
Mid-term Review (MTR) Date:	9/1/2019 <i>IF applicable, insert expected/actual date of MTR submission to the GEF.</i>
Original Project Completion Date:	8/31/2020 <i>Insert the indicated project completion date as per CEO Approval / Endorsement document.</i>
Project Completion Date as reported in FY21:	8/31/2022 <i>Insert the project completion date as reported in the previous PIR for Fiscal Year 2021 (FY21)</i>
Current SAP Completion Date:	8/31/2022 <i>Insert the project completion date as currently seen in the system</i>
Expected Project Completion Date:	6/30/2024 <i>If the date is the same as above, please confirm; if you plan to extend the project completion date, please indicate here and elaborate further under section III.2</i>
Expected Terminal Evaluation (TE) Date:	6/15/2024 <i>Insert expected/actual date of TE submission to the GEF</i>
Expected Financial Closure Date:	6/30/2025 <i>Insert a date <u>no later than</u> 12 months after the TE submission date</i>
UNIDO Project Manager²:	<i>Mr. Sanjaya Shrestha</i>

I. Brief description of project and status overview

Project Objective
<i>The project 'Promoting Market Transformation for Energy Efficiency in MSMEs' aims to promote the implementation of energy efficiency in the MSME sector; to create and sustain a revolving fund mechanism to ensure replication of energy efficiency measures in the sector; and to address the identified barriers for scaling-up energy efficiency measures and consequently promote a cleaner and more competitive MSME industry in India. The project has the following objectives:</i>
<ul style="list-style-type: none"> <i>i) Promote implementation of energy efficiency in the MSME sector, particularly targeting the micro units that constitutes more than 90% and need support for technology induction;</i> <i>ii) Create and sustain a mechanism that would ensure replication of energy efficiency measures in the sector;</i>

² Person responsible for report content

- iii) Create a revolving fund by apportioning a part of the revenues from the aggregator (EESL) that would sustain the activities beyond the life of this project; and
- iv) Address the identified barriers for scaling-up energy efficiency measures and consequently promote a cleaner and more competitive MSME industry in India. The project is built around 4 substantive components:

- Component 1: Programme to identify energy intensive clusters and replicable technologies
- Component 2: Implementation of Technology Demonstration projects
- Component 3: Aggregation of demand for demonstrated technologies in the clusters
- Component 4: Financial models to support replication of energy efficiency projects in MSME

Project Core Indicators		Expected at Endorsement/Approval stage
6	Greenhouse Gas Emissions Mitigated (metric tons of CO ₂ e)	806,000
11	Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	470
x	x	x

Baseline

India is the fourth-largest economy in the world in terms of purchasing power parity. The economy is diverse in nature; encompassing modern and traditional agriculture, a wide range of industries, and an ensemble of services. India's GDP figure crossed the \$1.8 trillion mark in 2012 and almost 30% of this was generated through industry. While a significant share of this came from large industries, the micro, small and medium enterprise (MSME) sector was equally important in terms of economic contribution towards the economy. On average, the sector contributed around 45% of manufacturing output, 40% of exports, and employed more than 69 million people. The Indian economy has witnessed impressive growth since liberation of the economy in 1991, ranging between 4% and 9.8% up until 2007.

The economy slowed down during the global financial crisis, but has since recovered to around the 8% mark. In 2011-12, real GDP growth fell to a low of 6.5% (Figure 1), with the slowdown being most pronounced in the industrial sector, which has been instrumental in leading the recovery after the global financial slump. The slowdown in GDP growth witnessed over the past year could continue if investment remains weak. Slow growth in the core OECD countries and concern about another global recession could also weigh down growth. However, recent macroeconomic policy decisions, encouraging foreign direct investments and privatizations, and lowering fuel subsidies could boost investment demand and consequently economic growth in 2013-2014 and beyond.

The 4th census of the Ministry of Micro, Small and Medium Enterprises (2006–07) reveals that there are 26.1 million MSMEs in the country, of which 7.3 million are manufacturing units and 18.8 million are service enterprises. At present, more than 36 million MSMEs are contributing 8% of GDP, 45% of manufacturing and 40% of the country. Most of the enterprises are micro (95%) and small (4.7%), with medium-sized enterprises representing only 0.3% of total units. The MSME sector in India is generally still using first era technologies/processes, resulting in higher energy intensity. In light of the fact that the MSME sector has functioned for five decades within an overly protective economic and industrial framework, a large proportion of Indian MSMEs remain isolated from modern technological developments. They use obsolete, inefficient technologies to utilize commercial energy sources like coal, oil, gas and electricity, leading to wastage of energy, as well as release of high volumes of greenhouse gases and particulate emissions that are harmful to health and damage the atmosphere. Many MSME sub-sectors are energy-intensive, with fuel costs making up 20-40% of the total cost of production. Interventions from multi- and bilateral agencies have supplemented the efforts of the government, particularly in the area of energy efficiency, innovations in technology, information dissemination, outreach, capacity building and training. The MSMEs are also reluctant to buy energy efficient appliances, which are generally more expensive than less efficient options.

Please refer to the explanatory note at the end of the document and select corresponding ratings for the current reporting period, i.e. FY22. Please also provide a short justification for the selected ratings for FY22.

In view of the GEF Secretariat's intent to start following the ability of projects to adopt the concept of adaptive management³, Agencies are expected to closely monitor changes that occur from year to year and demonstrate that they are not simply implementing plans but modifying them in response to developments and circumstances or understanding. In order to facilitate with this assessment, please introduce the ratings as reported in the previous reporting cycle, i.e. FY21, in the last column.

Overall Ratings ⁴	FY22	FY21
Global Environmental Objectives (GEOs) / Development Objectives (DOs) Rating	<i>Satisfactory (S)</i>	<i>Satisfactory (S)</i>
<p><i>The progress is considered is 'SATISFACTORY' since in spite of the negative impacts that the MSMEs had due to COVID pandemic, following are achievements of the project-</i></p> <ul style="list-style-type: none"> • 12 cluster were already identified, where 840 survey, 83 energy audit and 80 baselines energy audit at demo units were completed in the selected cluster. In these clusters more than 70 LSP were identified for the screened out technology under this project and 25 of them are already on board and implementation is on progress in this regard • More than 36 EE technologies has been identified for implementation and 32 excel based QET have been prepared, 11 QET is available online, Toolkit prepared for 22 technologies. As per the baseline energy audit conducted at Demo units, technology specifications at 60 Demo units have been finalised. Installation for 19 EE technologies completed in 33 MSME units 		
Implementation Progress (IP) Rating	<i>Moderately Satisfactory (MS)</i>	<i>Moderately Satisfactory (MS)</i>
<p><i>Implementation Progress is MODERATELY SATISFACTORY since more than 52% of the implementation work has been accomplished and ground for the up-scaling and EMRF has been prepared</i></p>		
Overall Risk Rating	<i>Moderate Risk (M)</i>	<i>Moderate Risk (M)</i>
<i>NA</i>		

II. Targeted results and progress to-date

Please describe the progress made in achieving the outputs against key performance indicator's targets in the project's **M&E Plan/Log-Frame at the time of CEO Endorsement/Approval**. Please expand the table as needed.

Please fill in the below table or make a reference to any supporting documents that may be submitted as

³ Adaptive management in the context of an intentional approach to decision-making and adjustments in response to new available information, evidence gathered from monitoring, evaluation or research, and experience acquired from implementation, to ensure that the goals of the activity are being reached efficiently

⁴ Please refer to the explanatory note at the end of the document and assure that the indicated ratings correspond to the narrative of the report

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress in FY22
Component 1 – Programme to identify energy intensive clusters and replicable technologies				
Outcome 1: Identification of Energy Intensive Clusters				
Output 1.1: Objective and transparent mechanism for cluster level technology benchmarking established	Study capturing the best practices, incentive structures, implementation process, guidelines and industry feedback.	0 – Lack of study.	Study complete and available for decision-makers for investment	<ul style="list-style-type: none"> 12 cluster were already identified 840 survey, 83 energy audit and 80 baselines energy audit at demo units were completed in the selected cluster. Cluster level benchmarking report have been prepared Gap Assessment study completed
Output 1.2: Increase ability of Local LSPs (EE Products and Service Providers) to Provide Assistance and Advice to MSMEs within the sectors	Existence of a comprehensive tool kit for the identified technologies to help the implementation process.	Lack of a tool kit for the identified technologies.	<p>1 tool kit prepared and disseminated;</p> <p>Identified commonly replicable technical interventions through equipment audits;</p> <p>Developed technical specifications of the identified interventions.</p>	<ul style="list-style-type: none"> More than 70 LSP were identified for the screened out technology under this project 25 of them are already on board and implementation is on progress in this regard More than 36 EE technologies have been identified and proposed to the WTG and PSC 32 excel based QET have been prepared, 11 QET is available online and 17 other technologies are in process of uploading online Toolkit prepared for 22 technologies As per the baseline energy audit conducted at Demo units, technology specifications at 60 Demo units have been finalised
Component 2 – Demonstration projects and aggregation of demand for demonstrated technologies in the clusters.				
Outcome 1: 1. Demonstration of Energy Consumption Reduction at the Cluster Level 2. Capacity built and awareness raised as a result of the demonstration projects.				
Output 1.1: Thirty-Five (35) energy efficient technologies demonstrated in industrial enterprises (minimum 2 units to be covered for each technology);	MSME units implementing technology demonstration of the identified technologies.	No demonstration of selected technologies provided and thus minimal/ practically non-existent replacing of energy inefficient systems with efficient ones.	35 energy efficient technologies demonstrated (2 units for each technology).	<ul style="list-style-type: none"> More than 45 technologies were identified in the selected cluster where in PSC has approved 36 technologies till June 2022. Installation for 19 EE technologies completed in 33 MSME units More than 110 EE equipment are operational in the MSME units Demonstration of another 11 technologies are under progress
Output 1.2: 100 Local Service Providers (LSPs) and technical personnel of MSME unit trained	Training of LSPs and technical personnel of MSMEs.	0 – Lack of training for technical personnel and LSPs in these clusters.	100 LSPs and technical personnel of MSME trained.	<ul style="list-style-type: none"> Survey of more than 840 MSME units were covered and more than 100 LSP were surveyed. Multiple vendor meets were conducted during this time and during the on-ground implementation of the technologies- assistance and handholding to the MSME units are been provided. Report on LSP survey and gap assessment for eight cluster have been prepared
Component 3 – Financing models to support replication of energy efficiency projects in MSMEs.				
Outcome 1: Establishment of sustainable and effective financial mechanisms.				
Output 1.1: Officials from government and private banks/ financial institutions sensitized on promoting EE equipment and trained on evaluating and investing in industrial EE projects;	Number of officials trained from government and private banks/ financial institutions (FIs).	No official trained.	Officials from both government and private banks are sensitized on promotion of EE equipment and evaluating and	<ul style="list-style-type: none"> Various consultation meetings held on structure and modalities of EESL MSME Revolving Fund (EMRF) with financial institutions, Banks MoMSME and other stakeholders A detailed document on EMRF have been prepared covering various options

			investing in industrial EE projects.	<ul style="list-style-type: none"> for creation of EMRF fund & submitted to UNIDO Draft Training manual for imparting training to Govt officials have been prepared.
Output 1.2: A tailored portfolio of innovative financial products for MSMEs' investment in energy efficiency projects facilitated;	Establishment of the EESL MSME Revolving Fund with successful repayments occurring; Portfolio of financial products.	No Revolving Fund exists; No tailored portfolio of financial products for MSMEs to allow for ESCO model financing.	Fund established and operating with repayments; Tailored portfolio of financial products existing.	<ul style="list-style-type: none"> Innovative business model for demo and replication has been implemented successfully Repayment from participating MSME unit have been started.

III. Project Risk Management

1. Please indicate the overall project-level risks and the related risk management measures: (i) as identified in the CEO Endorsement document, and (ii) progress to-date. Please expand the table as needed.

Describe in tabular form the risks observed and priority mitigation activities undertaken during the reporting period in line with the project document. Note that risks, risk level and mitigations measures should be consistent with the ones identified in the CEO Endorsement/Approval document. Please also consider the project's ability to adopt the adaptive management approach in remediating any of the risks that had been sub-optimally rated (H, S) in the previous reporting cycle.

	(i) Risks at CEO stage	(i) Risk level FY 21	(i) Risk level FY 22	(i) Mitigation measures	(ii) Progress to-date	New defined risk ⁵
1	Political Risk Changes in government priorities resulting in reduced support for the project, delays in activities and overall ineffectiveness of the interventions	Low risk (L)	Low risk (L)	The project seeks to transform the market for deployment of efficient technologies in the MSME sector. The MSME sector interventions are considered a high priority of the Government as spelled out in the XII Five Year Plan and articulated in the policy and planning of the Ministry of MSME and BEE. Thus, the risk of a drastic change is unlikely. To mitigate this risk the Project Steering Committee will be closely involved in the project's activities, giving guidance and advice throughout the identification, selection, and intervention processes.	<ul style="list-style-type: none"> Timely intervention of WTG and PSC to keep a check on the progress of the project Within the fore said time period two PSC and one WTG meetings were conducted. Visit of Mo-MSME personal to the demo project site was also arranged. Due to COVID-19, MSME units were badly impacted. PSC has taken cognisance of the impact of COVID in the clusters. 	<input type="checkbox"/>
2	Technical risk: Lack of energy savings from deployment of efficient technologies	Low risk (L)	Low risk (L)	The project builds upon the work done in the past where such technologies have been identified based on field studies and cluster level energy audits. Moreover, the demonstration projects to be conducted using the GEF grant will ensure that only those technologies where the technical performance risk is minimal are taken up. UNIDO and EESL will ensure this by leveraging technical expertise from all stakeholders, including industry, government and others.	<ul style="list-style-type: none"> Demonstration of 19 EE Technologies in 33 MSME units has been completed successfully. In some of the demo units, the measured energy savings are higher than proposed savings. Two of the technologies have been replicated through bulk procurement- well accepted by the MSME associations M&V completed after the installation and positive results were achieved in all the cases 	<input type="checkbox"/>
3	Sustainability risk: The risks envisaged here include inability to scale up	Low risk (L)	Low risk (L)	EESL has committed financial resources to ensure that replication occurs beyond the project's implementation period. The EMRF to be established will also ensure	<ul style="list-style-type: none"> 2 bulk procurements (500 PLCs based automation systems in jet 	<input type="checkbox"/>

⁵ New risk added in reporting period. Check only if applicable.

	implementation and lack of financing beyond the project period.			<p>that the best practices of project design and implementation are replicated in other clusters.</p> <p>To this end, the project proposes to use a combination of risk mitigation measures, such as opening of irrevocable revolving Letters of Credit, ESCROW arrangements, and/or taking advance post-dated cheques to ensure that the SME unit which avails of the scheme, does not default on payment.</p> <p>In addition, the Partial Risk Sharing Facility (PRSF) and Partial Risk Guarantee Fund (PRGF) are being set up by the World Bank and BEE, respectively; these funds would provide risk cover of up to 50% of the loan value and would therefore provide mitigation for financial risks. EESL is the transaction advisor to the World Bank, as well as BEE for the two funds. Thus, EESL is well placed to ensure that the above outlined payment security mechanisms are put in place so that the risks associated with EMRF re-payment are duly mitigated.</p>	<p>dying machine & 600 FRP Fans) have reduced the cost suitably.</p> <ul style="list-style-type: none"> Multiple Consultation meetings on EMRF with various stakeholders have been conducted. Draft Structure of EMRF have been proposed. Discussion with PRSF team held for inclusion of PRSF guarantee into replication phase. One equipment (Micro Turbine) failed after conducting the M&V. EESL team supported the unit and arranged visit of the supplier at the unit to resolve the issue. Unit is satisfied with the support provided by EESL. 	
4	Financial risk The risk of non-payment for investments made by EESL/ESCOs	Medium	Medium	<p>UNIDO and EESL will not only provide training to industries for building their capacity on the long-term financial benefits of investing in energy efficiency, but the project will also leverage risk mitigation measures that are being set up by BEE, such as the Partial Risk Guarantee Fund under NMEEE.</p> <p>In addition, BEE and the World Bank, using GEF and Clean Technology Fund resources, is creating a Partial Risk Sharing Facility that will be managed by SIDBI with a focus on the MSME sector.</p> <p>By leveraging these instruments, the proposed project will reduce the financial risk of investment.</p>	<ul style="list-style-type: none"> Innovative business model was developed and have been successfully tested during demo as well as in replication. EESL and SIDBI hold multiple discussion and shared the draft structure of the fund flow of EMRF. 	<input type="checkbox"/>
5	Climate change risk The project is not subject to any climate change risks.	None	None	<p>While no climate changes risks are foreseen, the project will mitigate any potential risks to project demonstration sites by include criteria related to such risks in the cluster surveys, and if a risk is identified, develop a mitigation strategy before implementation begins.</p>	<ul style="list-style-type: none"> Due to existing COVID-19 situation the project has slowed down, but as the team is in continuous touch with the units which has enable the team to complete the procurement of few technologies and supply of the during the lockdown period. Nationwide lockdown has restricted the movement and also willingness of MSME to adopt/invest EE technologies have reduced. 	<input type="checkbox"/>

2. If the project received a **sub-optimal risk rating (H, S)** in the previous reporting period, please state the **actions taken** since then to mitigate the relevant risks and improve the related risk rating. Please also elaborate on reasons that may have impeded any of the sub-optimal risk ratings from improving in the current reporting cycle; please indicate actions planned for the next reporting cycle to remediate this.

Not Applicable

3. Please indicate any implication of the **COVID-19** pandemic on the progress of the project.

- ✓ EESL has covered a remote survey in the cluster and the team is in continuous touch with the units. A process of screening is also in place where the health units are screened out for implementation. Even though the project is facing some challenges in execution.
- ✓ All field level activities came to a halt due to the impact of COVID but now as the MSME units are slowly recovering which is also positive for the project progress.
- ✓ Most of the finalised units for the Demo Project has come to a standstill with a massive impact on their business, due to revenue loss, unavailability of the workforce, low -demand, disruptions in the supply chain; but now slowly new units are coming which is a positive sign for the project.
- ✓ As it happened earlier, there were number of instances where few of the confirmed units have backed out or few units has requested the project team to wait till the situation normalizes. In that case, a fresh discussion with other units was taking place which is not getting converted slowly.
- ✓ Most of the units are not keen to make major investment during this time and unless they have productivity issues, the business model gives some confidence to the units as there are very low initial capital. Further since few of the technologies are reducing the manpower requirement, this factor is also giving some confidence to the MSME units during this time.
- ✓ Some of the units are also finding it difficult to sustain and survive this crucial impact of the pandemic on their businesses and may close if the COVID continues for long which will reduce the number of units in the cluster, at present the team is filtering out the best suited units for the project implementation
- ✓ During COVID lockdown due to travel restrictions delivery of equipment and installation is getting delayed. But the team is in alert mode and continuously finding strategies to mitigate these challenges. This continuous effort has enabled the team to install more than 100 equipment in this pandemic situation.
- ✓ Since the replication and market transformation depends on successful implementation of DEMO projects; delay in execution of DEMO projects may impact the execution of demand aggregation and replication of technologies which is now slowly recovering but all depends on the severity of the 3rd wave.

4. Please clarify if the project is facing delays and is expected to request an **extension**.

The GEF-5 Project team comprising of MoMSME-UNIDO-EESL team highlighted the issues regarding extension of the project due to the impact of COVID-19 Pandemic on project activities. The PSC committee was apprised that, the project has lost more than 18 months of critical project implementation time in the form of procurement delay, implementation delay of the technologies. In this regard, UNIDO requested for extension of the project for another 22 months, i.e., till 30th June 2024, so that all the deliverables of the project that have been affected during the pandemic could be completed. PSC approved the no-cost extension of the project till 30th June 2024.

5. Please provide the **main findings and recommendations of completed MTR**, and elaborate on any actions taken towards the recommendations included in the report.

- **Project design assessment**

- 1. Project Design**

Original design ('one of a kind') is highly relevant to the country context and has the potential to create awareness and capacity for market transformation. It seems that India has the perfect preconditions for such a challenging project. First of all, India has the size (number of clusters and MSMEs in these clusters) to become an attractive market for suppliers of EE products and technologies. EESL is a well-known and robust procurement expert with a proven track record for market development (energy-efficient lightning) and has already showcased the success of 'bulk procurement procedures'. With this specific design, there are no known examples for such an EMRF.

The project outputs and activities are in line with GOI and MoMSME priorities as well as with UNIDO's focus on SDG 9 and GEF strategies on GHG reduction. All interviewed stakeholders have stressed the need for this kind of project and that outcomes will be used by MoMSME, BEE, SIDBI to be included in their respective finance mechanisms. There are several funding schemes for MSMEs in place, but none of them is transforming the market for EE technologies.

The idea of an EMRF and the following market transformation is highly relevant for MSMEs, though not fully recognized yet. The majority of MSMEs sees only the first investment (purchase cost) when looking for new equipment and technologies. The idea of considering running and lifetime costs is not a common practice. The purpose of a given performance guarantee, including an AMC and link the fulfilment to the repayment is new to the market and could drive the change. Most of the equipment suppliers also do not have their focus on selling performance and do not utilize the life cycle costs as a USP.

On the other hand, highly energy-efficient equipment has not a big market yet in India. Therefore project design to foster market transformation is also highly relevant for suppliers of high quality (and more expensive) equipment.

Project components and activities are well-targeted, clear and consistent, but not all components are fully visible yet. Monitoring of the savings as an outcome of the EE equipment implementations is part of the whole scheme and already included in procurement procedures and contracts. Therefore the real savings as per project objectives can be easily monitored. The project has also shown flexibility and several components and activities have been adapted to actual needs.

- 2. Project Results Framework**

Project components and activities are well-targeted, clear and consistent, but not all components are fully visible yet. The Project Results Framework, which includes OVs at the outcome level, is well designed. Feasible indicators are provided for outputs; most of the targets provided are consistent with the activities described. The resulting chain from outputs, outcomes to impact is logical and SMART.

For a few activities, proper indicators are missing, and means for verifications are not clear. For example, for output "2.1.2 Peer to peer network established" a SMART target is not given. For output 2.1 "100 local service providers ... trained" it is not clear how monitoring can be done, as not all the activities planned here are under control of project management. The same-s will be the case for Output 2.3.1 "Investments... facilitated". If the project is successful, many investments will happen without knowing of project team.

- **Project performance and progress towards results**

- 1. Relevance**

The project is very much relevant to the target group MSMEs and – as explained in the country context – MSME is the appropriate target group. Once the business model is established, it has the capacity to solve several issues that hinder a stronger utilization of EE technologies in Indian MSMEs.

The main problem that MSMEs are facing is a lack of capacity to handle new technology. They usually do not have enough time and technical knowledge to actively search for EE technologies and to finance it. Secondly, there is mistrust not known/not established equipment and third locally credible vendors and suppliers are not available in most clusters.

The Project is addressing all those issues and can drive the change.

The original objectives have not been revised and are still very much valid in today's context, RT sees no need for changes in those objectives itself, but a need to refocus on the given Project Result framework.

The project has a strong focus on the energy-intensive cluster; those clusters have been well selected, including those with little or no previous similar activities. At the project start, much effort was put into cluster selection itself and to develop a proper cluster selection matrix. This was discussed and agreed during PSC meetings, as sufficient information about those clusters did not exist. The original project document did not include this component assuming that stakeholders (MoMSME and BEE) have information at hand.

The actual status shows clearly that one of the main criteria for success in a specific cluster is to identify cluster leaders and influencers. Those clusters with proactive associations and forthcoming industries are more likely to adopt new business models.

2. Effectiveness and progress towards expected results

The cluster studies and the energy audits have been done. 13 technology adapted to the suitable clusters have been selected and jointly agreed during the PSC meetings. The criteria for the selection of technologies to be adapted to be suitable for future EMRF. There are no toolkits available for the technologies identified. However, only the compressors are in the testing phase, and the remaining toolkit development is not cleared among the stakeholders. Training of local service providers (LSP) and technical personnel of MSMEs are in the early stages, and proper planning will be required to achieve the target. M&V protocols have been finalised and various activities have been started, but a structured approach to develop peer-to-peer network is not visible and not institutionalized yet. Only two pilots have been implemented. Through these pilots, it is evident that the technical specification and performance guarantee will push proven technologies to a new limit.

Upscaling of the project is not yet started, and it is unlikely that 400 MSMEs will invest in the given project period. Project components and activities are well-targeted, clear and consistent, but not all components are fully visible yet. It is not clear how all the required information will be compiled and documented.

The projects focus on energy-intensive cluster and clusters have been well selected, including those with little or no previous similar activities is appropriate. MSMEs in those clusters are definitively the correct target group, outreach to MSMEs is yet to start.

Profile of the service providers represents various sizes and types of services, and connects various service providers and creates business opportunities for all beneficiaries. The project looks in proven technologies only but sets new standards (performance-based) for these technologies. Only those suppliers who are capable and willing to undergo the EESL bidding procedures will benefit. But in the long run – once this concept is proven – it can be expected that more suppliers understand the value and see the market the project is providing and will join the programme

MSME and LSP actively participating in project activities are benefiting from programme components. However, presently, outreach has to be extended to a large number of members of industries.

3. Conclusion

The project has seen a drastic delay in the starting phase (contract with executing partner and PMCs), once this was solved the work could pick up a good momentum and much progress has been made in the last 18 months. Even though the project is almost two years behind schedule and is suffering from some flaws in the cooperation (internal communication and accounting rules) that are hampering efficient project execution. Several changes at output level (e.g. cluster level and video graphic-studies, energy audits) have been discussed between stakeholders and jointly agreed in PSC. With this project, management has shown flexibility to meet stakeholder needs, but also bonded resources, which are not directly contributing towards the main project objectives. For instance, 60 audits have been conducted, which is not part of the project objectives. It has been conducted for the demand from one of the stakeholders.

It is visible that the brilliant concept for the creation of '...an innovative Business Model...' with its multiple aspects (see chapter V) is not fully understood by all stakeholders, nor is the framework for this model clear and mutually agreed. So, it needs some extra effort and time to develop the model, make sure it is understood by all involved parties. Only then, it can be tested, approved and professionally marketed to become a real market changer.

At the current stage, the project has built up a good base to become successful at the end and to be able to achieve most Objectively Verifiable Indicators (OVI) by utilizing the remaining budget efficiently. It is strongly recommended to refocus on the major outcome of the project, i.e. promote market transformation towards energy efficiency in the MSME sector by creating and sustaining a revolving fund mechanism to ensure replication. It is needed to streamline all activities towards this objective. Testing, final design, and promotion of the business model is core to achieve the market transformation. Therefore, more time is needed. In this context, a no-cost project extension can be strongly recommended by the review team. For full upscaling, testing and promotion of the business model 1,5 to 2 years will be necessary.. This finding is backed up by the feedback given by all stakeholders.

4. Recommendations

Presently, there is a need for the project partners to have a planning meeting at the earliest to refocus on main project objectives and for a joint decision on:

- efficient utilization of remaining funds within the given time limits, without being able to achieve all outcomes or
- 'redesigning' of the project with realistic and appropriate timeframe and efficient utilization of the remaining budget and asking for a project extension.

After a joint decision is made a discussion with GEF focal point can be initiated, as already indicated during MTR by concerned persons.

*NB: The information provided in this section will be used by the GEF Secretariat to measure the project's ability to adopt an **adaptive management approach**. This will be measured through the assignment of a **project-level proactivity index**.*

IV. Environmental and Social Safeguards (ESS)

1. As part of the requirements for **projects from GEF-6 onwards**, and based on the screening as per the UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), which category is the project?

- Category A project
- Category B project
- Category C project

(By selecting Category C, I confirm that the E&S risks of the project have not escalated to Category A or B).

Notes on new risks:

- *If new risks have been identified during implementation due to changes in, i.e. project design or context, these should also be listed in (ii) below.*
- *If these new/additional risks are related to Operational Safeguards #2, 3, 5, 6, or 8, please consult with UNIDO GEF Coordination to discuss next steps.*
- *Please refer to the UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) on how to report on E&S issues.*

Please expand the table as needed.

	E&S risk	Mitigation measures undertaken during the reporting period	Monitoring methods and procedures used in the reporting period
(i) Risks identified in ESMP at time of CEO Endorsement	NA	NA	NA

(ii) New risks identified during project implementation (if not applicable, please insert 'NA' in each box)	NA	NA	NA
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V. Stakeholder Engagement

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes** regarding engagement of stakeholders in the project (based on the Stakeholder Engagement Plan or equivalent document submitted at CEO Endorsement/Approval).

Project Steering Committee (PSC) Stakeholders:

UNIDO as Implementing Agency, Ministry of MSME (MoMSME) as Lead Executing Agency, Bureau of Energy Efficiency (BEE) as Guiding Agency, Energy Efficiency Services Limited (EESL) as Executing Partner, GEF Operational Focal Point-MoEFCC, Small Industries Development Bank (SIDBI)

8th and 9th Meetings of Project Steering Committee were held under the Chairmanship of AS&DC-Mo-MSME to review the project progress and approve the energy efficient technologies to be demonstrated. The committee approved 15 technologies in the 8th PSC meeting and 4 technologies in 6th meeting; PSC also approved the no-cost extension of the project till 30th June 2024; minutes of meetings are annexed for the reference. **(Annexure V 1.1 & 1.2)**

Working Technical Group (WTG) Stakeholders:

(Ministry of MSME (Mo-MSME), Bureau of Energy Efficiency (BEE), Energy Efficiency Services Limited (EESL), Small Industries Development Bank (SIDBI) and other National Experts approved by PSC)

6th & 7th meetings of Working Technical Group (WTG) under were also held to review and endorse the prospective energy efficient technologies. In 6th WTG meeting, 10 technologies were presented before the WTG; out of which 9 technologies were endorsed for the further consideration of PSC. In 7th WTG meeting, total 5 technologies were presented before the WTG; out of which 4 technologies were approved for the further consideration of PSC. Minutes of meetings are annexed for the reference. **(Annexure V 1.3 & 1.4)**

Private Sector Stakeholders:

(Industrial Associations, MSME Industries, technology suppliers, other local experts)

Various meetings with cluster level stakeholders (Industrial Associations, MSME units, technology suppliers etc.) for their effective engagement and speed up the ground level activities.

Workshops:

Conducted exhibition cum workshop in Surat, Ankleshwar and Jorhat cluster in 11th March, 12th March and 5th May respectively. MSME units along with technology suppliers participated in the exhibition. Workshop report are annexed for the reference. **(Annexure V 1.5 & 1.6)**

Workshop cum Exhibition on Accelerating Adoption of EE Technologies for Surat Textile Cluster event was organised by MSME-UNIDO-EESL-DESL, in association with the SGTPA was held on 11th March 2022, Surat, Gujarat under the chairmanship of Mr. Debajit Das, UNIDO. About 70 participants representing stakeholders like MSMEs, Govt. Officials, UNIDO and unit owner and vendors and other organizations participated in the event.

Workshop cum Exhibition on Accelerating Adoption of EE Technologies for Ankleshwar Chemical Cluster event was organised by MSME-UNIDO-EESL-DESL in association with the AIA was held on 12th March 2022 at Ankleshwar, Gujarat under the chairmanship of Mr. Debajit Das, UNIDO. About 50 participants representing stakeholders like MSMEs, Govt. Officials, UNIDO and unit owner and vendors and other organizations participated in the event.

2. Please provide any feedback submitted by national counterparts, GEF OFF, co-financiers, and other partners/stakeholders of the project (e.g. private sector, CSOs, NGOs, etc.).

- EESL procurement procedure, including technical specifications, including performance guarantee and AMCs. With such an approach, several project objectives come as a 'by-product' (e.g. training of technical staff by LSPs, development of more reliable and durable equipment/machinery). This means they are (partially) done by project beneficiaries and will most likely contribute towards project sustainability.
- The project has shown flexibility and ability to adapt to actual and local needs of beneficiaries, for example, the payment and repayment modalities have been adapted to enable MSME to gain advantage from the taxation system
- By demand creation in specific clusters, local service station becomes viable for vendors (economy of scales) and this will ensure sustainability and that leads to local market demand creation by capacitating vendors and create locally available service providers
- Different MSMEs in different clusters and sectors rate the business model and its benefits in a very diverse manner. Therefore, it has to be explained/marketed in a specific way to fit local MSME needs.
- The Project Logical Framework and Workplan should be reviewed and adapted to the actual situation especially focusing on the remaining time for project work and the main objective of the project
- Creation and publication of 'easy to copy' pilot projects will foster uptake in other industry, clusters, and sectors
- More visibility should be given to an innovative business model. Therefore, enough time for testing and improving the planned model is needed. Once all benefits are clear, and viability can be proven and easy to understand info brochure should be prepared to ensure up scaling.
- Focus on professional marketing of project results to create more awareness.
- Payment Security Mechanism, i.e. Bank Guarantee has been highlighted as one of the major challenges by the cluster level stakeholders.
- Legal and regulatory compliances for EESL-MSME Revolving Fund (EMRF) as trust may lead to low (er) feasibility, SPV or NBFC may be much feasible models for the operation.

3. Please provide any **relevant stakeholder consultation** documents.

a) **Pamphlet:**

Pamphlets depicting the key features of the technology (Screw air compressor, PLC based automation system for Jet dyeing m/c, Micro Turbine, Condensate recovery system, Boiler automation system, Withering automation, Modulating burner, FRP Fan, Dryer automation, Swirl Burner, Metallic recuperator, Furnace Automation, Scroll Chiller, Divided Blast Cupola, IBR Boiler, Vertical Agitator, ANFD, Fitch Fuel catalyst, IBR Boiler (Vellore), LSU Dryer, SPM, Servo motor, Induction billet heater, Vacuum Pump, Direct coupled Agitator system has been formulated and submitted. **(All Pamphlet in Annexure V 1.7)**

b) **Case Study:**

LSU Port Dryer (Vellore); Condensate Recovery System (Varanasi); Modulating Burner; Fibre Reinforced Plastic (FRP) based Withering Fan; Withering Automation system; Dryer Automation System; Automation and Control system in Steel reheating furnace; Energy Efficient Vertical Agitator System for Reaction Vessel: Special purpose machine: IBH; Servo Motor; Vacuum Pump; Agitator system; Micro Turbine; Screw Air compressor; PLC

based automation system; Boiler automation; ANFD; IBR Boiler; Scroll Chiller **(All Case Study in Annexure V 1.8)**

c) **Training Manuals:**

Training manuals for following technologies have been formulated.

- Scroll Chiller
- Vertical Agitator
- IBR Boiler
- Fitch Fuel catalyst
- ANFD
- Metallic Recuperator
- Furnace Automation
- Divided Blast Cupola
- Modulating Burner
- VFD based Screw air compressor with PM motor
- Micro Turbine
- PLC based automation system in Jet dyeing machine
- Boiler automation and control system
- FRP based Withering Fan
- Swirl Burner
- SPM
- Condensate recovery system

(All Training Manuals in Annexure V 1.9)

Please list here the documents which will be submitted in addition to the report, e.g.:

- *Project Steering Committee minutes*
- *Aide Memoire*
- *Meeting Agenda, etc.*

All attachments are to be named as per the GEF required format, i.e.: "GEFID_Document Title", e.g. 9714_PSC minutes.

VI. Gender Mainstreaming

1. Using the previous reporting period as a basis, please report on the **progress achieved on implementing gender-responsive measures** and **using gender-sensitive indicators**, as documented at CEO Endorsement/Approval (in the project results framework, gender action plan or equivalent),.

The project is committed to maintain gender equality at each stage of project implementation. Participation of women will be encouraged while selecting experts and consultants for training and capacity building activities. Project stakeholders will be encouraged to nominate women employees to participate in the project. Efforts will also be made to include gender focal points from relevant ministries in the Project Steering Committee meetings where possible. Following are the some of the cases where progress on gender-responsive measures was clearly visible.

- a) The PMU recruitment drive was gender neutral, where in one of the members in PMU is a woman and has been appointed as a cluster lead. She is in charge of the Surat textile cluster, proficiently managing a number of textile units.
- b) The PMU team has been supported by women in managerial roles across various MSME units and as well as EESL's vendor partners. Many vendor partners of EESL have women who are adept at commissioning the technology at site and also providing training to the MSME staff.
- c) The commercial aspects of this project are being solely supported by women in EESL's finance/commercial team.

- d) To ensure safety and security of our female team member, there is a dedicated official vehicle at her convenience.
- e) Moreover, one of the selected clusters i.e. Assam tea cluster has a women centric work force.
- f) The MSME sector in India has a limited female representation, however, there are some office bearers of industrial association and some women entrepreneurs who are quite active in this project.
- g) Female representation in the project steering committee as the joint development commissioner.

VII. Knowledge Management

1. Using the previous reporting period as a basis, please elaborate on any **knowledge management activities / products**, as documented at CEO Endorsement / Approval.

- Online Quick Estimator tool (QET) for 11 technologies have been prepared and uploaded in the project website. Online QET for another 17 technologies are under development. **(Annexure V 1.10)**
- Exhibition cum workshop was conducted in Surat, Ankleshwar, Howrah and Jorhat cluster wherein technologies were demonstrated by vendors and success stories were shared by the demo units to the other MSME units.
- Workshop were conducted at Varanasi, Medak and BJI clusters on the project. Details of the project along with knowledge related to technologies, financial models, etc were shared by the project team.
- Installation, Commissioning and M&V completed for 19 technologies at 33 demo unit. Agreement for demonstration signed with 54 MSME units and procurement is under progress for 9 technologies.
- Unit level training to the operators and training to the senior officials of MSME units imparted in four clusters. Training mainly covers the knowledge on equipment handling, technology details, financial evaluation of proposals and about the project
- Training imparted to Local service providers on the technologies, procurement process and project. LSP were also briefed about the business opportunities under the project.
- Web base platform is created for knowledge management and exchange of information.

2. Please list any **relevant knowledge management mechanisms / tools** that the project has generated.

Annexed. V

Annexure V 1.1_8th PSC Minutes
 Annexure V 1.2_9th PSC Minutes
 Annexure V 1.3_6th WTG Minutes
 Annexure V 1.4_7th WTG Minutes
 Annexure V 1.5_Surat Workshop Report
 Annexure V 1.6_Ankleshwar Workshop Report

Annexed. VI

Annexure VI 1.1_Technology Pamphlet
 Annexure VI 1.2_Surat Inter-Cluster Meet Minutes
 Annexure VI 2.1_Pamphlet Screw compressor
 Annexure VI 2.2_Pamphlet PLC

Annexure VI 2.3_Case Study Screw Air Compressor_1
 Annexure VI 2.4_Case Study Screw Air Compressor_2
 Annexure VII 2.5_Case Study PLC_1
 Annexure VII 2.6_Case Study PLC_2
 Annexure VII 2.7_Case Study LSU Dryer
 Annexure VII 2.8_Business Model
 Annexure VII 2.9_Web Portal

VIII. Implementation progress

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes achieved/observed** with regards to project implementation.

Implementation Report - UNIDO					
Project Progress					
Sr. No.	Ankleshwar	Total 5 technologies approved by PSC	MoA signed with 9 MSME demo units; LoA issued for 9 technology demos.	Installation done at eight demo unit for four tech. one technology is delivered at Site.	M&V completed for four technologies at seven demo unit
1	Batala-Jalandar-Lundhiana	Total three technologies approved for this cluster	MoA signed with six demo unit for three technologies; LoA issued to two vendors for IBH; Procurement in process for another two technologies at four demo unit	Installation and commissioning completed at two demo unit for IBH technology	M&V for IBH completed for both demo unit of IBH
2	Howarh	Total four technology approved by PSC	MoA signed with six unit for four technologies; LoA issued for five units; Procurement of DBC is in progress	Installation and commissioning completed for all five-demo unit for three tech.	M&V completed for five demo units for three technologies
3	Jorhat	Total 4 technologies approved by PSC	MoA signed with eight demo unit for four technologies	Installation and commissioning completed for all eight-demo unit	M&V completed for all eight-demo unit;

4	Muzaffarnagar	Total 2 technologies approved by PSC	Agreement signed with two demo unit for one tech; Unit backed out after signing of MoA for 2nd tech. 8+ baseline study conducted for MoA signing of 2nd tech. Vacuum Pump.	RfP to be floated for demonstration of one technology at two demo unit	M&V protocol document prepared for both technology
5	Medak	Total 4 technologies approved by PSC	MoA signed with four demo units for two technologies; Procurement under process for these two technologies	Baseline study conducted at six units for MoA signing	
6	Surat	Total 5 technologies approved by PSC	MoA signed with nine demo units; one unit backed out; LoA issued for eight demo units for installation of five technologies	Installation done at eight demo unit for five technologies; Replication at eight unit	M&V completed for five technologies at eight demo unit.
7	Varanasi	Total 3 technologies approved by PSC	MoA Signed with four demo units for two technologies	One technology installed at one demo unit; procurement is underway for one technology at two demo unit; replication MoA signed with two units	M&V completed for one demo unit
8	Vellore	Total 2 technologies approved by PSC	For IBR boiler technology, units are asking for subsidy in the technology, which is not part of the project	Meeting held with MoMSME. Local DI MSME office, State DIC office to	Activities are at halt in the cluster by the Association till the resolution of subsidy issue
9	Aurangabad	Total 4 technologies approved by PSC	MoA signed with four demo unit for three technologies; procurement under progress for all four demo units		

2. Please briefly elaborate on any **minor amendments**⁶ to the approved project that may have been introduced during the implementation period or indicate as not applicable (NA).

Please tick each category for which a change has occurred and provide a description of the change in the related textbox. You may attach supporting documentation, as appropriate.

<input type="checkbox"/>	Results Framework	
<input type="checkbox"/>	Components and Cost	

⁶ As described in Annex 9 of the *GEF Project and Program Cycle Policy Guidelines*, **minor amendments** are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5%.

<input type="checkbox"/>	Institutional and Implementation Arrangements	
<input type="checkbox"/>	Financial Management	
<input type="checkbox"/>	Implementation Schedule	
<input type="checkbox"/>	Executing Entity	
<input type="checkbox"/>	Executing Entity Category	
<input type="checkbox"/>	Minor Project Objective Change	
<input type="checkbox"/>	Safeguards	
<input type="checkbox"/>	Risk Analysis	
<input type="checkbox"/>	Increase of GEF Project Financing Up to 5%	
<input type="checkbox"/>	Co-Financing	
<input type="checkbox"/>	Location of Project Activities	
<input type="checkbox"/>	Others	

3. Please provide progress related to the **financial implementation** of the project.



PROJECT DELIVERY REPORT

Project:	120262 - PROMOTING MARKET TRANSFORMATION FOR ENERGY EFFICIENCY IN MICRO, SMALL & MEDIUM ENTERPRISES	Project Manager:	Sanjaya Shrestha	Project Validity:	01.09.2015 - 31.08.2022
Reporting Period:	28.08.2015 - 30.06.2022	Country:	India	Status:	Implement
Project Theme:	Energy and Environment	Region:	Asia and Pacific		
Sponsor Nr.	400150	Grant	2000003174	Grant Description	4893_IND
Sponsor	GEF - Global Environment Facility	Fund	GF	Currency	USD
		Grant Status	Authority to implement	Grant Validity	28.08.2015 - 31.08.2022

	Description	Released Budget Current Year (a)	Obligations Current Year (b)	Disbursements Current Year (c)	Expenditures Current Year (d=b+c)	Total Agreement Budget (e)	Released Budget (f)	Obligations + Disbursements (g)	Funds Available* (h=f-g)	Support Cost (i)	Total Expenditures (j=g+i)
2000003174											
120262-1-01-02	1. Identify Clusters and Technologies	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1100	Staff & Intern Consultants	(2,124.47)	3,837.00	7,289.21	11,126.21	10,000.00	10,000.00	23,250.68	(13,250.68)	0.00	23,250.68
1500	Local travel	13,741.71	396.29	1,385.11	1,781.40	15,000.00	15,000.00	3,039.69	11,960.31	0.00	3,039.69
1700	Nat.Consult./Staff	101.47	6,266.32	19,467.01	25,733.33	62,815.00	62,815.00	88,446.86	(25,631.86)	0.00	88,446.86
2100	Contractual Services	79,987.86	0.00	0.00	0.00	323,880.99	323,880.99	243,893.13	79,987.86	0.00	243,893.13
3000	Train/Fellowship/Study	14,230.64	0.00	0.00	0.00	15,000.00	15,000.00	769.36	14,230.64	0.00	769.36
4300	Premises	5,056.69	0.00	0.00	0.00	5,100.00	5,100.00	43.31	5,056.69	0.00	43.31
5100	Other Direct Costs	5,608.63	0.00	123.39	123.39	11,119.01	11,119.01	5,633.77	5,485.24	0.00	5,633.77
9300	Support Cost IDC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36,554.01	36,554.01
120262-1-01-02	Total	116,602.53	10,489.61	28,264.72	38,764.33	442,915.00	442,915.00	365,076.80	77,838.20	36,554.01	401,630.81
120262-1-01-03	2. Demonstration Projects	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1100	Staff & Intern Consultants	183.68	0.00	7,775.59	7,775.59	20,000.00	20,000.00	27,591.91	(7,591.91)	0.00	27,591.91
1500	Local travel	69,580.63	(0.28)	379.18	378.90	80,000.00	80,000.00	10,798.27	66,201.73	0.00	10,798.27
1700	Nat.Consult./Staff	36,214.94	341.73	13,202.20	13,543.93	120,000.00	120,000.00	97,328.99	22,671.01	0.00	97,328.99
2100	Contractual Services	156,240.59	29,098.46	6,980.22	36,078.68	2,781,934.56	2,781,934.56	2,661,772.65	120,161.91	0.00	2,661,772.65
3000	Train/Fellowship/Study	64,180.15	0.00	0.00	0.00	68,000.00	68,000.00	3,819.85	64,180.15	0.00	3,819.85
3500	International Meetings	0.00	0.00	0.00	0.00	2,148.10	2,148.10	2,148.10	0.00	0.00	2,148.10
4500	Equipment	27,078.21	(1,451.03)	1,551.47	100.44	35,000.00	35,000.00	8,022.23	26,977.77	0.00	8,022.23
5100	Other Direct Costs	31,236.36	0.00	665.12	665.12	35,817.34	35,817.34	5,246.10	30,571.24	0.00	5,246.10
9300	Support Cost IDC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	281,515.13	281,515.13
120262-1-01-03	Total	384,714.56	27,988.88	30,553.78	58,542.66	3,142,900.00	3,142,900.00	2,816,728.10	326,171.90	281,515.13	3,098,243.23
120262-1-01-04	3. Financing Models	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1100	Staff & Intern Consultants	15,000.00	0.00	0.00	0.00	15,000.00	15,000.00	0.00	15,000.00	0.00	0.00
1500	Local travel	15,000.00	0.00	468.94	468.94	15,000.00	15,000.00	468.94	14,531.06	0.00	468.94
1700	Nat.Consult./Staff	29,811.45	0.00	0.00	0.00	29,811.45	29,811.45	0.00	29,811.45	0.00	0.00
2100	Contractual Services	50,000.00	0.00	0.00	0.00	228,692.14	228,692.14	178,692.14	50,000.00	0.00	178,692.14
3000	Train/Fellowship/Study	38,667.71	0.00	0.00	0.00	41,307.86	41,307.86	2,640.15	38,667.71	0.00	2,640.15
4500	Equipment	4,859.69	0.00	0.00	0.00	11,055.20	11,055.20	6,195.51	4,859.69	0.00	6,195.51
5100	Other Direct Costs	18,944.80	658.67	(6.53)	652.14	18,944.80	18,944.80	652.14	18,292.66	0.00	652.14
9300	Support Cost IDC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,864.95	18,864.95
120262-1-01-04	Total	172,283.65	658.67	462.41	1,121.08	359,811.45	359,811.45	188,648.88	171,162.57	18,864.95	207,513.83
120262-1-02-01	2.1 Project Management Costs	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1100	Staff & Intern Consultants	15,057.54	0.00	0.00	0.00	15,179.44	15,179.44	121.90	15,057.54	0.00	121.90
1500	Local travel	0.00	0.00	717.37	717.37	32,188.55	32,188.55	32,905.92	(717.37)	0.00	32,905.92
1700	Nat.Consult./Staff	25,094.85	5,621.12	18,123.23	23,744.35	239,797.78	239,797.78	238,447.28	1,350.50	0.00	238,447.28
2100	Contractual Services	0.00	0.00	0.00	0.00	12,908.55	12,908.55	12,908.55	0.00	0.00	12,908.55
4300	Premises	3.23	0.00	0.00	0.00	0.00	0.00	(3.23)	3.23	0.00	(3.23)
4500	Equipment	7,842.22	0.00	0.00	0.00	7,842.22	7,842.22	0.00	7,842.22	0.00	0.00
5100	Other Direct Costs	4,516.92	0.00	301.26	301.26	11,912.01	11,912.01	7,696.35	4,215.66	0.00	7,696.35
9300	Support Cost IDC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29,219.90	29,219.90
120262-1-02-01	Total	52,314.76	5,621.12	19,141.86	24,762.98	319,828.55	319,828.55	292,076.77	27,751.78	29,219.90	321,296.67
120262-1-03-01	3.1 Monitoring and Evaluation	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1100	Staff & Intern Consultants	30,274.20	0.00	0.00	0.00	49,792.25	49,792.25	19,518.05	30,274.20	0.00	19,518.05
1500	Local travel	16,173.11	(783.96)	3,216.91	2,432.95	20,000.00	20,000.00	6,259.84	13,740.16	0.00	6,259.84
1700	Nat.Consult./Staff	30,000.00	0.00	0.00	0.00	30,000.00	30,000.00	0.00	30,000.00	0.00	0.00
2100	Contractual Services	55,069.71	0.00	0.00	0.00	60,207.75	60,207.75	5,138.04	55,069.71	0.00	5,138.04
3000	Train/Fellowship/Study	25,000.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00	25,000.00	0.00	0.00
5100	Other Direct Costs	13,077.39	(673.13)	531.20	(141.93)	15,000.00	15,000.00	1,780.68	13,219.32	0.00	1,780.68
9300	Support Cost IDC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,272.91	3,272.91
120262-1-03-01	Total	169,594.41	(1,457.09)	3,748.11	2,291.02	200,000.00	200,000.00	32,696.61	167,303.39	3,272.91	35,969.52
2000003174	Total	895,709.91	43,311.19	82,170.88	125,482.07	4,465,455.00	4,465,455.00	3,695,227.16	770,227.84	369,426.90	4,064,654.06
120262	USD Total	895,709.91	43,311.19	82,170.88	125,482.07	4,465,455.00	4,465,455.00	3,695,227.16	770,227.84	369,426.90	4,064,654.06

Financial management and co-finance

UNIDO team (with support from Headquarter) could display the financial information, and it is appropriately reported. Changes to fund allocations as a result of actual planning and budget revisions take place, are

documented properly and are appropriate. The co-financing partners are members of PSC and other stakeholder meeting and receive the needed project documentation.

Though for multiple stakeholders (especially EESL and PMCs) the financial status is not clear and this has led to some confusions. Also, the needed proof of expenditures, and accounting standards between UNIDO and EESL are obviously unclear and are leading to discussions and delays⁷. This problem led even to some discussion during interviews and presentation of preliminary findings

UNIDO:

- Communication structure (UNIDO, EESL, PMCS) has been improved to increase overall efficiency and create a common understanding and stronger ownership from involved parties (at cluster level) for project success
- UNIDO India GEF coordinator is playing a more active role to clarify project issues, e.g. Regarding the monitoring of in-kind contributions and materialization of co-finance.
- Accounting rules with EESL are elaborated

EESL

- Decision making and procurement procedures to improve efficiency has been attempted to be improved through empanelment of technology suppliers.
- As soon the business model is set, start monitoring/testing the running costs for the business model and explore additional funding option for the EMRF for project sustainability.
- Improved internal project communication and ensure that experts are working efficiently towards the project objectives t

MoMSME:

- Sufficient resources to assigned personnel are provided
- Internal processes (e.g. approval of MoMs) has been improved

SIDBI:

- Responsible person is assigned to support the project even stronger and give sufficient resources to assigned personnel (finance experts)
- SIDBI co-financing options ('Loans' as per project documents) are clarified to be in line with GEF regulations and support EESL to align the business model accordingly.

IX. Work Plan and Budget

1. Please provide **an updated project work plan and budget** for the remaining duration of the project, as per last approved project extension. Please expand/modify the table as needed.

Please fill in the below table or make a reference to a file, in case it is submitted as an annex to the report.

Outputs by Project Component	Year 2022				Year 2023				Year 2024				GEF Grant Budget Available (US\$)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Component 1 – Component 1: Identifying energy intensive clusters													
Outcome 1: Identification of Energy Intensive Clusters													
Output 1.1: Objective & Transparent Mechanism for cluster level technology benchmarking.													US\$77,838.20

⁷ Several stakeholders mentioned during interviews, that payment has been delayed and starts to hamper project activities. UNIDO team stated, that payment procedures from EESL side do not comply with UNIDO rules.

Outputs by Project Component	Year 2022				Year 2023				Year 2024				GEF Grant Budget Available (US\$)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Output 1.2: Identification of Technologies that have maximum impact on the cluster as a whole														
Component 2 – Component 2: Demonstration of Energy Consumption Reduction at the Cluster Level														
Outcome 2: 1. Demonstration of Energy Consumption Reduction at the Cluster Level 2. Capacity built and awareness raised as a result of the demonstration projects														
Output 2.1: 35 Energy Efficient Technologies Demonstrated in MSMEs (Each technology to be demonstrated in at least two units)														US\$326,171.90
Output 2.2: 100 Local Service Providers (LSPs) and Technical Personnel of MSME units Trained														
Output 2.3: Peer to Peer network established and results of demonstration projects disseminated through cluster level workshops, M&V Protocols finalized														
Output 2.4: Investments undertaken by other MSME units as a result of the other demonstration activities facilitated														
Output 2.5: Identification, documentation and finalization of specific needs and technical performance requirements of enrolled units and technology vendors														
Component 3 – Establishment of Sustainable and Effective Financial Mechanism														
Outcome 3: Establishment of sustainable and effective financial mechanisms.														
Output 3.1: Officials from government agencies & private banks/financial institutions sensitized on promoting EE equipment & trained on evaluating & investing in industrial EE projects.														US\$171,162.57
Output 3.2: A tailored portfolio of innovative financial products of MSME's investment in energy efficiency projects facilitated														
Output 3.3: Industrial enterprises appraised of the existing financing schemes and national experts trained in the preparation of innovative EE financial proposals														
Output 3.4: Contracts for EESL/ESCOs with MSME units and technology providers standardized														
Output 3.5: Institutional and Governance Structure and														

Outputs by Project Component	Year 2022				Year 2023				Year 2024				GEF Grant Budget Available (US\$)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Working Methodology of the EMRF finalized, options for seeking additional funds for the EMRF defines													
Component 4 – Monitoring and Evaluation Mechanisms													
Output 4.1: Regular Monitoring Exercise conducted													US\$ 27,751.78
Output 4.2: Medium & Final Evaluation Conducted													US\$167,303.39

X. Synergies

1. Synergies achieved:

Not Applicable

3. Stories to be shared (Optional)

Not Applicable

EXPLANATORY NOTE

1. **Timing & duration:** Each report covers a twelve-month period, i.e. 1 July 2021 – 30 June 2022.
2. **Responsibility:** The responsibility for preparing the report lies with the project manager in consultation with the Division Chief and Director.
3. **Evaluation:** For the report to be used effectively as a tool for annual self-evaluation, project counterparts need to be fully involved. The (main) counterpart can provide any additional information considered essential, including a simple rating of project progress.
4. **Results-based management:** The annual project/programme progress reports are required by the RBM programme component focal points to obtain information on outcomes observed.

Global Environmental Objectives (GEOs) / Development Objectives (DOs) ratings	
Highly Satisfactory (HS)	Project is expected to achieve or exceed <u>all</u> its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.
Satisfactory (S)	Project is expected to <u>achieve most</u> of its <u>major</u> global environmental objectives, and yields satisfactory global environmental benefits, with only minor shortcomings.
Moderately Satisfactory (MS)	Project is expected to <u>achieve most</u> of its major <u>relevant</u> objectives but with either significant shortcomings or modes overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environmental benefits.
Moderately Unsatisfactory (MU)	Project is expected to achieve <u>some</u> of its major global environmental objectives with major shortcomings or is expected to <u>achieve only some</u> of its major global environmental objectives.
Unsatisfactory (U)	Project is expected <u>not</u> to achieve <u>most</u> of its major global environmental objectives or to yield any satisfactory global environmental benefits.
Highly Unsatisfactory (HU)	The project has failed to achieve, and is not expected to achieve, <u>any</u> of its major global environmental objectives with no worthwhile benefits.

Implementation Progress (IP)	
Highly Satisfactory (HS)	Implementation of <u>all</u> components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
Satisfactory (S)	Implementation of <u>most</u> components is in substantial compliance with the original/formally revised plan except for only few that are subject to remedial action.
Moderately Satisfactory (MS)	Implementation of <u>some</u> components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.
Moderately Unsatisfactory (MU)	Implementation of <u>some</u> components is <u>not</u> in substantial compliance with the original/formally revised plan with most components requiring remedial action.
Unsatisfactory (U)	Implementation of <u>most</u> components is <u>not</u> in substantial compliance with the original/formally revised plan.
Highly Unsatisfactory (HU)	Implementation of <u>none</u> of the components is in substantial compliance with the original/formally revised plan.

Risk ratings	
Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risk of projects should be rated on the following scale:	
High Risk (H)	There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.
Substantial Risk (S)	There is a probability of between 51% and 75% that assumptions may fail to hold or materialize, and/or the project may face substantial risks.
Moderate Risk (M)	There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/or the project may face only moderate risk.
Low Risk (L)	There is a probability of up to 25% that assumptions may fail to hold or materialize, and/or the project may face only low risks.