



# Sustainable energy systems for urban-industrial development in South Africa

Review CEO Endorsement and Make a recommendation

## Basic project information

**GEF ID**

10817

**Countries**

South Africa

**Project Name**

Sustainable energy systems for urban-industrial development in South Africa

**Agencies**

UNIDO

**Date received by PM**

5/27/2022

**Review completed by PM**

7/20/2022

**Program Manager**

Patricia Marcos Huidobro

**Focal Area**

Climate Change

**Project Type**

MSP

## **PIF**

### **CEO Endorsement**

#### **Part I ? Project Information**

#### **Focal area elements**

**1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?**

Secretariat Comment at CEO Endorsement Request  
**6/24/2022 PM:**

**Yes.**

Agency Response Ok.  
**Project description summary**

**2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?**

Secretariat Comment at CEO Endorsement Request  
**7/14/2022 PM:**

**Cleared.**

**6/24/2022 PM:**

**No.** Please address the following comments:

- Please include a table comparing the main changes occurred between CEO Endorsement and PIF stages, and explain the reason behind these changes. For instance, Outputs 2.2 and 2.3 have been removed at CEO Endorsement. Similarly, Output 4.1.2

"Gender analysis and regular monitoring of the gender mainstreaming action plan" was included at PIF and removed at CEO Endorsement. Please provide an explanation for these and other relevant changes.

- Under "Activity 1.1.3.3 Develop Policy Roadmap: Proposal for regulatory and financial aspects related to energy demand and supply, e.g. IPP licensing, feed-in regulation and potential regulations for PPP", we are wondering whether it would be possible to make the project more ambitious by suggesting that the the Policy Roadmap or any other related regulation is approved/adopted/enforced by the Government of South Africa.

#### Agency Response

- The table summarizing the changes is added under Part II. Project Justification, 1a. Project Description.

- The Activity is amended as "**The policy roadmap and/or relevant regulation including proposals for regulatory and financial aspects related to energy demand and supply, e.g., IPP licensing, feed-in regulation and potential regulations for public-private-partnerships (PPP) is developed and submitted to the Government for adoption.**" The project will develop the policy/regulation and submit it to the relevant policy-making body for adoption, however, the adoption of any policy is of course depends on the Government's final decision and legal action. Thus, the enforcement of the policies/regulations are out of the boundaries of the project's intervention area, it can be rather considered within its "sphere of influence".

**3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

N/A.

Agency Response n/a

**Co-financing**

**4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?**

Secretariat Comment at CEO Endorsement Request  
7/14/2022 PM:

**Cleared.**

**6/24/2022 PM:**

**No.** As stated in the CEO Endorsement document, the co-financing letter from SALGA is missing and expected to be received in parallel to the project review process by the GEF. If available, please upload the co-financing letter from SALGA. Otherwise, please remove this co-financing line.

**Agency Response** The co-financing letter from SALGA could not be obtained due to their internal policies, however, SALGA will be one of the partners of the project on outreach, coordination, and information dissemination. The references to the SALGA co-financing are removed.

**GEF Resource Availability**

**5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

**Agency Response** ok.  
**Project Preparation Grant**

**6. Is the status and utilization of the PPG reported in Annex C in the document?**

Secretariat Comment at CEO Endorsement Request  
8/14/2022 PM:

**Cleared.**

**8/7/2022 PM:**

**No.** There is a miscalculation in the *amount spent to date*. It would seem that the total spent to date is \$31,000 (when we sum up column "Amount spent to date" in table under Annex C) instead of \$36,000. Please revise accordingly.

**6/24/2022 PM:**

**Yes. a**

Agency Response

**8/8/2022**

The miscalculation is corrected. The missing amount of \$5,000 added to row 8 under the column "Amount spent to date" so the total remained as \$36,000.

**Core indicators**

**7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?**

Secretariat Comment at CEO Endorsement Request

**7/14/2022 PM:**

**Cleared.**

**6/24/2022 PM:**

**No.** The agency has provided a very comprehensive GHG calculation sheet, which allows to easily track the GHG emission reductions. However, please note that as per GEF guidelines for the calculation of GHG emissions, the direct emission reductions shall be calculated based on the lifetime of the investments (equipment) instead of the lifetime of the project. Please update accordingly.

Agency Response Thank you for the feedback. The direct GHG emission reduction calculation is updated with the technology lifetime of 20 years (resulted in 1,291,449 tCO<sub>2</sub>eq) and reflected in the project document and indicators. The indirect emission reduction stays the same. Please find attached the updated GHG calculation sheet.

**Part II ? Project Justification**

**1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?**

Secretariat Comment at CEO Endorsement Request  
7/14/2022 PM:

**Cleared.**

6/24/2022 PM:

**Yes.** Figure 2 "Problem Tree" is off margin, please fix it.

Agency Response Done.

**2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?**

Secretariat Comment at CEO Endorsement Request  
7/14/2022 PM:

**Cleared.**

6/24/2022 PM:

**Yes.** Figure 19 is off margins, please fix it if possible. Also, if available, please provide updated figures for "Figure 6: Number of industrial establishment by sub-sector in 2014".

Agency Response

Figure 19: Margins are fixed.

Figure 6: The data is double-checked with the revisions of the INDSTAT (ISIC revision 3 and 4). However, the data represented in 2022 with 2014 figures is the latest figure

available for South Africa.

Source: <https://stat.unido.org/database/INDSTAT%20%202022,%20ISIC%20Revision%203>

**3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?**

Secretariat Comment at PIF/Work Program Inclusion  
6/24/2022 PM:

**Yes.**

Agency Response Ok.

**4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.

**5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.

**6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?**

Secretariat Comment at CEO Endorsement Request  
7/14/2022 PM:

**Cleared.**

**6/24/2022 PM:**

**No.** As per the comment above in the Core Indicator section, please note that direct GHG emission reductions shall be calculated based on the lifetime of the equipment instead the lifetime of the project. Please update accordingly.

**Agency Response** The direct GHG emission reduction calculation is updated with the technology lifetime of 20 years (resulted in 1,291,449 tCO<sub>2</sub>eq). Please find attached the updated GHG calculation sheet. This change is reflected in the Core Indicator section.

**7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?**

Secretariat Comment at CEO Endorsement Request

**7/14/2022 PM:**

**Cleared.**

**6/24/2022 PM:**

**No.** Please explain further how the project is innovative when compared to the existing Global Eco-Industrial Parks Programme (GEIPPP) in South Africa, and how the proposed project would complement this existing programme.

**Agency Response**

GEIPP's interventions focus on resource efficiency solutions (materials, water, waste exchange) to support IPs to increase production efficiency and minimize their environmental impact. The project's interventions will complement GEIPPP through integrating a new set of solutions on renewable energy technologies (supply), energy efficiency (demand) and energy data collection & analysis mechanism that will be an incremental contribution to the programme.

The explanation above is added to the section under 6. Institutional Arrangement and Coordination.

**Project Map and Coordinates**



**Is there an accurate and confirmed geo-referenced information where the project intervention will take place?**

Secretariat Comment at CEO Endorsement Request  
7/14/2022 PM:

**Cleared.**

6/24/2022 PM:

**No.** In the CEO Endorsement document, the coordinates of the pre-selected IP/SEZ cannot be seen. Please fix this.

Agency Response The coordinates are added under the Project Map.  
**Child Project**

**If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**N/A.**

Agency Response n/a  
**Stakeholders**

**Does the project include detailed report on stakeholders engaged during the design phase?  
Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.** An Stakeholder Engagement Plan for the project has been uploaded in the GEF Portal.

Agency Response Ok.

**Gender Equality and Women's Empowerment**

**Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?**

Secretariat Comment at CEO Endorsement Request

**6/24/2022 PM:**

**Yes.** A "Gender Analysis and Action Plan" has been provided and uploaded in the GEF Portal.

Agency Response Ok.

**Private Sector Engagement**

**If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?**

Secretariat Comment at CEO Endorsement Request

**6/24/2022 PM:**

**Yes.**

Agency Response Ok.

**Risks to Achieving Project Objectives**

**Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?**

Secretariat Comment at CEO Endorsement Request

**7/20/2022 PM:**

**Cleared.**

**7/14/2022 PM:**

**No.** With regards to the disposal of new technology, we are wondering whether it would be possible for the project to go beyond the business as usual E&S screening and the compliance with national laws and regulations, by for instance promoting/ensuring technologies will be recycled at the end of their lifetime through the creation of a recycling program in the IP/SEZ or coordination with any other similar actions going on in South Africa.

**6/24/2022 PM:**

**No.** If considered relevant for the project, please consider including the following risks:

- Potential pollution effects from the disposal of the technologies to be installed in the project, including batteries from photovoltaic panels.
- Potential labor allegations from either the selected industrial zones or from the supply chains of the clean technologies to be installed, i.e. solar photovoltaic panels.

#### Agency Response

The suggested risks & mitigation measures are added to the Risks section.

**7/14/2022 PM:** Please see the highlighted mitigation measure activity in the Risks table which is given below as well:

The project will identify the appropriate recycling procedures to be applied at the end of the lifetime of the technologies and integrate these practices into target IP waste management plans. These recycling guidelines will be linked with the national initiatives (e.g., Gauteng e-Waste Management System and initiatives of e-waste Association of South Africa, EWASA). Recycling or second-life use of batteries will be included in the contractual agreements relevant to technology supply and commissioning.

#### Coordination

**Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?**

Secretariat Comment at CEO Endorsement Request  
7/14/2022 PM:

**Cleared.**

6/24/2022 PM:

**No.** As per the budget, the National Project Coordinator (NPC) would conduct both managerial and technical activities, and as such also contribute to technical activities under Components 1, 2 and 3, in addition to project management activities. Following the GEF guidelines, please provide specific ToR for the NPC.

Agency Response Please find the ToR uploaded in the portal.  
**Consistency with National Priorities**

**Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.  
**Knowledge Management**

**Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.  
**Environmental and Social Safeguard (ESS)**

**Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.  
**Monitoring and Evaluation**

**Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.  
**Benefits**

**Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.  
**Annexes**

**Are all the required annexes attached and adequately responded to?**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**Yes.**

Agency Response Ok.  
**Project Results Framework**

Secretariat Comment at CEO Endorsement Request  
7/14/2022 PM:

**Cleared.**

6/24/2022 PM:

**Yes, with suggestions.** For indicators A and B, in the results framework table please specify that these are GEF Core Indicators #6 and #11 respectively.

Agency Response Done. GEF Core Indicators are added.  
**GEF Secretariat comments**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**N/A.**

Agency Response n/a  
**Council comments**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

**N/A.**

Agency Response n/a  
**STAP comments**

Secretariat Comment at CEO Endorsement Request  
**6/24/2022 PM:**

N/A.

Agency Response n/a  
**Convention Secretariat comments**

Secretariat Comment at CEO Endorsement Request  
**6/24/2022 PM:**

N/A.

Agency Response n/a  
**Other Agencies comments**

Secretariat Comment at CEO Endorsement Request  
**6/24/2022 PM:**

N/A.

Agency Response n/a  
**CSOs comments**

Secretariat Comment at CEO Endorsement Request  
**6/24/2022 PM:**

N/A.

Agency Response n/a  
**Status of PPG utilization**

Secretariat Comment at CEO Endorsement Request  
**8/14/2022 PM:**

**Cleared.**

**8/7/2022 PM:**

**No.** There is a miscalculation in the *amount spent to date*. It would seem that the total spent to date is \$31,000 (when we sum up column "Amount spent to date" in table under Annex C) instead of \$36,000. Please revise accordingly.

**6/24/2022 PM:**

**Yes.**

Agency Response Ok.  
**Project maps and coordinates**

Secretariat Comment at CEO Endorsement Request  
**7/14/2022 PM:**

**Cleared.**

**6/24/2022 PM:**

**No.** In the CEO Endorsement document, the coordinates of the pre-selected IP/SEZ cannot be seen. Please fix this.

Agency Response The coordinates are added under the Project Map section.  
**Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)**

Secretariat Comment at CEO Endorsement Request  
**6/24/2022 PM:**

**N/A.**

Agency Response  
n/a

**Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)**



Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

N/A.

Agency Response n/a

**Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)**

Secretariat Comment at CEO Endorsement Request  
6/24/2022 PM:

N/A.

Agency Response n/a

**GEFSEC DECISION**

**RECOMMENDATION**

**Is CEO endorsement recommended? (applies only to projects and child projects)**

Secretariat Comment at CEO Endorsement Request  
8/14/2022 PM:

**Cleared.** Miscalculation the PPG amount spent to date has been corrected.

**8/7/2022 PM:**

**No.** There is a miscalculation in the *amount spent to date*. It would seem that the total spent to date is \$31,000 (when we sum up column "Amount spent to date" in table under Annex C) instead of \$36,000. Please revise accordingly.

**7/20/2022 PM:**

**Cleared.**

**7/14/2022 PM:**

**No.** Please see suggestion under the risk section regarding a recycling program for the clean technologies.

**6/24/2022 PM:**

**No.** Please address comments provided above.

**Review Dates**

**Secretariat Comment at  
CEO Endorsement**

**Response to  
Secretariat  
comments**

<b>First Review</b>
<b>Additional Review (as necessary)</b>
<b>Additional Review (as necessary)</b>
<b>Additional Review (as necessary)</b>
<b>Additional Review (as necessary)</b>

**CEO Recommendation**

**Brief reasoning for CEO Recommendations**