

Sustainable energy systems for urban-industrial development in South Africa

Review PIF 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

5/12/2021

Review completed by PM

7/15/2021

Program Manager

Patricia Marcos Huidobro

Focal Area

Climate Change

Project Type

MSP

PIF

Part I ? Project Information

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion
PM: 5/27/2021

No. Please address the following comments:

- Kindly note that some of the activities on the PIF falls also under entry points, i.e. CCM-1-3 Promote innovation and technology transfer for sustainable energy breakthroughs for accelerating energy efficiency adoption and CCM-1-4 Promote innovation and technology transfer for sustainable energy breakthroughs for cleantech innovation. Please update Table A to add these two additional entry points. Based on the activities proposed, a reasonable breakdown of CCM resources could be 50% to CCM-1-1, 25% to CCM-1-3 and 25% to CCM-1-4, but this could be further discussed between UNIDO and the GEF.

- Also, the PIF seems too broad as it includes also electromobility and transport logistics among others. Given that this is a MSP we suggest to be more specific on the use of GEF funding, and limit its use to activities under entry points on sustainable energy, energy efficiency and cleantech innovation. Other activities can still be part of the project and covered with the co-financing resources. Please revise the PIF accordingly.

- While we understand the interlinkages with other potential areas such as sustainable cities, waste management, circular economy, urban management and land-use planning, we suggest to keep the GEF funding aligned with activities under entry points CCM-1-1, CCM-1-4 and CCM-1-4, and thus remove any references in the PIF to other entry points and impact programs such as the Sustainable Cities Impact Program (see page 38 of the submitted PIF). As mentioned above, other activities could still be funded with the co-financing resources. Please update the PIF accordingly.

PM: 6/28/2021

Cleared.

Agency Response

The PIF has been updated as per the Secretariat's comments. In particular, references to electric mobility and transport have been removed throughout the document. UNIDO has also consulted on these changes with representatives from the dtic and NCPC.

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

No. Please address the following comments:

- As per the GEF Guidelines on the Project and Program Cycle Policy and the GEF Council decision GEF/C.39.9, there should be "proportionality" between the PMC covered by co-financing amounts and the PMC covered by the GEF funding. Generally, the ratio of GEF PMCs to total PMCs should be close to the ratio of the GEF project grant amount to the total project costs. Please update PMC figures accordingly.

- Output 1.4. cannot be seen in Table B.

PM: 6/28/2021

Cleared.

PM: 7/26/2021

Please consider address the following additional comment: To ensure consistency across the proposal, please try to the extend possible incorporate the two Core Indicators of the project (GHG emissions mitigated and increase in renewable energy capacity) into the project's logic's of intervention, i.e. outputs and Theory of Change.

PM: 8/24/2021:

No. In addition to adding a reference to the project's main indicators, we are wondering whether a stronger link could be made between the indicators and the outputs and ToC. For instance, if you think it makes sense for the project, one proposal could be to replace "Reduced environmental footprint" by "GHG emissions mitigated and MW of renewable energy capacity created" under the "Impact" column of the ToC. Similarly,

the same could be done for some of the outputs of the proposal if you think it fits.

Agency Response

UNIDO response: The PMC's co-financing has been adjusted accordingly. This followed additional consultations on co-financing contribution with the dtic and NCPC the week of 7 to 11 June, where the counterparts provided a more accurate indicated figure for anticipated co-financing that will be further validated during PPG. During PPG phase, the dtic will complete a standard formula they apply for co-financing to all GEF projects to determine an exact figure.

UNIDO response 8/12/2021

The reference to indicator 6 GHG emission mitigated and the related contextual sub-indicators on Energy saved (GEF Core Indicator 6.3 ? in MJ) and Increase in installed renewable energy capacity per technology (GEF Core Indicator 6.2 Indicator 6.4. - in MW) has been added to the Outputs, Theory of Change description and the Global Environmental Benefit section, indicating that the indicators will be part of the result framework of the project.

UNIDO response 9/03/2021

Following the recommendation, a stronger link to the impact indicators related to GHG mitigation and renewable energy installed has been added to the ToC. On output level the draft already states under Output 2.2: ?The result framework for the project will monitor the GHG emissions mitigated from the pilots which are estimated based on the related contextual sub-indicators on Energy saved (in MJ) and Increase in installed renewable energy capacity per technology (in MW)?. In addition, the result framework for the project and its monitoring will include the GHG emissions mitigated, energy saved and installed renewable energy capacity per technology promoted under Component 3, as described in the PIN under Component 4 M&E. The result framework will be further detailed during the PPG phase.

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

PM: 7/26/2021:

No. Please address the following additional comments under Table C "Indicative sources of Co-financing for the Project by name and by type":

- Development Bank of South Africa (DBSA). Please change the source to "Donor agency".

- Industrial Development Corporation. It is indicated as "Recipient country government". Please confirm whether the Industrial Development Corporation is indeed a recipient country government or whether it shall be tagged Donor Agency.

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•**PM: 8/24/2021:**

•**Cleared with many thanks.**

Agency Response

UNIDO response 8/12/21

DBSA has been changed to "Donor agency". It is proposed to change IDC's contribution to "Other" as it does not match those categories defined in Table 1 of the GEF GUIDELINES ON CO-FINANCING (page 7), as IDC is the largest state-owned development finance institution that provides funding for the development of industry in South Africa and the rest of Africa.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes. All GEF resources requested come from CC STAR Allocation.

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

No. No GEF resources requested for this project come from focal area allocation.

Agency Response

The LDCF under the principle of equitable access?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

N/A

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

N/A

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

No.

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

No.

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the corresponding Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes. Please at CEO Endorsement submit the GHG calculation sheet and, if applicable, report on Indicator 6.3 Energy Saved.

PM: 6/28/2021

Thanks.

Agency Response Noted. We will include this as part of the CEO Endorsement submission.

Project/Program taxonomy

7. Is the project/program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion
PM: 5/27/2021

Yes.

Agency Response

Part II ? Project Justification

1. Has the project/program described the global environmental/adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion
PM: 5/27/2021

Yes, with suggestions. Some pictures are blurred and information cannot be seen, i.e. PIF page 15 , global environmental benefits in page 42.

PM: 6/28/2021

Thanks.

Agency Response Images have been reuploaded. Please note: in some instances, figure resolution is fine when entering portal but not when downloaded as PDF.

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion
PM: 5/27/2021

Yes. Please at CEO Endorsement Request provide updated information if available: "By **mid 2020**, the IPRP accommodates 27 industrial parks and 15 SEZs established in the country.

PM: 6/28/2021

Thanks.

Agency Response Noted. Update will be provided as part of the CEO Endorsement submission.

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes, with suggestions. In page 38 of the PIF, "Figure 6: Simplified logical framework of project impact, objectives and outcomes" is incomplete. Also, is possible (from the system point of view) please do copy the Theory of Change (currently Annex D) in the section on alternative scenarios so as to have all the relevant information under one document (the PIF).

PM: 6/28/2021

Cleared.

Agency Response

Theory of Change has been added under page 38 per the suggestion in place of the simplified logical framework.

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

No. Please see comments above.

- Kindly note that some of the activities on the PIF falls also under entry points, i.e. CCM-1-3 Promote innovation and technology transfer for sustainable energy breakthroughs for accelerating energy efficiency adoption and CCM-1-4 Promote innovation and technology transfer for sustainable energy breakthroughs for cleantech innovation. Please update Table A to add these two additional entry points. Based on the activities proposed, a reasonable breakdown of CCM resources could be 50% to CCM-1-1, 25% to CCM-1-3 and 25% to CCM-1-4, but this could be further discussed between UNIDO and the GEF.

- Also, the PIF seems too broad as it includes also electromobility and transport logistics among others. Given that this is a MSP we suggest to be more specific on the use of GEF funding, and limit its use to activities under entry points on sustainable energy,

energy efficiency and cleantech innovation. Other activities can still be part of the project and covered with the co-financing resources. Please revise the PIF accordingly.

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PM: 6/28/2021

Cleared.

Agency Response In line with comment above on Table A, the PIF has been updated as per the Secretariat's comments. This includes removing mention of electric mobility and transport throughout document. UNIDO has also consulted on these changes with representatives from the dtic and NCPC.

5. Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project?s/program?s intended location?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes, with suggestions. Please do provide more information on specific stakeholder events conducted to date, i.e. by providing information on the dates, stakeholder consulted, main takeaways for the consultations conducted, etc.

PM: 6/28/2021

Cleared.

PM: 7/26/2021

No. Please address the following additional comment: The project provides information on consultations with international, national and local stakeholders and their engagement in the development of the project concept. The PIF does not, however,

provide sufficient information on how stakeholders, including civil society, will be engaged during project preparation. Please provide further information on the plans to engage stakeholder in the project preparation and expected roles of the respective project stakeholders.

PM: 8/24/2021

Cleared.

Agency Response

A list of stakeholder consultations has been added. For the elaboration of this PIF, the following stakeholders were met virtually between November 2020 and February 2021. In addition, regular meetings between UNIDO, dtic and NCPC-SA were conducted, and the project team participated in EIP Roundtable events organized by dtic.

UNIDO Response 8/12/21

Paragraphs explaining the process for consultation including with civil society was added. Table 4 includes the list of the stakeholders and their potential role in the project.

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes, with suggestions. Please spell out the meaning of EnMS, ESO, EnM101, EnPMI.

PM: 6/28/2021

Cleared.

Agency Response

See amended text below:

"Fully subsidised fundamental and expert level training on energy management systems (EnMS), engineering service outsourcing (ESO), energy management basic principles and concepts (EnM101), energy performance measurement and indicators (EnPMI) for women."

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes, with request for clarification. Figure 9 "Private sector engagement and involvement" page 54 - it is not clear what is the difference between the left side (privately owned) and the right side (publicly owned). Please clarify.

PM: 6/28/2021

Cleared.

Agency Response

In general, the project will deal with IP management and individual tenant companies of different industrial sub-sectors operating in publicly owned / operated IPs (main target group) and potentially in privately owned / operated IPs (see Figure 9). The intent in including the figure is to illustrate that there are private sector actors at different levels involved.

Risks to Achieving Project Objectives

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes, with request for clarification. Please spell out the meaning of NPD in page 67.

PM: 6/28/2021

Cleared.

Agency Response NPD has been updated to PSC (Project Steering Committee).

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response

Knowledge Management

Is the proposed knowledge management (KM) approach in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

Yes.

Agency Response
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 PIF/Work Program Inclusion
PM: 5/27/2021

Yes.

Agency Response

Part III ? Country Endorsements

Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion
PM: 5/27/2021

Yes, with request for clarification. UNIDO has submitted two Letters of Endorsement, one from August 2020 and another one from February 2021. To avoid any misunderstanding, please remove the one that is no valid (the oldest one?).

PM: 6/28/2021

Cleared.

Agency Response Noted. Second letter was an updated version that reflected the change in title. First letter is not visible to UNIDO in portal but UNIDO has reached out to GEF Portal system managers about addressing this on backend.

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

PM: 5/27/2021

The GEF SEC is returning the PIF to the Agency to address additional comments/requests for clarifications.

PM: 6/28/2021

The PM recommends this PIF for technical technical clearance. Likewise, the requested PPG is also recommended for clearance.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

PM: 7/26/2021

The GEF Sec is returning the PIF to the Agency to address additional request for clarifications on the type of co-financing entity, the stakeholders' engagement plan and a better alignment between the proposal and the two core indicators.

PM: 9/20/2021:

The PM recommends this project for CEO Approval.

Please at CEO Endorsement submit the GHG calculation sheet and, if applicable, report on Indicator 6.3 Energy Saved.

Review Dates

PIF Review

Agency Response

First Review
Additional Review (as necessary)

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval