

REVISED STAP SCREENING TEMPLATE, OCTOBER 2022

GEF ID	11064
Project title	Private Sector Energy Efficiency Programme Phase 2 (PSEEP2)
Date of screen	21 January 2024
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1. Summary of STAP's views of the project (about 150 words)

The project builds on a phase 1 project supported by the United Kingdom's Department for International Development. It is good that the project proponents have drawn lessons and insights from the phase one project, which have informed the design of this project. However, phase 1 ended in 2015, and it is unclear if the data from that is still valid. It is essential that the project is built on up-to-date data.

The problem is well described, and the need to focus on energy efficiency in SMEs is adequately justified. While the proposal focuses on energy efficiency for transformational change, there may be a need to consider a more comprehensive approach to sustainable energy, including improving energy efficiency and transitioning to renewable energy sources to reduce environmental impact and reliance on fossil fuels. The proponents should consider including a detailed theory of change, including the underlying assumptions and pathways to impact.

Note to STAP screeners: a summary of STAP's view of the project (not of the project itself), covering both strengths and weaknesses.

STAP's assessment*

- Concur - STAP acknowledges that the concept has scientific and technical merit
- Minor - STAP has identified some scientific and technical points to be addressed in project design
- Major - STAP has identified significant concerns to be addressed in project design

Please contact the STAP Secretariat if you would like to discuss.

2. Project rationale, and project description – are they sound?

See annex on STAP's screening guidelines. (about 400 words)

The problem is well described, and the focus on technical assistance and financial support is adequately justified. The proponents may need to focus more on the drivers of the problem (e.g., population growth, economic development, climate change, socio-cultural and political factors, and technological changes) and the narratives under different future scenarios.

In the section on climate vulnerability and system transformation, the proponent seems to justify the project based on the premise that if South Africa mitigates emissions, the current climate vulnerability could end. It is essential that the proponent realize that climate change is a global problem, and reducing emissions in a specific place does not automatically decrease vulnerability in that place. Instead, adaptation measures need to be put in place to address vulnerability. More so, the impact currently felt is not due to today's emissions but past emissions (related to the lifetime of greenhouse gases in the atmosphere). This is a fundamental aspect of climate change mitigation that should be considered when designing projects.

While they mention the policy changes that are being made to justify the problem, it is essential to describe the current policy barriers and if there is any policy incoherence.

The baseline conditions and the expected outcomes are described. The project will build on an already completed phase 1 project. However, phase 1 ended in 2015, and it needs to be clarified if the data from that is still valid currently. It is vital that measures are put in place to validate the data to ensure that the project is designed based on up-to-date data.

The document would benefit from a figure on the theory of change in which the barriers, enablers, and pathways to impact are explicitly identified.

It is good that the project focuses on energy efficiency, but the proponent needs to consider renewable energy sources to complement the drive toward energy efficiency. With the significant resources dedicated to this project, it is essential that the fundamental issue of energy sources, which is the most significant source of emissions, is addressed. The proponent needs to present what is being done about this.

The proposal did not present an adequate analysis of the viability and profitability of investing in energy efficiency. This analysis will be essential for SMEs to be willing to engage and incur loans and for the banks. This should have been included in the PIF, including an analysis for the each targeted sector and target sizes of companies.

The plan to consider working with several banks is good and may contribute towards reducing the risk of failure if one bank fails to deliver. This will also be good for learning. It is also good that lessons from the previous project have been incorporated into the phase 2 project design.

As rightly stated, SMEs are often a source of innovation. The project banks should consider innovation as a criterion in issuing credits to foster even more innovation.

Note: provide a general appraisal, asking whether relevant screening guideline questions have been addressed adequately – not all the questions will be relevant to all proposals; no need to comment on every question, only those needing more attention, noting any done very well, but ensure that all are considered. Comments should be helpful, evaluative, and qualitative, rather than yes/no.

3. Specific points to be addressed, and suggestions

STAP recommends addressing the issue discussed in Section 2 above, as well as the following

- A major issue with the project is the lack of an explicit theory of change. The proponent should include a theory of change, including a ToC diagram and narrative that presents the pathways through which the project activities would lead to desired outcomes and impacts, as well as the assumptions underlying the pathways.
- The project should include an analysis and discussions on how uncertain futures could influence achieving the project objective and durability of outcomes. It is essential to analyze how key drivers (e.g., population growth, economic development, climate change, socio-cultural and political factors, and technological changes) could turn out in the future and ensure that interventions are designed to be robust to these changes. Please see the [STAP paper on simple future narratives](#) for more guidance on this.
- Incorporate policy coherence issues that could affect the success of the project. That is, undertake an analysis of supportive and antagonistic policies. See STAP papers on policy coherence for more on this. [HERE](#) and [HERE](#).

- To foster transformational change, consider linking the projects to others promoting the increase of renewable energy to complement efforts in increasing energy efficiency.
- There is a need to include more details on how the emission reductions were calculated. Emission reductions would be greater if renewables were considered.

Note: number key points clearly and provide useful information or suggestions, including key literature where relevant. Completed screens should be no more than two or three pages in length.

*categories under review, subject to future revision

ANNEX: STAP'S SCREENING GUIDELINES

1. How well does the proposal explain the problem and issues to be addressed in the context of the **system** within which the problem sits and its drivers (e.g. population growth, economic development, climate change, sociocultural and political factors, and technological changes), including how the various components of the system interact?
2. Does the project indicate how **uncertain futures** could unfold (e.g. using simple **narratives**), based on an understanding of the trends and interactions between the key elements of the system and its drivers?
3. Does the project describe the **baseline** problem and how it may evolve in the future in the absence of the project; and then identify the outcomes that the project seeks to achieve, how these outcomes will change the baseline, and what the key **barriers** and **enablers** are to achieving those outcomes?
4. Are the project's **objectives** well formulated and justified in relation to this system context? Is there a convincing explanation as to **why this particular project** has been selected in preference to other options, in the light of how the future may unfold?
5. How well does the **theory of change** provide an "explicit account of how and why the proposed interventions would achieve their intended outcomes and goal, based on outlining a set of key causal pathways arising from the activities and outputs of the interventions and the assumptions underlying these causal connections".
 - Does the project logic show how the project would ensure that expected outcomes are **enduring** and resilient to possible future changes identified in question 2 above, and to the effects of any conflicting policies (see question 9 below).
 - Is the theory of change grounded on a solid scientific foundation, and is it aligned with current scientific knowledge?
 - Does it explicitly consider how any necessary **institutional and behavioral** changes are to be achieved?
 - Does the theory of change diagram convincingly show the overall project logic, including causal pathways and outcomes?
6. Are the project **components** (interventions and activities) identified in the theory of change each described in sufficient detail to discern the main thrust and basis (including scientific) of the proposed solutions, how they address the problem, their justification as a robust solution, and the critical assumptions and risks to achieving them?
7. How likely is the project to generate global environmental benefits which would not have accrued without the GEF project (**additionality**)?
8. Does the project convincingly identify the relevant **stakeholders**, and their anticipated roles and responsibilities? is there an adequate explanation of how stakeholders will contribute to the

development and implementation of the project, and how they will benefit from the project to ensure enduring global environmental benefits, e.g. through co-benefits?

9. Does the description adequately explain:

- how the project will build on prior investments and complement current investments, both GEF and non-GEF,
- how the project incorporates **lessons learned** from previous projects in the country and region, and more widely from projects addressing similar issues elsewhere; and
- how country policies that are contradictory to the intended outcomes of the project (identified in section C) will be addressed (**policy coherence**)?

10. How adequate is the project's approach to generating, managing and exchanging **knowledge**, and how will lessons learned be captured for adaptive management and for the benefit of future projects?

11. Innovation and transformation:

- If the project is intended to be **innovative**: to what degree is it innovative, how will this ambition be achieved, how will barriers and enablers be addressed, and how might scaling be achieved?
- If the project is intended to be **transformative**: how well do the project's objectives contribute to transformative change, and are they sufficient to contribute to enduring, transformational change at a sufficient scale to deliver a step improvement in one or more GEBs? Is the proposed logic to achieve the goal credible, addressing necessary changes in institutions, social or cultural norms? Are barriers and enablers to scaling be addressed? And how will enduring scaling be achieved?

12. Have **risks** to the project design and implementation been identified appropriately in the risk table in section B, and have suitable mitigation measures been incorporated? (NB: risks to the durability of project outcomes from future changes in drivers should have been reflected in the theory of change and in project design, not in this table.)