

Greening Hurghada

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10796

Countries

Egypt

Project Name

Greening Hurghada

Agencies

UNIDO

Date received by PM

6/16/2022

Review completed by PM

12/7/2022

Program Manager

Filippo Berardi

Focal Area

Multi Focal Area

Project Type

FSP

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

12/12/2022: cleared.

12/11/2022: PPO comment:

New issue that was not present in the previous submission: the budget table is completely off the margins, which would not make it readable. Also, the column of ?Responsible Entity? is missed. Please amend and resubmit.

Cleared.

17/7/2022:

1. cleared

2. cleared

3. cleared

4. cleared

5. cleared

6. cleared, with the condition that the number of buses transferred from Sharm el Sheikh and made available to Hurghada is tracked by the Agency in each PIR.

12/02/2022 PPO comments:

1. **Gender:** The annexed Gender Analysis and action plan noted that ?The project?s investments that are designed with due consideration to gender dimensions can bring

significant benefits to women in terms of increased access to employment, markets, education and health services, as well as directly reducing their time poverty?. There are opportunities for the project to bring economic benefits to women, including under *Outcome 2.1. Green economy investments*. Agency is requested to indicate whether or not gender considerations can be included in activities and outputs under Outcome 2.1. If socio-economic benefits can indeed accrue to women, Agency is requested to reflect that in its response to the below category (see arrow).

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? ⓘ

Yes

Closing gender gaps in access to and control over natural resources;

Improving women's participation and decision making ⓘ Yes

Generating socio-economic benefits or services or women ⓘ

Does the project's results framework or logical framework include gender-sensitive indicators? ⓘ

Yes

2. Co-financing: Infinity-e: change ?Recurrent expenditures? to ?Investment mobilized?

3. Core Indicators: the agency should include the target for core indicator 2 in the results framework. The agency has included the target in the core indicator table as the baseline target in the Annex A (results framework).

4. Expected Implementation Start date has already past ? please ask the Agency to adjust the implementation start and completion dates with 60 months in between.

Submission Date 6/16/2022	Expected Implementation Start 9/15/2022	Expected Completion Date 9/14/2027
Duration ⓘ 60 In Months		Agency Fee(\$) 369,549.00

5. Calculation sheet, CCM Direct GHG emissions Reductions, Project Results Framework, Responses to Project Reviews tables are off the margins

Calculation sheet – based on the assumptions above:

	Average consumption per hotel (baseline), MWh/a	Energy optimisation						Economics			GHG ER (CO2eq/a)		
		Baseline MWh/a, selected hotels (approx. 10)	Savings electricity %	Savings electricity MWh/a	Savings gas %	Savings gas MWh/a	Savings total %	Savings total MWh/a, per selected no. of hotels	CAPEX USD (est.)	OPEX savings USD/a (est.)		SPB (years)	
- Efficient Lighting	497	7 452	35%	2 608	-	-	35%	2 608	650 000	160 000	3.9	1 390	
- VFD based operation of pumps	443	6 443	25%	1 610	-	-	25%	1 610	1 400 000	100 000	13.7	360	
- Solar thermal hot water	2 045	32 041	20%	6 408	25%	8 010	45%	14 418	3 600 000	850 000	4.2	5 306	
TOTAL EE	3 062	45 935		10 627				8 010	18 637	5 650 000	1 110 000	5.1	7 555
- Solar PV installations in hotels (approx. 3,750 kWp)													
		Annual solar production: 45 935 MWh	EP: 0.55 \$/kWh	Annual electricity generation (MWh/a)				6 168	3 750 000	384 000	9.8	2 780	

Table: CDM Project component – Direct GHG emission reductions

Emission Reductions	Period annual											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Baseline	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Reduction	0	0	0	0	0	0	0	0	0	0	0	0
Net Emissions	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Project's intervention	Objective and Outcome Indicators	Baseline(1)	Mid-term Target(2)	End of Project Target	Means of Verification (3)	Assumptions / Risks
Project Objective: To reduce the environmental pressure of the urban sector and related activities to mitigate GHG emissions and preserve biodiversity in the coastal area of Hurghada through mainstreaming climate smart technologies and sustainable practices in tourism, energy and transport infrastructure	Indicator 1.1/ GEF Core Indicator 2: Marine protected areas created or under improved management for conservation and sustainable use (hectares) Indicator 2.1/ Core Indicator 3: Area of marine habitat under improved practices (excluding protected areas) (hectares)	Non-zero Island + Protected Area of 109,200 hectares with 3.877 baseline score of 7.5	At least 10 point increase from baseline METT score (METT score: 38)	At least 25 point increase from baseline METT score (METT score: 53)	Baseline established for marine habitat, alternative options for threat management identified and regulatory measures under consideration	95,000 hectares under improved management as assessed through following measures: (i) biodiversity baselines established; (ii) alternative set of development options agreed to conserve and protect biodiversity, sensitive habitats and ecosystem services; (iii) zoning plan to support long-term conservation of biodiversity, sensitive habitats and ecosystem services instituted; (iv) roadmap for sustainable tourism agreed to; (v) regulatory and nature-based best practices to support integration of biodiversity an

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

GEF SEC comment at PIF stage	Reply
E-boats: questions regarding the economic feasibility of the e-boat component remain, including the economic feasibility of e-boats currently existing on the market and the potential for scaling to other regions/cities. These questions will have to be addressed during PPG stage and will be checked at CEO ER. In case these questions are not addressed satisfactorily at PPG stage, GEFSEC will ask to remove from the project design the component on e-boats and use the funding available for the other eligible technologies and/or focus on on-shore e-mobility instead in the urban center.	The electrification of boats are globally getting popular due to increasing production volume of electric motors, steadily reducing battery costs and new technologies. The widespread adoption of e-boats is expected to follow up the momentum of electrification of road vehicles 3-5 years behind. Egypt needs to catch up with this trend considering almost all of its urban areas located along the Nile and coastline of Red Sea and Mediterranean Sea. During the PPG, it has been assessed that integrated hybrid electric solution is financially more feasible to avoid GHG emissions and promote the shift to low-carbon maritime transportation. The boats will switch from full-diesel to electric propulsion when mooring, approaching the coral reefs, diving sites or sensitive areas (e.g. for dolphin watching), in the port to reduce the diesel consumption and noise. e-Boats (hybrid diesel/electric) has ~55 t/CO2e and E-vehicles (taxi, car

6. In addition, please provide an update with respect to the 200 e-buses to be procured for COP27, and the transfer of 10 or them to Hurghada to be operational with support from this project.

10/26/2022

Cleared.

07/20/2022:

1-J. Given the increased focus on NCA compared to PIF stage, please report the project budget dedicated to NCA under BD-1-3 (Mainstream biodiversity across sectors as well as landscapes and seascapes through NCAA) in table A.

Agency Response

12/12/2022

The summary budget table now contains a column on the responsible entity and fits within the margin of the respective text box.

12/06/2022

1. Gender consideration will be included in activities and outputs under Outcome 2.1. Generating socio-economic benefits or services is ticked as ?Yes?.

Please see highlighted parts in blue in para 158 under the Activity 2.1.5.2 and para 164 under the Activity 2.1.6.1. The project will collaborate with women associations to ensure the gender dimensions such as generating socio-economic benefits are integrated into policies. In addition, women inclusion in awareness raising campaigns and capacity development activities will be encouraged as explained in page 93. Collaboration with Egyptian women associations will be established. Possibility of establishing an annual innovation award for eco-tourism led businesses in which a sub category focusing on women champions will be established. The inclusion of a business study for women participation and their involvement in eco-tourism business will be initiated.

2. The co-financing type for Infinity was changed to investment mobilized.

3. The results framework (Annex A) is updated. Please note that the 96,000 Ha refers to marine habitat EXCLUDING protected areas (indicator 5) and 199,100 ha is target for Marine Protected Area (indicator 2) under improved management.

4. The dates are corrected as Start date: 1 February 2023 and Completion date: 31 January 2028.

5. The tables are made smaller to fit in the margins. When the project is extracted in PDF format, all of the tables are entirely visible. It would be highly beneficial if the sizes of the introduced tables can be edited within the text box, it takes a considerable amount of time to edit them externally and try to fit them here afterwards.

6. During the COP27, electric buses were in operation in Sharm El-Sheikh. The project is in collaboration with EEAA and the Ministry of Transport to closely follow up and monitor on when and how many e-buses will be transferred to Hurghada. This will be reported to the GEF in every PIR.

The budget for the mentioned NCAA is added to the Table A.

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

10/26/2022

Cleared.

10/18/2022:

1-F- Cleared. "Other impact sectors" have been listed in new outcome 1.1

2-F: Cleared. A rationale for the change has been provided in the table of changes from PIF to CEO ER, and the former outcomes are now included in outputs 1.1.1 to 1.1.5

1-J: Cleared

2-J: Cleared

07/20/2022:

1-F- The definition of Component 1 now includes mention of "other impact sectors". Please specify what that refers to, as it is unclear.

2-F. The structure of the project is confusing and so is the formulation of the outputs. What is the rationale of having components and outcomes at the same level of hierarchy (i.e. each component has now only one outcome)?

1-J- We note the CER states that "Outcomes 1.2, 1.3,1.4, 2.2, 2.3, 3.2, 3.3 and 3.4 have been moved to indicators to match outcomes with the project outputs". However, indicators do not replace outcomes. Indicators are meant to assess whether the project as achieved its intended outcomes. While projects can of course evolve and outcomes be streamlined during PPG, such a drastic reduction in intended outcomes with no proper justification is not acceptable. There is notably no longer any outcomes related to PA management effectiveness. Please revise.

2-J- Given there have been significant changes to project outputs, please provide a clear matrix showing and justifying the changes made to outputs compared to PIF stage.

Agency Response 1-F- Besides the project's main focus on tourism sector, other impact sectors are transport, energy, fisheries, and recreational activities which are given under the umbrella term to not to lengthen the component's name.

2-F-, 1-J-, 2-J-: The table comparing the changes between PIF and CEO is edited to clarify the changes and the justification including PA management.

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

Secretariat Comment at CEO Endorsement Request 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

Cleared.

07/20/2022:

GEFSEC welcomes the increase in co-financing. Cofinancing letters have been provided.

Agency Response

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

07/20/2022:

Cleared.

Agency Response

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

Cleared.

10/18/2022:

The agency provided additional details and justification for the two expenses object of the comments below.

07/20/2022:

Yes the utilization status is provided, however, pleased clarify the two expenses marked in yellow. Obtaining cofinancing letters and integrating comments do not appear to be activity that would justify an associated budget of \$15k.

Activities	Verification at CEO endorsement submission	Budgeted Amount (a+b)	Amount Spent to Date (a)	A	Co
Stakeholder engagement activities during PPG (stakeholders consultations, inception workshop, validation workshop)	Done. Consultation with all the relevant stakeholders conducted. Inception workshop and validation workshop organized and the outcomes are integrated into project design.	20,000	20,000		
Validating the collection baseline data on relevant sectors/technologies and ongoing/planned initiatives, policies	Completed and integrated into project document	15,000	15,000		
HACT based capacity assessment of proposed executing agency	Done. Internal Self HACT assessment is conducted. The capacity of the project executing entity (EEAA/ODA) has been found adequate.	13,500	13,500		
Development of the Environmental and Social Management Plan (ESMP) outlining the relevant risks as well as the mitigation measures for the project	Completed. ESMP is developed and shared along with the submission package.	7,000	7,000		
Development of Gender Analysis Action Plan	Completed. Gender Analysis Action Plan is developed and shared along with the submission package.	7,000	7,000		
Description of the project implementation/execution modalities and agencies (including drafting ToRs for contractual arrangements on the role of executing agency).	Done. ToRs for national execution is developed and the internal comments are integrated.	20,000	20,000		
Development of detailed ToRs for national execution between UNIDO and EEAA/ODA	Done. The ToR is developed	7,500	6,060		
Pre-feasibility studies, development project's outputs and structure	Done in close consultations with relevant stakeholders such as the MoE, CBE, HEPCA, EHA	22,000	17,000		
Consolidation of all inputs into the CEO Approval Document as per GEF template	Done.	7,000	3,000		
Obtaining co-financing letters from counterparts, banks, agencies and government through consultations	Completed.	8,000	2,000		6,0
Integrate comments from the stakeholders	Done. Government feedback is integrated into project design.	7,000	3,000		
Stakeholder consultations to verify the CEO approval document and finalization of project document and its annexes.	Done. The project team conducted inception and validation workshops along with bilateral meetings with national stakeholders (e.g., MoE, CBE, Red Sea Governorate, Hurghada Municipality, HEPCA, EHA)	8,000	3,000		
Formal validation of the CEO approval document, UNIDO internal review and submission to GEF Sec; preparation for project start.	Completed	8,000	2,000		
Total		150,000	118,560		3

Agency Response

Please see the updated PPG budget utilization table. *Obtaining co-financing letters?* consists of all the required preparation/background activities such as identifying the list of potential co-financiers and their alternative options, several stakeholder consultations, site visits, preparing informative brief notes and the follow up actions. *Integrate comments from the stakeholders?* includes activities on evaluating and incorporating the recommendations to the project design, project budget, ESMP, Gender Action Plan, GEBs calculation as well as updating the stakeholders' engagement plan, project risks etc. In addition, please note that the budget for these activities are estimations since they were part of a larger result-based work package.

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
Cleared.

10/26/2022

07/20/2022:

1-J. We note the increase in the surface area of the Northern Islands Red Sea PA to 199,100ha. Please note that, as already highlighted during the PIF review, it is different than the one reported in WDPA (180,000ha). Please confirm the surface area and make sure to correct the WDPA entry as necessary during project implementation.

Agency Response

1-J. Please note that the correct value is **199,100 ha**. EEAA declares that the Northern Islands Red Sea PA covers 1991 km² (Decree 1618/2006) as provided in the Declaration of the Protectorates in the framework of Law 102 /1983. Please see the row 25 in the table on the link below.

<https://www.ecaa.gov.eg/Portals/0/ecaaReports/N-protect/ProtectorNamesEn.pdf>

The project will work with WDPA to revise this figure to ensure consistency between national and international sources. This is reflected in the box under the Activity 1.1.5.3 and Core Indicators section on the portal .

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
Cleared.

10/26/2022

07/20/2022:

1-J. Please clarify what "mechanisms" means in barrier 3 (*Lack of effective mechanisms for reducing ecological impacts of tourism on the biodiversity of the Red Sea ecosystem*). There is indeed already a protected area, it is unclear what new "mechanisms" the project is to develop, and barrier 3 ends up listing many constraining "factors" that are not "mechanisms". Please clarify in the portal entry.

Agency Response

1-J. Please see Barrier 3 (Para 37) revised to provide more information regarding to ?mechanisms? mentioned.

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

Secretariat Comment at CEO Endorsement Request
Cleared.

10/26/2022

10/18/2022

1-F: Cleared. A response is provided in the review sheet and in the CEO ER in the section describing output 2.1.2 (para 136 and 137), in conjunction with the analysis activities to be conducted under 2.1.3.

1-J: cleared

2-J: cleared

07/20/2022:

1-J. While we note the short elaboration provided under the section "coordination" at the end of the CEO endorsement requests, it remains insufficiently clear how this GEF-7 project adds value and will build on some of the anticipated results of GEF ID 5073 *Mainstreaming the Conservation and Sustainable Use of Biodiversity into Tourism Development and Operations in Threatened Ecosystems in Egypt*, UNDP (2019-2023). The PIF-stage output that made an explicit link to that project has notably been removed and GEF ID 5073 should already have completed a SEA for a significant part of the Red Sea , which should have provided explicit lessons learnt for output 1.1.1. GEF ID 5073 is also developing a National Certification Scheme (Responsible Tourism Grading) for nature-based/biodiversity-friendly tourism, ecotourism and sustainable tourism; as well as a National biodiversity and tourism

development monitoring programme, which should be taken into account in component 1. It is further working on a national policy and law for biodiversity off-setting in the tourism sector, as well as Biodiversity Conservation Guidelines for EIAs and related training.

2-J. Please revise to make the GEF increment of this GEF-7 project compared to GEFID 5073 clearer throughout the CEO endorsement request, i.e. explain precisely how this new GEF-7 project complements GEF ID 5073 in every activity that is already dealt with under the GEF-5 project. For instance, activities 1.1.1.4 and 1.1.5.5 should respectively build on the Biodiversity Conservation Guidelines for EIAs and the National biodiversity and tourism monitoring programme developed by GEF ID 5073.

1-F: there is no description and analysis of results/lessons learned from other credit lines for RE/EE already existing from other FIs for hotels (for instance from EBRD). Please include that and articulate complementarity of this new offering and potential for collaborating.

Agency Response

1-J. The project will benefit from the lessons-learned and recommendations from the SEA, Green Fins program, comparative analysis of hotel business models and Biodiversity Offset Study that was conducted (and will be completed) under GEF ID 5073 project. Please see updated Para 70.

Additionally, please note that the SEA does not cover the Northern Red Sea region.

2-J. The project was thoroughly edited to highlight that it will build on the lessons-learned and outcomes of the GEFID 5073 where relevant. Please see the highlighted sections in Para 70, 204, 218 and the further strengthened Coordination section.

1-F: As referred to in paragraphs 67, 72-78, several banks and financing options have identified the tourism sector as relevant for supporting investments in green technologies, including the EBRD and the CBE (Central Bank of Egypt). The EBRD has already conducted studies including energy audits in hotels that came up with analysis on feasible measures including energy efficiency and renewable applications in touristic facilities (see Para 67). The ongoing credit line of the EBRD in Egypt, the GEF (Green Economy Financing Facility), which is also supported by the European Union and the Green Climate Fund, offers multiple credit lines for commercial facilities and SME green value chain investments, through participating financing institutions in Egypt to on-lend businesses investing in energy efficiency, renewable energy and high performing technologies having an increased export potential. However, the tourism sector has been over the past years benefit less from these financing sources, due to COVID-19 impact and other economic difficulties made touristic businesses financially less credible. Although, consultations with the national FIs and the global momentum show that the tourism sector will potentially benefit from these financing sources soon, considering economies are recovering from the global pandemic and tourists start travelling again. There are two options that have been identified during the PPG stage:

(a) The existing Revolving Fund to established by the GEF5 ?The Solar Heating in Industrial Process (SHIP)? project will be expanded to cover tourism sector. The model will support the implementation of solar energy technologies with focus on introducing solar water heaters (SWH) in tourism enterprises. The SHIP revolving fund was established at the National Bank of Egypt (NBE) and is providing loans with an incentivized rate. Solar heating is considered one of the most advantageous technologies for hot water preparation and heating of low temperature facilities (e.g., pools, kitchen facilities etc.) and therefore through the support for greening the energy supply to replace fossil fuels (natural gas, heating oil, mazut) this initiative has a enormous potential to complement and stabilize the project?s finance of touristic facilities.

(b) the CBE Tourism Initiative that is engaging with the tourism industry to support also greening investments as a part of the overall rehabilitation program of touristic infrastructures (see para 79.), including renewal of hotels and transportation fleets. The CBE initiative in 2021 has reported relatively low uptake rates; it is therefore expected to be ongoing over the next years and is expected to contribute to the recovery of the tourism sector in Egypt.

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
Cleared.

11/18/2022:

2-F. Cleared.

4-F(a). This item is cleared. However, the agency is requested to report on the number of buses that are actually transferred from Sharm to Hurghada in each one of the PIRs.

5-F: thank you, this is noted. Cleared.

5-F(a): Cleared - we take note that the max amount allocated to boat capex support will be \$212k

5-F(b): Cleared.

F-F: Cleared.

10/19/2022:

1-F: Cleared

2-F: Thank you for the explanation. To clear this point, we need clarity on the EOP Target Indicator: Please specify clearly who will the financial mechanism be submitted to for approval. This is a key point when it will come to verify the achievement of the target indicator.

3-F: Cleared. The agency specified that TA funds will be assigned through a competitive process which will include consideration of the level of co-financing commitment. This is considered critical to ensure alignment of interest with recipient of the TA in terms of implementing the GEB-generating projects based on the results/recommendations of the energy audits (i.e. mitigating the risk of an audit showing positive results is not followed by the actual investment).

4-F (a): Please update para 147 to include this additional explanation of the role and additionality of the project vis a vis the EV buses that will be imported to the city from Sharm el Sheik after COP27.

4-F (b): Cleared.

5-F: regarding e-boat, the proposal remains confusing. GEFSEC had requested the agency to assess the economic feasibility of e-boats during PPG. The CER ER does not offer details of such assessment: it only states that the "most feasible option" would be a hybrid one. It does not say if this is actually an option that would be attractive for any of the private operators to explore, and what would be the level of subsidization of the capex needed. In addition, the CEO ER states that:

field studies conducted by the Arab Academy of Sciences in the Suez canal and further research cooperation with international universities (e.g. Australia), the project will develop a detailed feasibility study that will assess to equip a number of conventionally diesel-driven daily boats and/or EEAA's inspection boats with hybrid (diesel/electric) propulsion systems that would allow the boats to drive on electric engines while approaching to coral reefs, diving or spotting areas, other sensitive ecological sites or in ports/marinas, whereas using conventional diesel propulsion on the open sea. The full switch to electric (or solar electric-supported) propulsion technology could be also piloted in a limited number of boats, although the major limitation would be linked to the higher CAPEX (e.g. 1,5 - 2 times higher than conventional engines) due to the required battery storage as well as larger space needed for the battery. The demonstration of cleaner alternatives will enhance the awareness and capacity among boat operators on the environmental impacts of fossil-based fuels and

5-F.a: The feasibility assessment was discussed as part of the PPG, while now it is proposed as part of the full project. Please clearly specify the cost of a detailed feasibility assessment, which does not seem included in the budget, and if that is included in the expected 370k (9% of GEF resources) expected to support e-boats.

5-F.b: We understand this detailed feasibility study to be linked directly to the 5 pilots that the project is expected to be financing (as part of the EOP target indicators for output 2.1.6. The GEF does not finance stand-alone feasibility studies, except when closely linked to the financing and pilot implementation.

6-F: Cleared.

7-F: Please provide a revised budget where the reduction of budget for the awards is visible. We were not able to find it in the budget file (excel) currently uploaded on the portal.

1-J to 8-J: All cleared.

Please note:

On 1-J. The Agency is invited to consult UNEA resolution 5/5 ("Nature-based solutions for supporting sustainable development") and the IUCN Global Standard for Nature-based Solutions (<https://portals.iucn.org/library/sites/library/files/documents/2020-020-En.pdf>) to inform and guide the use of the NBS terminology during implementation.

On 4-J. Attention will have to be paid during implementation on permanent regional biodiversity coordination platform with regards to the institutional arrangements, mandate and relationship with existing competent bodies.

07/20/2022:

1-F- Component 1: is described as covering the policy framework for green recovery and sustainable growth of the tourism sector. However, all outputs focus on the biodiversity framework and there is no output or activity that covers policy/enabling framework to promote green technology, including energy efficiency, renewables, or e-mobility. Is there no policy intervention in the green technology space? For instance, output 1.1.4 mentions "promotion of green and circular investments" in its title, but activities 1.1.4.1 to 1.1.4.4 are only concerned with biodiversity. The proponents are requested to clarify whether no policy work will be done to promote clean/efficient energy/transport. For instance, the building/hotel sector there is a clear need for minimum energy performance standards and regulations to ban incandescent lightbulbs while promote as much as possible Solar Water Heaters.

2-F- Output 2.1.2: With regards to the financial mechanism being proposed, there is very little information. In particular, who would be managing this fund, who would be providing financing, what is the fund targeting and what are the condition to participate? As the target indicator, the mechanism would be submitted for approval: by whom?

3-F- Output 2.1.3. It seems that one of the TA activities the GEF would be providing support for are energy audits in the hotels. What are the rules of engagement for hotels to participate (co-financing part of the audit, mandatory go ahead to implement measures identified if saving are above a threshold or else return audit grant, etc)? There is a common risk in EE programs that after supporting the audit, even if the audit highlights good saving potential, the hotel/SME does not go ahead with the upgrades. What is the risk mitigation strategy?

4-F- Activity 2.1.3.3:

(a) this activity mentions already existing plans for "Hurghada to receive 10 large buses" from the fleet procured for COP27. Are these the same buses that are considered in the GHG emission reductions calculations? If so, explain the logic behind the project claiming attribution of those GHG volumes.

(b) will this activity also cover e-boats? there is no mention of e-boats in the description. please clarify.

5-F: Activity 2.1.6.1:

(a) for e-mobility it only refers to e-boats. Is land-based e-mobility not covered by this investment component?

(b) During PIF stage, GEFSEC had requested the following: E-boats: questions regarding the economic feasibility of the e-boat component remain, including the economic feasibility of e-boats currently existing on the market and the potential for scaling to other regions/cities. These questions will have to be addressed during PPG stage and will be checked at CEO ER. In case these questions are not addressed satisfactorily at PPG stage, GEFSEC will ask to remove from the project design the component on e-boats and use the funding available for the other eligible technologies and/or focus on on-shore e-mobility instead in the urban center. "" Please share with us the results of any analysis that was conducted to justify the resources that will be spent on e-boats.

(c) please specify how much of the overall GEF grant would be going for the promotion of e-boats (including as TA and INV).

(d) regarding the biodiversity benefits, please provide any details or studies that can be used to substantiate or quantify the expected benefits.

6-F: Paragraph 166 includes as target indicators for activity 2.1.6.1. "Electric charging infrastructure based on 100% RE". Please clarify how this would be financed, and provide a more precise description of the target (how many charging stations, capacity of the RE generation plant, etc).

7-F: Output 3.1.2.2: this activity sets aside \$140k for green tourism awards. While this may be a good initiative, the budget for this activity is disproportionately large compared to other activities. Please provide more details on this initiative, including details about other co-financiers, and consider reducing the size of the GEF Financing and/or increasing the use of co-financing to cover this activity.

1-J- Please clarify what Nature-based solutions (NBS) and Nature-based infrastructure (NBI) mean, in concrete terms, in the context of this project. What criteria will be used to consider specific investments to be NBS/NBI the project would support?

2-J- Output 1.1.2 Please clarify the anticipated trainers and approach to institutionalize the training. In particular, please clarify that national-level stakeholders, including the National statistics office, will also be involved.

3-J- Output 1.1.3: The specific policy decision/document that the NCA is to inform is still unclear. As already commented upon at PIF stage, please be explicit in the CEO endorsement request on the policy / practice question this NCAA work would respond to, clarify which are the targeted decision makers and confirm that they will be involved from the onset on the scoping of this NCAA exercise.

4-J- Output 1.1.4 - activity 1.1.4.1 : The activity (which used to be an output) mentions in turn a "coordination platform", a "technical committee" and a "steering committee". Please clarify what the project will create out of these, and clarify its mandate (advisory only?), how the mandate and institutional set-up, including relationship with existing decision-making bodies competent on tourism development, will be derived.

5-J- Activity 1.1.4.2 is partially duplicative of what is foreseen under 1.1.3. Please consider moving 1.1.4.2 to output 1.1.3 and consolidate with overlapping elements under 1.1.3.

6-J- Output 1.1.5 is unclear and seems in good part duplicative of other outputs. In particular, activity 1.1.5.1 seems duplicative of other activities under outputs 1.1.1 - 1.1.4 which already contain much baselining and assessments. Please clarify notably why the SEA and NCA are not be sufficient to such an extent that an additional "multi-disciplinary analysis of implication for Hurghada" is necessary. Activity 1.1.5.2 seems also duplicative of 1.1.4, which is already to develop a consensual multi-year development plan/framework (several sentences are identical with that of activity 1.1.4.4). Activity 1.1.5.3 seems also duplicative of the policy scenario analyses of activities 1.1.4.1 and 1.1.4.3. Please revise output 1.1.5.

7-J- Activity 3.1.3.4 on ESIA is duplicative of activity 1.1.1.4 (Assessment of the current procedures and track record for undertaking and implementing environment impacts assessments (EIA) for tourism and related development in the area). Please correct.

8-J- Output 3.1.4 is the only remaining contribution of the project to PAs. While the PIF included the outcome "Financing and management effectiveness of the Northern Islands Red Sea PA (NIRSPA) improved (e.g., NIRSPA to be declared on the Green List of PAs)" there seems to be no longer any project contribution to ensure PA financial sustainability or any ambition to apply for green listing. Also, when the PIF included an output that promised "PA management plan, visitors' management plan, business plan, monitoring plan and visitors' infrastructure enhanced, adopted and implemented according to the international standards", it is now unclear if any visitor management and business plans will be developed or any visitors' infrastructure enhanced. Please revise to be true to the PIF or thoroughly justify the changes made, noting that the project would have in any case to contribute to long-term financial sustainability of the protected area.

Agency Response

Addressing comments delivered on 10/19/2022:

2-F: The EOP Target indicator is updated on the financial mechanism. Please see highlighted parts (blue) in the para 140.

4-F (a): The Para 147 is updated with the e-buses. Please see highlighted parts (blue) in the para 147.

5-F Further technical data on the economic feasibility of the e-boats are provided in the highlighted section in the para 145. Technical tables are provided to back-up the hybrid e-boat approach as well as capex and opex data. In addition, the calculation excel sheet is uploaded to the portal.

5-F (a) The cost sharing mechanism for e-boats is actually 212,000. Please see highlighted part in the project budget sheet (tab: GEF Portal summary, row 112 on the excel sheet). TA cost for charging infrastructure which includes road transport charging is 80,500 (tab: GEF Portal summary, row 30 on the excel sheet).

5-F-b: Yes, the feasibility studies will be conducted only for the pilots (3-5) that will be financed and demonstrated. Noted.

7-F: The budget for award is reduced by 40k. Please see highlighted in the project budget sheet (tab: GEF Portal summary, row 25 on the excel sheet)

1-J. Thanks for the suggestions, integrated into the para 161. see highlighted.

4-J. Thanks for the suggestion, integrated into the para 113. see highlighted.

Since this section has several comments, the agency response is given under each respective GEF SEC comments.

F- Component 1: is described as covering the policy framework for green recovery and sustainable growth of the tourism sector. However, all outputs focus on the biodiversity framework and there is no output or activity that covers policy/enabling framework to promote green technology, including energy efficiency, renewables, or e-mobility. Is there no policy intervention in the green technology space? For instance, output 1.1.4 mentions "promotion of green and circular investments" in its title, but activities 1.1.4.1 to 1.1.4.4 are only concerned with biodiversity. The proponents are requested to clarify whether no policy work will be done to promote clean/efficient energy/transport. For instance, the building/hotel sector there is a clear need for minimum energy performance standards and regulations to ban incandescent lightbulbs while promote as much as possible Solar Water Heaters.

Agency Response: Please see revised Output 1.1.4.4. (Para 116) including policy interventions in green technology space.

The project will strengthen the enabling environment for EVs through developing policies and draft regulations incentivizing the adoption of green technologies with a focus integrated e-mobility and renewable energy.

- ? Expanding the existing incentive of custom duty exemption of electric cars to cover all types of electric vehicles and components for charging equipment (including e-buses of

various sizes, electric two-wheelers and three-wheelers, e-boats) similar to incentives/promotional considerations made for renewable energy.

- ? Establishing standards and procedures for licensing and registration of EVs of various vehicle types (incl. both land and marine EVs)
- ? Setting up a tariff scheme for vehicle charging and incentives (based on the introduction of 100% electricity generated from renewables)

- ? Guidelines on integrating sectoral approaches (e.g., tourism, transport) into energy efficiency and renewable energy policy and roadmaps

2-F- Output 2.1.2: With regards to the financial mechanism being proposed, there is very little information. In particular, who would be managing this fund, who would be providing financing, what is the fund targeting and what are the condition to participate? As the target indicator, the mechanism would be submitted for approval: by whom?

Agency Response: 2-F- See revised Para 136. and 137. The Output 2.1.2 is designed to develop a financial mechanism that will leverage public and private sector funds to be invested in climate-smart technologies and nature-based solutions in Hurghada. This will be achieved by integrating it with the Revolving Fund that is already established under GEF ID 4790 and managed by the NBE.

The purpose of the fund is to provide soft financing (e.g., low-interest or subsidized loan) to the private sector, the beneficiary of the project, to co-finance the investments to be undertaken to achieve the priority measures stated in the action plan (substantial energy efficiency and clean technologies mainly Solar Water Heaters). The project will expand the scope of the revolving fund to include tourism sector and other technologies such as energy efficiency and e-mobility. The fund structure will be mix of equity, NBE loan and the GEF grant (based on the minimum additionality of GEF financial contributions to make the project feasible) that will be further elaborated based on the pre-feasibility studies that will be conducted under Output 2.1.3.

The conditions to participate include technical, economic (e.g., IRR), environmental (e.g., GHG emission), biodiversity and social (e.g., gender) impact criteria, please see Para 137 for details.

The advantage of the revolving fund is that the repaid loan amount will be utilized for funding future investments which will help scaling-up of the project's interventions.

3-F- Output 2.1.3. It seems that one of the TA activities the GEF would be providing support for are energy audits in the hotels. What are the rules of engagement for hotels to participate (co-financing part of the audit, mandatory go ahead to implement measures identified if saving are above a threshold or else return audit grant, etc)? There is a common risk in EE programs that after supporting the audit, even if the audit highlights good saving potential, the hotel/SME does not go ahead with the upgrades. What is the risk mitigation strategy?

Agency Response: The rules of engagement for tourism industry, including hotels, operators of touristic infrastructure (e.g., tour operators, diving centers), transport operators will be based on a competitive selection process based selection criteria of GHG emissions saving potential, rate of return, co-financing commitment, eligible technology, quality criteria which will be assessed in detail during the project (See Para 164).

4-F- Activity 2.1.3.3:

(a) this activity mentions already existing plans for "Hurghada to receive 10 large buses" from the fleet procured for COP27. Are these the same buses that are considered in the GHG emission reductions calculations? If so, explain the logic behind the project claiming attribution of those GHG volumes.

Agency Response: Yes, the same buses. They will be co-financed by the Government. The project claims only some of the attribution without the project's TA and infrastructure support (e.g., provision of electric charging stations), buses and e-boats will not be in operation in the short/medium-term due to lack of required infrastructure and capacity in Hurghada particularly on renewable energy-based charging. This is the outcome of the on-site assessment and stakeholder consultations during the PPG.

(b) will this activity also cover e-boats? there is no mention of e-boats in the description. please clarify.

Agency Response: Yes. Output 2.1.3.3 is revised to cover TA on developing e-boat demonstration (see highlighted section under Para 146.

5-F: Activity 2.1.6.1:

(a) for e-mobility it only refers to e-boats. Is land-based e-mobility not covered by this investment component?

Agency Response: Wording is revised in para. 162 to include both land-based and marine transportation.

(b) During PIF stage, GEFSEC had requested the following: E-boats: questions regarding the economic feasibility of the e-boat component remain, including the economic feasibility of e-boats currently existing on the market and the potential for scaling to other regions/cities. These questions will have to be addressed during PPG stage and will be checked at CEO ER. In case these questions are not addressed satisfactorily at PPG stage, GEFSEC will ask to remove from the project design the component on e-boats and use the funding available for the other eligible technologies and/or focus on on-shore e-mobility instead in the urban center. "" Please share with us the results of any analysis that was conducted to justify the resources that will be spent on e-boats.

Agency Response: The status of feasibility assessment during PPG has been explained in para 146.

(c) please specify how much of the overall GEF grant would be going for the promotion of e-boats (including as TA and INV).

Agency Response:

e-boats: TA+INV approx. 370k\$ (~9% of total GEF budget)

e-mobility on land: TA+INV approx. 308k\$ (~8% of total GEF budget)

(d) regarding the biodiversity benefits, please provide any details or studies that can be used to substantiate or quantify the expected benefits.

Agency Response: Electric boats are significantly quieter and cause lower levels of vibration compared to internal combustion engines which make detrimental disturbance to marine ecosystem by preventing acoustic communication (e.g., dolphins), hindering navigation for partially sighted mammals and even impact breeding cycles. See Para 31, 32.

Following details on the impact of noise is taken from a study IUCN Centre for Mediterranean Cooperation:

<https://portals.iucn.org/library/sites/library/files/documents/2008-042-1.pdf>

? Noise pollution can cause marine mammals to abandon their habitat (Borsani et al., 2007) and/or alter their behaviour by directly disturbing them (Aguilar Soto et al., 2006) or by masking their acoustic signals over large areas (Payne & Webb, 1971; Hildebrand, 2005); loud sounds may directly affect their hearing abilities by producing either temporary or permanent hearing loss (Simmonds & Lopez-Jurado, 1991; Richardson et al., 1995; NRC, 2000; NRC, 2003; Gordon et al., 2004). All these effects may be critical for the survival of marine mammals.

Besides marine mammals anthropogenic noise pollution can mask fish communication (Wahlberg & Westerberg, 2005), generate stress that negatively affects the animals' welfare (Wysocki et al., 2006), induce fish to abandon noisy areas (Mitson & Knudsen, 2003), destroy the sensory cells in fish ears and, in the long term, cause temporary and possibly permanent loss of hearing (McCauley et al., 2003; Popper, 2003; Smith et al., 2004; Popper & al., 2005), and also damage eggs.?

Oil and fuel-oil pollution in marine environments is caused by oil leaks and spillage, refueling and engine emissions. Electric boats are far less likely to cause any harm to marine ecosystem since they do not require any fuel and very little oil compared to fossil-fuel based boat. Electric propulsion does not have emissions of harmful substances such as carbon monoxide, hydrocarbons, particulate matter and nitrogen oxides

6-F: Paragraph 166 includes as target indicators for activity 2.1.6.1. "Electric charging infrastructure based on 100% RE". Please clarify how this would be financed, and provide a more precise description of the target (how many charging stations, capacity of the RE generation plant, etc.).

Agency Response: Electric charging points powered with PV is often applied. The financing of this technology is included in the project budget calculation. It is assumed that the project will provide at least 10 DC charging points (~ 150kW capacity) and 10 AC charging points (~22 kW capacity) and rooftop PV energy supply (approx. 200 kWp) to provide the electric capacity in a central area of Hurghada near the port (with a combined charging facility for electric boats and electric vehicles).

7-F: Output 3.1.2.2: this activity sets aside \$140k for green tourism awards. While this may be a good initiative, the budget for this activity is disproportionately large compared to other activities. Please provide more details on this initiative, including details about other co-financiers, and consider reducing the size of the GEF Financing and/or increasing the use of co-financing to cover this activity.

Agency Response: The project will organize the Green Tourism Award in collaboration with EHA and ETF. The award aims to promote the tourism companies to invest in measures and technologies towards reducing their climate footprint and preserving biodiversity. This will increase competitiveness in the sector to attract income from eco-tourism. An independent evaluation jury (representatives from project expert, NGOs and government representatives) will be formed-up and ToR including quantified selection criteria (e.g., pointing system) will be developed. Call for applications will be launched annually and evaluated by the jury. This activity will coordinate with the Green Sharm Project (GEF ID 10117) to mobilize applications from Sharm El-Sheikh as well. The Green Tourism Award is expected to be co-financed from EEAA and EHA in the form in kind contribution. The budget of the activity is reduced to \$100k.

1-J- Please clarify what Nature-based solutions (NBS) and Nature-based infrastructure (NBI) mean, in concrete terms, in the context of this project. What criteria will be used to consider specific investments to be NBS/NBI the project would support?

Agency Response: The project will use 3 criteria for applying nature-based solutions (inclusive of NBI). First, nature-based solutions should provide simultaneous benefits, including to society, the economy and nature. Second, it would represent a transdisciplinary framework that encompasses experience from existing concepts such as 'blue?green infrastructure' in engineering, 'natural capital' and 'ecosystem services' in economics, and 'landscape functions' in environmental planning. Third, a nature-based solution would be one that lends itself to gradual/phased introduction that allows time for careful assessment of its application in real-life settings and enable further refinement/adjustments.

Some examples of nature-based solutions that might be used in the project include the following through public sector, public-private partnerships, or individualistic actions:

- (i) protection and restoration/rehabilitation of mangroves, sea grass beds and coral reefs;
- (ii) shoreline stabilization (living shorelines), green spaces, protection natural shoreline vegetation,
- (iii) zoning of marine and coastal space with guidelines for use of different zones;
- (iv) prevention of destruction of coral reefs (e.g. location of diving and mooring sites from sensitive habitats; low destruction mooring boat anchors and site locations, regular monitoring of mooring sites to assess their impact on coral reefs, application of guidelines for diving and mooring, promoting the use of reef safe sunscreen, etc.,
- (v) hotel/resort infrastructure that is sustainable and environmentally friendly (waste disposal measures, drainage and runoff management, rainwater harvest, hotel gardens, solar lighting, improving awareness of guests, etc.;
- (vi) fisheries management rules and regulations (artisanal vs commercial scale fisheries), zoning, establishment of no-take zones with proper demarcation, etc.
- (vii) improved patrolling and enforcement, such as installation of GPS devices on daily and safari boats, improved patrolling by PA staff

A more complete and practical list will be developed as part of project activities relevant to NBS.

2-J- Output 1.1.2 Please clarify the anticipated trainers and approach to institutionalize the training. In particular, please clarify that national-levels stakeholders, including the National statistics office, will also be involved.

Agency Response: Potential trainers and beneficiaries are added in the description under Output 1.1.2 and Para 99.

3-J- Output 1.1.3: The specific policy decision/document that the NCA is to inform is still unclear. As already commented upon at PIF stage, please be explicit in the CEO endorsement request on the policy / practice question this NCAA work would respond to, clarify which are

the targeted decision makers and confirm that they will be involved from the onset on the scoping of this NCAA exercise.

Agency Response: Activity 1.1.4.3 is revised since Output 1.1.3 relates the actual NCA work/accounting while Output 1.1.4 relates to the development of policy options emanating from the NCA work in Output 1.1.3. See para 115.

In summary, specific policy and practice that would evolve through the application of NCA and SEA to the marine sector, could include (i) developing national guidelines for valuation of marine ecosystem services; (ii) develop the right tools and policy to incorporate the value of biodiversity and ecosystem services into sector and regional planning for the Red Sea; (iii) guidelines for zoning marine environments of the Red Sea and policies related to the use and safeguards for different zoning categories; (iv) guidelines for enforcement and management of activities within marine PAs, etc. The targeted decision-makers will involve those from tourism sector, energy, environment, fisheries, protected area and transport sectors, as well as NGOs, women associations, user groups, CSOs, research Institutes, etc.

4-J- Output 1.1.4 - activity 1.1.4.1 : The activity (which used to be an output) mentions in turn a "coordination platform", a "technical committee" and a "steering committee". Please clarify what the project will create out of these, and clarify its mandate (advisory only?), how the mandate and institutional set-up, including relationship with existing decision-making bodies competent on tourism development, will be derived.

Agency Response: Corrected to ensure consistency under Activity 1.1.4.1.

5-J- Activity 1.1.4.2 is partially duplicative of what is foreseen under 1.1.3. Please consider moving 1.1.4.2 to output 1.1.3 and consolidate with overlapping elements under 1.1.3.

Agency Response: Revised as suggested, part of 1.1.4.2 is moved to 1.1.3.6. Please note that the Output 1.1.3 refers specifically to the technical aspects related to conduct of the NCA exercise and defining the NCA accounting process, which Output 1.1.4 relates to the next steps in implementation of the NCA and SEA generated in 1.1.3 to develop and reach consensus of the policy options. See highlighted parts in the mentioned activities.

6-J- Output 1.1.5 is unclear and seems in good part duplicative of other outputs. In particular, activity 1.1.5.1 seems duplicative of other activities under outputs 1.1.1 - 1.1.4 which already contain much baselining and assessments. Please clarify notably why the SEA and NCA are not be sufficient to such an extent that an additional "multi-disciplinary analysis of implication for Hurghada" is necessary. Activity 1.1.5.2 seems also duplicative of 1.1.4, which is already to develop a consensual multi-year development plan/framework (several sentences are identical with that of activity 1.1.4.4). Activity 1.1.5.3 seems also duplicative of the policy scenario analyses of activities 1.1.4.1 and 1.1.4.3. Please revise output 1.1.5.

Agency Response: Output 1.1.5 is revised to avoid duplicity. Output 1.1.5 (Activities 1.1.5.1 through 1.1.5.3) and specifically relates to the development of a long-term planning framework for the Hurghada region and a monitoring and information management system. See paras 121 to 123.

7-J- Activity 3.1.3.4 on ESIA is duplicative of activity 1.1.1.4 (Assessment of the current procedures and track record for undertaking and implementing environment impacts assessments (EIA) for tourism and related development in the area). Please correct.

Agency Response: Activity 3.1.3.4 is removed.

8-J- Output 3.1.4 is the only remaining contribution of the project to PAs. While the PIF included the outcome "Financing and management effectiveness of the Northern Islands Red Sea PA (NIRSPA) improved (e.g., NIRSPA to be declared on the Green List of PAs)" there seems to be no longer any project contribution to ensure PA financial sustainability or any ambition to apply for green listing. Also, when the PIF included an output that promised "PA management plan, visitors' management plan, business plan, monitoring plan and visitors' infrastructure enhanced, adopted and implemented according to the international standards", it is now unclear if any visitor management and business plans will be developed or any visitors' infrastructure enhanced. Please revise to be true to the PIF or thoroughly justify the changes made, noting that the project would have in any case to contribute to long-term financial sustainability of the protected area.

Agency Response: Output 3.1.4 is revised to reflect undertaking PA management plan, visitor management plan, monitoring plan, financial management and business plan for the NIRSPA. Activity 3.1.4.2 includes potential best practice management interventions that could be funded either with GEF or non-GEF funding.

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

Secretariat Comment at CEO Endorsement Request
07/20/2022:

Cleared.

Yes, the project remains aligned with FA strategies.

Agency Response

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

Secretariat Comment at CEO Endorsement Request
07/20/2022:

Cleared.

Additional comments are provided in the section below on alternative scenario.

Agency Response

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

Cleared.

11/18/2022

10/19/2022:

1-F (a, b, c): Cleared.

2-F: Please integrate the assumptions on the indirect emission reductions replication factors in the CEO ER section "Appendix I".

1-J: Cleared.

07/20/2022:

1-J: Please add an explicit description of the biodiversity-related GEBs in this section.

1-F: Regarding the emission reductions from the e-boats:

3) Conversion of touristic boats to solar-powered electric motors: The plan is to demonstrate the conversion of a small number of boats by end-of-project: 2 boats to run on hybrid diesel/electric engines and 3 boats on fully electric propulsion. The assumption is that electricity charged to boats will be also from locally produced renewables (e.g. solar PV plants) provided through new charging stations located at marinas/jetties.

5 boats, average gasoline/diesel consumption: ~50 t/year_v, equivalent to 970 MWh/year, with GHG emissions: $970 * 0.27 = 260 \text{ tCO}_{2\text{eq}}$ /year

Electric boats: Using electricity from grid: $970 * 0.533 = 517 \text{ tCO}_{2\text{eq}}$ /year

GHG emission reductions: In case the electricity will be 100% from grid the emission reduction will be up to 786 tCO_{2eq}/year.

Total annual GHG emission reductions (1)+(2)+(3): $10,335 + 1,745 + 786 = 12,866 \text{ tCO}_2/\text{yr}$. However, the ER will not materialize fully during the 5-year project lifetime, since activities will gradually start over year 2 and 3. For further details on direct GHG emission reductions see the CCM model below.

a. The component description is clear that boats would only use electric propulsions close to the reefs and in port. The calculation seems to assume that the switch to electric motors would be eliminating entirely the use of diesel engine. Please clarify.

b. the calculation is also unclear in that it seems to assume that boats will all run powered by 100% RE, and 100% of the time. Is this the prospect being sought?

c. Please include a cost efficiency comparison of the different measures that would be financed by the project (\$/tCO_{2e}).

Again worth clarifying that the e-boats component is a nice addition, but we have to be fully transparent in terms of what they would be responsible for and whether there is any economic feasibility (or how far from that we are).

2-F: what is the justification for the bottom up replication/scaling factors that are used in the calculation for indirect emission reductions?

Agency Response

Addressing comments delivered on 10/19/2022:

2-F: The assumptions are integrated in the Appendix I. Please see highlighted (blue) part.

1-J: The following is added to Section 6:

The GEB related to biodiversity including over 5,000 species of which 24% are classified as threatened and 19 endangered marine plant species and 53 species of endangered marine faunal species through improved management of 199,100ha of protected area and 96,000 he of marine habitat outside Pas. In this respect, the specific global benefits include enhanced or stable condition of the coral reefs and associated species and as well as enhancement of coral fish diversity as well as maintain the status of mangroves, seagrass beds and turtle nesting sites. It would also help enhance the status of the larger aquatic species such as the Spinner Dolphin, Bottlenose Dolphin, Dugongs and 4 species of turtles.

1-F:

a. The assumptions are amended accordingly. However it had only minor impact on the result. The cumulative GHG ER have changed only marginally from 195,691 tCO₂eq to 195,702 tCO₂eq.

b. The calculation is amended with the conservative assumption of that the boats will run 20% of their annual millage with electricity that is charged from the grid, which reduces the emission reduction. However, the total GHG emission result is not impacted much.

c. Energy efficiency/renewable energy measures in hotels (with an average 15% GEF contribution assumed):

- Efficient lighting: ~7 \$/tCO₂e (mature technology)
- VFD based operation of circulation pumps/fans, etc.: ~12 \$/tCO₂e
- Solar thermal hot water preparation: ~7 \$/tCO₂e
- Boats (hybrid diesel/electric): ~55 \$/tCO₂e (please see the comment below)
- E-vehicles (taxi, cars): ~ 70 \$/tCO₂e (please see the comment below)

Electric vehicles/boats are less cost efficient since they represent an emerging technology that is limitedly available in the Egyptian market. However there is a growing experience in other markets/regions and it is expected that the cost efficiency will improve over the coming years due to its broad application of batteries and new battery composition globally and in Egypt. Please note that transition to e-mobility has a large potential in the medium/long-term due to its market size. In addition e-boats have several BD benefits as explain in agency response to 5-F: d). The cost efficiency will be more clear during the full scale feasibility study since e-mobility is a fast-growing transition and the battery costs are reducing rapidly. It is assumed that investments will be partly co-financed from the state and the private sector (e.g., operators of boats) with an average 20% of GEF contribution.

2-F: The bottom-up approach for calculating indirect GHG reductions generally provides the lower extent in the range of possible indirect impacts from the project. The bottom-up replication factor is based on the number of times the project activities are likely to be replicated in the project region over the post-project period (2028 - 2047). The general factor used is 3, representing a conservative estimation for the impact that the project could generate on further replication in the tourism and mobility/infrastructure sectors. e.g., while it is assumed that the project will directly impact 15 (10%) of hotels in Hurghada in implementing climate mitigation measures and nature-based solutions, the assumed replication of 45 (30%) over 20 years project scale-up in addition seems very conservative. In the case of land-based electric mobility, the factor has been increased to 5 due to global dynamics in prospective electric mobility development and the generally low level of EVs being present on the Egyptian market so far. entering the public and private transportation markets. As for boats the more conservative assumption of scale-up factor 3 has been assumed, again from a very low level of investments being triggered during project implementation.

Please find the updated GHG calculation spreadsheet uploaded to the portal.

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
Cleared.

10/26/2022

07/20/2022:

1-J. While the PIF review stated "the Agency will need to provide a much more developed technical, financial and engagement strategy for the scale up of the project at the time of the CEO ER submission, as a condition for endorsement.", there appears to be no stronger up-scaling/replication strategy than at PIF stage. The CEO endorsement requests describes the potential to scale-up and replicate but the actual strategy to do so seems limited to

dissemination of lessons learnt, practices and some guidelines. Please embed a stronger replication strategy in the design of the project.

Agency Response

1-J. (also added as Para 226 an 227)

The project's strategy to ensure scale-up and replication is to develop the supporting policy framework, national examples and build up capacity, particularly within national and local government departments (e.g., EEAA), private sector, research and academic institutions, and financial institutions since these organizations are in the best position to mainstream the interventions of the project. The outputs to be generated by the project will contribute to creating an enabling environment for integrating sustainability strategies into a more climate-resilient investment planning and management. All planned outputs are consistent with, and instrumental to, achievement of the objectives of Egypt's key policies and legislation. Therefore, the combined efforts of the project components are designed in a way to ensure the scale-up of global environmental benefits beyond the life of the project. The project will develop climate-smart, capital investment plan with a viable pipeline of investments up to the year 2030 (see Output 2.1.1) to promote the replication of project's technology/NBS demonstration interventions. The project will collaborate with EHA and ETF to disseminate the investment data, lessons learned and guidelines with the hotels not only in Hurghada but also other parts of the country (e.g., Cairo, Luxor and Alexandria) which is expected to scale-up the investments in sustainable and biodiversity friendly tourism due to increasing economic competitiveness to align with the national and international momentum towards sustainable tourism over the project lifetime. The project will share project deliverables such as analytical reports, policies, innovative financing schemes and lessons learnt with all the relevant stakeholders in the country and region to support scale-up and replication of the strategic policy framework for the green recovery of the tourism and infrastructure sectors through deployment of more resource/energy efficiency, renewable energy, electric mobility and other clean technologies. Revolving fund (see Output 2.1.2) is designed to provide financial support to enable these investments over the project lifetime. In addition, the project will have potential for scale-up at different levels through global platforms (see Output 3.1.2) project partners' network both government agencies and private sector.

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

07/20/2022:

Cleared.

Agency Response OK
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
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
Cleared.

10/26/2022

07/20/2022:

1-J. The National statistics office does not seem to be involved when SEEA-EA accounting is planned. Please justify or correct.

Agency Response 1-J. The relevant project activities and Stakeholders Table is updated to include national statistics office.

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
07/20/2022:

Cleared.

A gender action plan has been submitted.

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
07/20/2022:

Cleared.

Details on the private sector engagement are provided.

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
07/20/2022:

Cleared.

Agency Response n/a
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
Cleared.

10/26/2022

07/20/2022:

1-J. Please justify why the PMU is not entirely located in Hurghada for this project entirely focused on Hurghada.

Agency Response 1-J. The main reason PMU split is that most of the ministries and decision makers are located in Cairo. The local representations of the Ministries often lack the authority or confidence to make final decisions or significant contribution. The PMU members in Hurghada and Cairo will conduct face-to-face consultations as it may culturally required. This PMU setting is endorsed by the project stakeholders.

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
07/20/2022:

Cleared.

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
07/20/2022:

Cleared.

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
07/20/2022:

Cleared.

An ESMP was provided.

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
Cleared.

11/18/2022

10/27/2022:

1-J Cleared.

2-J: The Results Frameworks still does not include details on how the project indicators will be measured, e.g. how the project will measure in practice the ?area of marine habitat under improved practices? (indicator 2). Specifically, please include additional columns in the Results framework for: 1. means of verification, 2. responsible party, 3. Assumptions/risks.

07/20/2022:

1-J- M&E budget is significantly above the indicative 5% threshold for projects under 5 million, when there does not seem to be particular M&E challenges for this project. the cost of MTR and TE seems significantly larger than in similar cases. Please reduce the M&E

budget accordingly, to fit under the average threshold or justify specific circumstances that would require departures from that level.

2-J- The M&E section states " A detailed monitoring plan for tracking and reporting on project time-bound milestones and accomplishments will be prepared by UNIDO in collaboration with the PMU and project partners at the beginning of project implementation and then periodically updated." Please note however that the monitoring plan is required at CEO endorsement stage (see Policy on Monitoring ME/PL/03). Please correct, and in particular provide further information on how the project indicators will be measured (responsible party, means of verification), e.g. how the project will measure in practice the ?area of marine habitat under improved practices? (indicator 2).

Agency Response

Addressing comments delivered on 10/27/2022:

2-J: The Project Results Framework is updated, please see the updated table with highlighted parts.

1-J- The M&E budget is revised as 194,000 (less than %5 of the project budget). Please note that this amount is transferred to the outputs whose scope expanded due to this revision.

Please see updated budget spreadsheet uploaded to the portal.

2-J- The section is revised. Please see the highlighted part.

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

07/20/2022:

Cleared.

A short description of the additional socioeconomic benefits to be expected from the project is provided.

Agency Response OK.

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

07/20/2022:

Cleared.

Agency Response OK.

Project Results Framework

Secretariat Comment at CEO Endorsement Request

07/20/2022:

Cleared.

Agency Response OK.

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

N/A

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

Cleared.

10/19/2022.

07/20/2022:

Please provide further details on the comment from Germany on the high cost of the M&E components.

Agency Response Germany's comment addressed similar to the GEF SEC comment on M&E.

STAP comments

Secretariat Comment at CEO Endorsement Request
07/20/2022:

n/a

Agency Response n/a

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request **N/a**

Agency Response n/a

Other Agencies comments

Secretariat Comment at CEO Endorsement Request **n/a**

Agency Response n/a

CSOs comments

Secretariat Comment at CEO Endorsement Request **n/a**

Agency Response n/a

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request
10/19/2022:

Cleared.

07/20/2022:

Cleared. See comments under section 6 above.

Agency Response OK. Comments under section 6 above are addressed.

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

07/20/2022:

Cleared.

Agency Response OK.

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

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 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 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

The project is recommended for CEO endorsement.

However, the agency is requested to report on the number of buses that are actually transferred from Sharm to Hurghada in every PIR.

27/10/2022:

Not at this stage, please address comments in this review sheet and resubmit.

07/20/22

Not at this stage, please address comments in this review sheet and resubmit.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	7/20/2022	
Additional Review (as necessary)	10/26/2022	
Additional Review (as necessary)	11/18/2022	
Additional Review (as necessary)	12/2/2022	
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

The tourism industry is one of the most important and fastest growing components of Egypt's economy. This is particularly evident along the Red Sea coast destinations, of which Hurghada is one of the most important ones. Hurghada relies on the marine ecosystems, most notably healthy coral reefs for its key economic development. The most pressing challenge in Hurghada is the biodiversity and environmental challenges caused by the tourism sector and

tourism related activities due to increasing popularity of the touristic Red Sea destination. In addition, the fast-paced development of the metropolitan area has led to significant increase in carbon emissions, contributing to climate change. Interventions to conserve the ecosystems on which the local economy relies while reducing emissions are urgent. In line with this, the project's objective is to mitigate GHG emissions and preserve biodiversity in the coastal area of Hurghada through mainstreaming climate smart technologies and biodiversity conservation practices in tourism, energy and transport infrastructure. The project includes four components:

1. Strategic policy framework in place for a green recovery and sustainable growth of the tourism and other impact sectors in Hurghada.
2. Green technology investments mitigate GHG emissions and reduce degradation on marine ecosystems, and improve economic competitiveness of the tourism sector.
3. Long-term environmental and economic sustainability of low-carbon infrastructure and biodiversity investments are ensured.
4. Monitoring and evaluation.

The project is expected to contribute to several global environmental benefits, including: 180,000 hectares of marine protected areas created or under improved management; 96,000 hectares of marine habitat under improved practices to benefit biodiversity; 911,000 CO₂e tons of emission reductions. The project is expected to result in direct and indirect benefits to 14,900 people.

Covid 19 risks and opportunities analysis:

In terms of risks, the COVID-19 pandemic has had a significant impact on the tourism industry globally and in Egypt, due to the resulting travel restrictions as well as slump in demand among travellers. Egypt and especially the Red Sea has been affected by the travel restrictions, increasing pressure on tourism facilities after years of low tourist arrivals in the region. Financial pressure on operators is expected to be prolonged for some facilities, especially owner-led hotels, which will impact their willingness to resume investments in energy and resource efficient equipment. Should a new wave of travel restrictions occur, the political focus to support the project to its full extent could be reduced.

As for the opportunities, the project is aligned with Egypt's recovery policies giving particular focus on supporting the suffering tourism sector. The project will target the financial support packages dedicated to tourism sector (e.g., Central Bank of Egypt's stimulus package) to mobilize additional co-financing to steer the investments towards achieving more global environment benefits. Another opportunity lies in the window of opportunity for touristic enterprises, especially hotels, to prioritize investments in retrofitting and maintenance works (such as energy efficiency improvements and renewable energy installations), taking advantage of the reduced occupancy rates, and as a preparation for the full uptake of tourism after the effects of the pandemic have fully subsided.