



Greening Hurghada

Basic Information

GEF ID

10796

Countries

Egypt

Project Title

Greening Hurghada

GEF Agency(ies)

UNIDO

Agency ID

UNIDO: 180313

GEF Focal Area(s)

Multi Focal Area

Program Manager

Filippo Berardi

PIF

Part I – Project Informatic

Focal area elements

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

Secretariat Comment at PIF/Work Program Inclusion

PLEASE MARK ANY EDIT ON THE PIF IN YELLOW FOR EASE OF REFERENCE IN THE REVIEW.

This item is cleared.

Rev. 04/07/21, FB and JS

1. The CCM part is partially aligned with the CCM programming directions, specifically CCM-1-1, CCM1-2 and CCM-1-3. Please refer to the comments below regarding some specific activities which are not eligible for GEF funding and should be financed with counterpart only.
2. The BD relevant part to the project is overall aligned with BD 1-1 and BD 2-7.

Agency Response The comments on the specific activities have been addressed in the revised document and are explained below.

Indicative project/program description summary

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 05/03/21, FB and JS:

all items cleared.

Rev. 04/27/21, FB and JS

1. cleared.

2.a: cleared.

2.b: : We of course agree that a national NCAA exercise is outside the scope of this geographically focused project and our comment did not imply it what required. However, from the response below it seems that the goal of this output is just to “illustrate the value of natural capital” and the title of the output just mentions baselines and monitoring. It thus remains unclear to which specific policy or practice decision the proposed exercise would contribute to. Please revise the formulation of the output and be specific and explicit in the PIF on the policy / practice question this NCAA work would respond to (e.g. mainstreaming biodiversity in spatial planning?), clarify which are the targeted decision makers and confirm that they will be involved from the onset on the scoping of this NCAA exercise.

2.c: Thank you for the clarification that the output is to incorporate nature-based infrastructure in development plans and policies but please reformulate accordingly the output’s title. Current output title only refers to NBS in relation to mitigation and offsetting, which seems restrictive. Besides, it is unclear to what extent NBS do not seem relevant to offsetting.

2.d: cleared

2.e: cleared

2.f: cleared

2.g: Thank you, please clarify explicitly in the output’s title that integration of BD-friendly design principles will be in “development plans, management plans, certification schemes”.

2.h: cleared

2.i: cleared.

Rev. 04/07/21, FB and JS

1. The project objective should clearly include mention of GHG emission reductions.

2. Project outcomes:

a) Outcome 1.1 appears weak and relatively vague as it only aims at integrated the principles of BD mainstreaming and sustainable practices in future development plans, etc. Please consider reformulating.

b) Output 1.1.1: Please clarify whether NCAA is planned just to establish monitoring baselines? While the GEF encourages the development of NCAA, please note that the GEF-7 BD strategy supports NCAA only when it is linked to a clear policy question. Monitoring would not be sufficient under that criterion. If NCAA is to be used beyond monitoring baselines, please reformulate and clarify in the PIF (i) how it will be used within the project, and (ii) the anticipated scope at PIF stage (geography, range of ecosystems / ecosystem services).

- c) Output 1.1.3: Please clarify what nature-based means in “nature-based management of PAs” and consider reformulating.
- d) Please note there is a duplication and numbering issue under component 2, which has two budget lines and twice outcomes 2.1 and 2.2.
- e) Outcome 2.2 “Improved and systematic monitoring of status of key biodiversity resources to assess effectiveness of management of biodiversity-harmful economic practices” does not seem to have any underlying output. Please clarify how it is to be achieved within component 2?
- f) Output 2.2.1. Please note comments below regarding decentralized waste to energy projects. These should be further justified in the output description.
- g) Output 2.2.2 Please reformulate to clarify into what BD-friendly design principles are to be integrated.
- h) Outcome 2.2 “Hotels and related enterprises integrate biodiversity-friendly practices” seems to be the same as output 2.2.2. Please revise.
- i) Please ensure upon resubmission that, in accordance with Council decision GEF/C.39.9, there is “proportionality” between the PMC covered by co-financing amounts and the PMC covered by the GEF funding, which is not currently the case.

Agency Response

04/30/2021

2.

b. Output 1.1.1 has been reformulated as follows: "Natural Capital Accounting (NCA) established to provide clear guidance to the policy-making process in tourism/marine coastline development planning (e.g. Strategy on Urban and Tourism Development of Hurghada, LSC procedures) by incorporating the evidence-based value of the natural capital of marine (incl. coral reefs, fish), coastal (e.g., mangroves) and land biodiversity in the Red Sea Governorate"

Further elaboration is provided in paragraph 108:

"108. The output of NCAA exercise will aim to mainstream biodiversity in the Strategy on Urban and Tourism Development of Hurghada and target the decision makers from the Red Sea Governorate and Ministry of Environment (specifically EEAA) and Ministry of Tourism (specifically the Tourism Development Authority - TDA). These entities are members of the Licensing Supreme Committee (LSC), which is responsible for approving the licenses for coastal development projects based on their impact on the shoreline, and the marine environment. As such, these decision makers will be primarily targeted and supported. Other stakeholders involved in marine coastline planning are the following:

- Egyptian General Authority For Shores Protection under Ministry of Irrigation and Water Resources according to the Prime Ministerial Decree No. 1599/2006 on the protection of Egyptian Seashores
- General Organization for Physical Planning (GOPP) under Ministry of Housing, Utilities, and Urban Development

These stakeholders will be involved from the onset on the scoping of the NCA exercise."

Additional baseline information is provided in the paragraphs (74 to 78).

c. The output 1.1.3 has been reformulated as follows: "1.1.3 Guide future development plans, and nature-based solutions to incorporate climate change impacts in the policy framework based on the outcome of the completed Strategic Environmental Assessment (SEA) focusing on the tourism's impacts (hotels, boats, diving centers) on the marine ecosystem and climate change"

g. The wording has been integrated in the title of the Output 2.2.1

04/14/2021

1- The project's objective revised as "reduce the environmental pressure of the tourism sector and related activities to mitigate GHG emissions and preserve biodiversity in the coastal area of Hurghada through mainstreaming climate smart technologies and sustainability practices in tourism, energy and transport infrastructure". The word "waste" is removed.

2.

a) reformulated to guide the policy-making process.

b) The project aims to conduct a NC accounting or assessment exercise focused on Hurghada and the project area to illustrate the value of the natural capital basis for its tourism economy, i.e. with a clear policy focus to leverage some political decisions linked to future tourism investments, biodiversity protection, PA finance, tourism practices, and enforcement of related regulations. Budget and time-frame will not allow for a national-scale natural capital accounting exercise in line with either the SEEA General Framework or the Experimental Ecosystem Accounting frameworks, and to institutionalise NC Accounting in Egypt.

c) The output will incorporate Nature-based infrastructure in development plans and policies tackling the impact of tourism in biodiversity and climate change.

d) The numbering is corrected.

e) Component 2 is restructure - please see the table B: Outcome 2.2 is revised as "Establish the business case to enable the increased investment in nature-based infrastructure"

f) Decentralized waste to energy projects and related activities and the baseline on waste are completely removed.

g) BD-friendly design principles will be integrated into future development plans, management plans, certification schemes

h) Revised. Please see Table B.

i) Done in revised budget

Co-financing

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB

Yes, the expected co-financing amounts sources and types are adequately labelled and documented for a PIF stage, but are below the GEF aspirational goal of 1:7 ratio. The Agency is invited to continue to look for additional co-financing during the PPG stage.

Agency Response Additional co-financing sources in particular from the private sector will be secured during the PPG stage.

GEF Resource Availability

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB

Yes, information presented in Table D appears to be in line with GEF policies and guidelines.

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB

Yes, the requested STAR amounts are available.

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB

Yes, the requested FA allocations are available.

Agency Response

The LDCF under the principle of equitable access?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

Agency response

Project Preparation Grant

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB

Yes, the requested PPG is within the allowable cap for projects between 3 and 6 million (\$150,000).

Agency Response

Core indicators

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

Secretariat Comment at PIF/Work Program Inclusion

this item is cleared.

Rev. 04/27/21, FB and JS

1: cleared.

2: cleared.

3: refer to comment/answer in GEB section below.

Rev. 04/07/21, FB and JS

1. Core indicator 2: Please provide the WDPa ID of the targeted PA. Please note that Red Seas Islands PA is reported in the WDPa under ID 555543022 with a surface area of 180,000 ha instead of the 199,100 ha announced in the PIF. Please confirm the latter is the correct one and please plan to correct the WDPa entry during the course of the project.
2. Core indicator 5: Please clarify, with an explicit link to specific outputs, how the project is to improve practices to benefit BD over 96,000 ha outside protected areas, and where, to extent possible at PIF stage, these 96,000 ha would be located.
3. Core indicator 6: please see comments in the section on GEBs below.

Agency Response 1. Core indicator 2 revised according to the WDPa under ID 555543022 with the surface area of 180,000 ha.

2. Through policy development, capacity building and investment preparation the project will mainstream biodiversity conservation practices into tourism activities (diving boats, tour operators) and fishing activities that are taking place in the unprotected area located south of Hurghada until Safaga. This area is currently being developed for tourism.

Project/Program taxonomy

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

Secretariat Comment at PIF/Work Program Inclusion

this item is cleared.

Rev. 04/27/21, FB

1: cleared.

Rev. 04/07/21, FB

1. Rio Markers: Please use Climate Change Mitigation 2, since mitigation is a principal objective for this project.

Agency Response 1. Done in the revised document

Part II – Project Justification

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 05/03/21, FB and JS:

all items cleared.

Rev. 04/27/21, FB

1: In the “Problem Tree”, please either remove “temperature change” in the link between climate change and coral reef degradation or add acidification.

2: Cleared.

3: cleared.

4: cleared.

5: cleared.

6: cleared.

7: cleared, to be expanded at PPG stage.

Rev. 04/07/21, JS and FB

BIODIVERSITY

1. While the project is not to address all threats, a more comprehensive identification of the threats to the globally important ecosystems targeted should be provided, along with a justification of the subset of threats the project has decided to focus on. Habitat degradation from tourist activities (mooring, diving), solid waste and noise pollution are clearly addressed, but the extent to which the project will address in particular overfishing, destructive fishing practices and tourism infrastructure development needs to be clarified. Please consider notably

particular overfishing, destructive fishing practices and tourism infrastructure development needs to be clarified. Please consider notably

referring to e.g. Fine et al. (2019) or Cziesielski et al (2021) who provide recent analyses for the Red Sea. Please note that the current ToC diagram only shows BD loss is only due to seawater temperature change and pollution, which is overly restrictive and does not seem consistent with the project.

Fine, M., Cinar, M., Voolstra, C. R., Safa, A., Rinkevich, B., Laffoley, D., ... & Allemand, D. (2019). Coral reefs of the Red Sea—Challenges and potential solutions. *Regional Studies in Marine Science*, 25, 100498. <https://doi.org/10.1016/j.rsma.2018.100498>

Cziesielski, M. J., Duarte, C. M., Aalismail, N., Al-Hafedh, Y., Anton, A., Baalkhuyur, F., ... & Aranda, M. (2021). Investing in Blue Natural Capital to secure a future for the Red Sea ecosystems. *Frontiers in Marine Science*, 7, 1183. <https://doi.org/10.3389/fmars.2020.603722>

2. Please revise the barrier analysis to reduce pressure on biodiversity (§30 – 35). §30 does not describe a barrier per se, §31 and 32 are duplicative, and §34-35 focus on solid waste management with no link to biodiversity. In doing so, make sure that the barriers shown in the ToC are consistent with the ones elaborated on in the PIF.

CLIMATE CHANGE

3. The section includes reference to solid waste management problems. As discussed several times with the agency, these are not global in scope and therefore not eligible for GEF funding. Any project activity to support this area needs to be financed with co-financing.

4. Para 9 seem to argue that the fact that boats run on fossil fuel cause problems including discharge in the sea of solid and organic waste/sewage. This is clearly not the case, please revise.

5. Para 11 says that energy and transport are the primary contributors of GHG emissions, but then states that the energy sector is followed by industrial processes, agriculture, etc. Please correct the inconsistency.

6. Para 10 and following: please use the same unit to define volumes of emission reductions, we suggest using Million tons CO2e as a default.

7. After paras 10 to 12 talk about national emissions, para 13 focuses on local emissions. Please indicates what is the share of emissions in Hurgada that is attributable to energy generation, vs transport. And within transport, what share of GHG emissions is attributable to road vs maritime transport.

Agency Response

04/30/2021

1. Problem tree has been updated as per the comment. Temperature change” link between climate change and coral reef degradation is removed. The revised Theory of Change has been re-uploaded.

BIODIVERSITY

1. The impact of the fisheries and overfishing is elaborated in §9. The project will seek appropriate ways to reduce the pressure of overfishing on the biodiversity. The details of these interventions will be completed during PPG.
2. §30 – 35 has been revised. The barriers are edited to highlight the lack of capacity, demonstrated knowledge and awareness on sustainable tourism activities, inadequate environmental management of PAs and lack of institutional coordination.

CLIMATE CHANGE

3. Deleted. Solid waste management has been removed from the project's scope.
4. Waste discharge argument is removed.
5. Inconsistency is corrected. Please see Para 11, 12 and 13.
6. Corrected with the same consistent unit (million tons - Mt)
7. Revised. The share of GHG emissions in Hurghada attributable to tourism is 37% (biggest share) and to transport is 26% (2nd biggest share). After research and discussing with the stakeholders the breakdown of the share of emissions from road and maritime transport are not available for Hurghada. Please see Figure 1. The project will validate the figures during the PPG.

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 05/03/21, FB and JS:

all items cleared.

Rev. 04/07/21, JS and FB

1. While it does not have to be detailed at PIF stage and defining precisely the increment will be part of PPG, please provide at least some basic information on the current baseline in Hurghada related to land-use and marine spatial planning as well as the regulatory framework for the mitigation hierarchy (avoid, reduce, offset) that justify GEF interventions in these areas.
2. cleared.
3. cleared.

4. Thank you for the revisions. However, it remains unclear how part of the current proposal add value to 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):

4a- GEF ID 5073 is 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 makes this proposal's 2.2.2 "Create an effective management framework including a national certification scheme for nature-based/biodiversity-friendly tourism, in line with a biodiversity and tourism development monitoring program" duplicative. Please clarify and revise the PIF.

4b- GEF ID 5073 is also 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. Please clarify in the PIF that the proposal would build on these in at least output 1.1.2.

5. thank you for the inclusion of the details on the potential links with CBE. However, it seems that paragraphs 78 to 83 have been misplaced: they should precede the section on "proposed alternative scenario". Please revise.

Rev. 04/07/21, JS and FB

BIODIVERSITY

1. Please clarify the baseline on land-use and marine spatial planning as well as the regulatory framework related to mitigation hierarchy (avoid, reduce, offset) in Hurghada as the project, as we understand it, is to contribute to spatial planning (output 1.2.1 mentions zonation) and the mitigation hierarchy (output 1.1.3).

2. Please also clarify the baseline, to the extent possible at PIF stage, for the Red Seas Islands PA (e.g. adequacy of the management plan, human and financial capacities) as the project is to invest in its management.

3. Please add project GEF ID 10117 Green Sharm El Sheik (UNDP) to the baseline.

4. Please revise the baseline on GEF ID 5073 *Mainstreaming the Conservation and Sustainable Use of Biodiversity into Tourism Development and Operations in Threatened Ecosystems in Egypt*, UNDP (2019-2023). Please make explicit in the PIF that there is no geographic overlap between on-the-ground activities of GEF ID 5073 and your proposal. Please also clarify either in the baseline or in the GEF increment section the increment provided by your proposal project on the relevant national and sub-national contributions of GEF ID 5073, e.g. working on a national policy and law for biodiversity off-setting in the tourism sector; Biodiversity Conservation Guidelines for EIAs and related training; 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. Please thoroughly coordinate with GEF ID 5073 on the points above and the approach to carry out BD-relevant SEA-related to tourism as the GEF ID 5073 is to carry out 3 of them.

CLIMATE CHANGE

5. On COVID-19 impact, we note the description of the activities of the Central Bank of Egypt on emergency and recovery measures. Can the Agency elaborate on the possibility to link emergency financing/recovery measures to green financing that is being provided by the project

in the area? In particular, can the GEF financing for this project be used to support the alignment of the recovery package of the Central Bank to support objectives compatible with the theory of change of this project? Additional elaboration on this point is recommended. There is some mention of this in the risk section, but we would welcome additional details in the alternative scenario/components. What conversations there have been with the Central Bank on this or the ministry of finance? What is the engagement plan for the PPG stage on this? etc...

Agency Response

04/30/2021

1. A description of the baseline situation has been added in the paragraphs 74 to 78:

" 74. The Government has established a number of projects to address challenges related to biodiversity conservation^[1]. The two main examples are given below:

Improved infrastructure and management necessary to develop biodiversity protection efforts (2020-2025): The programme aims to empower efforts to conserve ecosystems and biodiversity by developing their infrastructure and management.

Increasing participation of the civil and private sector in biodiversity conservation and protection efforts (2025-2027): This programme aims to reduce the financial and administrative burden of implementing biodiversity conservation programmes by engaging the private sector and strengthening community participation frameworks.

75. The Ministry of Environment has also developed biodiversity conservation policies through:

- Reducing the negative impacts of different sectoral policies (land-use planning, transport, energy, uncontrolled urbanization, etc.) in particular on biodiversity, and implementing measures to correct these impacts through the development and implementation of land-use plans.
- Promoting the implementation of good fishing practices and sustainable harvesting in order to conserve fish and their habitats, restore and protect key biological resources
- Developing and expanding the network of reserves' areas to include 17 per cent of total land and inland waters and at least 5 per cent of coastal and marine areas; and prioritizing sites of particular importance to biodiversity and key ecological processes and effective management of these reserves.
- Developing and implementing a unified Egyptian methodology for identifying and monitoring all the components of biological diversity in accordance with international standards to ensure the conservation or rehabilitation of 50 per cent of the most threatened species with a focus on mammals and reptiles.
- Developing and implementing national programmes for the protection and rehabilitation of endangered and indigenous species.

- Adapting to and minimizing the potential risks of climate change in Egypt, verifying priority setting, taking necessary measures and providing funding mechanisms to address and monitor all impacts of climate change on natural resources, coastal areas, biodiversity and ecosystem services.

- Consideration and implementation of measures and strategies to enhance the capacity of biodiversity to combat desertification at the local level.

76. The Prime Ministerial Decree No. 1599/2006 on the protection of Egyptian Seashores specifies that two hundred meters inwards from the shoreline are considered crucial areas of special nature and require integrated management and protection from tourism development. In addition, the Decree no.80/1989 concerning standards, stipulations and the technical regulations for tourism development projects, acts as the basis for planning when conceptualizing a detailed and comprehensive plan for any beach area.

77. The enforcement of these Decrees is foreseen under the Integrated Coastal Zone Management (ICZM) which clarifies the concept and coordination requirements in the amendments of the Environmental law, with Ministry of Environment (EEAA) the authorized entity. As such, new projects are typically subject to detailed studies and the preparation of EIAs, even though the level of scrutiny and verification may not always ensure compliance with the higher-level planning policies.

78. The above demonstrates that a regulatory framework is in place, yet an informed and evidence-based consideration of the impact of new projects on the specific nature and environmental value of the coastal zone is not sufficiently foreseen. The project will support the regulatory level as well as project developers in their capacity to better assess and evaluate such impact. These stakeholders will be involved from the onset on the scoping of the NCA exercise."

4a. Output 2.2.2 has been reformulated to assist the tourism enterprises to apply the National Certification Scheme (Responsible Tourism Grading) in Hurghada, as follows: "2.2.2. TA to tourism enterprises to implement the requirements of effective management frameworks including the national certification scheme (currently being developed) for nature-based/biodiversity-friendly tourism, in line with a biodiversity and tourism development monitoring program"

4b. The project will build on the work of GEF ID 5073, and this has been explicitly included in Table B - Output 1.1.2 and in the text (in the description of the component as well as in paragraph 99.

5. Paragraphs 78-83 were moved back to baseline scenario. Thanks for alerting.

04/14/21

BIODIVERSITY

1. It has not yet been possible to obtain the exact status of the newly planned development and regulations for Hurghada. Towards and during PPG specific consultations with national and local authorities will be conducted to confirm the baseline and define the project's incremental contribution.

2. Same as 1. To be completed during PPG.

3. Green Sharm El Sheik (UNDP) has been added to the baseline. Please see Paras 70 and 71 as well references in 121 and 139. The project will also explore knowledge exchange with the recently approved UNIDO GEF project "Using systemic approaches and simulation to scale Nature Based Infrastructure for climate adaptation" (ID 10632), especially on the tools which will be developed to inform decision-makers and investors on the possible benefits of NBS.

4. Revised. Please see para 46 and 73.

CLIMATE CHANGE

5. More information on CBE is added - please see Para 78. UNIDO has conducted consultations with CBE to confirm that they have available credit lines for tourism enterprises and recovery initiatives. A complete overview was provided by Central Bank on their instructions regarding initiatives to support the tourism sector and its employees, aimed at financing companies and tourism establishments that wish to replace and renew hotel facilities, public hotels and tourist transport fleets. During the PPG, further engagement will take place with the CBE to investigate the criteria and the details of the application processes and recommended financing models.

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 05/03/21, FB and JS:

all items cleared.

Rev. 04/07/21, JS and FB

1. cleared.

2. The ToC narrative on which the comment was formulated has been removed. Cleared. **The up-scaling strategy of the project will nonetheless have to be refined during PPG.**

3. cleared.

4. a: cleared. Many of the review questions on this point were left unattended, **GEF SEC expects these aspects to be covered in much more details during PPG stage and in the CEO ER.**

4.b: Cleared.

4.c. Answers to this questions were not provided. However some additional details were included in the corresponding section of the PIF. (a) Please note that fuel switch to natural gas/CNG is not an eligible activity under GEF7, and only switching to fully electric can be considered. Please remove correspondent language. (b) in addition, questions regarding the economic feasibility of the e-boat component remain, including its significance in terms of emission reductions vs the baseline, 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.

4.c.1: cleared.

4.c.2: As already noted in point 4a in the previous comment box, what is proposed in this project §104 iv (“The project will furthermore engage the tourism industry by developing a Responsible Tourism Grading Scheme for nature-based/biodiversity-friendly tourism”) seems duplicative of the National Certification Scheme (Responsible Tourism Grading) for nature-based/biodiversity-friendly tourism, ecotourism and sustainable tourism developed under GEF ID 5073. Please clarify and revise the PIF.

4.c.3: Please exclude fuel switch (gas to natural gas/CNG) from the description. This is not a GEF-eligible activity.

4.c.4: cleared.

5. cleared.

Rev. 04/07/21, JS and FB

1. Thank you for providing a ToC diagram and accompanying narrative. While there remains diverse ways of displaying a ToC, the current diagram does not describe the links between outputs, outcomes and GEB impacts, and the underlying assumptions in these links. The ToC should describe the causal pathways by which interventions are expected to have the desired effect and justification that these causal pathways are necessary and sufficient. Please refer to STAP's guidance <https://www.stapgef.org/theory-change-primer> and revise, making sure the ToC is aligned with the description in the PIF and that all outputs and outcomes are represented.

2. The ToC narrative states that “The interventions will be upscaled to a broader level through policy frameworks, strengthened capacities and improved PA management to ensure long term sustainability”. However, it is unclear how improved management of the target PA can be upscaled and the policy framework and strengthened seem to be planned at the local level only. Please clarify the up-scaling strategy of the project.

3. Please address comments on table B in the description of the alternative scenario as well.

4. Component 2:

4.a Output 2.2.1: This output seems to cover a wide range of technologies to be covered through “green investments”. We expect that more

details about the mechanics of such investments as well as of the “risk mitigation instruments” will be available at CEO ER stage. However, at this stage a basic description of how this component will work is needed, considering the large amount of project and cofinancing that is tagged to it:

- How will projects be selected? What criteria will be used? For instance, EE measures will need to have a minimum efficiency gain (e.g. 25%).
- What is the share of financing expected to go to RE/EE, vs e-mobility or decentralized WtE?
- How will financing be channeled to projects? What is the role of financial institutions?
- What is the relationship with the EBRD financing described under para 74? Is there a risk of competing for the same space and crowding each others out? What is the coordination mechanism envisaged to avoid that?
- How will results of the financed portfolio be tracked, and knowledge generated shared within and outside the project boundary?

4.b Waste to Energy: As discussed at length with the Agency, solid waste management is not an eligible activity for GEF funding. Any activity within the project scope that was related to waste management will have to be funded with co-financing, and the project will need to be very explicit in the PIF and CEO ER on how to ensure this. Waste to energy is not eligible either, with the only exception of some specific cases where a biomass plant was to be established to feed into a minigrid system for either rural energy access or captive energy generation and use by specific users. In this case, it is not clear if we can consider the proposal fitting with these criteria:

- What is the type of decentralized WtE systems that the project envisage will be supported?
- Does it even make sense to mention “decentralized” in a context where the grid is developed and there is not large anchor user that would be in need to cheaper-than-the-grid energy that can be generated through waste? In other words: where is the demand? how is the assumed demand established/supported, any study that does that?
- Who would be owning, operating the systems and who would be selling/buying the electricity? How would this electricity be cheaper of grid connected power?
- More importantly, how are these system competitive with solar or wind?

4.c Electric Boats:

- This section again links a solution (electrification of boats) to a problem (solid and organic waste disposal) that are not linked together. Please revise.
- Please provide more details or references on the economic feasibility of financing electric boats. Does the technology exist that can fit the needs of the industry? Has there been any study survey about the potential demand for these products in tourist operators? What is the rationale in terms of GHG emission reductions, versus the total emissions from the transport sector including road? I.e. is this the most cost effective approach to reduce emissions?
- Please clarify if the local/national government will provide a mandated number of e-boats to be introduced to reduce local environmental pressure. This seems to be one of the few measures that could support this segment.

· Please clarify the portion of financing expected to go to electric boats vs to electric road transport and related infrastructure. The PIF is silent on this. Considering the short nature of the daily road transport trips and the concentrated nature of mini-buses and tuck tuck fleets owned by hotels and tour operators, it seems this is an area that should be given priority by the project to reduce GHG emissions in the area.

4.c.1: §97 Please clarify in concrete terms what type of hotel infrastructure related to “biodiversity protection” are envisaged?

4.c.2: §98 vii. Most of the proposed intervention seem to be already planned under GEF ID 5073 *Mainstreaming the Conservation and Sustainable Use of Biodiversity into Tourism Development and Operations in Threatened Ecosystems in Egypt*, UNDP (2019-2023). This project, which is much more restricted in geographical scope, should thus go beyond monitoring and piloting. Please revise.

4.c.3: §98 Activities outlined in sections ii, v and vi are not eligible for GEF funding. If they are included to the project scope, they must be funded with cofinancing. Agency is requested to provide clear statement about this in the PIF.

4.c.4: §101 Please refer to the correct name for the Global Program on Electric Mobility: "Global Programme to Support Countries with the Shift to Electric Mobility" GEF ID 10114.

5. Component 3:

§101: This paragraph seems to come from an e-mobility child project. Please revise.

Agency Response

04/30/2021

4c. Relevant paragraph 114 iii) "Promoting electric boats" has been expanded with additional information on current understanding of the technical and economic opportunities for electric boats, and concluded that the results of more detailed assessments during PPG will decide on the inclusion in the project:

"· A total of ~450 boats (diving and safari boats) depart either from the 3 main marinas or 67 jetties spread along Hurgada city coast, with the boats basically running on fossil fuels. Boats often cause oil leakages, and their exhaust gas emissions are impactful on the fragile marine ecosystem. Alternative solutions to fossil fuel driven engines include electric and solar-electric propulsion as well as hybridization (combined diesel and electric engines). In addition to a significantly quiet system, the electric motors do not produce any exhaust emissions. They are therefore considered climate and ecosystem friendly. Unlike the combustion cylinder counterparts in fossil fuel-based boats, electric boat motors do not need regular oiling for their components. This reduces the risk of oil leakage to the sea. There are types with solar roof that would allow onboard energy production.

· The project will assess the energetic and economic feasibility of electric motor and battery applications in boats during the PPG. The feasibility study will assess the most suitable technical requirements and the benefits and challenges of the technical considerations for slow speed vessels (e.g., tourists boats for “slow” nature tours, ferries), other smaller vessels (e.g., for fishing in local/inshore waters) as well as dive boats (larger vessels up to 40 m, operating at reasonable distances 10-90 km from their service ports) running on electricity or hybrid mode.

· Further assumptions on the business case, including the integration of renewable energies in seaports, marinas and diving

centers along the project area, and the installation of a charging infrastructure for electric boats and road vehicles based on 100% renewable electricity, and the resulting environmental benefits in terms of GHG emission reductions will be also assessed and detailed during the PPG stage. Designing a competitive financing mechanism for marine electrification will encourage

investors to replace old fossil fuel motor boats or at least consider the electric motor when they buy a new one. In the long term, such innovations would allow diving/daily boat industry to mitigate – in combination with measures to reduce marine littering – the environmental impact to the sensitive marine ecosystem.

· The results of the assessment during PPG on the technical feasibility, innovation potential, cost-effectiveness and GHG emission reduction potential will ultimately guide the choice of technology interventions for the project implementation phase."

4.c.2. Duplication with the Responsible Tourism Grading Scheme from GEF ID 5073 has been removed, and outputs and text have been reformulated accordingly (see also previous responses on the same subject).

4.c.3. Fuel switch (gas to natural gas/CNG) under electric boats has been removed as not eligible.

04/13/2021

1. ToC is revised to reflect the comments. The problem tree is split from the alternative scenario. The direct impact of tourism activities on the coral reef is shown. The impact of fishing on biodiversity loss is shown

2. The ToC narrative is edited. An institutional change is currently underway at national level to make government institutions more accountable which will structurally change the way that both tourism and biodiversity resources will be managed in the future. In this sense, the project will engage directly with the tourism industry and government at the national level, to fill gaps in the existing planning and regulatory framework, namely through a Strategic Environmental Assessment and guidelines for the existing EIA regulations specific to biodiversity and linked to an offsetting mechanism and developing a monitoring programme to track the impacts of tourism on biodiversity for conservation management purposes. Thus, the new project will localize the developed policies and putting them into action at the local level of Hurghada. Secondly, the project will engage with the tourism industry through a Responsible Tourism Grading system to promote Egypt as a global destination for ecotourism, capitalizing on the work of the MBDT project (GEF ID 5073). Once again, the project will promote and apply this grading system for tourism enterprises at the Hurghada level, and serve as best practice for upscaling the application of environmental measures within the tourism institutions (ex. Green Fins, Green Key, Green Globe, GSH).

3. Comments in the Table is addressed. Please see above.

4.a. Please see the Paras 101, 102 and 103:

The project will support increasing the investment in innovative low carbon and resource efficiency technologies in hotel facilities and other touristic infrastructures. Based on a competitive selection process to be developed during the PPG and discussed with relevant stakeholders (e.g. ETF, directorate, financing sector), the project will invite hotels and resorts to submit their investment proposals, covering a range of projects improving the use of energy and resources and provide them with TA and co-financing for implementation. Hoteliers will be enhanced to apply good environmental practice and demonstrate commitment to long-term continuous improvements, e.g. by certifying their facilities according to the available Green Star hotel rating programme promoted by MoT/GTU and EHA, by introducing other management systems (e.g. environmental management according to ISO 14.001 or energy management according to ISO 50.001).

4.b Waste to Energy activities and related baseline are removed.

§97 Even though the project's focus in hotel infrastructure will be energy and transport, environmental management and biodiversity related aspects in hotel management – e.g. in line with the Green Star certification guidelines - will be taken into consideration.

§98 Revised. ii *Improved waste management practices including decentralized waste-to-energy solutions, v- Bicycle sharing applications* and vi - *Promoting good environmental practices in Hotels* are removed. Please see Para 105.

§101. Corrected.

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

Secretariat Comment at PIF/Work Program Inclusion

Item cleared.

Rev. 04/27/21, FB

Rev. 04/07/21, FB

The project is aligned, with the exception of the comments made above in this review sheet (including on waste management).

Agency Response The waste management angle is completely removed from the the project's scope. See responses above.

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

Secretariat Comment at PIF/Work Program Inclusion

this item is cleared.

Rev. 04/27/21, JS:

1. Cleared, but see comments on duplication and link with GEF ID 5073 in comment boxes II.2 and II.3.

Rev. 04/07/21, JS:

This section mentions biodiversity only through training and awareness raising. Please correct. On BD, please notably clarify the increments compared to GEF ID 5073 *Mainstreaming the Conservation and Sustainable Use of Biodiversity into Tourism Development and Operations in Threatened Ecosystems in Egypt*, UNDP (2019-2023) and GEF ID 10117 Green Sharm El Sheik (UNDP).

Agency Response Corrected. Please see revised incremental cost reasoning section. The GEF incremental reasoning is derived based on GEF Guidelines and provided in the Annex C together with the GEB calculations.

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 05/03/21, FB:

all items cleared.

Rev. 04/27/21, FB

1. cleared.

2 and 3: the calculation provided in Annex C does not seem to account for the emissions associated with the electricity obtained by the grid. Unless it is clear that all electric vehicles (road and maritime) will be powered with 100% renewable electricity, the grid emission factor for Egypt should be used. Please revise the calculation. Calculation should include: Total emissions from existing ICEs vehicles - total emissions from generation of electricity consumed by the EVs. A more detailed estimation of emission reductions will have to be provided at CEO ER, once there is more visibility on the split of the available INV financing between eligible technologies.

4. cleared

5.cleared.

Core indicator 6: There are several assumptions that need further justification or elaboration in the provided Annex H:

1. Waste to energy: generating energy from biodigesters is likely going to result in a much higher cost of electricity than that available from the grid. Please provide estimates on how this will be dealt with as this component seems to be making very little sense. In addition, the quantity of emission reductions expected from this component is negligible and does not justify use of GEF funds. The innovation and demonstrational impact from this component is also negligible, as biodigesters are a well established technology. We recommend removing this component from the project.
2. Solar powered boats, in addition to the comments above on economic/regulatory feasibility, please note that at this stage the assumption that e-boats will only use 100% RE electricity is not substantiated and not acceptable. How is this going to be enabled/guaranteed? Please provide justification.
3. Para 98.iii mentions e-mobility interventions including e-buses, tuk tuk, etc. However, there is no expected contribution from electrification of road transport in the GHG emission reduction calculations. Please clarify.
4. Direct project emissions: it is not reasonable that emission reductions from investments in hotels and WtE will be already accruing by year 2. These investments will not even be in place... Please provide a more reasonable estimate, based on the expected implementation progress of the financing component.
5. Indirect post-project emissions: this component is somewhat arbitrary considering that there are no activities outlined in the proposal that would aim to promote scale up and replication beyond Hurghada. Please refer to comments in the section on innovation and scale up below. For any amount of indirect post project emissions to be included, the rationale and justification from project activities will need to be strengthened considerably.

Agency Response

Rev. 04/27/21

2 and 3:

The calculation in Annex H - GEB calculations is revised (annex re-uploaded). The electricity provided for charging of EVs it is assumed that at the beginning 50% will be from the national grid and 50% coming from newly built renewable energy capacities. In the long-term charging infrastructure will be 100% connected to renewable electricity. Avoided emissions from ICE vehicles and the emissions from grid electricity are included in the calculations.

1. Waste to energy is removed.

2. and 3. Between e-mobility interventions, the project prioritizes tourism related road transportation (shuttle busses, tuk-tuks). The project will look into maritime transportation based on the technical and economic feasibility.

4. Revised as 3rd year. It is assumed that GEB will occur already from the year 3 (also reflected in Annex C calculation).

5. Noted. The mentioned sections have been strengthened and the indirect post-project emissions will be validated during the PPG as part of the overall GEB calculation exercise.

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

Secretariat Comment at PIF/Work Program Inclusion

this item is cleared.

Rev. 04/07/21, FB and JS

1. Cleared, but **a more developed scaling up strategy will need to be elaborated at PPG stage.**

2. Cleared.

Rev. 04/07/21, FB and JS

1. The project does not propose any tangible up-scaling strategy. Given the project is very restricted in geographical scope and will build upon a strong baseline, a strong up-scaling strategy with dedicated output(s) is required.

2. In particular, on energy and transport the document focuses at length on describing a baseline related to the entire country in paras 55 to 69. However, it is not clear how interventions in the specific very limited geographic scope of the project will be used to incentivize replication and scale up beyond the Hurghada area, linking the solution proposed to back to the national context. This is particularly important as the calculation of emission reductions includes a large proportion of expected impact from replication/scale up. More justification and elaboration is needed.

Please revise.

Agency Response

Rev. 04/07/21

1. noted

1. and 2. Please see the revised respective section. Clarification is also provided below.

At the national level an institutional change is currently underway to make government institutions more accountable which will structurally change the way that both tourism and biodiversity resources will be managed in the future.

In this sense, the project will engage directly with the tourism industry and government at the national level, to fill gaps in the existing planning and regulatory framework, namely through a Strategic Environmental Assessment and guidelines for the existing EIA regulations specific to biodiversity and linked to an offsetting mechanism and developing a monitoring programme to track the impacts of tourism on biodiversity for conservation management purposes. Thus, the new project will localize the developed policies and putting them into action at the local level of Hurghada.

Secondly, the project will engage with the tourism industry through a Responsible Tourism Grading system to promote Egypt as a global destination for ecotourism, capitalizing on the work of the MBDT project (ID 5073). Once again, the project will promote and apply this grading system for tourism enterprises at the Hurghada level, and serve as best practice for upscaling the application of environmental measures within the tourism institutions (ex. green fins, green key, green globe, GSH).

Linking this to outputs, the project will remove root causes and barriers hindering the shift to sustainable tourism such as lack of integrated policies and a sectoral approach (See Output 1.1.2), the absence of replicable sustainable energy investment examples (See Output 2.3.1.) and low capacity and awareness. The project sectoral approach will ensure the sustainability of the project after its life-time in particular through a financial framework (Output 2.1.3), policies and standards and enhancing capacity and awareness of key stakeholders. As a result, enabling conditions and available financing models will promote and increase confidence of the key stakeholders to continue to design and invest in similar projects in tourist coastal cities in Egypt and in the region. The enabling conditions and available financing models will promote and increase confidence of the key stakeholders to continue to design and invest in similar project in touristic coastal cities in Egypt and in the region. The project will identify important best practices and lessons learned which can be of value to all key stakeholders, specifically national decision makers in the EEAA, MOT, TDA, ETF, and the Red Sea Governorate, important development actors in the country. These best practices, lessons learned and guidelines will be documented for facilitating their wider replication and “up-scaling” (see Output 3.1.1 and 3.1.2).

Project/Program Map and Coordinates

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

Secretariat Comment at PIF/Work Program Inclusion

this item is cleared.

Rev. 04/27/21, JS:

1. Cleared.

Rev. 04/07/21, JS:

Please provide a map showing the PA in the Portal entry (e.g. pulling Annex E/ Figure 2).

Agency Response A map showing the PA and the project area outside of PA is included.

Stakeholders

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB

Yes, the PIF includes information on the stakeholder engagement activities that have taken place to date and the potential role of the stakeholders considered.

Agency Response

Gender Equality and Women's Empowerment

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB

The information contained on gender is acceptable for PIF stage, but more will be needed at CER ER.

The Agency stated that a more comprehensive gender analysis and action plan will be developed during the PPG phase.

Agency Response

Private Sector Engagement

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

Secretariat Comment at PIF/Work Program Inclusion

this item is cleared.

Rev. 04/27/21, FB

1, 2 and 3 cleared.

Rev. 04/07/21, FB

1. The section on private sector engagement is surprisingly limited considering the importance of private sector engagement for the success of this project. Mention of large hotel chains as potential partners is noted, but the project should include more details on how such

examples can be replicated and experiences promoted in smaller players and SMEs.

2. There is no mention of engagement (current or planned) with any of the key players or industry associations related to operation of transport (both road and maritime) and operators of guided tours, whose collaboration will be necessary to achieve any results in the reduction of pressure on the biodiversity resources (problems related to diving and anchoring practices, number of tourist access limits per sites, management of solid waste, etc

3. there is no mention of interactions with financial institutions that will be needed to scale up any GEF financing for specific infrastructures.

Please revise accordingly.

Agency Response

1. and 2. The project will enter into a dialogue with private sector, both international chains and local and smaller hotels, in order to mobilize a critical mass of private sector players willing to commit to the objectives of project. Relevant associations include the Egyptian Hotel Association (EHA), the Egyptian Tourism Federation's Committee on Environmental Protection and Sustainable Development, the Hurghada Authorities and the Chamber of Diving and Water Sports. Additional players and industry-specific associations will be engaged with as required. These consultations are being continued into the PPG and will inform the CEO Endorsement document accordingly.

As previously mentioned, the project will work with the tourism industry through a Responsible Tourism Grading system to promote Egypt as a global destination for ecotourism, capitalizing on the work of the MBDT project (ID 5073). The project will promote and apply this grading system for private sector enterprises at the Hurghada level. These participants will benefit from the support and technical assistance from the project.

Risks to Achieving Project Objectives

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

Secretariat Comment at PIF/Work Program Inclusion

Additional comment

THIS ITEM IS CLEARED.

Rev. 04/07/21, JS:

1. A simple analysis of climate risks was included. **More detailed analysis will have to be carried out at PPG stage**, not only with regards to natural capital assessment and development plans, but also in relation to the resilience of some of the technology and infrastructure that are being proposed (e.g. consideration related to flooding of location planned for the installation of e-vehicles charging stations). **This will be checked at the time of CEO ER submission.**

Rev. 04/07/21, JS:

The climate screening is not satisfactory. In particular, it does not reflect the importance of the targeted coral reef ecosystems for resilience as these are considered coral reef refugia from global warming and acidification (Fine et al. 2019). Please see STAP guidance on climate risk screening (link below). At a minimum, at PIF stage, the climate risks should be identified, listed and described. This can include:

- a.) Outlining the key aspects of the climate change projections/scenarios at the project location (or as close to it with data available), which are relevant for the type of intervention being financed
- b.) Time horizon if feasible/data available (e.g. up to 2050). Please refer to list of examples from STAP guidance.
- c.) Listing key potential hazards for the project that are related to the aspects of the climate scenarios listed above (describe how the climate scenarios identified above are likely to affect the project, during 2020-2050).
- d.) Describing plans for climate change risk assessment and mitigation measures during PPG.

(<https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>)

Agency Response

Rev. 04/07/21,

1. noted

A specific section on Climate Risk has been added to the document, and is also summarized below.

Climate Change

The key potential climate change risks specific to Hurghada's case are identified below:

- **Storm surge, floods and sea level rise:** The coastal flood hazard is classified as high in the Red Sea area^[1]. The area has a risk of flash floods which occur once every 5-10 years caused by differences in pressure coming from cool Europe and warm Asia^[2]. Hurghada is

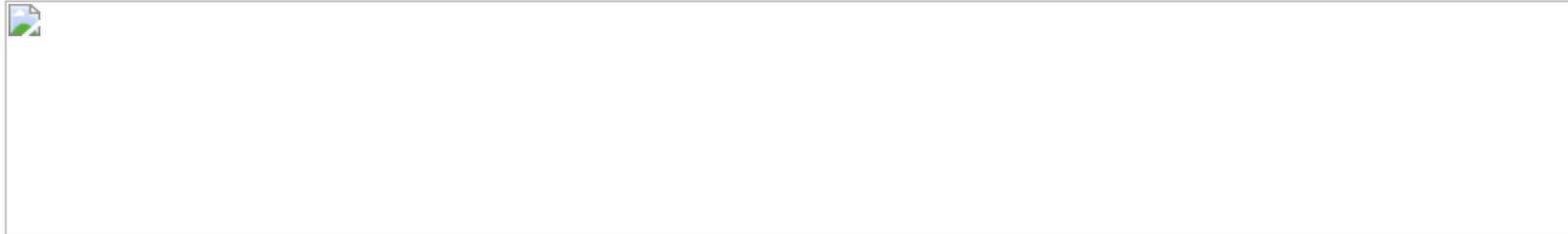
floods which occur once every 5–10 years caused by differences in pressures coming from cool Europe and warm Asia^[1]. Hurghada is highly susceptible to sea level surge due to the geographical characteristic of its location. Flat, long and wide coastal plain where Hurghada is located on, has a very low resistance to waves on the land. The continuous coral reef system and mangroves parallel to the

coastal strip provides some level of crucial natural protection against sea surge and storm waves. The degradation of coral reefs and mangroves due to climate change impacts on sea temperature and acidification will further increase the vulnerability of Hurghada against climate hazards.

- Recent studies show that **thermal refugia against coral bleaching** exist throughout the entire northern Red Sea where Hurghada is located. Thermal refuges are crucial to help mitigate the effects of increasing sea temperatures. The northern Red Sea harbors reef-building corals that live well below their bleaching thresholds and thus it is proposed by (Osman et al., 2018) that the region represents a thermal refuge of global importance.

- **Drought, heat waves and dust storms, cyclones:** Egypt is a highly arid country and receives very little annual precipitation. Hurghada receives less than 100 mm/year². The frequency, severity and intensity of these climate-induced hazards is expected to increase in Hurghada subtropical-desert climate.

- The table below (Climate Risk Profile: Egypt (2021): The World Bank Group) points out the trends of increasing anomalies in temperature and precipitation in the future scenarios in Egypt



- Rapid climate change accelerates the biodiversity loss (e.g., coral reef bleaching, impact on mangroves) due to increasing sea temperatures and changing currents. The studies have already shown the slowing of coral reef growth in the Red Sea due to warming of the sea (Cantin et al., 2010). Their deterioration of coral reefs not only exacerbates marine biodiversity but may reduce coastal resistance to storm waves (Hereher, 2015).

Mitigation:

Project planning, design, and construction practices will account for coastal flood and storm surge from cyclones. Egypt's national and Red Sea Governorates local emergency response policy and protocols to coastal flooding will be incorporated into technology demonstration project design. The project will consult with an expert familiar with coastal flooding risk that has experience with natural hazards and/or construction practices in Hurghada. Such consulting professionals include structural engineers, civil engineers, electric engineers.

[1] <https://thinkhazard.org/en/report/40765-egypt/CF>

[2] Climate Risk Profile: Egypt (2021): The World Bank Group.

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/27/21, FB, JS:

1. Cleared.
2. Cleared.

Rev. 04/07/21, FB, JS:

1. Please clarify the added-value of the anticipated EA, and notably for coordination with other related projects, when GEF ID 10117 and 5073 are executed by the ministry of Environment.
2. Also, please outline coordination with the baseline EBRD project on green financing in the Red Sea.

Agency Response

1. The proposed Executing Agency is understood to also execute for the other project(s), under the substantive guidance of the Ministry of Environment. The exact details will be elaborated during the PPG, with a view to maximise the coordination effort with the baseline projects.
2. The project will support the setting up of a coordination mechanism between the mentioned financial institutions (incl. EBRD and CBE) to support climate resilient and nature-based infrastructure development. The coordination with the other baseline projects on financing (notably CBE and EBRD) will be outlined as part of the PPG exercise.

Consistency with National Priorities

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

assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB and JS:

Rev. 04/07/21, FB and JS:

Yes, the PIF outlines the alignment with national strategies and plans.

However, the last paragraph does not seem relevant for this project (mentions LD and Sharm el Sheik). Please correct.

Agency Response Last para has been taken out.

Knowledge Management

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

Secretariat Comment at PIF/Work Program Inclusion

this item is cleared.

Rev. 04/27/21, FB and JS:

Rev. 04/07/21, FB and JS:

There are seven elements that are recommended in a knowledge management approach as best practices: 1) Overview of existing lessons and best practice that inform project concept; 2) Plans to learn from relevant projects, programs, initiatives & evaluations; 3) Proposed

and best practice that inform project concept, 2) Plans to learn from relevant projects, programs, initiatives & evaluations, 3) Proposed processes to capture, assess and document info, lessons, best practice & expertise generated during implementation (at both program and child project levels if a PFD); 4) Proposed tools and methods for knowledge exchange, learning & collaboration (at both program and child project levels if a PFD); 5) Proposed knowledge outputs to be produced and shared with stakeholders (at both program and child project levels if a PFD); 6) Discussion on how knowledge and learning will contribute to overall project/program impact and sustainability and 7) Plans for strategic communications. This section includes a good discussion on most of these. We urge the agency to consider these elements more thoroughly in the development of the program and to include an overview on how existing lessons and best practices has informed the program concept to strengthen this section.

Agency Response

The section is strengthened. The recommendations are well noted; the CEO Endorsement document will elaborate in detail the knowledge management approach.

Environmental and Social Safeguard (ESS)

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 04/07/21, FB:

The Agency has submitted an environmental and social screening module, which classify the project's risk as "B". As such, the Agency will develop and Environmental and Social Management Plan (ESMP) during the PPG stage.

Agency Response

art III – Country Endorsements

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

Secretariat Comment at PIF/Work Program Inclusion

This item is cleared.

Rev. 05/03/21, FB and JS:

all items cleared.

Rev. 04/27/21, FB, PPO:

1. The section on "Coordination" was not updated according to the PPO request provided below. Please revise section "6. Coordination", and the corresponding figure 5 diagram.

04/07/21, FB, PPO:

Yes, the Agency has submitted a Letter of Endorsement signed by the current country's OFP. However:

1. The LoE does not specify an Executing Entity – however in Portal there is an Executing Entity – the identified Executing Entity (Operational Unit for Development Assistance) belongs to the ministry of Foreign Affairs, *not* to the institution that will supervise the project (Ministry of Environment). Please remove it and either leave it in blank or t.b.d (to be determined) – throughout the preparation of the project, the Executing Entity could be determined accordingly – same from section 'Coordination'.

To: Mr. Ciyong Zou
Managing Director and GEF focal point
Directorate of Programmes, Partnerships and Field Coordination
United Nations Industrial Development Organization
Wagramerstrasse 5
1400, Vienna, Austria

Subject: Endorsement for the project "Greening Hurgada"

I, _____, GEF Operational Focal Point for Egypt, I confirm that the above project proposal (a) is in

In my capacity as GEF Operational Focal Point for Egypt, I confirm that the above project proposal is in accordance with my government's national priorities including the priorities identified in Egypt Vision 2030 and our commitment to the relevant global environmental conventions; and (b) was discussed with relevant stakeholders, including the global environmental convention focal points.

I am pleased to endorse the preparation of the above project proposal with the support of the United Nations Industrial Development Organization (UNIDO). If approved, the proposal will be prepared and implemented by UNIDO under the supervision of the Ministry of Environment. I request the GEF Agency to provide a copy of the project document before it is submitted to the GEF Secretariat for CEO endorsement.

The total financing (from GEFTF) being requested for this project is US\$ 4,423,795, inclusive of project preparation grant (PPG) and, if any, Agency fees for project cycle management services associated with the total GEF grant. The financing requested for Egypt is detailed in the table below.

Project Identification Form (PIF) entry – Full Sized Project – GEF - 7

Part I: Project Information

GEF ID
10796

Project Type
FSP

Type of Trust Fund
GET

CBIT/NGI
 CBIT NGI

Project Title ⓘ
Greening Hurghada

Countries
Egypt

Agency(ies)
UNIDO

Other Executing Partner(s) ⓘ
Operational Unit for Development Assistance (OUDA)

Executing Partner Type
Government

6. Coordination

Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible

coordination with other relevant GEF-financed projects and other initiatives.

1. UNIDO, as GEF implementing Agency for the Project, will play an overarching coordination and liaison role with the executing partners, and with the GEF Secretariat. UNIDO will also be responsible for all enquiries regarding the Project implementation progress, mid-term review with the executing partner as well as terminal evaluation and, final Project completion and the achievement of higher level of the project's impacts on the global environment.

2. DUDA has been identified as the lead executing partner and will be in charge of coordinating the execution of the activities under the project and ensure synergy and collaboration with relevant stakeholders and on-going GEF programme and projects related to the scope of this project and initiatives funded by other donors/institutions in the country.

Agency Response

04/30/2021

1. The Section "6. Coordination" and corresponding Figure 5. have been updated as per the comments. The choice of EA(s) and according arrangements will be clarified during PPG.

04/14/2021

As suggested, the EA will be left "to be decided" for now, in consultation with the Ministry of Environment. The details of the EA and institutional arrangement will be concluded as part of the PPG Exercise.

Termsheet, reflow table and agency capacity in NGI Projects

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

Secretariat Comment at PIF/Work Program Inclusion

n/a

Agency Response

EFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at PIF/Work Program Inclusion

Rev. 05/03/21, FB and JS:

the project is being recommended for GPU technical clearance.

Rev. 04/27/21, FB and JS:

Not at this stage. Agency is requested to address the comments provided and resubmit.

Rev. 04/07/21, FB and JS:

Not at this stage. Agency is requested to address the comments provided and resubmit.

ADDITIONAL COMMENTS

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

Secretariat Comment at PIF/Work Program Inclusion

Rev. 04/27/21, FB

1. 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.
2. Emission reductions: A more detailed estimation of emission reductions will have to be provided at CEO ER, once there is more visibility on the split of the available INV financing between eligible technologies.
3. climate risk: A simple analysis of climate risks was included. More detailed analysis will have to be carried out at PPG stage, not only with regards to natural capital assessment and development plans, but also in relation to the resilience of some of the technology and infrastructure that are being proposed (e.g. consideration related to flooding of location planned for the installation of e-vehicles charging stations). This will be checked at the time of CEO ER submission.
4. Scale up strategy beyond Hurghada: 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.
5. During PPG, please consider a stronger involvement of the Ministry in charge of Tourism, including potential (co-)execution, for this project devoted to mainstreaming climate and biodiversity in the tourism sector.

Review Dates

	PIF Review	Agency Response
First Review	4/7/2021	
Additional Review (as necessary)	4/27/2021	
Additional Review (as necessary)	5/3/2021	
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

Cover memo – Greening Hurghada.

The tourism sector is the main source of the GHG emissions and the key cause of degradation of natural assets – biodiversity and coral reefs - in the Red Sea coastal city of Hurghada. The project's goal is to reduce environmental pressure from the tourism sector to preserve biodiversity, while promoting low carbon and sustainability practices across the hospitality industry to reduce GHG emissions. Tourism is the main industry in Hurghada, but it is also the sector that was the hardest hit by the COVID-19 pandemic, due to the travel restrictions which were introduced. There is now an opportunity to contribute to steer investments planned for the recovery towards a green, sustainable and resilient recovery of the tourism sector.

To respond to the existing environmental challenges, as exacerbated by the pandemic, the project is organized around three components. Component 1 looks to strengthen the strategic policy framework to support a green recovery and the sustainable growth of the tourism sector. Component 2 includes a mix of technical assistance and investment resources which will be used to foster the use of green technologies to mitigate GHG emissions and reduce degradation on coastal and marine ecosystems, while improving the overall economic competitiveness of sector. Component 3 covers activities aimed at ensuring long-term environmental and economic sustainability of the low-carbon infrastructure and biodiversity investments, through capacity building, awareness raising of stakeholders and establishment of key partnerships for biodiversity conservation and climate action. Finally, Component 4 includes the necessary arrangements for monitoring and evaluation. Key activities to be financed will include the improvement of the management of key touristic sites and diving destinations, the optimization of energy use in hotels, provision of support for the electrification of the transport sector, and the mainstreaming of biodiversity and climate consideration in the key income generating activities for local communities.

The GEF investment is expected to contribute to the establishment or improved management and conservation of 180,000 hectares of marine protected areas and to result in an additional 96,000 hectares of marine habitat under improved practices benefitting biodiversity. In addition, investments in the energy and transportation sector will contribute to generate approximately 1 million tons of CO₂e in emissions avoided.

COVID-19 risks and opportunities:

The tourism sector remains one of most vulnerable sectors to COVID-19, due to travel restrictions and social distancing requirements.

Risks: The risks connected with COVID-19 which have been identified at project design stage include (i) the likely reduced availability of co-financing resources, (ii) the risk of delays in project implementation and (iii) potential changes in the priorities of stakeholders due to the ongoing economic and social challenges connected to the pandemic or its consequences. As an initial risk mitigation strategy, the development team has indicated that a specific and more complete analysis will be carried during the PPG stage that will fully consider the negative implications of COVID-19 for the further structuring and future implementation of the project. The analysis will identify the most

negative implications of COVID-19 for the further structuring and future implementation of the project. The analysis will identify the most appropriate ways to carry out project implementation by using safety measures, including by increased use of remote meeting technologies for training and consultation processes, and the increased focus on preventive precautionary protocols. These measures will have to be

designed in consideration of the local circumstances of the involved stakeholders (including access to fast-speed internet and videoconferencing, as needed). Adequate consideration of possible delays will be factored in the project implementation timeline, and the risk of possible shift in government priorities will be carefully taken into account and monitored through close consultation with the Government (both local and central) through the further stages of project development.

Opportunities: The opportunities on the national economic recovery mechanisms are incorporated into project design. 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 which has been identified at the design stage is to assist local touristic enterprises, such as accommodation structures, to plan for and finance the retrofitting of buildings and facilities with modern and energy efficient design, as coupled with investments done to introduce safety protocols and infrastructure that are required to increase customer's confidence in a post-pandemic world (contactless entrance, separation panels at reception desks, improved air filtering, etc., as a preparation to the uptake of tourism after the pandemic).