

Advancing Indonesia's Lighting Market to High Efficient Technologies (ADLIGHT)

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

9493

Countries

Indonesia

Project Name

Advancing Indonesia's Lighting Market to High Efficient Technologies (ADLIGHT)

Agenices

UNDP, UNEP

Date received by PM

1/29/2019

Review completed by PM

10/16/2019

Program Manager

Akio Takemoto

Focal Area

Climate Change

Project Type

FSP

PIF ☐

CEO Endorsement ☐

Project Design and Financing

1. If there are any changes from that presented in the PIF, have justifications been provided?

Secretariat Comment at CEO Endorsement

AT, 02/20/19: This project is a Child Project under the Parent Program entitled "Leapfrogging Markets to High Efficiency Products (appliances, including lighting, and electrical equipment)"(GEF ID: 9436) and the original design of this Child Project was described in the from of the Project Concept Note (PCN) entitled "U4E PA_Indonesia High Efficient Lighting Child Project" dated March 3, 2016. There are several changes from the PCN.

Part I, Table B

Component 1:

- 1) The following single Outcome statement was added; "Improved quality, energy efficient and affordable locally-produced EEL products and systems".
- 2) The three Outcome statements (1.1, 1.2, 1.3) were converted to three Output statements respectively. Output 1 (Outcome 1) was revised from " (Outcome 1.1) Upgraded manufacturing capacity of the local lighting industry to design and produce high efficiency lighting systems" to "(Output 1.1) Establishment of knowledge of knowledge center and systems that help manufactures in their production planning and policy makers in reviewing enabling environment". rational of this substantive change is necessity of data gathering, analysis, storage and dissemination to aid in policy, planning and administration. Output 1.2 and 1.3 were reworded based on Outcome 1.2 and 1.3.

Component 2

1. The following single Outcome statement was added; "Improved conditions foe fair market competition of EE lighting products, in formed by robust policy and institutional framework".
2. 2) The five Outcome statements (2.1, 2.2, 2.3, 2.4, 2.5) were converted to five Output statements respectively, being reworded from Outcome statements

Component 3

1. The following single Outcome statement was added; "Improved conditions foe fair market competition of EE lighting products, in formed by robust policy and institutional framework".
2. The five Outcome statements (2.1, 2.2, 2.3, 2.4, 2.5) were converted to five Output statements respectively, being reworded from Outcome statements.

[Comments]

Component 1 and 2, in particular, Output 1.1:

1) Under the Parent Program, the virtual Centre of Excellence developed by UNEP, UNDP and other organizations will support child projects on best practices and strategies. Please clarify how newly-established knowledge center and systems (Output 1.1) and other institutions and mechanisms created under this Child Project will complement to the virtual Centre of Excellence and other relevant mechanisms under the Parent Programs.

Finance Type:

- 2) Finance Type of Component 1 is either investment or TA. However, it appears they are only TA activities in this component. Please revise it to TA only.
- 3) Finance type of Component 3 was originally TA or Investment in the PCN, but it only TA in the Request for CEO Endorsement.

3-1: Please clarify why investment component has been deleted.

3-2: It appears that Project Output 3.2 "Pilot demonstration for accelerated LED lamp deployment in buildings and for street lighting in the context of sustainable cities as well as in residential sector" contains an investment component. According to 3) alternative scenario in page 11, the pilot project will concentrate on the ESCO business models (both guaranteed and shared savings model) .

Please provide breakdown of GEF finance spent for the Output 3.2 to clarify what exact activities will be funded by the GEF TF, i.e., how much money will be spent for shared saving business model or for purchasing LED, and how much money will be spent for training, capacity building and other TA components.

3-3: Then please clarify whether the Output 3.2 contains investment or not, and revise the Finance Type appropriately.

AT, 04/13/19:

Annex K2: Sub Total amount of ESCO Investment is incorrect. That should be 16,500. Please correct the amount.

Annex K3: The requested "Pilot demonstration for City of Surakarta guarantees savings" will implemented retrofit the old conventional street lighting to high energy efficiency street lighting only with GEF investment support. The GEF investment has a role of de-risking incremental cost for high energy efficient equipment which means that the implementation should be co-financed by investment from the user. In this regard, please justify how this project will support this demonstration project by providing the fund for partial investment to retrofit the streetlight.

AT, 05/16/19: Comments on Annex K2 and Annex K3 have been cleared.

Response to Secretariat comments

Responses:

Clarification was added in ProDoc: “The Knowledge Center to be established within the selected existing agency in Indonesia will complement to the virtual Centre of Excellence and other relevant mechanisms under the Parent Program, with the title: Leapfrogging Markets to High Efficiency Products (Appliances, including Lighting and Electrical Equipment (GEF ID: 9436, also referred to as SE4ALL Global Project) in coordination with the partnerships established in U4E involving international organizations and private sector companies as implemented by UN Environment. “

Output 1.1 will include coordinated support from the virtual Centre of Excellence and other relevant mechanisms under the Parent Programs to be localized under the ADLIGHT project as appropriately required by the country and regional market conditions.

Activity 1.1.2: Periodic (inception, mid-term and terminal) gender sensitive market surveys of EEL production and application in Indonesia

The latest available international market information on LED production and applications from the Global Centre of Excellence team of international lighting experts, as well as U4E’s global private sector partners, will be used to inform local manufacturers and policy makers. The Periodic (inception, mid-term and terminal) market surveys of EEL production and applications in Indonesia which involves the conduct of market surveys and analysis, will utilize the expertise under the United for Efficiency (U4E) parent program. U4E’s international lighting experts and partners, will support the market assessment preparation and results analysis tasks, including appropriate market assessment design and methodology validation in accordance with best international country market assessment practices. The parent program will also provide expert technical reviews of the draft and final market survey and assessment reports, based in part on their experience with other emerging economies. Support for a knowledge management system, data analysis and modelling, market sampling and testing, market monitoring and product registration systems will also be provided under UN Environment’s Global Leapfrogging Program and will be regionally harmonized under the ASEAN regional standards harmonization program managed United for Efficiency.

Activity 1.1.3: Development of LED lighting development roadmap for Indonesia, including gender equality goals

This activity will include coordinated support from the virtual Centre of Excellence and other relevant mechanisms under the Parent Programs to be localized under the ADLIGHT project as appropriately required by the country and regional market conditions. The UN Environment’s Global Leapfrogging Program which is also advocating a harmonized regional approach where ADLIGHT is part of this, is leveraging the experience of other countries in the region and internationally on advancing high efficient lighting. Within the Global Leapfrogging Program, Indonesia will cooperate in such activities as: knowledge exchange, technology transfer, financing, peer support, and country-to country or multi country initiatives on high efficient lighting technology.

Response to Finance #2 : Done as suggested for Component 1, deleting “/Inv”.

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- Response to #3.1 :
 - This is a typo error and “TA/Inv” needs to be retained as indicated in the PCN. As can be seen in the description of activities in the ProDoc, there are necessary investments in the pilot demonstrations not only under the GEFTF but also in co-financed efficient lighting for buildings and street lighting in Output 3.2.
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- Response to #3.2
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- Annex K with specific Annexes K1, K2 and K3 for each of the three pilot demonstration projects, describes in detail the investment costs and cost breakdown along different investors for each of the demonstration projects. Pilot K1 and pilot K3 will ask for GEF investment support. Pilot K1 (Government building) is requesting 35,000 USD GEF Investment support (out of total 118,000 USD) for procurement and installation of lighting equipment. Pilot K3 (Street lighting) is requesting 598,500 USD GEF Investment support (out of total 723,500 USD).
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- The total GEF Investment support requested is thus 633,500 USD as shown under Output 3 in Chapter X of the ProDoc: Total Budget and Work Plan.
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- Response to # 3-3: Revised as suggested and clarified.

2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?

Secretariat Comment at CEO Endorsement

AT: 02/20/19: Yes:

Please note that success of the project is dependent on how effectively regulatory mechanism for efficient lighting will be enforced in Indonesia. In particular, monitoring, verification and enforcement (MV&E) mechanism enhanced under Component 2 is critically important for sustainability of this project.

Response to Secretariat comments Noted

3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?

Secretariat Comment at CEO Endorsement

AT, 02/20/19: Not sufficiently.

The direct project GHG emission reduction per USD is $3,895,872 / 62,576 = \$62.2/\text{ton-CO}_2$ (EOP) and $3,895,872 / 548.77 = \$7.0/\text{ton-CO}_2$ (lifetime 10 year), which is relatively small for the amount of investment. (see page 14 and Annex E).

[Comments]

- 1) Please provide rational (breakdown) for estimating direct and indirect GHG emission reduction thorough this project.
- 2) Please clarify cost-effectiveness of this project from the context of GEB.

[Relevant comments]

- 3) Annex A: 3) Please provide rational for setting Mid-term and EOP targets on energy efficiency of LED lamps (for example, Indoor type: Mid-term: 120 lm/W, EOP: 150 lm/W)
- 4) Annex E: The figure on the direct project GHG emission reduction (lifetime 10 years) "548.77 ton" is incorrect. Please fix it.

AT, 04/13/19: 4) Annex E, Core Indicator 6 and Indicator 6.2 "Lifetime direct project GHG emissions mitigated should be "548,766"tons Co2-eq (not "548.77"). Please correct the figure. More importantly, Please also correct the Portal figures on Core Indicator 6 and Core Indicator 6.2 from "548.77"to "548,766".

Other comments are cleared.

AT, 05/16/19: figures in Annex E has been corrected., however, those in Core Indicator 6 and Indicator 6.2 have not yet corrected to "548,766". Please fix them.

Response to Secretariat comments

Response to #1

While checking the calculation methodology used, an incorrect interpretation was found of “Direct post-project” emission reduction, where “direct post-project” was interpreted as the direct reductions from pilot projects after the project ended. Applying the correct interpretation of “Direct emission reduction”, following the GEF guidance[\[1\]](#), this changes the Table L.8, Annex L, as follows:

<u>ADLIGHT Project</u>	Value
<u>I - Direct</u>	
Direct project CO2 emission reductions (t CO2)	548,766
<u>II – Indirect</u>	
Indirect CO2 emissions - top-down (tCO2)	1,097,533
GEF finance (US \$)	3,895,872
Total emission reductions (t CO2)	1,646,299
Unit Abatement Cost (UAC) (\$/tCO2) - (Direct savings) as per GEF CO2 emission reduction calculation methodology (\$/tCO2)	7.0
Unit Abatement Cost (UAC) (\$/tCO2) - (Direct + Indirect) as per GEF CO2 emission reduction calculation methodology (\$/tCO2)	2.36

[1] GEF, 2008, Manual for calculating GHG benefits of GEF projects: energy efficiency and renewable energy projects.

Calculation of direct emission reduction as described on page 8: $CO_2 \text{ direct} = E * c = e * l * c$;

Response to # 3

The indicative benchmark targets placed in the Project Results Framework regarding the energy efficiency levels for the two types of lamps was set by the three local lighting manufacturers associations (ALINDO, APERLINDO, GAMATRINDO) through an industry-wide consultation with the facilitation of NREEC/MEMR and P3TEK laboratories regarding the practical levels that can be targeted and committed by the project participants considering present capabilities and the planned project interventions on policy, standards development, financing and technology development.

Response to #4:

This Annex was adjusted in line with above calculation of direct project emissions. The description and Table L.8 in Annex L was corrected, as well as at other places in the ProDoc where “post-project savings” were mentioned, thereby adjusting earlier incorrect interpretation of post project direct emission reduction.

4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)

Secretariat Comment at CEO Endorsement

AT, 02/20/19

Yes.

Response to Secretariat comments NA

5. Is co-financing confirmed and evidence provided?

Secretariat Comment at CEO Endorsement

AT, 02/20/19: Not sufficiently.

The letter sent by GAMATRINDO in July 2017 confirms co-financing of 10 billion rupiah. when the confirmation letter was sent, the currency rate between Indonesian Rupiah and USD was about 1: 0.000075, thus the co-financing is equivalent to USD 750,000. Please fix the amount of co-financing from GAMATRINDO in Table C (USD 1,000,000) appropriately.

AT, 04/13/19: Comment cleared.

Response to Secretariat comments As revised to reflect the appropriate amount of co-financing of GAMATRINDO.

6. Are relevant tracking tools completed?

Secretariat Comment at CEO Endorsement

AT, 02/20/19

To track the successful completion of the project activities and delivery of the intended outputs, the continuous monitoring of project components and activities towards achieving the expected outcome and outputs will be done. the monitoring and evaluation will be conducted based on the project's M&E plan shown Table in Part II, C.

Response to Secretariat comments Yes

7. Only for Non-Grant Instrument: Has a reflow calendar been presented?

Secretariat Comment at CEO Endorsement N/A

Response to Secretariat comments

8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?

Secretariat Comment at CEO Endorsement

AT, 02/20/19

Not sufficiently.

[Comments]

1) Please see comment 1) in Box 1 above.

2) If there is any action on international harmonization on energy efficiency standards on LED lamps (such as ISO and HS codes), please describe how the project will coordinate with such standards /codes.

AT, 04/13/19: Comments cleared.

Response to Secretariat comments

Response:

Clarification was added in ProDoc: “The Knowledge Center to be established within the selected existing agency in Indonesia will complement to the virtual Centre of Excellence and other relevant mechanisms under the Parent Program, with the title: Leapfrogging Markets to High Efficiency Products (Appliances, including Lighting and Electrical Equipment (GEF ID: 9436, also referred to as SE4ALL Global Project) in coordination with the partnerships established in U4E involving international organizations and private sector companies as implemented by UN Environment.”

Further reflection as described under comment 1) in Box 1) above.

2) If there is any action on international harmonization on energy efficiency standards on LED lamps (such as ISO and HS codes), please describe how the project will coordinate with such standards /codes.

Response:

Yes. UN Environment under the parent leapfrogging program has developed harmonized international model regulation guidelines for general service and linear lighting which include minimum energy performance levels, informational product requirements as well as harmonized market monitoring, verification and test methods based on international standards and practices (IEC, ISO). These guidelines as well as product registration systems are in the process of regional adoption through the ASEAN EE&C SSN processes as approved by the ASEAN Energy Ministers. The project will utilize these international guidelines and systems, locally adapted as will be required, with the support of United for Efficiency Global Leapfrogging Program experts, for their implementation as a key part of the project and to ensure coordinated international minimum energy performance, conformity and test standard levels. Representatives from the UN Environment led parent Global Leapfrogging Program United for Efficiency, will participate in the relevant project meetings throughout the project duration to support timely international technical and policy coordination support at both the country and regional levels as well as harmonization with other Global Program initiatives.

Also, as Activity 2.1.1 states:

“In addition to the adoption of the needed standards, *BSN*, MEMR, and other related agencies involved would align the country’s lighting/luminaire standards with the ASEAN regional approach, Indonesia is committed to abide to the ASEAN Plan of Action Energy Cooperation 2016-2025 (APAEC), which highlights regional harmonization of LED lighting standards (Activity 4.1 of the APAEC). Standards such as CIE S025 and other standards agreed in APAEC will be accommodated in their adoption to *SNi*.

The development of the necessary IEC standards and other standards to applicable *SNi*s will be supported by consultant experts as well as by international expertise from the Global Leapfrogging Programme. On the basis of a needs assessment at the early start of the project, specified expertise demand will be identified and supported by the project. The overall direction for the standards development for EEL is harmonizing Indonesia testing standard with international standards according to *BSN*’s standards development plan.”

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

Secretariat Comment at CEO Endorsement

AT, 02/20/19: According to Part II, C, the project's M&E plan contains information on indicative costs to be charged to the Project Budget. However, there is no specific information on the cost of M&E in the Project Description Summary in Part I, Table B.

[Comment]

Please specify M&E activities appropriately in Part I, Table B.

AT, 04/13/19: Comments cleared.

Response to Secretariat comments

Response:

Several of the tasks described in the M&E plan (Part II, C) are under the responsibility of the project manager and part of routine project staff activities, these M&E costs thus fall under the budget reserved for Project Management Costs. Also costs of MTR and TE are covered mostly under the Project Management Costs (as also described in the Work Plan, chapter X). A footnote that indicates inclusion of M&E budget in PMC has been added in the Project Description Summary Table B.

10. Does the project have descriptions of a knowledge management plan?

Secretariat Comment at CEO Endorsement

AT, 02/20/19: Not sufficiently.

Please address comment stated in comment 1) in Box 1 above. (Please clarify how this project will collaborate with the virtual Centre of Excellence and other relevant mechanisms under the Parent Programs for promoting knowledge management).

At, 04/13/19: Comment cleared.

Response to Secretariat comments

Response:

The United for Efficiency virtual Centre of Excellence and other relevant mechanisms under the Parent Programs include knowledge management systems, such as product registration systems, market data compilation and analysis systems and stock model forecast systems. The project will utilize the international data and knowledge management guidelines and systems, locally adapted as will be required, with the support of United for Efficiency Global Leapfrogging Program experts, for their implementation as a key part of the project knowledge management plan and to ensure coordinated international minimum energy performance, conformity and test standard levels. Representatives from the UN Environment led parent Global Leapfrogging Program United for Efficiency, will participate in the relevant project meetings throughout the project duration to support timely international technical and policy coordination support at both the country and regional levels as well as harmonization with other Global Program initiatives.

Agency Responses

11. Has the Agency adequately responded to comments at the PIF stage from:

GEFSEC

Secretariat Comment at CEO Endorsement

AT, 02/20/19: This project is a Child Project under the Parent Program entitled "Leapfrogging Markets to High Efficiency Products (appliances, including lighting, and electrical equipment)"(GEF ID: 9436) and the original design of this Child Project was described in the form of the Project Concept Note (PCN) entitled "U4E PA_Indonesia High Efficient Lighting Child Project" dated March 3, 2016.

In terms of comments to changes from the PCN, please see Box 1 above.

Response to Secretariat comments Please see Response in Comment 1, Box above

STAP

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

GEF Council

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

Convention Secretariat

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

Recommendation

12. Is CEO endorsement recommended?

Secretariat Comment at CEO Endorsement

AT, 02/20/19: Not at this time.

Please address all comments stated above. In addition;

GEF Project Taxonomy: "Level 3: Climate Finance (Rio Markers)" and "Level 4: Climate change Mitigation 2" should be checked in Taxonomy Sheet. Please fix it.

AT, 04/13/19: Not at this time. Please address the following comments (also stated in Box 1 and Box 3 above).

1) Annex K2: Sub Total amount of ESCO Investment is incorrect. That should be 16,500. Please correct the amount.

2) Annex K3: The requested "Pilot demonstration for City of Surakarta guarantees savings" will implemented retrofit the old conventional street lighting to high energy efficiency street lighting only with GEF investment support. The GEF investment has a role of de-risking incremental cost for high energy efficient equipment for sustainability and scale up which means that the GEF investment should be co-financed by investment from the user. In this regard, please justify how this project will support this demonstration project by providing the fund for partial investment to retrofit the streetlight.

3) Annex E, Core Indicator 6 and Indicator 6.2 "Lifetime direct project GHG emissions mitigated should be "548,766"tons Co2-eq (not "548.77"). Please correct the figure. More importantly, Please also correct the Portal figures on Core Indicator 6 and Core Indicator 6.2 from "548.77"to "548,766".

GEF Project taxonomy checks are cleared.

AT, 05/16/19:

04/13/19: 1) 2) Comments cleared.

3) Figures in Annex E has been corrected., however, those in Core Indicator 6 and Indicator 6.2 have not yet corrected to "548,776". Please fix them.

07/15/19: Please address the following additional comments;

(1) Part I/Table D: Name of the Agency in the 2nd line should be UNEP (not UNDP). Please revise.

(2) Please address German Council member's comments on the PFD titling "Leapfrogging markets to high efficiency products (appliances, including lighting, and electrical equipment)" which are relevant to all child projects.

(3) According to the GEF's Guidelines on the Project and Program Cycle Policy (paragraphs 7 to 9 pages 37 and 38), the GEF Fee Policy explicitly precludes the merging or crossing over the implementing functions of the GEF Agencies and the execution functions undertaken by a project executing entities (EAs). If there is an in '*exceptional situations*' where there are no other viable options for the execution of the project. the conditions for this exception to be considered by the GEF secretariat. The GEF SEC checked the Project Document (including the paragraph below) whether the Agency is undertaking additional execution function in the

project, and we would like to flag whether those execution driven services mentioned are covered by an agreement with the government and if the government has provided a letter to UNDP requesting direct execution for such services. We have not seen such request in the submitted documentation. Please address this issue.

UNDP Direct Project Services as Requested by Government

The UNDP, as GEF Agency for this project, will provide project management cycle services for the project as defined by the GEF Council. In addition, the Government of Indonesia may request UNDP direct services for specific projects, according to its policies and convenience. The UNDP and Government of Indonesia acknowledge and agree that those services are not mandatory, and will be provided only upon Government request. If requested, the services would follow the UNDP policies on the recovery of direct costs. These services (and their costs) are specified in the Letter of Agreement (Annex J). As is determined by the GEF Council requirements, these service costs will be assigned as Project Management Cost, duly identified in the project budget as Direct Project Costs. Eligible Direct Project Costs should not be charged as a flat percentage. They should be calculated on the basis of estimated actual or transaction-based costs and should be charged to the direct project costs account codes: “64397- Services to projects – CO staff” and “74596 – Services to projects – GOE for CO”.

AT, 10/28/19: Please address all comments on the execution arrangements stated below;

- 1- On the executing arrangements: our comments made in July requested a clarification regarding the Executing functions (see screenshot below).

Ramon Prudencio C. De Mesa
PPO

Action Taken On: Jul 4, 2019, 12:45 AM
Action Performed: send back to manager

Agency needs correction for UNEP entry; response to Council comments on PFD as it relates to the project. government request for execution services.

However in the ProDoc both –UNEP and UNDP— intend to carry out one executing activity which is “managing the funds” (see screenshot below)

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Roles and responsibilities of the project's governance mechanism:

The project will be co-implemented by UNDP (as lead) and UN Environment as two **Implementing Agencies** of GEF under different implementing modalities based on their respective policies and procedures. UNDP will be responsible for Components 1 and 3, whereas UN Environment will be responsible for Component 2 of the project. **UNDP will be responsible to manage the funds related to PMU costs and allocation for Components 1 and 3, whereas, UN Environment will be responsible for managing funds allocated for component 2.** The funding will be split at the source, with each agency getting its share directly from GEF. One PMU, consisting of Project Manager and Financial and Administrative Support, will be established to manage the whole project. The PMU will be responsible for the overall management and monitoring of project implementation and results.

Also the Agencies intend to carry out the executing function of committing or acquiring supplier resources required (see screenshot below)

Senior Supplier: The Senior Supplier is an individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project (designing, developing, facilitating, procuring, implementing). The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. **The Senior Supplier role must have the authority to commit or acquire supplier resources required.** If necessary, more than one person may be required for this role. Typically, the implementing partner, UNDP and/or donor(s) would be represented under this role. **The Senior Supplier is: UNDP and UN Environment.**

Still the ProDoc mentions that the executing modality can consider UNDP providing project management cycle services if the Government of Indonesia request them (see screenshot below). Please ask the Agency to remove any mention to the possibility of carrying out executing services currently in the ProDoc.

UNDP Direct Project Services as Requested by Government

The UNDP, as GEF Agency for this project, will provide project management cycle services for the project as defined by the GEF Council. In addition, the Government of Indonesia may request UNDP direct services for specific projects, according to its policies and convenience. The UNDP and Government of Indonesia acknowledge and agree that those services are not mandatory, and will be provided only upon Government request and GEF OFP endorsement (if required). If requested, the services would follow the UNDP policies on the recovery of direct costs. These services (and their costs) will be specified in the Letter of Agreement. As is determined by the GEF Council requirements, if the services are requested and endorsed, these service costs will be assigned as Project Management Cost, duly identified in the project budget as Direct Project Costs. Eligible Direct Project Costs should not be charged as a flat percentage. They should be calculated on the basis of estimated actual or transaction-based costs and should be charged to the direct project costs account codes: "64397- Services to projects – CO staff" and "74596 – Services to projects – GOE for CO".

While not mentioned in the previous review, it is hard to understand how a 3.8 million dollar project has a National Project Director **and** a Project Manager, both with similar functions (see screenshots below)

The **National Project Director (NPD)** will take responsibility for the management and administration of the **ADLIGHT Project**. He or she will chair the Project Board (or also referred to as the National Steering Committee) designated by MEMR/DGNREEC, in the overall operation and management of the Project. NPD will be responsible for calling the Board Meetings.

The **Project Manager** will run the project on a day-to-day basis on behalf of the Implementing Partner within the constraints laid down by the Board. The Project Manager function will end when the final project terminal evaluation report, and other documentation required by the GEF and UNDP, has been completed and submitted to UNDP (including operational closure of the project). The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

AT, 11/14/19: Thanks for your response. With regard to Response to Governance and Management arrangements, please delete the whole sentence as well as footnote 27 that imply UNDP's role of executing functions of the project which are as follows;

"UNDP will be responsible to channel the funds related to PMU costs and allocation for Components 1 and 3[27], whereas, UN Environment will be responsible for channeling funds allocated for component 2.

[27] "Managing the funds" implies that funds are channeled from IA to EA – as part of the oversight function - on a quarterly basis against EA financial reports for the previous/completed quarter."

Other GEF SEC comments dated 10/28/19 have been cleared.

AT, 11/18/19: Comment dated 11/14/19 has been cleared. Part I/Agency(ies) : UNEP is indicated twice. Please delete one of them from the CEO ER.

AT, 11/18/2019 13:45: Thanks for your clarification. The GEF SEC IT team fixed the error.

Now all comments cleared. The PM recommends the project for CEO Endorsement.

Response to Secretariat comments

Nov. 18 2019: UNDP response: thank you for the comment. Kindly note part I is already pre-filled for us, therefore can't make changes to it. Grateful if you could please follow up with GefSec IT colleagues.

Nov 15 2019: UNDP response:

The sentences concerned have been removed as suggested.

Prodoc page 77

Response to Governance and Management arrangements:

As stated in the GEF Guidelines on the Project and Program Cycle Policy, the project executing entity (EA) receives the project specific GEF funding from a GEF Agency. One of the responsibilities of the GEF Agency is therefore to foresee in the transfer of GEF funding to the EA on a quarterly basis. Funds are channeled through NIM quarterly Financial Advances against EA financial reports for the previous/completed quarter (FACE reports).

The oversight role of channeling funds through advancement of the funds on a quarterly basis following the NIM modality, has been explained in a footnote, added to the section referred to above (ProDoc page 77). In order to avoid any confusion, the word “managing” has been replaced by “channeling” in the ProDoc page 77.

ProDoc page 77, footnote added for additional clarification

Response to senior supplier:

The section on composition of the Project Board has been revised and is now following the new arrangements as discussed between the GEF Secretariat and UNDP in 2019 in which it was agreed that UNDP would not take on the role of Senior Supplier. Please see revised text and Project Board structure in the ProDoc on page 77 and 78 (this project was developed in 2017/2018 and was not yet updated).ProDoc page 77/78.

Response to direct project services as requested by government:

The section on UNDP Direct Project Services has been removed from the Project Document (page 84) since all Direct project Costs were removed from the project budget.

ProDoc page 84

Response to national project director and project manager comment:

Text was added under Chapter 8 to explain that, using the established practice under NIM, the Government will designate a National Project Director (NPD) who will be nominated by MEMR. The NPD will provide up to 50% of his/her time, and be responsible for the overall direction, strategic guidance, and timely delivery of project outputs. This position is not remunerated by GEF resources but is a Government financed position. MEMR will recruit a Project Manager (PM), paid for by the project, who will be responsible for day-to-day operations and the management of a team of professionals and technical staff.

GEF Project Taxonomy checks adjusted

SP, 05/14/19

Response to 1)

Annex K2 adjusted accordingly

Response to 2)

Whereas the text of Annex K3 already explained that this pilot will be covering 2 cities, the table in Annex K3 did not reflect this clearly. Also, the text of Annex K3 mentioned that the cities will invest in metering as a prerequisite for monitoring energy savings and open potential for mechanisms based on ESCO support, the actual investments for metering were not reflected in the table in Annex K3. The Cost Table in Annex K3 has therefore been updated in order to clearly reflect that the pilot and investments are spread over 2 cities as well as the fact the cities co-invest in lighting procurement and metering for street lighting refurbishment. It thereby shows that GEF investment support for one city of 295,750 USD is matched by 463,750 USD of investment by the city.

Response to 3)

Annex E and Portal Figures adjusted accordingly

SP, 10/09/19 (Responded to comment on 07/15/19)

1. This has now been revised.

2.

✓ *Germany's Comments*

Germany welcomes the following PIF but asks that the following comments are taken into account:

Germany welcomes the program proposal in support of a global approach to introducing high-efficiency appliances and electrical products. The ambitious proposal builds on an existing GEF program (SEE4ALL) and will make a significant contribution to GHG reductions, as well as market transformation, if risks are well-managed and implementation is well-coordinated across a broad spectrum of stakeholders.

Germany requests that the following requirements are taken into account during the design of the final project proposal:

- With regard to Menu Option 4: Supporting policies for the market transformation to energy efficient products. For this menu option, it is written that "campaigns may include working with retailers to train staff to help and advise consumers." A perhaps more efficient alternative would be to make sure that appliance manufacturers have the capacity to provide trainings to their distributors/retailers rather than the program attempting to train personnel at points of sale. With regard to demonstration projects: such projects should make energy and monetary savings public knowledge, with for example a digital meter (or low-tech alternative) in the lobby of the targeted ministry building, which compares costs and energy usage between efficient and inefficient

systems. The program also intends to enable local manufacturers to produce energy-efficient appliances. It would be helpful to include information as to what extent patent-holders elsewhere may impede this objective, and to what extent lesser-efficient technologies are to be utilized because of high costs for super-efficient technologies? Regarding gender: during the consultations with end-users, it should be determined if priorities for efficient appliances differ across the gender spectrum in order to pinpoint the priorities at the family-level vs. at a business or institutional level. The benefits section needs clarifications for greater coherence as it is not clear from the outset that the higher emission reduction numbers include the SEE4ALL Project's emission reductions.

“Germany welcomes the program proposal in support of a global approach to introducing high-efficiency appliances and electrical products. The ambitious proposal builds on an existing GEF program (SEEforALL) and will make a significant contribution to GHG reductions, as well as market transformation, if risks are well-managed and

implementation is well-coordinated across a broad spectrum of stakeholders. Germany requests that the following requirements are taken into account during the design of the final project proposal.”

Response: All comments will be taken into account during the project development and will be incorporated into the final project proposal.

“With regard to Menu Option 4: Supporting policies for the market transformation to energy efficient products. For this menu option, it is written that “campaigns may include working with retailers to train staff to help and advise consumers.” A perhaps more efficient alternative would be to make sure that appliance manufacturers have the capacity to provide trainings to their distributors/retailers rather than the program attempting to train personnel at points of sale.”

Response: Thanks for this good suggestion. This is a better approach offering longer-term sustainability and the project can use best practices from the manufacturing partners to the project (OSRAM, Philips, BSH, Mabe, etc). This suggestion will be integrated into project design.

“With regard to demonstration projects: such projects should make energy and monetary savings public knowledge, with for example a digital meter (or low-tech alternative) in the lobby of the targeted ministry building, which compares costs and energy usage between efficient and inefficient systems. The program also intends to enable local manufacturers to produce energy-efficient appliances. It would be helpful to include information as to what extent patent-holders elsewhere may impede this objective, and to what extent lesser-efficient technologies are to be utilized because of high costs for super-efficient technologies?”

Response: We have not yet encountered patent issues blocking the way for energy efficient products, contrarily it is often more expensive material or design that makes the product more expensive. For example, using more efficient material (such as copper) and/or using more insulation in refrigerators. Patent issues and clear measures to transparently and effectively present energy and financial savings will be fully integrated during project development. In regards to the lower efficient technologies being used instead of higher cost super-efficient technologies: the project will support countries to make the transition based on their national circumstances. For example, minimum energy performance standards (MEPS) could be put in place to remove the lower performing products (for example inefficient incandescent lamps) from the market to shift to higher efficient (for example CFLs), and also promoting awareness/demand for highly efficient products (for example LEDs) through demonstration or distribution campaigns of highly efficient products.

“Regarding gender: during the consultations with end-users, it should be determined if priorities for efficient appliances differ across the gender spectrum in order to pinpoint the priorities at the family-level vs. at a business or institutional level.”

Response: Thanks for this good suggestion. This will be integrated into project design.

3. While the Implementing Partner had initially requested UNDP support for recruitment and procurement due to lack of in-house capacity, both the Implementing Partner and the OFP cannot issue request letters as the OFP stated that there is no related GEF policy that the OFP is aware of. On the basis of further communication with the Implementing Partner, it has been decided that the Implementing Partner will provide the tasks as first foreseen to be supported by UNDP (recruitment and procurement related), this has been adjusted accordingly in the Project Budget Table.

Review Dates

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

First Review		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief Reasoning for CEO Recommendations

Cover Memo

Context

The UNDP-UNEP/GEF project entitled “Advancing Indonesia’s Lighting Market to High Efficient Technologies (ADLIGHT)” is a child project of the “Leapfrogging Markets to High Efficiency Products (appliances, including Lightening, and Electrical Equipment” Program which was approved in GEF-6.

Indonesia faces a big problem on national power generation and electricity access, and electricity demand is increasing at 8.4% per year. Indonesia committed to reducing GHG emissions by 26% by 2030 compared to business as usual scenario, and GHG emission reduction will be up to 41% with international support. To address these two challenges, Indonesia needs to drastically improve energy efficiency through penetration of low carbon technologies such as LED products for lighting infrastructures. There are a variety of barriers to advance Indonesia’s lighting market through high-efficient technologies such as (i) limited capacity of lighting manufacturers, (ii) lack of Minimum Energy Performance Standards (MEPs) for LEDs, (iii) lack of guidelines for public procurement, (iv) lack of regulatory mechanism for monitoring, verification and enforcement (MVE).

Project

The ADLIGHT project aims to promote the increased deployment of high efficiency lighting technologies in Indonesia through the transformation of the national market, by reducing electricity demand and the related greenhouse gas (GHG) emissions.

Component 1 (TA) will enable the country's industry, to locally-produce highly quality lighting systems that meets the MEPS and thus supply cost competitive quality LEDs in the market.

Component 2 (TA) will ensure that lighting products available in the market, either imported or local produced, will meet the MEPS standards established in the country, through changes in government procurement policies.

Component 3 (TA/Inv) will support creation and scale up of the market for quality energy efficiency LED product through introduction of new business models and awareness raising.

This project is expected to reduce annual electricity through its direct pilot and immediate replications by 60.17 MWh/year and cumulatively 679.17 MWh in 2031 (after 10 years after end of the project). The reduction of direct and in-direct CO₂ emissions by 2031 are estimated at 548,776 ton CO₂-eq and 1,097,533 ton CO₂-eq respectively.

Innovation, Sustainability and Scaling up

This project has an innovative approach that covers assistance to upstream portion of the LED value chain, across the midstream of delivery and marketing to the downstream application of the LED products. This project will remove the multi-prolonged barrier by addressing issues on policy and planning, commercial and technical variability, financing, and information and awareness raising, which will stimulate replication and scale-up of the project.

Financing

This project requests the GEF financing of \$3,895,872 (excluding Fee and PPG amount) leveraging co-financing of \$37,094,337 from Government, the private sector (including local LED manufactures) and GEF Agencies.