

Accelerating low-emission and resilient community energy in Argentina

Review PIF and Make a recommendation

Basic project information

GEF ID

11073

Countries

Argentina

Project Name

Accelerating low-emission and resilient community energy in Argentina

Agencies

UNEP

Date received by PM

4/6/2023

Review completed by PM

4/23/2023

Program Manager

Esteban Bermudez Forn

Focal Area

Climate Change

Project Type

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments EBF 4/28/2023: Yes, the project meets the criteria for eligibility for GEF funding and the general project information table is correctly populated. Cleared.

Agency's Comments

2. Project Summary

Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?

Secretariat's Comments EBF 4/28/2023: Yes, the project summary provides a concise description of the problem to be addressed, the project objective and the GEBFs.

Agency's Comments

3 Indicative Project Overview

3.1 a) Is the project objective presented as a concise statement and clear?

b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?

Secretariat's Comments

EBF 4/28/2023: Yes. However, the Agency notes that tables A, B, D, E and F refer to a total GEF financing of 5,235,739.00, as indicated as the limit by the GEF portal. However, the letter of endorsement and attached PIF in word format refer to a total GEF financing of 5,240,000, which equals to Argentina's total GEF-8 CCM allocation.

Agency's Comments

3 May 2023. Noted.

3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?

Secretariat's Comments

EBF 5/8/2023: Cleared.

EBF 4/28/2023: An overall approach to Knowledge Management and Learning has been provided in the Project Description. Proposal includes an open source platform for knowledge exchange, KM and capacity building deliverables such as a good practice and lessons learned, training events as well as knowledge tools and materials. However, there is no mention of an overall communications strategy/plan. Please provide a brief description of a Communications Strategy/Plan for outreach, awareness raising and dissemination of outputs/results.

Agency's Comments 3 May 2023. A communication strategy has been included as part of output 4.1.

3.3 a) Are the components adequately funded?

b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?

c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments

EBF 5/8/2023: Cleared.

EBF 4/28/2023: The GEF Project Financing and the Co-financing contributions for PMC correspond to 5.00% and 4.92% of the total GEF grant and total co-financing contributions respectively. If possible, please adjust the co-financing contribution to the PMC so that it is proportional to the GEF project financing contribution.

Agency's Comments 3 May 2023. The co-financing PMC contribution to the project has been adjusted.

4 Project Outline

A. Project Rationale

4.1 SITUATION ANALYSIS

a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?

b) Are the key barriers and enablers identified?

Secretariat's Comments

EBF 5/9/2023:

2. Cleared.

EBF 5/8/2023:

1. We take note that the definition of L-ECE will only focus on solar or wind for electricity generation. Cleared.
2. Thank you for additional information. However, smart metering takes place at the distribution level and unless it is targeted for large electricity consumers, it is not related to the transmission infrastructure, as it is currently stated. Similarly, energy storage can take place at the transmission and distribution levels, so the current statement is misleading. Please review and address this.
3. Noted. Cleared.
4. We take note of an additional text that has been provided which mentions that Community Energy could consider other measures, such as "[...] demand side management, energy efficiency measures, energy storage, etc. in an integrated manner, while promoting the adoption of measures such as smart meters, that further strengthen the electricity transmission and distribution networks as a whole." Cleared.
5. Thank you for the clarification. Cleared.

EBF 4/28/2023: Please address the following comments:

1. Please clarify if the use of the definition "low-emission community energy (L-ECE)" refers to systems with low upstream greenhouse gas (GHG) emissions (e.g., embodied carbon footprint) or if it refers to systems with downstream GHG emissions, such as biogas electricity generators or hybrid (fossil/electricity) systems.
2. You mention five main factors that influence the emissions challenge for the electricity generation sector in Argentina. Four of these five factors are related to electricity transmission -- undoubtedly, these factors are of great importance. However, it needs to be clarified if you have considered other challenges that may be present across the electricity value chain. For example, at the distribution or retail level.

3. In line with the previous comment, in other countries and cities, vested interests by incumbents, including the existing electricity distribution and retail companies, have been an obstacle to the initial deployment of distributed generation. Is this also the case in Argentina? Could it be considered as an additional factor or root cause to be considered by the project? If so, how will the project address them? Please clarify if this is the case.
4. The definition used for distributed energy and community energy focuses on distributed electricity generation and omits other distributed energy resources (DERs), e.g., energy efficiency, demand-side management, energy storage, etc. If the project focuses on distributed generation only, please clarify it.
5. You mention, "At the start of 2023, in Argentina there are 14 of the 24 jurisdictions that adhere to the national Law." Later, you provide examples of the development of distributed energy in five provinces (Santa Fe, Salta, San Luis, Neuquén, and Mendoza). Can you please briefly explain the status of the rest of the provinces and if there is a specific reason why 10 of the 24 provinces haven't adhered to Law 27.424? Is there a key barrier impeding these provinces from deploying distributed or community energy that may be relevant to this project?

Agency's Comments

9 May 2023.

References to smart metering and energy storage have been eliminated from factor 4 under the section: Drivers of this global environmental problem in Argentina. As noted in the responses in the review sheet dated 3 May, there are challenges at the local and distribution level but these are of lesser significance than that related to transmission at the federal level. These challenges are described in the sections on barriers B2, B3 and B4. These barriers will be further studied during the PPG phase when the project has the support of PPG funds to undertake a deeper barrier analysis. Ultimately, this proposed GEF project will focus on all aspects of low-emission community energy, noting that the definition of such in the PIF includes demand side management, energy efficiency measures, energy storage, etc. in an integrated manner, while promoting the adoption of measures such as smart meters.

3 May 2023.

1. This has been clarified in the box defining L-ECE in chapter A (project rationale).
2. Text added under the driver section. There are some challenges at the local distribution and retail level with regards to managing the required infrastructure for low-emission distributed energy, but these are of lesser significance than the challenge regarding electricity transmission at the federal and inter-provincial level. The challenge related to local distribution and retail is captured under the fourth factor (corresponding transmission infrastructure). The financial aspects related to this challenge are discussed in the section on barrier B3. Another challenge at the local level is on lack of evidence and knowledge

of the viability L-ECE as described in the sections on barriers B2 and B4. Ultimately, in Argentina electricity transmission is the most impactful, as the market regulations for electricity distribution (together with the transmission and generation deficit) align interests in favour of L-ECE. These barriers will be further studied during the PPG phase when the project has the support of PPG funds to undertake a deeper barrier analysis.

3. As local distributors suffer a supply challenge with regards to electricity (market challenges) and in combination with existing market regulations on distributed energy, it is not perceived that there is significant vested interest in maintaining the status quo. In particular for the more than 1000 cooperatives there is interest in changing the status quo so they can increase supply of electricity for their constituents. Information was added to the box *Argentina energy cooperatives as opportunities for accelerating the uptake of low-emission community energy.*

4. The definition in the box *Low-emission community energy ? an innovative way of accelerating local decarbonization?* has been adjusted to include other elements of community energy (energy efficiency, demand-side management, energy storage). The project is not limited to distributed electricity generation and focuses on low-emission community energy holistically, noting that the major challenge Argentina faces is supply (but this can also be addressed somewhat through managing demand and storage, etc.). During the PPG phase in depth analysis will be undertaken to ensure the project complements the baseline initiatives that focus on energy efficiency.

5. Explanation on the status of other provinces has been added to the section *key institutional framework?* in the sub-section on the provinces. There is no key legal or regulatory barrier that restricts provinces from deploying low-emission community energy. The provinces can be categorized in three groups: 1. Those that adhere to the law; 2. Those that do not adhere because they created regulation prior to the federal law that is similar in nature (i.e. conducive legal frameworks are in place for facilitating deployment of distributed energy); 3. Those that do not adhere because they have found it technically challenging to develop regulations at the provincial level that are consistent with the federal law. This means that all provinces can deploy low-emission community energy, but the provinces are at distinct stages in terms of regulating it. Addressing this is a key focus of this GEF project. Further examination of this baseline situation and a mapping of all provinces will be undertaken during the project detailed design phase, with the aim of identifying in greater detail the capacity challenges that provinces face. This explanation has been added to the PIF.

4.2 JUSTIFICATION FOR PROJECT

a) Is there an indication of why the project approach has been selected over other potential options?

b) Does it ensure resilience to future changes in the drivers?

c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?

d) are the relevant stakeholders and their roles adequately described?

Secretariat's Comments

EBF 5/8/2023:

1. Cleared
2. Cleared
3. Cleared

EBF 4/28/2023: Please address the following comments:

1. We appreciate the table provided related to the relevant financial instruments. Please include a text summarizing why the information contained in this table is of relevance to this section of the document.
2. In line with the previous comment, also provide a text summarizing the table related to "key projects, investments and initiatives in low-emission community energy". In this explanation, please how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country.
3. Please indicate why the project approach has been selected over other potential options. Does it ensure resilience to future changes in the drivers?

Agency's Comments

3 May 2023. Adjusted.

1. Explanation provided above the referred table in chapter A.
2. Explanation provided above the referred table in chapter A.
3. Explanation provided in the section following socio-economic benefits.

5 B. Project Description

5.1 THEORY OF CHANGE

a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?

b) Are the key outputs of each component defined (where possible)?

Secretariat's Comments

EBF 5/9/2023:

1. Cleared.

EBF 5/8/2023:

1. Thank you for the additional text. However, Law 27.424 focuses on distributed generation, not distributed energy resources (which is a broader concept). We recommended you amend the following sentence because it could be misleading: "[...] Through this project, recommendations will be developed to enhance the law, building upon the experiences, good practices and lessons learned from the project, so that it can more directly facilitate and promote it in addition to Distributed Energy Resources (its current focus) and through alternative types of organizations for L-ECE. [...]"
2. Noted. Cleared.
3. Cleared.
4. We note that gender perspectives and considerations have been included in Outputs 3.2 and 4.3. Cleared.

EBF 4/28/2023:

1. Considering that Output 1.2 aims to provide recommendations to reform Law 27.424, what are the specific results that aim to be achieved, and what would be the impact on the project if his law is not reformed? Please clarify.
2. Does the delivery of Output 1.3 depend on the approval of the proposed reform of Law 27.424 addressed in Output 1.2? Please clarify.
3. Considering that component 2 represents a significant share of the project's budget, please provide more details about the participative pilots that aim to be achieved under Output 2.1.
4. Please include gender perspectives in Outputs 3.2 and 4.3.

Agency's Comments

9 May 2023. Sentence amended in the document:

"[...] Through this project, recommendations will be developed to enhance the law, building upon the experiences, good practices and lessons learned from the project, so that it can more directly facilitate and promote it in addition to distributed energy generation (its current focus) and through alternative types of organizations for L-ECE. [...]"

4 May 2023

1. This has been clarified in output 1.2.
2. This has been clarified in output 1.3.
3. This has been clarified in output 2.1.
4. Done (note that 4.3 already included gender perspectives).

5.2 INCREMENTAL/ADDITIONAL COST REASONING

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

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

5.3 IMPLEMENTATION FRAMEWORK

a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?

b) Comments to proposed agency execution support (if agency expects to request exception).

c) Is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area

d) Are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

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

b) Are the project's indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?

Secretariat's Comments

EBF 5/8/2023: Thank you for the clarification. Cleared.

EBF 4/28/2023: The number of direct beneficiaries under Core Indicator 11 seem low. Is it possible to increase the ambition of this Indicator? Please clarify.

Agency's Comments

3 May 2023. The number of direct beneficiaries was calculated based on ME/GN/02 and GEF/C.62/Inf.12/Rev.01. In particular, this number was calculated drawing upon guidance of GEF/C.62/Inf.12/Rev.01 related to direct beneficiaries that receive targeted support and high intensity of support. As noted in the PIF, the pilots will focus on up to 4 cooperatives, with an estimate that each cooperative will consist of 100 households, with each household containing 2.5 individuals. Thus it is estimated that the total number of beneficiaries from the pilots will be 1,000. Furthermore, it is estimated that there will be 200 beneficiaries from the project's capacity building activities. We believe that at PIF

stage the number provided is the best estimate of project direct beneficiaries. During the PPG stage, when the project pilots are determined in the detail and the capacity-building activities refined, the number of direct beneficiaries will be revised.

5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?

Secretariat's Comments N/A

Agency's Comments

5.6 RISKS

a) Are climate risks and other main risks relevant to the project described and addressed within the project concept design?

b) Are the key risks that might affect the project preparation and implementation phases identified and adequately rated?

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

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

5.7 Qualitative assessment

a) Does the project intend to be well integrated, durable, and transformative?

b) Is there potential for innovation and scaling-up?

c) Will the project contribute to an improved alignment of national policies (policy coherence)?

Secretariat's Comments

EBF 5/8/2023:

1. Cleared
2. Cleared

EBF 4/28/2023: Please address the following comments:

1. Please include a sub-section explaining the project's potential for innovation and scaling-up.
2. Please explain how the project will contribute to an improved alignment of national policies (policy coherence).

Agency's Comments 3 May 2023. Done, see text in the project description section following component 5.

6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?

Secretariat's Comments N/A

Agency's Comments

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

8 Annexes

Annex A: Financing Tables

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

STAR allocation?

Secretariat's Comments

EBF 4/28/2023: Yes. However, the Agency notes that tables A, B, D, E and F refer to a total GEF financing of 5,235,739.00, as indicated as the limit by the GEF portal. However, the letter of endorsement and attached PIF in word format refer to a total GEF financing of 5,240,000, which equals to Argentina's total GEF-8 CCM allocation.

Agency's Comments 3 May 2023. Noted.

Focal Area allocation?

Secretariat's Comments N/A

Agency's Comments

LDCF under the principle of equitable access?

Secretariat's Comments N/A

Agency's Comments

SCCF A (SIDS)?

Secretariat's Comments N/A

Agency's Comments

SCCF B (Tech Transfer, Innovation, Private Sector)?

Secretariat's Comments N/A

Agency's Comments

Focal Area Set Aside?

Secretariat's Comments N/A

Agency's Comments

8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments EBF 4/28/2023: Yes. The project is requesting \$80,000 plus Agency fee for PPG, which is within the allowable cap. Cleared.

Agency's Comments

8.3 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?

Secretariat's Comments

EBF 5/8/2023: Noted. Cleared.

EBF 4/28/2023: Please clarify if the "3 Argentine provinces (to be determined during the PPG phase)" are Provincial Governments? If not, also clarify.

Agency's Comments 3 May 2023. Correct, these are provincial governments. This has been made clearer in the co-financing table.

Annex B: Endorsements

8.4 Has the project been endorsed by the country?s(ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?

Secretariat's Comments

EBF 5/8/2023: The executing partner in the general project information table has been changed to "National organization" in line with the letter of endorsement (see screen capture below). Cleared.

General Project information

Project Title:	Accelerating low-emission and resilient community energy in Argentina		
Region:	Argentina	GEF Project ID:	11073
Country(ies):	Argentina	Type of Project:	FSP
GEF Agency(ies):	UNEP	GEF Agency ID:	N/A
Executing Partner:	National organization	Executing Partner Type:	Government
GEF Focal Area (s):	Climate Change	Submission Date :	4/5/2023

EBF 4/28/2023: The executing partner in the letter of endorsement ("by a National organization") is different from the one indicated in the Portal ("Ministry of Environment and Sustainable Development"). This can be amended with a new letter of endorsement or by modifying the executing Partner in the Portal accordingly.

Extract from the letter of endorsement:

Subject: Endorsement for “Accelerating low-emission and resilient community energy in Argentina.”

In my capacity as GEF Operational Focal Point for Argentina, I confirm that the above project proposal (a) is in accordance with my government’s national priorities 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 GEF Implementing Agency listed below. If approved, the preparation of the proposal will be supported by and the project executed by a national organization.[1] I request the GEF Implementing Agency to provide a copy of the project document before it is submitted to the GEF Secretariat for CEO endorsement / approval.

The total financing (from the GEFTF) being requested for this project is US\$5,240,000, inclusive of project preparation grant (PPG) and Agency fees for project cycle management services associated with the total GEF project financing. The financing requested for Argentina is detailed in the table below.

Screenshot of the portal:

General Project information

Project Title:	Accelerating low-emission and resilient community energy in Argentina		
Region:	Argentina	GEF Project ID:	11073
Country(ies):	Argentina	Type of Project:	FSP
GEF Agency(ies):	UNEP	GEF Agency ID:	N/A
Executing Partner:	Ministry of Environment and Sustainable Development	Executing Partner Type:	Government
GEF Focal Area (s):	Climate Change	Submission Date :	4/5/2023
Project Sector (CCM Only):	Technology Transfer/Innovative Low-Carbon Technologies		

Agency's Comments 3 May 2023. Portal modified.

Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?

Secretariat's Comments N/A

Agency's Comments

Annex C: Project Location

8.6 Is there preliminary georeferenced information and a map of the project's intended location?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

Annex D: Safeguards Screen and Rating

8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?

Secretariat's Comments EBF 4/28/2023: Yes, the ESS screening document for this project is provided and the risk classification is "Moderate".

Agency's Comments

Annex E: Rio Markers

8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments EBF 4/28/2023: Yes.

Agency's Comments

Annex G: NGI Relevant Annexes

8.10 Does the project provide sufficient detail (indicative term sheet) 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 to assess the project capacity of generating reflows? If not, please provide comments. Is

the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments N/A

Agency's Comments

9 GEFSEC Decision

9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

EBF 5/9/2023: The PM recommends this PIF for further processing.

EBF 5/8/2023: Please address the comments above.

**** Please highlight in yellow the changes made on the portal version of the CEO approval document for ease of reference. ****

EBF 4/28/2023: Please address the comments above.

**** Please highlight in green the changes made on the portal version of the CEO approval document for ease of reference. ****

Agency's Comments

9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

5/8/2023:

1. Cleared
2. Cleared
3. Cleared

4/28/2023:

1. As mentioned earlier in our comments, we kindly suggest considering a broader concept of community energy systems, which can provide a range of valuable services beyond distributed energy generation. A broader distributed and community energy concept could enhance impact and potential for replicability and scaleup unless there is a specific impediment based on the country's context.
2. In some countries, centralized distribution and retail electricity companies have initially perceived DERs as threatening to their business model. However, as you explain in your project, DERs can complement the services these stakeholders provide and, in some cases, can even be a new business opportunity. We recommend engaging with these stakeholders from the design stage of the project.
3. Please consider how to increase the number of direct beneficiaries during the project design.

Agency's Comments

4 May 2023.

1. See response in previous sections of this document. This will be considered further at the time of CEO Endorsement / Approval as requested.
2. Idem.
3. Idem.

Review Dates

	PIF Review	Agency Response
First Review	4/28/2023	5/4/2023
Additional Review (as necessary)	5/8/2023	5/9/2023
Additional Review (as necessary)	5/9/2023	
Additional Review (as necessary)		
Additional Review (as necessary)		