

Enhancing the Energy Management System to Scale up Energy Efficiency Investments in Public Buildings in Serbia

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10443

Countries

Serbia

Project Name

Enhancing the Energy Management System to Scale up Energy Efficiency Investments in Public Buildings in Serbia

Agencies

UNDP

Date received by PM

5/17/2021

Review completed by PM

7/29/2021

Program Manager

Ming Yang

Focal Area

Climate Change

Project Type

MSP

PIF
CEO Endorsement

Part I ? Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Yes, the project remains aligned with the GEF CCM focal area elements as presented in PIF.

8/4/2021 MY:

The PPO Unit of the GEF provided the following comments. Please address these comments as soon as possible.

1. On Project Management Cost (PMC)

There is no proportionality in the co-financing contribution to PMC. If the GEF contribution is kept at 9.8%, for a co-financing of \$50,000,000 the expected contribution to PMC must be around \$4,900,000 instead of \$1,000,000 (which is 2%). As the costs associated with the project management have to be covered by the GEF portion and the co-financing portion allocated to the PMC, the GEF contribution and

the co-financing contribution must be proportional, which means that the GEF contribution to PMC might be decreased and the co-financing contribution to PMC might be increased to reach a similar level. Please amend either by increasing the co-financing portion and/or by reducing the GEF portion.

2. On Budget:

- The figures in the table in Portal won't fit the boxes, making difficult to understand the values. Please amend the table. (hint: limiting the columns to Components instead of Outcomes may resolve the issue).

- Per guidelines, Project's staff (Project Manager; Project Assistant) need to be fully charged to both portions of the PMC (GEF contribution and co-financing contribution), not to the project components. The CEO ER document shows that both ? Project Manager and Task Manager? are charged to ?Contractual Services ? Companies? on top of being charged to ?Contractual Services ? Individual?.

- In such small project, it is not justifiable to hire two assistants (one for the Project Manager, another for the Task Manager). Please reduce the number of assistants.

- Please specify what ?Other Operating costs- Miscellaneous expenses? cover. GEF funds cannot cover unspecified miscellaneous expenses.

8/6/2021 MY:

Yes, all comments were addressed and the project was revised accordingly.

Agency Response

UNDP, 08/06/2021

1. The proportionality of the PMC costs has now been fixed. As per the guidance received from the GEF Secretariat, the respective shares of the Project Management Costs for both GEF and co-financing have been assumed to be proportionally at the same level (i.e - slightly less than 10% for both from the combined project component costs for both the GEF contribution and for the co-financing contribution.) The revised Table B of the CEO AR has been updated accordingly and the numbers used for co-financing are \$46.4 million for co-financing amount (without PMC) and \$4.6 million for PMC (so around 10%) for a total estimated co-financing amount of \$51 million USD.

These changes are reflected in Table B of the CEO AR document, on page 3.

2. The table format has been amended as requested so that the figure fits the boxes

- As requested by the GEF Secretariat, project manager and project assistant costs are only charged from the PMC and have been removed from the project components. Only time for providing project management services will be paid from the project management costs for the project manager and the assistant.

These changes have been reflected in CEO AR at following: Annex H: GEF Budget Template (changes marked in red) on pages 39-42 and in Annex M: The overview of Project Staff and Technical Consultancies can be found on pages 81-85.

This change has been reflected in Prodoc at following: Chapter IX. TOTAL BUDGET AND WORK PLAN in pages 30-32 and Annex 8: Overview of Project Staff and Technical Consultancies on pages 54-57.

- Allocating these costs earlier for Contractual Services Companies was a mistake, which has now been corrected Prodoc: Chapter IX. TOTAL BUDGET AND WORK PLAN on page 30.

- As per the request of the GEF Secretariat, the second project assistant (FME) has been removed from the staff and the budget has been adjusted accordingly.

This change has been reflected in CEO AR at following: Annex H: GEF Budget Template (changes marked in red) in pages 39-42 and Annex M: Overview of Project Staff and Technical Consultancies on pages 81-85.

This is reflected in Prodoc at following: Chapter IX. TOTAL BUDGET AND WORK PLAN in pages 30-32, in Annex 8: Overview of Project Staff and Technical Consultancies on pages 54-57 and in the Project Organization Structure on page 24.

- All unspecified (miscellaneous) expenses have been taken out from the budget and reallocated for specific budget items. The revised budget can be seen and is reflected in the CEO ER Annex H: GEF Budget Template (changes marked in red) and in pages 39-42 and in the UNDP Project document: Chapter IX. TOTAL BUDGET AND WORK PLAN on pages 30-32.

Project description summary

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not at this time.

Component 1 is very important, but the GEF budget (\$800,000) is too high. Please consider allocating part of the budget to Component 2 for tangible asset investments.

Outputs 2.1, 2.2 and 2.3 are all related to technical assistant activities, although they are called as INV. Please use majority of the GEF funding to show case the effectiveness of new policies, new laws, new regulations, the newly established EMIS help desk, the skills of the trained energy managers, and new energy efficient technologies. In other words, please select several public buildings such as government office buildings, national public libraries, public hospitals or public schools to do energy efficiency retrofitting or renovation. These buildings can be from the 28 pre- selected central government buildings, or from other newly selected buildings if the budget for the pre-sectioned 28 buildings are finished. Please use considerable GEF funding for capital investments in such renovation.

7/19/2021 MY:

Yes, comments were addressed and the project was revised accordingly.

Agency Response

UNDP, 07/12/2021:

As noted also by the GEF Secretariat review, Component 1 is a very important one and its success is extremely important to ensure the sustainability of the project results and the further advancement of the energy efficiency agenda in public buildings in Serbia rather than just facilitating the EE renovation of 28 listed buildings with the support of CEB loan. Careful output specific budget estimates have been made for all subcomponents of Component 1 in order to ensure that all required technical assistance needs to address the identified barriers and risks are adequately covered.

However, UNDP accepts the GEF Sec comments and we have reduced the TA funds for component 1 by US\$ 200,000 to US\$600,000 and transferred these funds to Component 2 for actual investments to complement the CEB sovereign guarantee loan of 40 million Euros to support the retrofitting and renovation of the 28 pre-selected central government buildings. Please note that the bulk of the investment funds for these activities will come from the CEB loan and that the GEF funds will be primarily used for paying such incremental investments that may not be covered by the CEB loan financing such as smart meters or selected small scale renewable energy installations such as roof-top PV panels and/or solar water heaters, for a small number of selected buildings where there are long payback periods and loan financing may not make economic sense.

See Table III. Pp 1, 2, 3 of the CEO AR.

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

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not completed at this time.

The loan agreements of the "CEB", "CEB SIGA and SCA Trust Funds, and "European Western Balkans Joint Fund" cannot be used as co-financing letters. Please ask these agency to issue standard co-financing letters. The UNDP co-financing letter is standardized. Please use it as a template.

For the co-financing letter that was signed by Professor Zorana Z. Mihajlovic. Please ask the Ministry of Mining and Energy to issue a letter showing that Professor Mihajlovic has capacity to represent the Ministry of Mining and Energy for signing the letter.

Professor Zorana Z. Mihajlović, PhD



7/19/2021 MY:

Not completed.

Please ask Madame Zorana Z. Mihajlovic to sign the letter with her affiliation of Deputy Prime Minister and Minister of Mining and Energy of Serbia. The GEF is honored to have her signature as the Deputy Prime Minister and Minister of Mining and Energy of Serbia for this project.

7/29/2021 MY:

Yes, comments were addressed and issues were cleared.

Agency Response

UNDP, 07/12/2021:

Further clarifications to the co-financing letters have now been provided to the GEF Secretariat.

The loan agreement, grant agreement (SIGA-SCA and WBIF) have not been submitted yet as co-financing letters for the GEF project, but as supporting documents proving that Serbia's Government has secured 40+0.9 mil EUR for the renovation of buildings. The co-financing letter for this loan has been provided by the Deputy Prime Minister and the Minister of Mining and Energy.

The loan agreement, grant agreement (SIGA-SCA) and grant agreement (WBIF) are agreements between the Government of the Republic of Serbia and CEB as an IFI which provides loan and manages voluntary contributions of SIGA, SCA and WBIF to grants aimed at technical support to the loan. Serbia issued a sovereign guarantee for the CEB loan which was ratified by the Serbian Parliament. The Republic of Serbia, as a sovereign country, has full ownership over the CEB loan and can decide on the implementation of the loan provided the use of the loan is compliant with the Loan Agreement. For this reason, the co-financing letter has been issued by the Deputy Prime Minister and the Minister of Mining and Energy Prof Professor Zorana Z. Mihajlovic. Besides the CEB loan and the grants, the Government of Serbia has also secured the 1.5 mil USD cash and 1 mil USD in-kind contribution to the GEF Project, which is also clearly indicated in the co-financing letter.

?In addition to the above activities, the Ministry shall in the period 2021 ? 2025 implement the Programme ?Energy Efficiency of Central Government Buildings? including energy rehabilitation of a total of 28 public buildings used by various authorities of the Government of the Republic of Serbia, for which a programme loan has been secured by the Council of Europe Development Bank (CEB) in the amount of EUR 40 million. This loan has been ratified by the National Assembly of the Republic of Serbia in November 2020 (The Official Gazette of the Republic of Serbia No. 6 of 30 November 2020). Additionally, the Ministry in cooperation with the UNDP is implementing the Project of preparatory activities for the implementation of the above Programme totalling EUR 0.9 million. This Project is funded from funds of the CEB Trust Fund (the Slovakian Inclusive Growth Account (SIGA) and the Spanish Social Cohesion Account (SCA) and the Western Balkans Investment Framework (WBIF). The said Programme and the Project of preparatory activities are complementary with the proposed GEF project and shall represent a specific investment contribution to its implementation by the Ministry.?

The co-financing letter is written on the Government letterhead and duly signed by professor Zorana Z. Mihajlovic, the Deputy Prime Minister and the Minister of Mining

and Energy of the Republic of Serbia. GEF Secretariat can perform its own due diligence by clicking on the following website of the government of Serbia.

<https://www.srbija.gov.rs/biografija/en/74027/zorana-mihajlovic.php>

<https://mre.gov.rs/en/ministarstvo/ministarka>


This co-financing letter was written in the official language and it was officially sealed. The seal is visible on the third page of the letter. ***The translation in English is corrected, stating clearly that the signatory, Prof Z. Mihajlovi?, is a Deputy Prime Minister and Minister of Mining and Energy.***

The Decision on the election of the Government is published in the Official Gazette of the Republic of Serbia no. 130/21, of October 28 2020. <http://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/skupstina/odluka/2020/130/1>

Professor Zorana Z. Mihajlovic is listed under no 3. The unofficial translation of the said decision is in the appendix of the Response Chart.

UNDP, 07/29/2021:

Thank you for the comment. Ms. Zorana Mihajlovic, the Deputy Prime Minister and Minister of Energy and Mining as adjusted the way in which she usually signs letters of such nature, to respond to previous round of GEF Sec comments. She has now signed the letter as the Deputy Prime Minister and Minister of Energy and Mining on the official letterhead with the visible seal (re-attached). UNDP and OFP cannot request another letter from her as it would encroach upon internal rules of the Cabinet of the Government and the Ministry. We hope that GEF Sec would accept that there is no doubt about the integrity of the Deputy Prime Minister and Minister of Energy and Mining as to who she really is (in light of the additional information provided). In case there is still doubt, if there are further questions we will arrange a call between the GEF Secretariat and the office of the Deputy Prime Minister and Minister of Energy.



Professor Zorana Z. Mihajlović, PhD
Deputy Prime Minister and Minister

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Yes. The GEF financing resource presented in Table D is adequate and it will be cost-effective to meet the project objectives, if the project is further revised per the GEF comments.

Agency Response

Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

Yes. Annex C is presented on page 72.

Agency Response

Core indicators

7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

There is no change from the PIF to the CEO AR on core indicators and the targeted GEBs (See page 15).

Agency Response

Part II ? Project Justification

1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

Not completed at this time. Although the project design has remained essentially the same as already presented in the PIF, it is necessary to update the key issues including the root causes and barriers in the CEO AR document.

7/19/2021 MY:

Yes, comments were addressed and the issues were cleared.

Agency Response

UNDP, 07/12/2021:

The GEF CEO endorsement document has been complemented with additional information as requested on root causes and barriers.

The information can be found in Part II of the CEO AR and covers root cause issues such as previous studies related to the energy sector in Serbia, strategies in the energy sector and previous experience with EMIS focused upon the municipal level.

See CEO AR pp 6 and pp 7.

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

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not completed at this time.

Although the baseline is the same as in the PIF, it is necessary to update the baseline in the CEO AR package.

7/19/2021 MY:

Yes, comments were addressed and the issues were cleared.

Agency Response

UNDP, 07/12/2021:

The CEO AR document has been complemented with additional information as requested on the baseline package.

See CEO AR pp 8

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

5/17/2021 MY:

Not completed at this time.

Although the alternative scenario is the same as in the PIF, it is necessary to update it in the CEO AR package.

As commented above, please use some of GEF funding for asset investments in component 2.

7/19/2021 MY:

Yes, comments were addressed and the issues were cleared.

Agency Response

UNDP, 07/12/2021:

The GEF CEO endorsement document has been complemented with additional information as requested and the budget for investments under Component 2 and it has been increased by US\$200,000.

See Table I on pp 3.

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

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

There is not any further elaboration, but it is OK because the project design is not changed.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not at this time.

Please further elaborate the baseline, incremental reasoning and GEF contribution on the top of the PIF.

Please clearly elaborate the co-financing. Please see comments in the box that is related to co-financing.

7/19/2021 MY:

Yes, comments were addressed and the issues were cleared.

7/29/2021 MY:

Yes, comments were addressed and issues were cleared.

Agency Response

UNDP, 07/12/2021:

The GEF CEO endorsement document has been complemented with additional information as requested on the baseline situation.

This information can be found on pp 8 and pp 9 of the revised GEF Request for CEO endorsement.

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not yet.

The Agency claimed to have used GEF's "Guidelines for Greenhouse Gas Emissions Accounting and Reporting for GEF Projects" to estimate the GEBs for this project. The Agency indicated that the data and calculation on GHG reduction are presented in Annex 13. But Annex 13 is missing in the GEF Portal. Please clearly indicate where the Annex 13 is or resubmit it.

7/19/2021 MY:

Not completed.

Please justify all assumptions in the calculation. For example, the following assumption is not justified: "As average emission factors, 0.29 tons of CO_{2eq} for district heating and 1.1 tons of CO_{2eq} for electricity were used"

The table on page 114 of the CEO AR document is not clear. Please write a paragraph to describe the table.

DIRECT GHG REDUCTION IMPACT												
No of buildings	Total floor area	Final energy consumption for heating (+ energy class) before	Final energy consumption for heating (+ energy class) after	Consumption of primary energy before	Consumption of primary energy after	Saved Energy in kWh per year	Saved energy in MJ in 25 years	Specific CO ₂ emissions before	Specific CO ₂ emissions after	CO ₂ savings	CO ₂ savings	CO ₂ savings over 25 years
4	47 800	121 (E)	? 98 (D)	409	286	5 865 060	527 855 400	131	105	26	1 252	31 309
12	57 000	94 (D)	? 65 (C)	379	265	6 480 900	583 281 000	122	98	24	1 391	34 770
6	10 000	108 (E)	? 98 (D)	474	332	1 422 000	127 980 000	162	130	32	324	8 100
5	38 500	94 (D)	? 65 (C)	477	334	5 509 350	495 841 500	169	135	34	1 301	32 533
1	54 700	153 (F)	? 130 (E)	408	286	6 695 280	602 575 200	143	114	29	1 564	39 111
28	208 000					25 972 590	2 337 533 100				5 833	145 822

Agency Response

UNDP, 07/12/2021:

Annex 13 was submitted as a part of the project document, but has now been added into the CEO AR document as Annex Q. (All annexes are included in the CEO AR document as one document and CEO AR was uploaded to the Portal.) In this document, Annex Q, the energy savings and GHG reductions are presented using the GEF methodology for calculating energy efficiency in buildings.

UNDP, 7/29/2021

As requested, additional clarification to justify the emission factors used for electricity and district heating and to describe the table has been added into the CEO AR Annex Q (page 114): *GEF focal area specific annexes (GHG calculations)* as follows:

The emission factors for electricity and district heating are based on the official Rulebook on the format of Annual Report on achieved annual energy saving target published in the Official Gazette of the Republic of Serbia, No. 32/16 (<http://arhiva.nre.gov.rs/doc/efikasnost-izvori/Pravilnik-o-obrascu-godi%C5%A1neg-izve%C5%A1taju-2018-09-19/Pravilnik-o-obrascu-godi%C5%A1neg-izve%C5%A1taju-o-osvajavanju-cl%C4%9Beva-u%C5%A1tede-energije-32-16.pdf?uri=CELEX:32009L0028>) and the related attachment http://arhiva.nre.gov.rs/doc/efikasnost-izvori/Obrazac_2_2019-03-22.xlsx, which are the same emission factors that are also used and approved for reporting Serbia's GHG emissions to the UNFCCC, EU and the IEA.

The table that the comment is referring to is estimating the targeted energy savings and related GHG emission reduction on the basis of the targeted improvement of buildings' energy class by the suggested renovation activities and, consequently, the related reduction of their primary energy consumption, in which the respective shares of the different energy sources used by the buildings have been taken into account. The table shows how the additional measures

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not yet.

Please further and better elaborate project innovation, sustainability and potential for scaling up.

7/19/2021 MY:

Not completed.

On page 12 of the CEO AR document, for innovation, please directly indicate why and how this project is innovative in terms of policy, business model, technologies, management, finance and GHG reductions. For sustainability, please justify how the project results including policy, technologies, and energy efficiency management mechanism and demonstration for buildings will continually operate. Who will pay for operation and maintenance costs of the 28 buildings of demonstration after the GEF project implementation is over?

7/29/2021 MY:

Yes, comments were addressed and issues were cleared.

Agency Response

•UNDP, 07/12/2021:

Project innovation, sustainability, and potential for scaling up have been elaborated further also in the GEF CEO AR.

See pp 12 section on Innovation.

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•UNDP, 7/29/2021

As requested, additional information into page 12-13 of the CEO AR for innovation and sustainability has been added into the CEO AR to address the comments made (highlighted in green). We have highlighted how the use of energy management information systems (EMIS) in public buildings is an innovative tool to support, promote, and accelerate additional investment in energy efficiency in public buildings. Technologies deployed with building energy efficiency include solar energy or heat pumps, new technologies for improving heat recovery from buildings waste heat resources such as exhaust ventilation air, new materials and shadowing installations to prevent excess heat accumulation into the buildings during the summer time, thereby reducing the cooling needs etc

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

5/18/2021 MY:

Not completed at this time.

In Annex D, please mark the project sites on the map, and justify that the project will not overlap any territory of the neighboring countries of Serbia.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

All project sites are in Belgrade which is the capital city of Serbia. The capital city is far from any border with the neighbouring country. Hence, no project site can be the subject of a territorial dispute with the neighbouring country.

<https://www.google.com/maps/d/u/0/edit?mid=1qZApZHjZK3FcY1uzZpAkkCMHUpZj-Lvr&usp=sharing>

The nearest border point is with Romania and it is 95 km from Belgrade.

The map is in Annex E of the CEO AR and all project sites are marked in purple. Please see pp 23 of the CEO AR.



The table with coordinates of each project site is added.

Building No	Latitude	Longitude
1	44.8190139	20.4602799
2	44.8157043	20.4610747
3	44.827619	20.4583408
4	44.8178386	20.4540221

5	44.8133613	20.4663075
6	44.8093836	20.4627728
7	44.8175805	20.4520891
8	44.7862116	20.5216936
9	44.8145756	20.4620526
10	44.8039563	20.4624032
11	44.8051279	20.4738783
12	44.8200424	20.4274299
13	44.8205288	20.4099106
14	44.8090979	20.4624656
15	44.8030234	20.4641005
16	44.8023396	20.4633836
17	44.8148911	20.4559899
18	44.7868162	20.445558
19	44.8045444	20.4809201
20	44.8051725	20.4581249
21	44.8036496	20.4604837
22	44.8189179	20.4506463
23	44.7994281	20.3698199
24	44.8140487	20.4759541
25	44.8074191	20.4612685
26	44.8063056	20.4601669
27	44.8103428	20.4668913
28	44.8098476	20.46306

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

Stakeholders

Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not completed yet.

In the CEO AR document, one cannot find a detailed report on stakeholder engagement. Please clearly indicate where to find the report.

The CEO AR document indicates that the Stakeholder Engagement Plan with a time table is attached to the project document as Annex 9 and has been uploaded with the submission as a separate document. In the GEF Portal, one cannot find Annex 9. Please resubmit it or clearly indicate where it is.

In the report, please make sure to include information on stakeholders to be engaged, the means of engagement, and dissemination of information on stakeholder engagement.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

Annex 9 was submitted as a part of the project document, but has now been added into the CEO AR document as Annex N. (All annexes are included in the CEO AR document as one document and CEO AR was uploaded to the Portal.)

Gender Equality and Women's Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Yes, the gender analysis has been completed. Annex 11 (pages 26 - 29 of the CEO AR document presents the results.

Agency Response

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not completed at this time. On page 36, the CEO AR shows the following paragraph on private sector engagement:

The private sector will have a key role in implementing the project ? primarily as a service provider for developing new features and functionalities for EMIS data management as well as for different elements of the actual building renovation, including energy audits, technical and financial feasibility analysis, actual construction work and monitoring of the results of the work done. Besides, the private sector (e.g. private banks) will have a role in providing project financing, managing the credit lines of international multilateral financing institutions and offering new type of financing instruments and modalities such as ESCO financing.

The above statement is too general. Please indicate the roles as a financier and/or as a stakeholder and elaborate how they will contribute to each of the expected outputs of the project.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

A table elaborating the role of the private sector for each output has been added into the CEO AR.

This can be found in Table 1 pp 14 of the CEO AR.

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not completed at this time. Please undertake more detailed analysis on risks that are likely from COVID-19 and climate change. Please also show theory of change for the project.

1. COVID-19

Please brief the measures to cope with COVID-19 by responding the following three questions:

1.1 General: Describe briefly how the pandemic overall is addressed in the project, including associated impacts, risks and opportunities. Projects are required to identify and establish likely impacts and risks from COVID-19, and how they will be dealt with in the context of delivering global environment benefits and climate adaptation and resilience benefits.

1.2 Risk analysis: Please consider any risks and measures to deal with the risks that are caused by COVID-19 and post-COVID-19. These risks include (1) availability of Technical Expertise and Capacity and Changes in Timelines in the selected provinces; and (2) any expected financing from the government and co-financing from all stakeholders. Please describe further how risks from COVID-19 have been analyzed and mitigation strategies incorporated into the design of this project. The project is expected to include consideration to the risks that COVID-19 poses for all aspects of project implementation.

1.3 Opportunity analysis: Describe further how the project has identified potential opportunities to mitigate impacts (if any) created by COVID-19 to deliver GEBs and/or climate adaptation and resilience benefits and contribute toward green recovery and building back the economy.

2. Climate Risk Screening

Plases do more analysis on Climate Risk Screening. Specifically, please double check to ensure that climate risks are identified, listed and described per the guidance of STAP. See <https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>

This includes but not limited to:

2.1. Outlining the key aspects of the climate change projections/scenarios at the project locations, which are relevant for the type of intervention being financed (e.g. changes in temperatures, rainfalls, increased flooding, sea level rise, saltwater acquirer contamination, increased soil erosion, etc.).

2.2. Showing risks with a time horizon if feasible/data available (e.g. up to 2050).

2.3. Listing key potential hazards for the project that are related to the aspects of the climate scenarios listed above. This means elaborating a narrative that describes how the climate scenarios indicated above are likely to affect the project, during 2020-2050.

2.4. Describing plans for climate change risk assessment and climate risk mitigation measures during PPG. The STAP guidance shows more details on it.

3. Theory of Change

From October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues that are related to the project such as Theory of Change.

Referring to STAP's primer on the issue of Theory of Change (TOC) - <https://www.stapgef.org/theory-change-primer> , Please draw a chart to demonstrate TOC for this project and write a couple of paragraphs to explain the TOC.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

1. COVID 19 ? Information.

Significant additional information on COVID-19 and climate related risks has been added into the CEO AR. This can be found on pp 16 and pp 17 of the CEO AR. The specific risks arising from the pandemic and how they will be included in the project has now been added including a general description, list of risks and measures, and an opportunity analysis (question 1.1, 1.2 and 1.3). All of these issues are discussed on pp16 and pp17.

2. Climate Risk Screening

Climate Risk Screening are now further discussed in table 2 on pp16 with revised text. The risk of changes in temperatures is addressed by an increased emphasis on heating and cooling. Building retrofit design will be made considering the increased maximum rainfall and soil water erosion expected based on projections taking into account climate change impacts. The risk of sea-level risk and saltwater contamination are not applicable as Serbia is a landlocked country with no coastline. The timeline on the climate change risks is not included because data is not currently available. The main hazards of the project related to climate change risks relate to impacts on increased rainfall and soil water erosion and Table 2 on pp 16 now explains how this will be taken into account.

In addition, all risks will be further defined during project implementation according to hazard identification, assessment of vulnerability and exposure, risk classification, and then through the development of risk mitigation plan which includes ranking of risks according to a clearly defined scale, and using the best available data. See Table 2 of the CEO AR on pp 15 where this is explained.

3. Theory of Change

A complementary chart illustrating the causal chains between the identified barriers and the project outputs, outcomes and objective aligned with the STAP primer on the issue of Theory of Change (TOC) together with a couple of paragraphs explaining the ToC has been added into the CEO AR.

The discussion of theory of change can be found on pp9 and pp 10 of the CEO AR.

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not completed at this time.

Please:

1. use a diagram (chart) to show the roles of all project stakeholders with coordination relationship or links;
2. indicate any other GEF financed projects that are relevant to this project.
3. elaborate coordination between this project and any other bilateral or multilateral agencies financed projects in the project area.
4. elaborate how the private sector contributions to the project will be coordinated.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

1. A stakeholder engagement plan (see Annex N of the CEO AR) has been added with a chart to show clearly the role of all project stakeholders including the key partnerships of the project. In addition, there is now a diagram on pp 19 of the CEO AR which displays the roles of all the key stakeholders in a diggram. The stakeholder engagement plan in Annex N provides a detailed breakdown of the roles and responsibilities of the various stakeholders on the project. Requested information and charts have been added into the CEO AR. See pp 13 and pp 14.
2. PIMS 4588 UNDP GEF Serbia Energy Management Information system, which recently finished is relevant to this project and this project builds on the work from this project on EMIS at the municipal level. See pp 11 of CEO AR.
3. The project is very relevant to the work being carried out by the CEB (Council of Europe Development Bank) and this synergy is described throughout the CEO AR as they are providing the main co-financing for the rehabilitation of the buildings.

The private sector contributions to the project are described in Table 1 on pp 14 and pp 15.

Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Yes, it is shown on page 40 under the section title of "7. Consistency with National Priorities."

Agency Response
Knowledge Management

Is the proposed ?Knowledge Management Approach? for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

Not completed yet.

Please elaborate the ?Knowledge Management Approach" with a timeline, milestones and deliverables.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

Requested information has been added into the CEO AR with more information added on the knowledge management of the project on pp22 of the CEO AR including timeline, milestones and deliverables.

Environmental and Social Safeguard (ESS)

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

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

Yes, the Social and Environmental Screening (with the 2021 SESP Template) is presented on pages 45-68.

Agency Response
Monitoring and Evaluation

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

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

Not at this time.

In the section of monitoring and evaluation, the Agency indicates the following: "The Monitoring Plan included in Annex 5 of the project document details the roles, responsibilities, and frequency of monitoring project results." But Annex 5 is missing in the GEF Portal. Please clearly indicate where Annex 5 is or resubmit it.

Please make sure the M&E plan includes indicators and targets and measures to monitor them.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

Annex 5 was submitted as a part of the project document, but has now been added into the CEO AR document as Annex J. (All annexes are included in the CEO AR document as one document and CEO AR was uploaded to the Portal.)

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not completed at this time.

Please use quantitative information/data to show the social and economic benefits.

Please elaborate how these benefits translate in supporting the achievements of GEBs of this project.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

Social Benefits

It is estimated that 300,000 tonnes of indirect CO2 emissions and 146,000 tonnes of direct CO2 emissions will allow approximately 25 new government jobs to be created as a result of energy savings allowing budget funds being able to be redeployed elsewhere as a result of estimated savings of some \$116,800 from the 28 cultural heritage buildings and approx. double this amount from the indirect GHG reductions from the replication buildings which works out to approx. \$250,000 in savings. In addition, from the Council of Europe Bank loan it is estimated that some 1,000 new jobs will be created as a result of construction costs of \$47.3 million so in total we expect approx. 1025 new green jobs to be created by the project.

See pp 22 of the CEO AR.

Economic Benefits

Requested quantitative information has been added into the CEO AR and it is estimated that the savings are \$37 million USD calculated at 146,000 lifetime tonnes of direct CO2 reductions (global environment benefits) @ \$20 per tonnes so $20 \times 146,000 = 2,920,000$ tonnes of CO2 reduced.

See pp 22 of the CEO AR.

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not at this time.

Annexes numbers and attachments are in mess. Please use one Annex system such as Annex A, Annex B; or Annex 1, Annex 2, etc. or Annex A; Annex A1, Annex A2, Annex B1; Annex B2, etc. to present annexes. Please do not use both systems in one document. Please put all Annexes in one document if possible and upload it onto the GEF Portal.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response

UNDP, 07/12/2021:

Checked and revised, as requested.

All annexes are now also placed into one document (CEO AR document) and uploaded into the GEF portal and are numbered Annex A, Annex B, Annex C, etc ?

Project Results Framework

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Yes, it is presented on page 69.

Agency Response

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Yes, the GEF SEC's comments in the PIF stage have been addressed on page 72.

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

STAP comments

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

Yes, it is shown on page 72, Annex C.

Agency Response
Project maps and coordinates

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

Not completed. A map is shown on page 73. But please mark the project sites on the map.

7/19/2021 MY:

Yes, comment was addressed.

Agency Response
UNDP, 07/12/2021:

All project sites are located in Belgrade which is the capital city of Serbia. 28 project sites are clearly marked on the map of Belgrade. See Annex E and pp 24 of the CEO AR.

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

N/A

Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat Comment at CEO Endorsement Request
5/17/2021 MY:

N/A

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

5/17/2021 MY:

Not at this time.

Please address the above comments.

7/19/2021 MY:

Not at this time.

Please address the above comments.

8/4/2021 MY:

The PPO Unit of the GEF provided comments on the project. Please see Box 1 in this review sheet and address these comments accordingly.

8/6/2021 MY:

Yes, all comments were addressed and the project was revised accordingly.

The PM recommends technical clearance for this project.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	5/17/2021	
Additional Review (as necessary)	7/19/2021	
Additional Review (as necessary)	8/6/2021	
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

The objective of the project is to reduce greenhouse gas emissions by improving the energy efficiency (EE) and promoting the use of renewable energy (RE) sources in public buildings with a particular focus on government-owned buildings in Serbia. The project consists of three major components: (1) Enabling policy framework and capacity building for energy audits and energy management; (2) Catalyzing building related EE and RE investments; and (3) Monitoring, evaluation and outreach, to scale up the investments. Expected outputs include: (1) Required bylaws and rulebooks for official energy audits finalized to complement the related provisions of the new Law on the Efficient Use of Energy; and (2) Completed EE and RE renovation of at least 28 Central Government buildings. With \$1,405,000 of GEF grant, this MSP will mobilize a total of \$51,000,000 of co-financing from the government and other donors. The project is innovative since this project is the first one in Serbia to demonstrate integrated energy efficiency and renewable energy technologies in the selected 28 government buildings. These technologies include new building automatization for controlling and optimizing building's indoor temperature, humidity and air quality, net metering in the case of

buildings own energy production, such as solar energy or heat pumps, new materials and shadowing installations to prevent excess heat accumulation into the buildings during the summer time, etc. The project will be sustainable because the government directly owns the project and the operation and maintenance costs of the 28 selected buildings for demonstration will be paid by the government budget when the GEF project implementation is over. The project will be scaled up because there is a total of 27 million square meters of public buildings in Serbia which is 100-fold more than the 208,000 square meters targeted by the investment component of this project. The project aims at mitigating 446,000 tonnes of CO₂ during its lifetime operation.

COVID-19 risk analysis:

The main impact of continuing COVID-19 pandemic on project implementation includes eventually continuing social distancing measures and restrictions for public gatherings. In such a case, the planned public outreach events, stakeholder consultation meetings and group training cannot be organized by physical meetings, but this impact can be mitigated by using virtual ones. During the pandemic, most people among the stakeholders the project is targeting have already become familiar with different types of virtual meetings and, therefore, continuing such online events in the frame of this project, as needed, is not expected to create major challenges. As needed, the project will also provide specific training for or facilitate otherwise the participation of those stakeholders that may require such support. Also, as it concerns the project staff, they will be responsible for the type of deskwork that can also be conducted outside the project office, if needed. As such, COVID-19 even if continuing with related restrictions is not likely to have any major impact on implementing the project in schedule. Similarly, no impact on baseline or stated project targets is foreseen.

COVID-19 opportunities:

The project will create new work and investment opportunities for EE and RE technologies in the country, thereby contributing to green recovery and resilience by engaging both the public and the private sectors. In the design and implementation of the GEF Project, the lessons learned, experiences and knowledge gain during the Covid-19 pandemic also provide an opportunity for the project proponents and their partners to formulate effective mitigating actions to prevent and/or remedy any negative impacts of the pandemic (assuming it persists for a long time) on the project interventions that are intended directly to mitigate GHG emissions.