

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

**Review PIF 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**

11/25/2019

**Review completed by PM**

4/22/2020

**Program Manager**

Ming Yang

**Focal Area**

Climate Change

**Project Type**

MSP

## **PIF**

### **Part I – Project Information**

#### **Focal area elements**

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

#### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes, it is aligned with GEF7 CCM -1-3 Accelerating energy efficiency adoption.

## **Agency Response**

### **Indicative project/program description summary**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not at this time.

Components 1 and 2 look like the same. For example, energy auditing (component 2) is part of energy management (component 1). For component 2 (Energy audits and EE/RE project preparation and financing), please elaborate how the GEF \$400,000 and the co-financing \$44.4 million will be used. Please elaborate how the Council of Europe Development Bank \$44 million loan is part of the proposed project. It might be wise to redevelop the two components as follows: (1) Component 1 for developing new policy and and new standards/codes for buildings; (2) Component 2 for demonstration of the application of the new policy and standards, and utilize the loan.

2/18/2020 MY:

Not completed at this time. Please consider revising the components as follows:

Component 1: . Energy management and energy audit TA for capacity building (A TA component);

Component 2: . Catalyzing capital investment in energy efficiency buildings. (An INV component, use part of GEF grant to blend with the loan of the Council of Europe Development Bank, even if the GEF grant is for a sub-TA component).

Component 3: . Outreach, monitoring and evaluation to sale up the investment in EE buildings in the country (A TA component)

)Energy management and energy audit TA for capacity building;

3/9/2020 MY:

Yes, comments were addressed and the PIF was revised.

## **Agency Response**

**Co-financing**

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

## **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not at this time. Please justify the additionality of the GEF grant, namely, why the GEF needs to use \$1.54 million to finance the project, given that the Council of Europe Development Bank will put \$44 million loan for investment and additional \$1 million grant for TA.

2/18/2010 MY:

Yes, comments were addressed.

## **Agency Response**

**GEF Resource Availability**

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

## **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes, 9.5% agency fees; total project and fee amounts match the OFP endorsed number (\$1,593,225).

### **Agency Response**

**The STAR allocation?**

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

The Country has not used any STAR resources as of November 26, 2019. The country is fully flexible in STAR use.

### **Agency Response**

**The focal area allocation?**

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

The Country has not used any STAR resources as of November 26, 2019. The country is fully flexible in STAR use.

### **Agency Response**

**The LDCF under the principle of equitable access**

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

N/A

**Agency Response**

**The SCCF (Adaptation or Technology Transfer)?**

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

N/A

**Agency Response**

**Focal area set-aside?**

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

N/A

**Agency Response**

**Impact Program Incentive?**

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

N/A

**Agency Response**

**Project Preparation Grant**

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

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes.

**Agency Response**

**Core indicators**

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

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not at this time.

The PIF states the following "According to initial estimates, this should result in at least 30% of reduction in primary energy consumption, 20% reduction in related CO2 emissions and 29% savings in operating costs"

Please elaborate the methodology, dynamic baseline data and assumptions used to do the estimation,

2/18/2020 MY:

Yes, the comments were address. However, in the CEO ER stage, the agency must use GEF recommended methodology or a methodology that complies with the GEF methodology to calculate CO2 emission reduction amounts.

## **Agency Response**

**Project/Program taxonomy**

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

## **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes.

## **Agency Response**

**Part II – Project Justification**

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

## **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes. it is stated on pages 5-7.

## **Agency Response**

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

## **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:



Not completed at this time.

In the baseline scenario, or in the alternative scenario, please describe the \$44.4 million loan of the Council of Europe Development Bank (CEDB). If it is in baseline, please elaborate the impact of the loan and justify any gaps in energy efficiency improvement for the GEF to further fill.

2/18/2020 MY:

Yes, comments were addressed.

### **Agency Response**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not completed at this time.

If the \$44.4 million loan is not in the baseline scenario, please describe the \$44.4 million loan in the alternative scenario, Please justify why GEF should finance the project, given that the loan has \$1 million for TA.

2/18/2020 MY:

Yes, comments were addressed.

### **Agency Response**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes, it is aligned with GEF7 CCM -1-3 Accelerating energy efficiency adoption.

### **Agency Response**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not yet.

Please see the comments in Boxes 2 and 3 above.

2/18/2020 MY:

Yes, comments were addressed.

### **Agency Response**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not completed yet.

The methodology, data and assumptions are not clear. Please provide more information on GHG reduction calculations.

2/18/2020 MY:

Yes, the comments were addressed. However, in the CEO ER stage, the agency must use GEF recommended methodology or a methodology that complies with the GEF methodology to calculate CO2 emission reduction amounts.

### **Agency Response**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not completed.

On page 15, please write one paragraph for each of the following topics: *Innovation, sustainability and potential for scaling up.*

2/18/2020 MY:

Not at this time, Please write one paragraph for each of the following topics: *Innovation, sustainability and potential for scaling up.*

The five paragraphs in the section are not focused.

3/9/2020 MY:

Yes, comments were addressed and the PIF was revised.

### **Agency Response**

**Project/Program Map and Coordinates**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not completed yet.

Please attach a map and show possible locations of the project.

2/18/2020 MY:

Yes, the comments were addressed. The map is shown on page 24.

## **Agency Response**

### **Stakeholders**

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

## **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Stakeholders have been roughly considered. More work needs to be done in the PPG stage.

## **Agency Response**

### **Gender Equality and Women's Empowerment**

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

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes. It is stated on page 16.

**Agency Response**

**Private Sector Engagement**

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

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes. It is briefly stated on page 16. But more detailed plan is needed in the CEO ER stage to elaborate how to engage the private sector.

**Agency Response**

**Risks**

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

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not completed.

Please use a table to list the risks and measures to address the risks.

Please elaborate how to address the risk of climate change.

2/18/2020 MY:

Yes, the comments were addressed.

### **Agency Response**

#### **Coordination**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not completed.

Please also elaborate how to coordinate this project with other projects that are financed not only by the GEF but also by bilateral/multilateral initiatives in the same project area as this proposed one.

2/18/2020 MY:

Yes, the comments were addressed. More work is expected to be done in the PPG stage and more detailed information should be presented at the CEO ER stage.

### **Agency Response**

#### **Consistency with National Priorities**

**Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?**

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes. it is stated on pages 17-18.

### **Agency Response**

#### **Knowledge Management**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Not completed.

1. **an overview of existing lessons and best practice that inform the project concept**
2. **plans to learn from relevant projects, programs, initiatives & evaluations**
3. **proposed processes to capture, assess and document info, lessons, best practice & expertise generated during implementation**
4. **proposed tools and methods for knowledge exchange, learning & collaboration**
5. **proposed knowledge outputs to be produced and shared with stakeholders**
6. **a discussion on how knowledge and learning will contribute to overall project/program impact and sustainability plans for strategic communications**

•

2/18/2020 MY:

Yes, the comments were addressed.

## **Agency Response**

### **Part III – Country Endorsements**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

Yes. the letter is saved in the GEF Portal.

## **Agency Response**

**Termsheet, reflow table and agency capacity in NGI Projects**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

N/A

## **Agency Response**



## GEFSEC DECISION

## RECOMMENDATION

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

### Secretariat Comment at PIF/Work Program Inclusion

11/26/2019 MY:

No at this time.

Please address the comments above.

2/18/2020 MY:

Not at this time. Please address the comments above mainly on (1) project component design and (2) write clearly on "innovation, sustainability and scaling up". Also, the GHG accounting needs to be done again.

3/9/2020 MY:

All technical comments were addressed. Now, please address two policy related issues:

1. In Section of 6. Coordination, on page 19 of the PIF, please remove all languages of UNDP's executing functions. Please make sure this kind of languages will no longer be shown in this and any other PIFs or CEO ER documents in the ECA region. This is to save the time of the UNDP and the GEF.
2. Tables A, D, and E are not consistent. Please revise them and make sure they are consistent. If the project developer does not know how to make the tables consistent, please ask Ms. **Melissa E. Hernandez**, Programme Associate - EITT, UNDP – Global Environmental Finance Unit, Bureau for Policy and Programme Support, 304 E 45th Street, FF-933A, New York, NY 10017, SA, [melissa.hernandez@undp.org](mailto:melissa.hernandez@undp.org)

4/3/2020 MY:

Not at this time.

1. In Section of 6. Coordination of the PIF, please remove all languages of UNDP's executing functions. The following languages such as "...support services maybe requested during project implementation. The Serbia is a middle income country. However support to national implementing partners is needed for various activities including procurement, recruitment and operational transactions in addition to management oversight." are not acceptable. Please make sure this kind of languages will no longer be shown in this and any other PIFs or CEO ER documents in the ECA region. This is to save the time of the UNDP and the GEF.

"On institutional arrangements, support services maybe requested during project implementation. The Serbia is a middle income country. However support to national implementing partners is needed for various activities including procurement, recruitment and operational transactions in addition to management oversight. The main reason for this is the fact that the specific implementing partner from the Government does not have capacity to implement itself the project (high inefficiency and unclear practices). At PPG stage, further analyses will be performed, for example including HACT assessments, to determine which entity is the best actor to provide these support services and what are the associated costs."

Tables A, D, and E are consistent. Thus, the second comment of 3/9/2020 is cleared.

5/7/2020 MY:

The above comments were addressed and issues were cleared. However, the PIF is sent back to the Agency due to the issue on Environmental and Social Safeguards (ESS).

The PIF adequately addressed gender but not on environmental and social safeguards. The UNDP has included information on ESS in section 5, but in line with the GEF policy on ESS, the UNDP should provide further information on the pre-screening process for Social and Environment Screening Procedure as well as the overall project risk rating and types of risks. The UNDP is expected to provide the "Social and Environmental Screening Template".

5/15/2020 MY:

Yes, the comment was addressed. The "Social and Environmental Screening Template" is attached to the Project Document Folder with a name file of "Others\_6388 UNDP GEF Serbia EE PIF pre-SESP 12\_05\_2020".

The PM recommends technical clearance of the PIF.

**ADDITIONAL COMMENTS**

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

**Secretariat Comment at PIF/Work Program Inclusion**

11/26/2019 MY:

To be added later.

3/9/2020 MY:

1. In the PPG stage, please use the GEF recommended GHG accounting methodology to calculate CO2 emissions. Particularly for the consequential emission reduction amount. It seems that the amount shown in the PIF is too small, given that the country has 27 million m2 of floor area of public buildings.
2. At the CEO Approval stage, please make sure that the UNDP will not take any executing functions in Serbia for this GEF project.

**Review Dates**

	<b>PIF Review</b>	<b>Agency Response</b>
<b>First Review</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		

	PIF Review	Agency Response
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		

**PIF Recommendation to CEO**

**Brief reasoning for recommendations to CEO for PIF Approval**

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 in Serbia. The project has three components: (1) Developing and enabling policy framework and building capacity for energy audits and energy management; (2) Catalyzing building related EE and RE investments; and (3) Outreaching, monitoring, evaluating and scaling-up the investment. With \$1,405,000 of GEF grant, this project will mobilize approximately \$48,000,000 from the government of Serbia and the Council of Europe Development Bank. The project will mitigate 146,000 tonnes of CO2 directly and 300,000 tonnes consequentially. Per the current status of energy efficiency in buildings and the total floor areas of public buildings in Serbia, the PM believes that the Agency has underestimated the consequential emission reductions. This issue has been noted in the system and the Agency should address this issue at the PPG stage.