

Promoting zero-emission buildings in Brazil through climate technologies and policies (EDinova)

Review PIF and Make a recommendation

Basic project information

GEF ID

11072

Countries

Brazil

Project Name

Promoting zero-emission buildings in Brazil through climate technologies and policies (EDinova)

Agencies

UNEP

Date received by PM

4/5/2023

Review completed by PM

4/19/2023

Program Manager

Patricia Marcos Huidobro

Focal Area

Climate Change

Project Type

FSP

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

4/19/2023 PM:

Yes.

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

4/19/2023 PM:

Yes.

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

5/12/2023 PM:

Cleared.

5/11/2023 PM:

No. Please create two rows for Component 2, one tagged as "Investment" only with the outputs focus on investment activities, and a second row for Component 2 tagged as "TA" with the outputs focus exclusively on TA activities. See example below:

Component 2: Business Model Innovation with Private Sector	Technical Assistance	Outcome 1.2 Innovative business models based on cost reduction are operationalized, with strengthened private sector participation in solar PV-battery or low-carbon mini-grid development	<p>Output 1.2.1 Two to four (2-4) solar PV diesel hybrid mini-grids successfully implemented, operational, and maintained by the private sector, involving women's vocational training and participation, leading to cost-reduction in mini-grids</p> <p>Output 1.2.2 Capacity of potential tender bidders (private sector developers) strengthened to consider innovative business models and cost-reduction levers. This output will also benefit from Activity 3.1.2.1 (hands-on coaching on mini-grid developers)</p> <p>Output 1.2.3 A "solar sister" (brand name) programme is in place, that supports and capacitates Sudanese women on technical, managerial, and economic aspects of solar hybrid mini-grids</p>	GET	417,127.00	423,135.00
Component 2: Business Model Innovation with Private Sector	Investment	Outcome 1.2 Innovative business models based on cost reduction are operationalized, with strengthened private sector participation in solar PV-battery or low-carbon mini-grid development	<p>Output 1.2.1 Two to four (2-4) solar PV diesel hybrid mini-grids successfully implemented, operational, and maintained by the private sector, involving women's vocational training and participation, leading to cost-</p>	GET	1,189,878.00	3,169,000.00

4/19/2023 PM:

No. Please note Outcomes 2.2, 2.3 and 2.4 shall be tagged as Technical Assistance instead of Investment, as they focus on training, monitoring and strategies. Only Outcome 2.1. focuses on the development of pilots. Please disaggregate Component 2 in Investments (Outcome 2.1) and Technical Assistance (Outcomes 2.2, 2.3 and 2.4).

Agency's Comments

12 May 2023. Done. Thanks greatly for sharing an example.

5 May 2023. We understand the above comment refers to outputs rather than outcomes. The GEF portal only allows disaggregation at the component level; as these outputs are all part of the same component, with the same outcome, we unfortunately could not find a way to make the requested change. In this project we have taken an approach similar to previous GEF projects. All four outputs under this component refer to promoting pilot investments and seek to achieve the same outcome.

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

Secretariat's Comments

5/12/2023 PM:

Cleared.

5/11/2023 PM:

No. Output 4.3 has been added. In line with the gender comment, under Output 4.3 please consider replacing "gender-sensitive" by "gender-responsive" across the PIF.

4/19/2023 PM:

No. Please address the following comments:

- **Knowledge management.** An overall approach to Knowledge Management and Learning has been provided in the Project Description. Project proposal includes KM and learning deliverables, creation of a knowledge module of an existing government platform, dissemination of good practices and lessons, training events, knowledge materials and a database. However, there is no mention of a communications

strategy/plan. Thus, the agency is requested to provide a brief description of a Communications Strategy/Plan for outreach, awareness raising and dissemination of outputs/results. In addition, the proposed training activities should also target the real estate industry and for potential building owners, occupants, and operators.

- **Gender.** Component 4 is exclusively dedicated to knowledge management and capacity building activities. Gender dimensions have been embedded across several outcomes and outputs. Please include gender equality after just transition principles (to read: just transition principles and gender equality in...) in Output 1.1; On Output 4.2, please replace gender-sensitive with gender-responsive. Note that gender-responsive is the preferred term for interventions that require action or outcome. Gender-sensitive is associated with sensitization, awareness-raising, which are more passive activities.

Agency's Comments

12 May 2023. Done, document updated accordingly.

5 May 2023.

Knowledge management:

- The development and implementation of a strategic communication plan were included in Component 4 as new output 4.3.
- Output 4.2 for training activities was updated to include the real estate industry and potential building owners, occupants, and operators.

Gender:

- Gender equality included in Output 1.1.
- Gender-sensitive replaced with gender-responsive in Output 4.2.

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

5/11/2023 PM:

Cleared.

4/19/2023 PM:

No. There is not proportionality in the co-financing contribution to PMC. If the GEF contribution is kept at 5%, for a co-financing of \$63,740,911 the expected contribution to

PMC must be around \$3,187,045 instead of \$2,916,444 (which is 4.5%). 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.

Agency's Comments

5 May 2023. Co-financing contribution to PMC was increased to reach 5%.

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

5/11/2023 PM:

Cleared, with many thanks for adding these elements to the PIF.

4/19/2023 PM:

No. Please address the following comments:

- The project has very well identified the numerous existing projects, policies and initiatives from which the proposed project could be built from. The barriers' section briefly mentioned that most of these initiatives/policies/projects are incipient, fragmented and are experiencing challenges in their executed. The proposal would benefit from a more in depth explanation of the challenges existing initiatives are facing and how the proposal would address them. For instance, in 2022, Brazil ranked fourth in the world on the annual list of Top 10 Countries and Regions for LEED (Leadership in Energy and Environmental Design). Please considering adding an explanation on why the project is relevant despite the relatively significant progress of the country with LEED certification, and how the proposed project would complement these developments.

- Likewise, it seems Caixa and BNDES already have dedicated credit lines/financial instruments for green buildings. Please elaborate further why these financial instruments are not working and whether there has been enough demand for these type of products.

- In relation to the previous comments, the project aims at promoting innovation in the construction sector and the financial systems. The document would benefit from a paragraph/s listing the main innovations to be implemented by the project, both technical and financial.

- The project explains that the 8 bioclimatic regions of the country are currently under review. Since this may have implications on the proposed project, which is targeting 1 pilot school per bioclimatic region, please elaborate further on which entity is conducting this review, why and when the results are expected.

Agency's Comments

5 May 2023. Comments addressed in the document as follows:

- A more in depth explanation of the challenges existing initiatives are facing was added to the barrier section above B1. Information on how the project will address this was added to the project objective section.

- Despite the existence of financial products for green buildings, the volume of business is still small in relation to the 'grey construction' industry. Also, existing financial instruments focus on energy efficiency or green buildings at the design and construction phase, but the project's proposal is to expand this offer with specific products aimed at net-zero through-out the building's entire lifetime, including the stage of material production, and building design, construction and disposal. The project will also work on the demand side, promoting training and dissemination of information for designers, builders, developers, and potential buyers. Further information added to the description of barrier B3.

- Innovativeness section included in the end of Project Description.

- Bioclimatic regions. Information added under the description of component 1.

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

5/11/2023 PM:

Cleared.

4/19/2023 PM:

No. Please address the following comments:

- See comment above on why previous investments/policies/projects have been challenging to implement and how the proposed project would build upon these experiences.

- Overall the project has clearly identified ways to enhance the multi-sectoral governance structure at the federal level. However, from the proposal it is not clear how the project will ensure and enhance the vertical collaboration at the federal, state and municipality levels.

- Among relevant projects, please add the GEF Sustainable Cities Integrated Program which have a national child project in Brazil in both GEF-6 and GEF-7 (<https://www.shiftcities.org/projects/brazil>). The GEF Sustainable Cities program in Brazil has been quite successful in achieving vertical integration (federal/state/municipality). The proposed project could draw some important lessons on achieving vertical integration at project level.

- "Output 1.5 - Regulatory packages for low-emission and net-zero buildings are made available by federal, state and local governments for adoption by a minimum of three municipalities". Please provide further information on how the project plans to deliver these regulatory packages. Would this be on a first-come first-serve basis? What would be the interventions/collaboration at the state level? Also, what other regulations would the project deliver at the federal level other than the roadmap?

Agency's Comments

5 May 2023

- Noted. Responded in previous section.

- The main outputs proposed to ensure and enhance vertical collaboration at the federal, state, and municipal levels are outputs 1.1, 1.2, and 1.5. The text of component 1 was revised to make it clearer how the project will enhance vertical collaboration and coordination. In particular, output 1.2 was revised based on the GEF reviewer's comment. In summary:

o The roadmap aims to promote alignment between and the development of national and subnational strategies and policies, and its development process will involve representatives from all three levels of government, along with members of civil society, academia, and the private sector (output 1.1).

- o The project will create a multisectoral and multiscale (inter-federal) governance structure responsible for promoting and monitoring the implementation of the roadmap at the different levels of government (output 1.2).
- o Output 1.5 aims to support federal, state, and local governments in developing aligned regulatory packages, consistent with the national roadmap.
- o In component 4, the strategic communication (output 4.3) and the capacity building program (output 4.2) will engage representatives from the three levels of government, in addition to metropolitan instances, and highlight the importance of inter-federal coordination and collaboration for the construction industry to move towards net-zero.
- Included.
- Output 1.5. Building on the roadmap (output 1.1) and the manual (output 1.4), output 1.5 will develop policies and regulation packages that local, state and federal governments can implement for promoting the uptake of net-zero buildings. Due to their distinct legal responsibilities under the Brazilian constitution, each of the Federal, State and Municipal governments have a key role to play in regulating building construction. These packages will be developed under the guidance of the multisectoral and inter-federal governance structure (output 1.2) and with participation of representatives of municipal entities and state governments (e.g. National Mayors Front, the National Confederation of Municipalities, and the Forum of Governors) and federal government ministries.

The packages will include technical norms and standards, building codes, lead-by-example programs, municipal zoning and permitting, and procurement specifications, among others.

The packages will be tested and promoted for adoption by a minimum of three states and/or municipalities, to be defined in the design phase (PPG). These early adopters will demonstrate to other municipalities and states with similar bioclimatic conditions the social, economic and environmental viability of such packages. These states/municipalities will be selected based on a multicriteria process taking into consideration, inter alia, political interest at the state and local level and co-financing (potential for post-project sustainability and scale-up).

Furthermore, the packages will be delivered to other states and municipalities through outputs 1.6 (alliance of municipalities for net-zero schools), 4.1 (knowledge platform), 4.2 (training) and 4.3 (communication). During the full project development phase it will also be explored as to how the strengthened CAIXA and BNDES financing lines can incentivize accelerated adoption at the state and local level of such packages.

At the federal level, the policy and regulation packages will be related to the design and retrofitting of Brazilian schools and social housing, buildings which are stipulated at the federal level, in addition to the roadmap developed under output 1.1.

The output 1.5 text was updated accordingly.

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

4/19/2023 PM:

Yes.

Agency's Comments

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

4/19/2023 PM:

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

4/19/2023 PM:

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

4/19/2023 PM:

Yes. At CEO Endorsement please provide an excel sheet with the estimations for the green house gas emissions to easily track the calculations.

Agency's Comments

5 May 2023. Noted. At CEO Endorsement we will do so.

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

Secretariat's Comments

4/19/2023 PM:

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

5/11/2023 PM:

Cleared.

4/19/2023 PM:

Yes, with suggestions. Among others, the project aims to focus on innovations in the financial system. However, experiences to date have shown that the demand for financial products in sustainable buildings (particularly on energy efficiency technology at the building user level) has been relatively low. Low demand for financial products could be an important risk for the implementation and long-term sustainability of the project. Please consider elaborating further on this risk and how it would be mitigated by the project.

Agency's Comments

5 May 2023. Risk well noted. As this is a risk related to the project's impact (rather than a risk to project preparation and implementation) in accordance with STAP guidance we have included measures to address this through the project design rather than in the risk section. Text has been added to the descriptions of components 3 and 4 to make this clear. During the design phase, more in depth analysis and consultations with stakeholders on the factors behind low demand will be undertaken and project activities updated to address these barriers.

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

4/19/2023 PM:

Yes.

Agency's Comments

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

4/19/2023 PM:

Yes. The project is well aligned with the Climate Change Mitigation Focal Area, particularly with objective CCM 1.1.

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

4/19/2023 PM:

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

4/19/2023 PM:

N/A.

Agency's Comments

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments

4/19/2023 PM:

Yes.

Agency's Comments

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

Secretariat's Comments

4/19/2023 PM:

Yes. At CEO Endorsement, please make sure the consultations include BNDES, BNDP, FNDE, Project EEE and other relevant institutions/initiatives.

Agency's Comments
5 May 2023. Noted, we will do so.

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
5/11/2023 PM:

Cleared. The updated LoE has been uploaded in the portal.

4/19/2023 PM:

No. The Agency fee (\$870,907) and PPG Agency fee (\$6,650) requested in the portal are higher than the amounts stipulated in the LoE (\$828,883 and \$6,300 respectively). Please reduce the Agency fee and the PPG fee ,or kindly request the OFP an updated LoE with the accurate numbers.

Agency's Comments
5 May 2023. Apologies, we have now uploaded the incorrect version of the LoE. The correct version has now been uploaded. Please note that the portal may contain multiple versions of the LoE, with the most recently updated version the correct one.

Focal Area allocation?

Secretariat's Comments
4/19/2023 PM:

N/A.

Agency's Comments
LDCF under the principle of equitable access?

Secretariat's Comments

4/19/2023 PM:

N/A.

Agency's Comments

SCCF A (SIDS)?

Secretariat's Comments

4/19/2023 PM:

N/A.

Agency's Comments

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

Secretariat's Comments

4/19/2023 PM:

N/A.

Agency's Comments

Focal Area Set Aside?

Secretariat's Comments

4/19/2023 PM:

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

4/19/2023 PM:

Yes.

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

4/19/2023 PM:

Yes.

Agency's Comments

Annex B: Endorsements

8.4 Has the project been endorsed by the country?(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

4/19/2023 PM:

Yes. The LoE has been signed by the OFP active at the time of the signature, i.e. Andr? Luiz Campos De Andrade, on March 6, 2023. As of April 6, 2023 there is a new OFP in Brazil.

Agency's Comments

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

Secretariat's Comments

4/19/2023 PM:

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

4/19/2023 PM:

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

4/19/2023 PM:

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

4/19/2023 PM:

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

4/19/2023 PM:

Yes.

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

5/11/2023 PM:

Cleared.

4/19/2023 PM:

No. The project has been tagged as Rio Marker Climate Change Adaptation 1. Please explain the reason and/or update the project proposal accordingly since the project hasn't elaborated much on the climate adaptation rationale.

Agency's Comments

5 May 2023. Noted. Project proposal updated, with the rationale on climate change adaptation included in the sections on project objective, outputs 1.1, 1.4, 1.5, 1.6, 4.1, and component 2.

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments

4/19/2023 PM:

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

4/19/2023 PM:

N/A.

Agency's Comments

9 GEFSEC Decision

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

Secretariat's Comments

5/12/2023 PM:

Cleared.

5/11/2023 PM:

No. Please address the following comments raised above:

- Output 4.3 has been added. In line with the gender comment, under Output 4.3 please consider replacing "gender-sensitive" by "gender-responsive" across the PIF.

- Please create two rows for Component 2, one tagged as "Investment" only with the outputs focus on investment activities, and a second row for Component 2 tagged as "TA" with the outputs focus exclusively on TA activities.

4/19/2023 PM:

No. Please address comments above.

Agency's Comments **12 May 2023. Comments addressed.**

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

Secretariat's Comments

Agency's Comments

Review Dates

	PIF Review	Agency Response
First Review		5/5/2023
Additional Review (as necessary)		5/12/2023
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		