

Reducing Community Carbon Footprint by a Circular Economy Approach in the Republic of Serbia

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10425

Countries

Serbia

Project Name

Reducing Community Carbon Footprint by a Circular Economy Approach in the Republic of Serbia

Agencies

UNDP

Date received by PM

5/31/2021

Review completed by PM

8/23/2021

Program Manager

Ming Yang

Focal Area

Multi Focal Area

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

6/1/2021 MY:

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

8/19/2021 MY:

The GEF PPO provided the following comments. Please address them and resubmit the project as soon as possible.

1. On Table A: no funds will be allocated to objectives 1-4 CCM - please delete the line from the table. Instead, this project is an MFA so one needs to see an objective/outcome related to the funds allocated to Land Degradation, as stipulated in Table D.

2. On the Budget: The budget included in the CEO Endorsement Form and the budget attached as an excel sheet do not seem to match. The first include some Miscellaneous

expenses that can't be covered while the second does not. Please double check and have the final budget table included in the CEO endorsement form (portal) without Miscellaneous.

3. On Co-financing:

? UNDP \$100,000 Grant: change ?Recurrent expenditures? to ?Investment mobilized?.

? City of Belgrade ? source: change ?other? to ?recipient country government?.

? EIF and Procredit Bank loan ? source: the funds are provided by the EU through a commercial bank. As it seems to be a 2 step process it might be better to leave it categorized as OTHER

4. UNDP will execute some outputs. We couldn't find the Program Manager approval for such arrangement. (Note by the PM (MY): When responding this question, please attach the letter from the OFP and all email communications that are related to the permit of the UNDP for executing the project) Also, GPU Manager's clearance is needed in the section ?Comments? in Portal. Finally, the budget needs to specify which items will be paid to UNDP and the amount.

5. On core indicators:

? The project results framework includes output indicators which do not have baseline or targets, nor detailed monitoring plan as is required and done for outcome indicators in Annex 5.

? Please make reference to the Core Indicators used in Table B to demonstrate these are part of the project's logic of intervention. It can be as simple as highlighting ?Core Indicator 6? next to the related indicator. Likewise, we recommend inserting the Core Indicators as part of project components, instead as separate, where it makes logical sense.

? The Project Results Framework includes reference to the use of ?Increase in installed renewable energy (RE) capacity (MW)? with related target, but this reference is not available in the Core Indicators template. Please insert the data in the Core Indicators template.

Please be reminded that the final deadline is September 21st. Quick and effective actions are expected from the UNDP.

8/24/2021 MY:

Not completed at this time.

Please make more efforts to address the comments of the PPO.

Project to be returned to the Agency because some comments provided on August 18th were not addressed:

1- Table A: when compared with Table D, still LD Focal/Non Focal Area elements and correspondent allocations are missing.

2- On Budget: the budget in Portal is not the same budget in ProDoc ? for example: while budget in Portal includes the distribution of funds between 2 components, the budget in ProDoc includes 3 components (as in Table B in Portal). Also, the budget in Portal did not specify which items will be paid to UNDP and the amount (while in ProDoc it is included ? see point 4- below).

3- Co-financing: addressed

4- Not addressed: we couldn't find the Program Manager approval for such arrangement, neither GPU Manager's clearance in the section "Comments" in Portal. Also, the budget in Portal did not specify which items will be paid to UNDP and the amount (while in ProDoc it is included). (The Program Manager has approved such arrangement. It will be noted again at the COE Cover Member. The Program Manager will remind the GUP manager to clear this issue. This was noted by the Ming Yang, the Program Manager on August 24, 2021).

5- On core indicators: from the policy standpoint, the third comment (which was the most important) was addressed, so this is cleared. However, the other two were not - we had introduced in the UNDP checklist criteria to make sure each indicator would come with sources and means of verification. This project does not seem to follow this standard as it does not have sources and means of verification for output indicators.

8/26/2021 MY:

Yes, all comments were addressed and issues were cleared.

Agency Response

UNDP, 08/20/2021:

1. As requested, the 1-4 CCM line has been deleted from Table A in CEO AR. As regards the comment on Land Degradation, the project is not a multi-focal area (MFA) project, but it is a climate change mitigation project which is using part of the STAR allocation for the land degradation focal area and applying it to climate change by using the flexibility approach of the GEF that allows this. Serbia is one of the countries that has been granted by the GEF for this flexibility in the use of their STAR allocations and is, therefore, using some land degradation STAR allocation and moving it to climate change mitigation. A related note has been added to the CEO AR for clarifying this under Table D, as following; *?(*) Serbia is one of the countries, which has been granted flexibility in the use of their STAR allocations and is, therefore, using part of the land degradation (LD) STAR allocation for this climate change mitigation project. In other words, even it is using a part of the LD STAR allocation for its funding, this is not a multi-focal area (MFA) project, but a climate change mitigation project?.*

2. The final budget table included in the CEO endorsement form (portal) was an outdated version and has now been replaced with the correct one. The budget included in the CEO Endorsement Form and the budget attached as an excel sheet are now matching.

3. Table C (co-financing) has been revised as requested.

4. A reference is made to the statement of the PM included in this review sheet in section Co-ordination (page 20) as follows: *?6/1/2021 MY: Yes, the institutional arrangement for project implementation and execution is well described in the section of 6. Institutional Arrangement and Coordination. Due to the difficult situation in Serbia, the government requested the UNDP to undertake part of roles of execution. The GEF SEC carefully reviewed the request and allowed the UNDP to do so.? The related request of the Serbia OFP has been added as an separate Annex into project portal and referred to also in the UNDP project document as Annex 2.*

Since the Ministry of Environmental Protection will remain as the responsible executing agency for all project outputs and UNDP has been just requested to provide implementation support for certain outputs, namely Outputs 2.1-2.7, the Ministry of Environmental Protection will remain as the executing agency also for the budget lines contributing to these Outputs. For clarification purposes, notes have been added into project budget, however, for which budget lines UNDP will provide implementation support.

5. The project results framework does not actually include output indicators, but just outputs, which do not require separate baseline or targets, nor detailed monitoring plan. They will contribute, however, to those specific outcomes, under which they are presented and which include the required baselines, targets and monitoring plan. During implementation, the progress for different outputs will be monitored by the standard UNDP-GEF requirements (including annual PIRs), and will also be subject to adaptive management when and as needed to reach related outcome and overall project targets.

As requested, references to GEF Core Indicators have been added next to the indicators presented in the Project Results Framework.

The PRF target for Increase in installed renewable energy (RE) capacity (MW) has been added into the Core Indicators template, as requested. The type of renewable energy has not been specified yet, however, as it will be subject to the final pilot project selection by the challenge call.

UNDP 08/26/2021:

1. Table A has now been made consistent with table D with an explanation added also into table A that the project is not a multi-focal area (MFA) project, but it is a climate change mitigation project which is using part of the STAR allocation for the land degradation focal area and applying it to climate change by using the flexibility approach of the GEF that allows this. Serbia is one of the countries that has been granted by the GEF for this flexibility in the use of their STAR allocations and is, therefore, using some land degradation STAR allocation and moving it to climate change mitigation.

2. The difference was due to the fact that the component 3 of the Prodoc budget and in Table B of the portal was titled *Outcome 3 - Monitoring, evaluation and outreach for scaling up the investments?*, while in the in the budget in the portal just *M&E?*. Their content for different budget lines and totals were, however, identical. It is also to be noted that with the exception of the final workshop, the component 3 GEF budget only consisted about Monitoring and Evaluation activities aligned with the Monitoring and Evaluation Plan of the project.

To address the comment and to avoid further confusion on the matter, we have now moved all project KM and outreach activities (incl. the final workshop) from component 3 under component 2 and retitled former component 3 in the Prodoc budget and Table B just *Monitoring and Evaluation* to be consistent with the budget in the Portal.

4. Regarding the comment of the missing Program Manager and GUP manager approval, we would refer to the comment of Ming Yang dated Aug 24. As regards the comment that the *budget in Portal did not specify which items will be paid to UNDP and the amount (while in ProDoc it is included)*, similar to the Prodoc, this has been specified for each budget line also in the budget in the Portal with a note colored in light blue *MoEP with UNDP Implementation Support?* which is the agreed implementation arrangement for those activities.

5. The outputs serve the same indicators and targets that have been defined for the outcomes. Those indicators with sources and means of verification have been defined for all outcomes, into which the outputs are contributing. Similar to all other recent UNDP/GEF projects submitted for GEFSec review and cleared for CEO Approval, the outputs have not been required to have their own indicators, but have been included into the Project Results Framework to just illustrate which outputs are envisaged to contribute to each project outcomes and their related success indicators.

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

6/1/2021 MY:

Not completed at this time.

For Component 2, please

1. split the TA and INV total budgets of both GEF grant and co-financing to match each of the outputs.
2. double check and make sure the outputs of INV are not TA. It seems that all outputs in Component 2 are TAs. INV in GEF projects means tangible assets, not feasibility study reports, not financial agreements, not designing of projects, not workshops, etc. Please revise the Component accordingly to make sure some INV will take place in the project. The Agent may select a community or a special zone of a city where there are some SMEs to demonstrate the practice or implementation of circular economy as a pilot, use part of the GEF grant and co-financing to develop necessary hardware or facility for the pilot demonstration. The demonstration should test the policy, regulations, and navigator etc. that were developed or delivered from this project. From the demo projects, direct GHG emission reductions can be easily calculated.
3. For PMC, the ratios of GEF and co-financing contribution are 10% (161500/1615000) and 2.9% (400000/13750000). Please adjust the amounts and make the two ratios approximately the same.

8/5/2021 MY:

Comments were addressed, but the PM does not believe the existing project design will be the best to maximize Global Environment Benefits. Given that the project budget is small, that Serbia is a country with a lack of capacity in implementing GEF projects, and that not much time is left for project approval, the PM lets the project go with the current design. In the future, please do not use this kind of design for such energy efficiency projects, which create a lot of issues in terms of sustainability, scaling-up, GHG accounting, monitoring and verification.

Agency Response

UNDP, 08/02/2021:

1 & 2: The division between the funds used for TA and INV has been clarified in table B, while also checking that no funds allocated for INV are used for TA.

3: The amounts allocated for PMC by the GEF in Table B and co-financing contributions have been adjusted to be approximately the same.

UNDP 08/12/2021

UNDP Response: Thank you for these comments, as well as the helpful call with the GEF Secretariat on 5th August 2021 to discuss these concerns, and to identify aspects of the project design and steps that can be taken to address them. Of note and as discussed, the pre-tender process can be helpful in addressing the GHG boundaries of the project at the design stage. This is now reflected in project documentation materials and the responses below. Sustainability is a focus of output 2.10, which calls for the implementation of Institutional and financing agreements to sustain the LCCIP operations after the project end completed, with at least US\$ 1 million assigned for continuing the challenge calls and for blending other financing sources, including the potential use of the Green Fund as the main source of public co-financing to facilitate the implementation of new innovative project and business ideas to advance the CE agenda in Serbia. In this way, the project is addressing sustainability issues.

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

Secretariat Comment at CEO Endorsement Request

6/1/2021 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

6/1/2021 MY:

Not at this time.

The co-financing amounts in the letters are not matching the amounts in Table C. For example, the letter of the ProCredit Bank shows Euros 60 million, while the amount in Table C shows \$2 million. Please do not attach or show any co-financing letters that do not actually contribute funding to the project. For another example, the amount of co-financing in the letter of City of Belgrade does not match the amount in Table C. Also, please ask the City of Belgrade to indicate the type of co-financing, in-kind or grant in the letter. PLEASE DOUBLE CHECK the amounts in ALL letters against the amounts in the Table. Thank you.

8/5/2021 MY:

Not completed at this time.

It seems that the co-financing letter from the private sector (\$4,000,000) is missing in the GEF Portal. Please double check it.

C. CONFIRMED SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE

Please include evidence for co-financing for the project with this form.

Sources of Co-financing	Name of Co-financier	Type of Cofinancing	Investment Mobilized	Amount (\$)
Recipient Country Government	Ministry of Environmental Protection	Grant	Investment mobilized	3,560,000
Recipient Country Government	Ministry of Envionmengtal Protection	In-kind	Recurrent expenditures	150,000
Donor Agency	EU Delegation	Grant	Investment mobilized	2,600,000
Civil Society Organization	Chamber of Commerce	Grant	Investment mobilized	590,000
Other	City of Belgrade	Grant	Investment mobilized	1,100,000
Other	EIF and Procredit Bank	Loan	Investment mobilized	2,000,000
Private Sector	Serbian SMEs	Equity Investment	Investment mobilized	4,000,000
GEF Agency	UNDP	Grant	Recurrent expenditures	100,000
GEF Agency	UNDP	In-kind	Recurrent expenditures	50,000
Total Co-financing				14,150,000

8/16/2021 MY:

Yes, comments were addressed and issues were cleared. The UNDP should update the GEF during the implementation of the project regarding the actual co-financing from the private sector.

Agency Response

UNDP, 08/02/2021:

The co-financing letters have been revised to match the amounts in Table C.

UNDP 08/12/2021

UNDP Response: The companies that will participate in the project and which will implement circular economy project with a combination of their own funds and with performance-based payments are not yet selected. Hence it is not possible to provide co-financing letters from these companies. However, a pre-tender selection call was held during the PPG phase in early 2021 and based on the results of this pre-call, an idea about the numbers for both potential investment that can be mobilized and tonnes of CO2 that can be reduced were obtained. Therefore, using these result as the basis, to estimate the private sector co-financing for the project (minimum \$4 million USD), the UNDP has provided a co-financing letter signed by UNDP for the private sector co-financing based on the expected co-financing that will be able to be leveraged during the lifetime of the project. In addition, a previous similar GEF project implemented by UNDP in Serbia (which will end in early 2022) on climate smart urban development,

managed to leverage approx. \$10.5 million USD in co-financing which strengthens the argument that this private sector co-financing is indeed realistic.

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

6/1/2021 MY:

No. To be commented next time. The co-financing amounts in the letters seems do not match those in Table C. See the comments in the previous box.

8/5/2021 MY:

No.

Please see the comments above on co-financing.

Agency Response

UNDP, 08/02/2021:

The co-financing letters have been revised to match the amounts in Table C.

UNDP 08/12/2021

UNDP Response: The private sector companies that will participate in the project and which will implement circular economy project with their own funds and with performance-based payments are not yet selected which means that it is not possible to provide letters from these companies. To provide such letters now would be to pre-judge the selection of companies and might unfairly influence the results of future calls for proposals/tenders. However, UNDP has provided a co-financing letter, setting out indicative private sector co-financing, which is now attached to the re-submission.

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

6/1/2021 MY:

Yes, it is reported in Annex C.

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

6/1/2021 MY:

Yes, the indicators on GHG reduction are attached separately in an Annex file in the Portal. They look realistic.

8/5/2021 MY:

Not completed yet.

Please add the quantity of energy savings to Indicator 6.3.

8/16/2021 MY:

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

Agency Response

UNDP 08/12/2021

UNDP Response: The quantity of energy saving has now been added to Annex H of CEO AR & Annex 13 of the Project Document (GHG Calculations) and Annex F of CEO AR & Annex 15 of the Project Document (GEF Core Indicators) of the Project Document so that it is now clear.

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

6/1/2021 MY:

Not completed at this time. Please elaborate how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed (please update this information on the top of the PIF).

Please use the format of STAP to present the theory of change (TOC). Figure 3 does not meet the requirement of STAP on TOC. Please contact the UNDP New York office to get detailed information on how to address the issue of TOC that will meet the requirement of the STAP.

8/5/2021 MY:

Yes, comments were addressed and the project was revised.

Agency Response

UNDP, 08/02/2021:

Complementary information on the global environmental/adaptation problems, including the root causes and barriers, that the project is going to address and a new TOC chart aligned with the STAP guidance has been added into the CEO AR in page 12 (Part II ? 1a. Project Description in the Portal).

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

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Yes, the baseline scenario is updated on page 10 of the CEO AR document (Figure 1).

Agency Response

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

6/1/2021 MY:

Not completed at this time.

The alternative scenario is presented on page 10 (Figure 2), but the expected outcomes and outputs need to be revised. For example, INV sub-component needs to be strengthened and elaborated. Please see the comments above on Table B.

8/5/2021 MY:

Yes, comments were addressed and the project was revised.

Agency Response

UNDP, 08/02/2021:

The INV sub-component has been strengthened and clarified, as requested.

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

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Yes, the project is well aligned with the CCM focal area strategy.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Not completed at this time.

Per the section of "Incremental/ additional costs reasoning and expected contributions from the baseline ", the GEF \$1.78 million is planned to contribute to the financing of the required TA and for M&E activities as well as to provide complementary innovation awards and performance based payments to encourage and share the risks of new circular economy pilot and business initiatives, cost-sharing..." Please consider using part of the GEF grant and part of co-financing in a pilot demonstration project. Please see my comments in the box of "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?" above.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

Part of the GEF grant and the main part of co-financing is indeed going to be used for not only one, but several pilot demonstration projects to be selected by a challenge call approach that was already successfully used in the previous Climate Smart Urban Development (CSUD) Project and described also in the PIF. The amount to be used for actual investments has been clarified in Table B, as requested.

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

6/1/2021 MY:

Not completed at this time.

Please elaborate the methodology, assumptions, and data on direct GHG emission reductions. Please be aware that direct GHG emission reductions should be from a pilot demonstration project with a project boundary. Please see the GEF recommended methodological framework on GHG accounting.

8/5/2021 MY:

Not completed at this time. The methodology used in Annex H for GHG accounting is not acceptable because the assumptions and GHG reduction amounts are not verifiable.

In Annex H for GHG accounting, please present two scenarios: Baseline and GEF project Scenarios.

In the baseline scenario for GHG reduction estimation, please elaborate what will happen to the SMEs that will be selected for demonstration if the GEF does not finance this project (if the financial instrument is not available in Serbia). In this scenario, please list their carbon emissions due to energy consumption and poor waste management, taking into account the existing financial instrument, government policy and technology advancement over the next 10 years.

In the GEF Scenario, please elaborate how the new energy efficiency policy, regulation, and financial instrument that will be developed by the GEF project will change SEMs operations and investments. Then, list their energy consumption and carbon emissions due to these new energy efficiency policy, regulation, and financial instrument and due to technology advancement. The difference of energy consumption and carbon emissions between the two scenarios is the GEBs due to the GEF investment in this project.

8/16/2021 MY:

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

Agency Response

UNDP, 08/02/2021:

The GEF recommended methodology adopted in 2013 for 'Calculating Greenhouse Gas Benefits of the Global Environment Facility Energy Efficiency Projects (Version 1.0)' defines 4 different modules for determining GHG emission reductions, including the following:

- ? Standards and Labeling
- ? Building Codes
- ? Demonstration & Diffusion
- ? Financial Instrument

The final selection of the projects to be supported by Low-Value Performance Based Payments has not been done yet, but will be done during the project implementation by a challenge call, as elaborated and agreed upon already at the PIF stage. Therefore, from the options listed above, the module of 'Financial Instrument' will be applicable for the project under consideration. The approach taken has been explained in further detail in Annex H of CEO AR (Annex 13 of the project document), which is added as a separate Annex also into the project folder.

UNDP 08/12/2021

Thank you for these comments. More clarity has now been provided for the GHG calculations, using the results of the pre-call selection tender and the revised CO2 calculations can be found in revised Annex H (GEF CEO AR) and Annex 13 (Prodoc) on the GHG calculations.

The baseline scenario in all cases is that the SME activity/investments would not proceed because additionality is a key criteria for selection, meaning that a determination will have been made that only with performance based payments is the company likely to proceed and invest in the selected circular economy activity/investment.

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

6/1/2021 MY:

Yes, the elaboration is presented on pages 14 -15 of the CEO AR package.

Agency Response

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

10/30/2019 MY:

Not completed at this time.

Please provide a map to show the venue where the proposed project can set up its project boundary.

12/3/2019 MY:

Please consider a demo for circular economic buildings. Then, present the map of the demo project.

2/27/2020 MY:

Not at this time.

The GEF grant is very limited. The PIF needs to be clear on how and where the limited grant will be used. Please consider a demo for circular economic buildings. Then, present the map of the demo project.

4/27/2020 MY:

OK, But at the CEO AR stage, the agency must show a map.

6/1/2021 MY:

Not completed at this time.

On the map, please show the project boundary. Please make sure the project area will not overlap with any territory of any neighbouring countries.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

11/11/2019 UNDP:

The map was not considered as applicable for this particular PIF, since the project focus will be on Serbia as a whole. Such a map and the related boundaries may become actual later at the project implementation stage for individual pilot and investment projects, however, and can be drawn and provided at that stage. As mentioned before, however, these projects are not known yet, but they will be selected at the project implementation stage by following the challenge based approach.

12/11/2019 UNDP:

A reference is made to the earlier responses as it concerns the selection of predefined pilot/demo projects at this stage.

UNDP, 08/02/2021:

Since the GEF funds will be used for several pilot/demonstration projects located in different parts of Serbia, the project boundary basically aligns with the national borders of Serbia. The location of initial project ideas identified by a pre-challenge call organized during the PPG phase are shown in the map attached to the CEO AR also showing that none of these initial project ideas would overlap with the territory of any neighboring country. The issue will be doublechecked also during the final selection of all pilot CE initiatives applying for project support by making sure that none of the projects would overlap with the territory of any neighboring country.

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

6/1/2021 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

6/1/2021 MY:

Not at this time.

In the section of "2. Stakeholders" , please

1. Elaborate the roles of project stakeholders to match the outputs of the project in Table A. For example, please indicate which organization or project stakeholders will execute the sub-components of pilot technology and policy demonstrations.
2. Indicate whether this project will benefit or impact any Indigenous or minority Peoples and Local Communities. If so, please show evidence that they have been consulted with the project impacts. Please indicate which stakeholders will be affected by the project on ground and how they have been consulted.
3. Ensure that the project package includes information about the future roles of stakeholders and proposed means of future engagement. Please check if the future roles of stakeholders have been identified. Please demonstrate how the project keeps engaging stakeholders through adequate means.
4. Please kindly check the project design again and make sure the UNDP will not perform execution of the project.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

1. The roles of the project stakeholders to match the project outputs in Table B has been elaborated and added to into the stakeholder engagement plan included into as Annex I of CEO AR (Annex 9 of the project document). The specific information on which organization or stakeholder will execute the sub-components of pilot technology and policy demonstrations is only known, however, after the final selection of the projects by the challenge call.

2. The potential project impacts or the lack of them on Indigenous or Minority People and Local communities have been discussed in the Environmental and Social Safeguard analysis added into document folder as Annex L of CEO AR (Annex 10 of the Project Document as a separate document).

3. The engagement of project stakeholders has been discussed in the Stakeholder Engagement Plan attached to the submission, as as Annex I of CEO AR (Annex 9 of the project document).

4. The project design has been checked and it has been made sure that project will follow the National Implementation Modality (NIM) with the arrangements agreed with the GEFSec (see section Co-ordination below)

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

6/1/2021 MY:

Yes, "Annex 11: Gender Analysis and Gender Action Plan for the project proposal ?Reducing Community Carbon Footprint by a Circular Economy Approach in the Republic of Serbia " addressed the issues and it is uploaded to the "Document" Folder of the project.

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

6/1/2021 MY:

Not completed at this time.

Per the co-financing plan (Table C), the project will engage Serbian SMEs and use \$4 million of their equity co-financing. Please elaborate their roles as private investors in the project. Please tell readers what these SMEs are going to do with the \$4 million.

8/5/2021 MY:

Yes, comments were addressed. However, the PM cannot find the letter of \$4 million co-financing from the Private Sector. Please indicate where to find the letter. Thanks.

Agency Response

UNDP, 08/02/2021:

An additional paragraph elaborating the role of the Serbian SMEs as private investors and what they are going to do with the \$4 million presented as private sector co-financing into the project has been added into the CEO AR in page 18.

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

6/1/2021 MY:

Not completed. Potential social and environmental risks including the risks and opportunities from COVID-19 that might impact the project objectives have been addressed.

However, for the section of "*Climate Change Risks*", please focus on what the risks and impacts due to climate change will be on the demo projects for the SMEs which will use GEF grants to invest in tangible projects on ground. Please elaborate measures of these SMEs to deal with these risks and impacts. The contents in the current section on general risks of climate change on hydrological resources, agriculture and forests have little to do directly with the proposed project. Please rewrite this section. Thank you.

8/5/2021 MY:

Not completed.

It seems that the newly written materials from page 20-22 are not right to the point of this question.

Please briefly list the possible impacts or risk due to climate change on the selected SMEs on their assets that will be invested due to the GEF project or due to the new financial instrument that will be promoted by the GEF project.

8/16/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

The section of Climate Change Risks has been rewritten as requested and presented in pages 20-22 of the CEO AR

UNDP 08/12/2021

The private sector companies to be supported by the GEF project for the pilot investments are not yet selected, which is why no detailed assessment of the climate change risks of the final investments to be supported by the GEF projects cannot be done yet. More detailed discussion on climate change related risks on those particular sectors, in which pilot investments will be implemented as well as on some candidate projects has been added into the GEF CEO AR in pages 22-23 under 'Climate Change Risk', thereby addressing the comment.

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

6/1/2021 MY:

Yes, the institutional arrangement for project implementation and execution is well described in the section of *6. Institutional Arrangement and Coordination*.

Due to the difficult situation in Serbia, the government requested the UNDP to undertake part of roles of execution. The GEF SEC carefully reviewed the request and allowed the UNDP to do so.

Agency Response

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

6/1/2021 MY:

Yes, it is addressed in the section 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

6/1/2021 MY:

Not yet.

In the PIF stage, the PM made the following comments on KM for the agent:

10/30/2019 MY:

Yes. it is on pages 27-28.

In the CEO AR stage, please present more detailed information on:

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 and sustainability plans for strategic communications

Please address the above issues that were not addressed in the PIF and not in the CEO AR package.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response
UNDP, 08/02/2021:

The CEO AR has been complemented with additional information as it concerns the project's knowledge management strategy and presented in pages 25-28 of the CEO AR.

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

6/1/2021 MY:

Not completed. It seems that the **Environmental and Social Safeguard** analysis is missing in the CEO AR package. Please show where it is or resubmit it.

Please use the attached "Annex: 10 (DRAFT) Environmental and Social Management Framework (ESMF)" in the document folder to extract and write relevant information on Environmental and Social Safeguard analysis that matches GEF's requirement.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

The required Environmental and Social Safeguard analysis has been added into the CEO AR as Annex K (Presented as Annex 6 of the Project document, as a separate document.)

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

6/1/2021 MY:

Yes, it is presented on the section of 9. *Monitoring and Evaluation*.

Agency Response

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

6/1/2021 MY:

Not completed at this time. The following sentence is not enough to answer the question above: "The socio-economic benefits of the project include increased economic and related employment opportunities for a variety of project related professional fields based on new circular economy approaches"

Please use quantitative information to demonstrate the social and economic benefits of the project to the local people, and show how these local benefits will translate to the global environment benefits.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

Complementary information on the project's socio-economic benefits has been added into the CEO AR in page 29-30.

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Not completed yet.

For example, Annex 13 about GHG accounting is missing in the project Document Folder. Please resubmit it.

Please check all Annexes carefully and make sure they are referred in the CEO AR document and uploaded to the GEF portal.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

All Annexes and their references in the CEO AR have been checked/included and the Annexes have been uploaded to the GEF portal.

Project Results Framework

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Not completed at this time. Please copy and past the project results framework from the Project DoC to the CEO AR document. Please do not expect all readers to open and read the UNDP's Project Doc while reading the GEF CEO AR document.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

The Project Results Framework has been copy-pasted to the CEO AR document.

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Not completed.

Please use a table with three columns including GEF PM comments, UNDP's responses, and justification to address the comments of the PM in the PIF. Please indicate or mark the places of changes in the CEO AR document.

The comments from the PM at the PIF stage are as follows:

10/31/2019 YM:

In the PPG stage, please consider engaging private investments in this project.

In the CEO EA stage, please present more detailed KM information on:

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 and sustainability plans for strategic communications

At the CEO EA stage, the Agency agreed to undertake detailed analysis on global environment benefits that will be delivered by the project. A reminder has been put at the end of this review sheet.

Also, at the CEO EA stage, the agency needs to:

1. update innovation, scaling up, and sustainability;
2. provide a project map;
3. address the issue of dual functions of project implementation and execution.

Please check all the GEF's comments at the PIF stage and make sure all the comments are fully addressed at the CEO AR stage.

8/5/2021 MY:

Yes, comments were addressed.

Agency Response

UNDP, 08/02/2021:

Done

•GEF ID 10425

Reducing Community Carbon Footprint by a Circular Economy Approach in the Republic of Serbia

UNDP's responses, and justification to address the comments of the PM in the PIF.

GEF PM Comments at the PIF Stage	UNDP Response	Justification
In the PPG stage, please consider engaging private investments in this project.	As elaborated in chapter 5 of the CEO AR (page 18), the private sector will have a key role in implementing the project as project developers and participants to the challenge calls as well as actual investors and project co-financiers.	As indicated in Table C of the CEO AR, private investments in the project have been estimated to be equal to at least US\$ 4 million representing project owners' own financing share of the pilot CE investment corresponding to about 30% of the total estimated investment.
In the CEO EA stage, please present more detailed KM information on: 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 and sustainability plans for strategic communications	More detailed information on the requested items has been presented in the CEO AR in pages 25-28 in chapter 8 ?Knowledge Management?, highlighted also in yellow.	Pages 25-28 of the CEO AR

<p>At the CEO EA stage, the Agency agreed to undertake detailed analysis on global environment benefits that will be delivered by the project. A reminder has been put at the end of this review sheet.</p>	<p>The analysis of the project's global environmental benefits has been presented in Annex 13, which has been added into the project folder also as a separate Annex.</p>	<p>Annex 13 of the CEO AR</p>
<p>Also, at the CEO EA stage, the agency needs to:</p> <ol style="list-style-type: none"> 1. update innovation, scaling up, and sustainability; 2. provide a project map; 3. address the issue of dual functions of project implementation and execution. 	<p>The requested information has been addressed as follows:</p> <ol style="list-style-type: none"> 1. An updated chapter on innovation, scaling up, and sustainability is presented in pages 15-16 of the CEO AR highlighted in yellow. 2. A project map based on the indicative list of CE pilot projects is presented in Annex E of the CEO AR 3. The project implementation and execution functions have been addressed in chapter 6. <i>Institutional Arrangement and Coordination</i> in pages 22-24 highlighted also in yellow. 	<p>Pages 15-16 of the CEO AR</p> <p>Annex E of the CEO AR</p> <p>Pages 22-24 of the CEO AR</p>

Council comments

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

N/A

Agency Response

STAP comments

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

N/A

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

N/A

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

N/A

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

N/A

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Yes, it is on track.

Agency Response

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

6/1/2021 MY:

Not completed yet. Please mark the project boundary on the map.

8/16/2021 MY:

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

Agency Response

UNDP, 08/02/2021:

Done

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

6/1/2021 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

6/1/2021 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

6/1/2021 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

6/1/2021 MY:

Not at this time.

Please address the comments above and kindly use a table format and GEF Portal Format to present the results.

8/5/2021 MY:

Not completed yet. Please address the above comments.

8/19/2021 MY:

Please address the comments of the GEF PPO that are presented in Box of the review sheet.

8/24/2021 MY:

Not at this time. Please continue addressing the comments from the GEF PPPO.

This project is sensitive in timing in terms of date of cancelation. Please address the remaining issues effectively and carefully. and resubmit the project documents.

8/26/2021 MY:

Yes, all comments were addressed and issues were cleared. The PM recommends technical clearance for this project.

Review Dates

**Secretariat Comment at
CEO Endorsement****Response to
Secretariat
comments**

First Review	6/1/2021
Additional Review (as necessary)	8/5/2021
Additional Review (as necessary)	8/19/2021
Additional Review (as necessary)	8/24/2021
Additional Review (as necessary)	8/26/2021

CEO Recommendation**Brief reasoning for CEO Recommendations**

The objective of the project is to reduce community carbon footprint by a circular economy (CE) approach in the republic of Serbia. The project consists of three major components: (1) Enabling institutional and policy framework; (2) Implementing new innovative project and sourcing and financing modalities to promote low carbon circular economy development; and (3) Monitoring, evaluating, and outreaching for scaling up the investments. Expected outputs include: (1) Results of gap analyses between the latest EU circular economy policies and related Serbian laws and regulations; (2) Developed new bylaws and other policy measures for effectively advancing circular economy in Serbia drafted; (3) Circular economy related ISO standards that are not in use in Serbia yet transposed; (4) Pilot CE investments selected by a challenge call and their implementation supported by Performance-Based Payments; (5) Source and support up to 5 new pilot initiatives for the integration of informal waste collectors in the waste management system; (6) Source and support up to 10 innovative CE based low-carbon pilot initiatives proposed by the research and development sector of the country. The project is innovative due to the following facts. First, it promotes a new concept of moving from the current linear to a new CE-based approach that improves resource and product efficiency, creates green jobs and reduces GHGs. Second, it will create a new type of platform for closer interaction between the government, local communities, companies, financing entities and research institutions in advancing CE in Serbia. Third, it will contribute to the related policy development considering the findings of the scientific community and the feedback from the private sector. After the GEF project implementation is over, the pilot projects will be sustainably in operation

since the major financing for the pilot projects will be from the private sector. The selected SMEs will pay for the O&M costs for the operation of the pilot projects. Promotion of CE is in the national government agenda in mitigating climate change. The GEF project results therefore will likely be scaled-up in the country. The project aims at mitigating 1.74 million 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 CE 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.

On UNDP's Execution Functions:

Early this year (2021), the UNDP requested to perform some executing functions for this project. The GEF GPU manager, the ECA regional coordinator and the Program Manager of this project discussed this issue and analyzed the legal situation on ground in Serbia. They agreed that if the OFP of Serbia issues a letter to the GEF to endorse the UNDP for the performance of the execution functions, the GEF will allow the UNDP to do so. In May 2021, the OFP sent a letter to the GEF and indicated a few outputs that need the UNDP to perform execution functions. As such, the Program Manager recommend the GPU manger to clear this issue. Thank you.

