

[Home RoadMap](#)

San Salvador Low-emission Urban Development Path

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

9038

Countries

El Salvador

Project Name

San Salvador Low-emission Urban Development Path

Agenices

UNDP

Date received by PM

11/20/2018

Review completed by PM

8/19/2019

Program Manager

Milena Vasquez

Focal Area

Climate Change

Project Type

FSP

PIF

CEO Endorsement

Project Design and Financing

1. If there are any changes from that presented in the PIF, have justifications been provided?

Secretariat Comment at CEO Endorsement

No. There are significant changes from PIF for which some justifications are provided, but additional clarifications are necessary.

At PIF, the majority of resources were dedicated to energy efficiency measures in public transport (former component 2) and in the municipal sector (former component 3). Now the project is allocating significant resources to a completely new component focused on capacity building (component 2), above and beyond the institutional strengthening expected in component 1 and what already was included under components 2 and 3, and has significantly scaled down the expected support for actual low-emission mobility and energy efficiency measures (now only in component 3).

We are not certain that is the best use for these resources and are concerned about the incremental reasoning of the GEF project in its current formulation. It appears that the majority of the project's mitigation impact will now depend on activities which are already supported by other partners or that are completely dependent on political factors and thus inherently risky (SITRAMSS and FIDEnergetica). While we strongly believe in the need to strengthen institutions and enabling frameworks and build local capacity, the project's approach is not entirely coherent (or coherently presented) and climate change mitigation as key driver for project activities is sometimes missing. In addition, the analysis of barriers for low-emission mobility is more in depth than that for energy efficiency investments in municipalities.

Overall, the proposal needs to strengthen the linkage and incremental reasoning of the project outputs vis-a-vis the expected co-financing that will support "low-emission urban development" in AMSS including through increased use of public transportation and reduced GHG emissions related to transport, as well as energy efficiency measures in municipalities, specifically in lighting and air conditioners. (Further, the fact that all of this co-financing is public and considering upcoming presidential elections, is somewhat concerning.)

Specifically regarding changes from PIF in the project structure, we find the new organization of project components, outcomes and outputs is confusing. We recommend going back to the original project structure where component 1 was focused on strengthening the enabling framework and institutional capacities, component 2 was focused on public transport (or now mobility) and component 3 was focused on energy efficiency in the municipal sector, with the addition of component 4 for monitoring and evaluation, which was missing at PIF stage. As submitted, the new component 2 is not very coherent with the activities under components 1 and 3. Instead, we suggest to reframe the new proposed outputs within the original project structure. For example, the ISO 50001 training and certification facility proposed under 2.1 should fit in the original output 3.1 as long as it is relevant to the development and implementation of energy efficiency measures in the municipal sector. Furthermore, component 1 in this iteration seems to focus on mobility and does not present an integrated approach to low-emissions urban development as originally intended. By going back to the original structure with the new proposed outputs, the justification for these changes should be clearer while maintaining the essence of the project as approved by Council.

7/11/2019: The GEF and the Agency had a call to go over the review sheet comments. The CEO Endorsement has been revised to go back to the original project framework as requested and now the changes and justifications are much clearer. Capacity-building has been embedded throughout the project activities instead of on its own component, and resources have been appropriately allocated to the project components considering the context on the ground since the PIF was approved. These comments have been addressed.

Response to Secretariat comments

	GEF Comment	Response	Proposed Action
1.1	<p>The majority of resources were dedicated to energy efficiency measures in public transport (former component 2) and in the municipal sector (former component 3). Now the project is allocating significant resources to a completely new component focused on capacity building (component 2), above and beyond the institutional strengthening expected in component 1 and what already was included under components 2 and 3, and has significantly scaled down the expected support for actual low-emission mobility and energy efficiency measures (now only in component 3).</p>	<p>The PPG identified weak national capacities for sustainable urban planning and mobility as a transversal problem. Moreover, several key conditions assumed at PIF are actually not fulfilled, in the first place the institutional and policy framework. The process of institution building in the country since the armed conflict is far from completed and hampered by the strongly polarized politics.</p> <p>As such we are convinced that the GEF project should be aimed at facilitating development processes to achieve lasting impact, rather than targeting short-term results, particularly for such a complex problem definition (integrated urban development).</p> <p>The postulated component 2 was based on this logic. We appreciate GEF's feedback and in response have reverted to the original PIF framework. While maintaining knowledge management as a transversal theme throughout the proposal, we have greatly reduced the profile of the proposed "expertise center" and reallocated GEF funds to other output more in line with the original proposal.</p>	<p>The Prodoc and CEO ER documents have been fully revised.</p>

	GEF Comment	Response	Proposed Action
1.2	<p>We are not certain that is the best use for these resources and are concerned about the incremental reasoning of the GEF project in its current formulation. It appears that the majority of the project's mitigation impact will now depend on activities which are already supported by other partners or that are completely dependent on political factors and thus inherently risky (SITRAMSS and FIDEnergetica). While we strongly believe in the need to strengthen institutions and enabling frameworks and build local capacity, the project's approach is not entirely coherent (or coherently presented) and climate change mitigation as key driver for project activities is sometimes missing. In addition, the analysis of barriers for low-emission mobility is more in depth than that for energy efficiency investments in municipalities.</p>	<p>1. We believe incremental reasoning is in place as the Project aims to leverage fresh, non-GEF funds for investment, and tries to direct GEF money to activities where it can make a difference (impact). For a GEF project just above the MSP threshold, funds are too small for large investment, leaving essentially TA and some tailored pilots (demonstration). Note that the project budget was initially much larger but underwent a “haircut” by the GEF.</p> <p>We acknowledge that cofinance from non-public agents falls behind expectations but in the context of a Government transition and poorly developed mechanisms for public and private partnerships, it will be very hard to acquire additional cofinance letters. Hence we kindly request GEF to accept this situation at CEO.</p> <p>The direct GHG reductions for transport in the AMSS, as set forth in the PIF, were related to the materialization of additional investment in SITRAMSS. It is unrealistic to assume that such investment will occur during the Project’s time horizon; therefore, the proposed final design is less ambitious. We understand GEF’s concern because committed GHG reductions are now lower than at PIF.</p> <p>2. We agree that EE was paid less attention to in the proposal. This was because: (1) the share of GEF funds for EE in the PIF were substantially lower than for transport; and (2) CNE mainly asked to support FIDEnergetica. Following up on the GEF comments, the status of EE has been explored more in depth (Feb-March 2019) yielding useful insights, notably the absence of standards for public lighting. The development of street lighting standards is a great opportunity for the GEF Project to fill a specific regulatory void and has been included in the revised proposal.</p> <p>It also became clear that the central Government has no clear vision how to reach out to the municipalities. This question has been a central theme in national development plans since 2007, but little progress has been made. This problem directly affects transport and EE. For the same reason, the modalities under the GEF-4 EEPB project cannot simply be transposed to municipalities. Instead, application of EE standards is best achieved through capacity building at municipal level (including energy management training) and by appraisal of TA for developing EE proposal. (Note that this is essentially the same approach as followed for municipal mobility pilots.)</p>	<p>1. The Project design has been fully overhauled and brought more in line with the PIF. The postulated C2 has been eliminated.</p> <p>2. Budget allocation for EE has been increased and specific TA actions for EE presented.</p> <p>3. A more holistic approach to finance is included (beyond FIDEnergetica).</p>

	GEF Comment	Response	Proposed Action
1.3	<p>Overall, the proposal needs to strengthen the linkage and incremental reasoning of the project outputs vis-a-vis the expected co-financing that will support "low-emission urban development" in AMSS including through increased use of public transportation and reduced GHG emissions related to transport, as well as energy efficiency measures in municipalities, specifically in lighting and air conditioners. (Further, the fact that all of this co-financing is public and considering upcoming presidential elections, is somewhat concerning.)</p>	<p>See previous box, point 1. The revised proposal has moved away somewhat from the root causes (institutions, capacity building) and reduced the GEF funds allocated to this. They are still addressed (output 1.1.1 and 3.1.4). More GEF funds are now assigned to activities offering a more direct link to GHG emission reductions, especially for EE (S&L development).</p> <p>Yet, leverage of cofinance falls behind PIF expectations since SITRAMSS expansion is not possible at this stage and FIDEnergetica is not yet approved. Alternatives (such as PPP) were explored during PPG but progress was insufficient to obtain additional letters from the private sector.</p> <p>With the changes made, we believe incrementality of the proposal has improved significantly.</p>	<p>1. The Project design has been fully overhauled and brought more in line with the PIF. The postulated C2 has been eliminated.</p> <p>2. Budget allocation for EE has been increased and specific TA actions for EE presented.</p>

	GEF Comment	Response	Proposed Action
1.4	<p>Specifically regarding changes from PIF in the project structure, we find the new organization of project components, outcomes and outputs is confusing. We recommend going back to the original project structure where component 1 was focused on strengthening the enabling framework and institutional capacities, component 2 was focused on public transport (or now mobility) and component 3 was focused on energy efficiency in the municipal sector, with the addition of component 4 for monitoring and evaluation, which was missing at PIF stage. As submitted, the new component 2 is not very coherent with the activities under components 1 and 3. Instead, we suggest to reframe the new proposed outputs within the original project structure. For example, the ISO 50001 training and certification facility proposed under 2.1 should fit in the original output 3.1 as long as it is relevant to the development and implementation of energy efficiency measures in the municipal sector. Furthermore, component 1 in this iteration seems to focus on mobility and does not present an integrated approach to low-emissions urban development as originally intended. By going back to the original structure with the new proposed outputs, the justification for these changes should be clearer while maintaining the essence of the project as approved by Council.</p>	<p>1. We understand your point and have readjusted to the original (PIF) structure. We believe that in the postulated project structure, progress monitoring was simpler and components could be implemented more or less independently.</p> <p>Note that the ISO50001 output has been maintained and is brought under outcome 3.1.</p> <p>2. Integrated approach. The PPG found that the country lacks the conditions for a strong “integrated” approach. Governance structures are very weak, political polarization dominates discussions, election year, lack of capacities, and so on. These root problems and circumstances go beyond the scope of the GEF CCM but cannot be ignored as otherwise, the project would be based on invalid assumptions.</p> <p>3. The revised proposal is now framed around “low-emission urban planning” rather than “urban mobility”. Supportive outputs are 1.1.1 (policy dialogue, white paper), 1.1.6 (finance for integrated urban development) and 1.2.2 (AMSS Master Plan).</p>	<p>The Project design has been fully overhauled and brought more in line with the PIF. The postulated C2 has been eliminated.</p>

2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?

Secretariat Comment at CEO Endorsement

No, see comment above.

7/11/2019:

Component 2:

- We could not find Annex M which includes the low-emission mobility pilot ideas. Please ensure it is uploaded. Under paragraph 60 in the CEO ER, it is not clear that these pilots are emphasizing their climate change mitigation potential as a key area of assessment. Please clarify.

- Please provide additional information on the planned "expertise hub for urban mobility". Would this function more like a virtual expert group without a need for physical infrastructure to support it? What is the incremental reasoning for a hub that goes beyond the partnerships and the other working group reference under this component? Please clarify.

Component 3:

- Reference is made that there is a lack of monitoring and verification at the municipal level to ensure standards are being followed. In addition to awareness raising and planned training, are there other ways in which the project can support verification at the municipal level?

8/19/2019

- Annex M has been uploaded. Explicit reference to GHG mitigation has been made as well. Comment cleared.

- Expertise hub would add sustainability to the capacity built in the project and would exist virtually. Comment cleared.

- Capacity-building at the municipal level is expected to address this issue. Comment cleared.

Response to Secretariat comments

7/23/2019

Component 2:

- We could not find Annex M which includes the low-emission mobility pilot ideas. Please ensure it is uploaded. Under paragraph 60 in the CEO ER, it is not clear that these pilots are emphasizing their climate change mitigation potential as a key area of assessment. Please clarify.

Annex M attached to the portal. RR- CCM considerations as part of pilot assessments have been clarified in par 60 and par 68 of the CEO ER. Once pilots' designs are strategic selected, the detailed studies will draw the baselines and impacts at the local level in terms of GHG emissions, socio-economic indicators and other environmental parameters.

Please provide additional information on the planned "expertise hub for urban mobility". Would this function more like a virtual expert group without a need for physical infrastructure to support it? What is the incremental reasoning for a hub that goes beyond the partnerships and the other working group reference under this component? Please clarify.

Indeed, the expertise hub is envisioned as a “virtual concentrator” of three key elements: (i) expertise; (ii) finance; and (iii) policy scenarios and programs. As such, its function goes beyond just a partnership, as the hub should develop the necessary momentum required to build a market for low-emission mobility solutions. Clearly, partnerships with foreign knowledge providers are key for building the necessary in-country capacity. Since without policy support and funding, partnerships may get lost after project termination, the hub is foreseen to provide continuity (exit strategy). A physical infrastructure is not foreseen for the hub.

The working groups (municipal and technical) are devised for structuring the project partners during project implementation. Most recent measures of the new administration have already convened a mobility working group for the AMSS. Inception phase will engage with these stakeholders to analyze the strategic institutional framework and governance arrangements of the hub that can facilitate exchanges and promote interaction of project partners.

Component 3:

- Reference is made that there is a lack of monitoring and verification at the municipal level to ensure standards are being followed. In addition to awareness raising and planned training, are there other ways in which the project can support verification at the municipal level?

Weak technical capacity at the municipal level in low-emission urban planning (including mobility) as well as public lighting efficiency is a concern. Local municipal officers will work with VMT and OPAMSS experts (and project consultants) in municipal working groups to apply technical standards to local urban planning activities. The Project makes an effort to reach out to the municipalities (outputs 1.2.1-3) to enable more consistent monitoring of development indicators and will address the metrics and international methodologies for M&V.

Training and awareness raising at municipal level is based on the acknowledgement of the autonomy of municipalities to pursue local development. The COAMSS Master plan besides monitoring several human development indicators, needs a more harmonized approach on energy and emissions indicators.

Coordination with upcoming 4th National Communication, CBIT and SDG agenda reporting is key to guarantee alignment on verification of standards and data management.

3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?

Secretariat Comment at CEO Endorsement

- At the moment, the project is allocating very limited resources to support urban mobility solutions and energy efficiency measures, while it lists relatively high levels of co-financing for these outputs which appear to actually be baseline activities as the finance has already been mobilized and planned for (CNE energy efficiency measures from the PESAE program, MOPTVDU's projects, OPAMSS-funded public works in Santa Tecla). It is not clear what influence the GEF resources are having on these existing baseline contributions, in other words what is the incremental reasoning? Can these really be claimed as mobilized investment?
- Please clarify why BANDESAL who is expected to support the pilot projects through FIDEnergetica is not listed as a co-financier. Please also clarify why CNE is requesting additional funding through the NAMA Facility and/or IDB/JICA.
- It appears that the NAMA described that was presented to the NAMA Facility and is awaiting the Assembly approval of FIDEnergetica and this project have significant overlaps. Please clarify.
- It also appears that there is significant overlap between this project's proposed output for an ISO 5001 certification facility and the CNE's PESAE training and certification program. Please clarify.

7/11/2019:

- This comment is still a concern considering the nature of the confirmed co-financing. Nevertheless, we understand the existing situation and that there is an expectation for additional co-financing to materialize should the FIDEnergetica were to be passed, which this project is supporting.
- Clarifications have been provided. Considering that the NAMA proposal will not be funded through the NAMA Facility, please consider how this project will directly support the pilot implementation of this NAMA and seek additional co-financing during implementation for its full implementation.
- Clarifications have been provided.

- Clarifications have been provided.

8/19/2019

Comments cleared.

Response to Secretariat comments

	GEF Comment	Response	Proposed Action
3.1	<p>At the moment, the project is allocating very limited resources to support urban mobility solutions and energy efficiency measures, while it lists relatively high levels of co-financing for these outputs which appear to actually be baseline activities as the finance has already been mobilized and planned for (CNE energy efficiency measures from the PESAE program, MOPTVDU's projects, OPAMSS-funded public works in Santa Tecla). It is not clear what influence the GEF resources are having on these existing baseline contributions, in other words what is the incremental reasoning? Can these really be claimed as mobilized investment?</p>	<p>Please, refer to the responses under 1.2 and 1.3..</p> <p>Please note: (1) the lack of finance for investment by municipalities (which only receive income through FODES from the national budget); and (2) the lack of experience in the country with mobilization of private capital for public services and infrastructure.</p> <p>Notwithstanding, El Salvador is looking for more intelligent mechanisms to attract capital and mobilize the private sector. There is still very little experience with modalities to incorporate PPP and SME in the value chain. In fact, the SME lacks mechanisms to take benefit from lending instruments and are not prepared to assume such role (hence 85% of SME are informal businesses).[1] On the other hand, some positive experiences exist as well, for example subcontracting of local SME by FOVIAL for road construction, or the recent public lighting pilot under a PPP with AES in Sonsonate.[2] Finally, large enterprises invest in private shopping malls and commercial buildings (Multiplaza, Plaza Soyapango, etc) and have demonstrated interest in improved mobility and integrated urban planning (which adds value for them).</p> <p>This GEF Project comes too early to commit these actors to cofinance. Moreover, technical capacity is not ready to develop good project proposals for discussion. But at this stage, the GEF Project can make a valuable contribution by nurturing the incipient experiences (public lighting (PL) concessions under EE standards, SME involvement in maintenance of PL and other urban infrastructure, private bike rental schemes) and try closing the gap between public and private sector. The benefits in terms of private investment and GHG reductions are to be reaped in the medium-term.</p>	<p>The Project design has been fully overhauled and brought more in line with the PIF.</p>

	GEF Comment	Response	Proposed Action
3.2	<p>Please clarify why BANDESAL who is expected to support the pilot projects through FIDEnergetica is not listed as a co-financier. Please also clarify why CNE is requesting additional funding through the NAMA Facility and/or IDB/JICA.</p>	<p>1. BANDESAL does not act as cofinancier because FIDEnergetica is not in place yet. As such, BANDESAL has no mandate to issue a letter of this kind.</p> <p>2. Public investment in EE is insufficient to cover all public institutions. FIDEnergetica will allow re-investment of accrued savings from EE projects, thereby creating a multiplier effect for municipalities and autonomous public institutions implementing EE programs. Additional capital inputs for FIDEnergetica are needed for speeding up this process – for which external sources are sought, including the NAMA Facility, IDB and JICA.</p> <p>CNE now assumes that the NAMA request will not be honored. IDB/JICA lending will not materialize as long as FIDEnergetica is not in place. Hence, the PPG team expects GEF support is still important to accompany the approval process of the FIDEnergetica trust fund (output 1.1.2 in the revised proposal). Further, the creation of a task force (3.1.3) for pipeline development imposes a due diligence process to EE pipeline development, thereby reducing the burden on FIDEnergetica. With this task force in place, we hope that operationalization of FIDEnergetica can be done from the baseline.</p> <p>Finally, the revised proposal aims at broader engagement with BANDESAL and other financiers to facilitate cross-sectoral financing for low-emission urban development (output 1.1.6). Such an approach should also assist in reducing the gap between the central government and the AMSS municipalities, offering a more prominent role to COAMSS/OPAMSS. While challenging, we believe that a comprehensive approach to finance development in the AMSS may provide a stimulus for improving the overall institutional and policy framework.</p>	<p>The proposal has been fully revised.</p>

	GEF Comment	Response	Proposed Action
3.3	It appears that the NAMA described that was presented to the NAMA Facility and is awaiting the Assembly approval of FIDEnergetica and this project have significant overlaps. Please clarify.	See previous box. The NAMA does not need to be presented to the Legislative Assembly. It was presented to the NAMA Facility and was not approved. Fidenergica needs a Law approved at the Legislative Assembly.	An explanation of the FIDEnergetica process has been added to the Prodoc (Annex P).
3.4	It also appears that there is significant overlap between this project's proposed output for an ISO 5001 certification facility and the CNE's PESAE training and certification program. Please clarify.	The PESAE is on training and certification of professionals (ISO 17011), which is not the same as implementing an ISO50001 systems and certification of energy managers. Doubling of training activities will be avoided.	No action.

[1] A recent review is provided in the following document: “La Eficacia de la Participación del Sector Privado a través de la Cooperación al Desarrollo en El Salvador (draft)”, Global Partnership for Effective Development Co-operation, 17 October 2018. (available on internet).

[2] See: Case Study of Innovative and Successful Business Models that Enable Latin American and Caribbean Cities to Adopt Efficient Technologies in Street Lighting – Executive Summary, ECONOLER, 2 October 2018. Funded by Bariloche Foundation, IDB and the GEF.

7/23/2019

- This comment is still a concern considering the nature of the confirmed co-financing. Nevertheless, we understand the existing situation and that there is an expectation for additional co-financing to materialize should the FIDEnergetica were to be passed, which this project is supporting.

- Clarifications have been provided. Considering that the NAMA proposal will not be funded through the NAMA Facility, please consider how this project will directly support the pilot implementation of this NAMA and seek additional co-financing during implementation for its full implementation.

RR. Financing and support for the NAMA (or comparable investment instruments) is explicitly addressed under output 1.1.2 (FIDEnergetica Law) and 1.1.6. See also the explanation in CEO ER p.7 (table changes to PIFoutput 1.1.3 “The FIDEnergetica proposal for EE in the public sector is ready to be

presented to the Assembly. Advocacy to this purpose will be delivered through (1.1.2). However, other financing instruments targeting EE and SME exist (BANDESAL, IDB, BCIE), but these are rather ad-hoc.

The new administration has shown priority and willingness to support mobility, sustainable cities and innovation themes. The institutional structures and business models being promoted within the government, could enhance project prospects to mobilize larger capital volumes from public, private and international climate funding (envisioned in output 1.1.6). UNDP, through its country office and regional office will continually engage with the financing community to leverage investment in urban development in the AMSS.

4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)

Secretariat Comment at CEO Endorsement

The risk mitigation measures presented are not sufficient. Please add corresponding measures in the case that neither the SITRAMSS nor the FIDEnergetica laws are approved. How will the project aim to fulfill the project objective and climate change mitigation targets otherwise? This project may require alternate plans for the use of GEF resources to support low-emission mobility and energy efficiency measures in AMSS outside of the SITRAMMS and FIDEnergetica. For example, through the project's business model development envisioned under component 1 , the project could identify other sources of financing, including potentially the private sector.

Considering the upcoming presidential elections, please address whether there is a risk to changes in government priorities and to expected financial support, and include appropriate risk response measures as necessary.

7/11/2019: Additional risk mitigation measures have been added.

Response to Secretariat comments

	GEF Comment	Response	Proposed Action
4.1	<p>The risk mitigation measures presented are not sufficient. Please add corresponding measures in the case that neither the SITRAMSS nor the FIDEnergetica laws are approved. How will the project aim to fulfill the project objective and climate change mitigation targets otherwise?</p> <p>This project may require alternate plans for the use of GEF resources to support low-emission mobility and energy efficiency measures in AMSS outside of the SITRAMMS and FIDEnergetica. For example, through the project's business model development envisioned under component 1, the project could identify other sources of financing, including potentially the private sector.</p>	<p>This is acknowledged. We fully agree with the potential of improved business models and engagement of the private sector.</p> <p>Please see responses under 3.1.</p>	<p>The Project design has been fully overhauled and brought more in line with the PIF.</p>
4.2	<p>Considering the upcoming presidential elections, please address whether there is a risk to changes in government priorities and to expected financial support, and include appropriate risk response measures as necessary.</p>	<p>The elections have taken place now and a new Government will take power mid-2019. There is obviously a risk that Government priorities change. UNDP CO will closely monitor the process. UNDP plans to implement a consistent and structured inception phase to socialize with new government project objectives, risks, safeguards and assumptions.</p> <p>In any case, it seems prudent to have the Project endorsed by GEF to avoid the risk that the new Government would revoke cofinance commitments.</p>	<p>No action.</p>

5. Is co-financing confirmed and evidence provided?

Secretariat Comment at CEO Endorsement

Since this is a CEO Endorsement request we expect all co-financing listed to be confirmed and thus for all type of co-financing to be described appropriately (grants, equity, loans, guarantees, or in-kind). Please revise Table C and select the correct type of co-financing for all sources.

Co-financing amounts included in Table C are not clearly outlined in the letters from CNE and MOPTVDU. Please provide additional clarification on how the respective amounts in Table C match what is provided in the letter.

7/11/2019:

- Some entries in the co-financing table still say "Unknown at this stage". Please revise accordingly.
- Clarifications have been provided.

8/19/2019: All co-financing has been specified. Comment cleared.

Response to Secretariat comments

7/23/2019

- Some entries in the co-financing table still say "Unknown at this stage". Please revise accordingly.

The categories “unknown at this stage” have been revised in the CEO ER and Prodoc.

Since this is a CEO Endorsement request we expect all co-financing listed to be confirmed and thus for all type of co-financing to be described appropriately (grants, equity, loans, guarantees, or in-kind). Please revise Table C and select the correct type of co-financing for all sources.	The co-financing sources have been re-assessed and the list has been made consistent.
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Co-financing amounts included in Table C are not clearly outlined in the letters from CNE and MOPTVDU. Please provide additional clarification on how the respective amounts in Table C match what is provided in the letter.

Clarifications for CNE Co-financing figures:

1.The 7M USD (approx. 1.4 x 5 years), is the approximate cost of the technical and administrative staff put to disposition to support the GEF project. The letter also mentions a trust of 70M that will be established during the project life. This trust was not taken into consideration because no firm commitment is made yet.

2.The 5M USD (approx. 1 x 5 years) come from the EE Public Sector Committees which currently work in more than 100 government ministerial Directions, autonomous entities and hospital at the national level.

There is an additional paragraph reaffirming an annual amount of 2.5, which we understand as the sum of the two above figures (1.4M+ 1M x year). Again, the letter mentions the possibility of increasing this amount to 5M by year, but this was not taken into consideration as the marginal amount comes from the mentioned 70M trust that is expected to be created in 2019.

Clarifications for the amounts outlined in the MOPTVDU letter:

1.The 16,630,211 equity / investment mobilized shown as investment in the letter come from two main public works:

a) The San Jacinto Cultural and Recreational Complex, (at an approximate value of **USD8,630,211**) which consists of a network of pedestrian walkways, bicycle paths, and urban renewal of a 60 block area at the greater San Salvador Metropolitan Area centre (AMSS), will host several central government, judiciary, municipal, academic institutions and business buildings.

b) The Terminal de Oriente Project (at a value of **USD8,000,000**) is based in a public-private partnership between SUTRANS (Sector Unido de Transportistas) and the MOPTVDU. It is expected that this project will progressively host 86 bus routes, benefiting 40 thousand daily users, from 7 departments of the greater AMSS area.

There are another **USD 541,693 in kind co-financing** related to a feasibility study financed by the IADB to assess the construction of northern corridor that is also expected to improve mobility in the greater AMSS.

6. Are relevant tracking tools completed?

Secretariat Comment at CEO Endorsement

The estimations of GHG emissions reductions through existing studies as presented in Annex C are ok at this stage. Additional GHG benefits from a reduction in black carbon and potential reduction in HFCs per STAPs comment should be accounted at mid-term and terminal evaluation reporting.

7/11/2019: The Core Indicators table under indicator 6.2 notes 5 years as duration of accounting. That should be 10 based on the types of technologies used as well as on the calculations provided in the Pro Doc. Please revise.

8/19/2019: Indicator has been updated. Comment cleared.

Response to Secretariat comments

7/23/2019

7/11/2019: The Core Indicators table under indicator 6.2 notes 5 years as duration of accounting. That should be 10 based on the types of technologies used as well as on the calculations provided in the Pro Doc. Please revise.

The direct emissions were estimated considering a 10 year life span of technology and have been inserted in the most recent template of core indicators in Annex F- GEF 7 Core Indicator Worksheet in CEO ER .

The estimations of GHG emissions reductions through existing studies as presented in Annex C are ok at this stage. Additional GHG benefits from a reduction in black carbon and potential reduction in HFCs per STAPs comment should be accounted at mid-term and terminal evaluation reporting.	This has been acknowledged.	It is proposed to add this issue in the Prodoc for reference for MTR and TE evaluation.
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7. Only for Non-Grant Instrument: Has a reflow calendar been presented?

Secretariat Comment at CEO Endorsement

n/a

Response to Secretariat comments

8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?

Secretariat Comment at CEO Endorsement

Yes.

Response to Secretariat comments

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

Secretariat Comment at CEO Endorsement

Yes.

Response to Secretariat comments

10. Does the project have descriptions of a knowledge management plan?

Secretariat Comment at CEO Endorsement

Yes

Response to Secretariat comments

Agency Responses

11. Has the Agency adequately responded to comments at the PIF stage from:

GEFSEC

Secretariat Comment at CEO Endorsement

n/a

Response to Secretariat comments

STAP

Secretariat Comment at CEO Endorsement

The project did not seem to include information on linkages or knowledge exchange with the Sustainable Cities IAP. Please clarify if this was explored during PPG and if not, whether this will be explored during implementation and how exactly.

The answer to the STAP comment regarding HFCs mentions the lack of appropriate disposal strategy for obsolete air conditioners and lighting systems that may be harmful to the environment. If the project will result in this replacement, we suggest proper disposal is properly integrated into the project per GEF's environmental and social safeguard standards. It is not beyond the scope of the project if it is waste the project is creating.

7/11/2019:

Clarifications have been provided.

Response to Secretariat comments

	GEF Comment	Response	Proposed Action
11.1	The project did not seem to include information on linkages or knowledge exchange with the Sustainable Cities IAP. Please clarify if this was explored during PPG and if not, whether this will be explored during implementation and how exactly.	The Project engagement with GPSC and the GPSC's resource team is included in the revised Project document. Given the high relevance of capacity development for the Project as well as governance arrangements for both EE and mobility activities, the Project will seek to participate with GPSC learning events. Project support to policy making and regulation, (C1.1) and strengthening of information systems (C1.2) will draw upon international networks and partnerships, including the GPSC.	OK

	GEF Comment	Response	Proposed Action
11.2	<p>The answer to the STAP comment regarding HFCs mentions the lack of appropriate disposal strategy for obsolete air conditioners and lighting systems that may be harmful to the environment. If the project will result in this replacement, we suggest proper disposal is properly integrated into the project per GEF's environmental and social safeguard standards. It is not beyond the scope of the project if it is waste the project is creating.</p>	<p>We appreciate clarification of GEF's position in this. This risk was considered as moderate in the social and Environmental Safeguards assessment (SESP) and a Management plan will be developed in the inception phase of the project to address the issues related to correct disposal and capacity development. According to CNE, the current practice is that old appliances are stored awaiting future, appropriate disposal. Awareness in the public sector, including municipalities, has grown thanks to CNE information campaigns. As such, this risk is mitigated as the Project targets the public sector.</p> <p>The training programs targeting building officers and energy professionals will pay attention to recycling aspects and handling of specific appliances. The assessment of disposal measures will be an integrated part of the due diligence process of EE proposals by the task force (3.1.3) and lenders (including FIDEnergetica).</p> <p>The absence of facilities for management and/or destruction of ODS in El Salvador is a concern. Similarly, there are no facilities for the recollection of CFL and TL lamps containing mercury. In this context, it is observed that a growing number of private real estate investors seek LEED certification (current status: 28 projects registered, 4 certified) which put building materials and appliances higher on the agenda. The Project will monitor developments closely and engage with other lenders and the private sector.</p>	<p>Inception phase of the project.</p>

	GEF Comment	Response	Proposed Action
11.3	<p>The comment from Canada relating to the coordination with El Salvador's work under the Montreal Protocol is not properly addressed. Please provide additional information on whether El Salvador is participating under the Montreal Protocol and how and whether there will be any coordination.</p>	<p>The institution in charge for the implementation of the Montreal Protocol (MP) in ES is the Ministry of Environment and Natural Resources (Water and Sanitation General Direction). Currently there is no inventory of any of the two pollutants: HFC and HCFC. Since 2010 there is a prohibition to import and use of CFCs in ES. Within the framework of the implementation of the PM, UNDP and UN Environment carried out national 17 capacity strengthening activities for service providers in the refrigeration and air conditioning sectors. Those workshops focused on the recovery and reuse of R-22 (when the substance is in normal conditions) most used in commercial and industrial air conditioning and refrigeration equipment. There are no available facilities for its destruction, the option of using kilns from the country's cement factories for its destruction is not yet feasible. Regarding HFC, despite of no inventory, the Government intends to ratify the Kigali Amendment of the MP and there will be opportunities to create a related legal framework for information management which the project can support. Once the Kigali Amendment is ratified, it is expected the establishment of the ban on imports of A/C and refrigeration equipment that uses HCF. Project will follow up closely with these advancements and seek to coordinate synergies. The inception phase of the project will establish a detailed risk mitigation plan on safeguards and structure a mechanism to guarantee that project mainstream MP information and awareness raising regarding ODS management and disposal on the specific technologies approached by project's activities.</p>	<p>Inception phase of the project.</p>

Secretariat Comment at CEO Endorsement

The comment from Canada relating to the coordination with El Salvador's work under the Montreal Protocol is not properly addressed. Please provide additional information on whether El Salvador is participating under the Montreal Protocol and how and whether there will be any coordination.

7/11/2019: Additional clarification has been provided.

Response to Secretariat comments

Convention Secretariat

Secretariat Comment at CEO Endorsement

n/a

Response to Secretariat comments

Recommendation

12. Is CEO endorsement recommended?

Secretariat Comment at CEO Endorsement

No, please address comments above. The PM is available for a call as needed. In addition please address the following comments regarding the portal submission:

- Under project duration, the submission says 4, but it should be in months. Please correct to 48. Further, we note that in the ProDoc the planned end date is March 31, 2024, which would make the project duration 5 years instead of 4. Please ensure consistency across documents.

- The taxonomy is missing Rio Markers for mitigation and adaptation. For this project we suggest selecting Climate Change Mitigation 2 and Climate Change Adaptation 0. We do not believe that this project is an adaptation project, so we suggest removing that key word from the taxonomy list. Also, this project is not a Non-Grant Pilot, Integrated Program, or Sustainable Cities IAP child project. Please remove from taxonomy list.
- In Table A the correct Objective/Program is selected, however the focal area outcome included is from GEF-7. Please correct with the GEF-6 outcome.
- Section A.3 Stakeholders is not properly filled out. Please select the checkbox for the role that civil society will play and upload the document of the Stakeholder Plan to the submission itself. The same comment applies to A.4 Gender Equality and Women's Empowerment.

7/11/2019: Not yet. Please address minor remaining comments above. In addition:

- Project duration still says 48 months.
- Rio Marker for Mitigation should say 2.
- Remove from taxonomy Integrated Programs, Sustainable Cities and Climate Change Adaptation

Please note that this project will be circulated to Council for 4 weeks prior to CEO Endorsement at request of Council.

8/19/2019: IT has changed project duration to 60 months. All other comments have been addressed. P.M. recommends CEO Endorsement after Council circulation.

9/4/2019: After PPO review, the following two comments were raised that require the project to be returned to the Agency. Please address them and resubmit so the project can be circulated:

- Upstream comments from US were reflected in the PMIS but not officially in the Compilation of Council comments, and thus have not been included in the Responses to Council Comments table. US comments are: (1) We believe the proposal requires greater coherence in terms of how the activities in different focal areas will be coordinated and complementary; (2) The awareness-raising funding request seems high. We would like to request that UNDP re-evaluate this budget item and further elaborate on the funding necessary to accomplish this portion of the project's objectives. **Please add these two comments to the table along with adequate responses.**
- UNDP has included in the Project Document a pro-formatted letter of agreement signed between UNDP and the Government as Annex K specifying the provisions of the support services worth \$25,000. **Please remove this letter and references to provision of services from the budget to comply with the GEF's guidelines on project and program cycle.**

The agency has adequately responded to the comments from the US and has provided a letter from the OFP justifying the need to use UNDP for a specific set of execution activities due to an exceptional lack of capacity in the government to carry out in this particular context. **PM recommends CEO Endorsement. This project must be circulated to Council prior to endorsement.**

Response to Secretariat comments

7/23/2019

/11/2019: Not yet. Please address minor remaining comments above. In addition:

- Project duration still says 48 months.

The intended Project duration is 60 months and we can't update it in the portal

- Rio Marker for Mitigation should say 2.

- Remove from taxonomy Integrated Programs, Sustainable Cities and Climate Change Adaptation

Please note that this project will be circulated to Council for 4 weeks prior to CEO Endorsement at request of Council.

No, please address comments above. The PM is available for a call as needed.	We appreciate this offer. A call was made with GEFSec 12 Feb 2019.	Plans for proposal adjustment were discussed.
Under project duration, the submission says 4, but it should be in months. Please correct to 48. Further, we note that in the ProDoc the planned end date is March 31, 2024, which would make the project duration 5 years instead of 4. Please ensure consistency across documents.	Thank you. This will be made consistent across all documents. Note that the proposed duration is 5 years (60 months).	Adjustments implemented.

<p>The taxonomy is missing Rio Markers for mitigation and adaptation. For this project we suggest selecting Climate Change Mitigation 2 and Climate Change Adaptation 0. We do not believe that this project is an adaptation project, so we suggest removing that key word from the taxonomy list. Also, this project is not a Non-Grant Pilot, Integrated Program, or Sustainable Cities IAP child project. Please remove from taxonomy list.</p>	<p>Comments acknowledged. Rio Markers will be considered as 2 (significant objective) as the project explicitly addresses commitments of the Paris Agreement at the level of problem analysis (context); objectives and results; and activities.</p>	<p>UNDP RCU will implement corrections upon resubmission</p>
<p>In Table A the correct Objective/Program is selected, however the focal area outcome included is from GEF-7. Please correct with the GEF-6 outcome.</p>	<p>GEF 6 outcome selected.</p>	<p>UNDP RCU will implement corrections upon resubmission</p>
<p>Section A.3 Stakeholders is not properly filled out. Please select the checkbox for the role that civil society will play and upload the document of the Stakeholder Plan to the submission itself. The same comment applies to A.4 Gender Equality and Women's Empowerment.</p>	<p>The specific Attachments will be uploaded in the correct session by resubmission.</p>	<p>UNDP RCU will upload as indicated.</p>

- Upstream comments from US were reflected in the PMIS but not officially in the Compilation of Council comments, and thus have not been included in the Responses to Council Comments table. US comments are: (1) We believe the proposal requires greater coherence in terms of how the activities in different focal areas will be coordinated and complementary; (2) The awareness-raising funding request seems high. We would like to request that UNDP re-evaluate this budget item and further elaborate on the funding necessary to accomplish this portion of the project's objectives. **Please add these two comments to the table along with adequate responses.**

Answer: The comments have been added to table in CO Endorsement with the adequate responses.

- UNDP has included in the Project Document a pro-formatted letter of agreement signed between UNDP and the Government as Annex K specifying the provisions of the support services worth \$25,000. **Please remove this letter and references to provision of services from the budget to comply with the GEF's guidelines on project and program cycle.**

Answer: OFP has updated the letter and the justification for direct project costs according to government needs. The letter of agreements between government and UNDP has also been updated.

Review Dates

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

First Review		
Additional Review (as necessary)		
Additional Review (as necessary)		

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief Reasoning for CEO Recommendations

The objective of this project is to promote a low-emissions urban development path in the Greater Metropolitan Area of San Salvador (AMSSS). It is aligned with Program 3 of CCM Objective 2, promote integrated low-emission urban systems. The project represents all of El Salvador's GEF-6 STAR allocation.

The AMSS contains 14 municipalities, which concentrates 90% of the country's economic output and 2.1 million inhabitants. The development of the metropolitan area has been unstructured, while investment in key infrastructure and services has lagged. In transport, rapid and unplanned urban expansion has resulted in an unsustainable transport system, which is responsible for 50% of total GHG emissions in the country. In addition, while El Salvador has enacted energy efficiency standards, implementation in public procurement at the municipal level has lagged due to lack of capacity and knowledge, missing out on energy savings of estimated 37.5 GWh per year from municipal buildings and public street lights. Furthermore, decisions taken at the national level or led by national institutions often do not integrate the municipal level planning body, leading to uncoordinated, inefficient and siloed solutions.

The project will help maximize synergies for planning and implementation between national and municipal decision makers to mainstream low-carbon strategies into their investment plans for the transport and energy sectors. The project will strengthen the policy, legal and institutional framework to integrate low-emission planning in the AMSS, including strengthening the legal basis for the SITRAMSS BRT system and the FIDEnergetica fund for energy efficiency financing in municipalities. It will support piloting of sustainable urban mobility investments along the SITRAMSS Corridor and assist municipalities in implementing energy efficient measures.

The project consists of the following 3 components:

- (i) Enabling framework for low-emission urban development
- (ii) Promotion of energy-efficient mobility in the AMSS
- (iii) Enabling an energy-efficient development path in the AMSS municipalities

(iv) Monitoring and evaluation

The project is innovative in its integrated approach of linking national policymakers with local authorities and municipal professionals, CSOs and private sector entities. It will train and support local government practitioners on establishing energy efficient measures in public offices and mobility. It will also target the private sector through a financing mechanism to increase investment towards low-carbon transport and energy sector.

Co-financing of \$34.6 million comes from the national government, including the Ministry of Public Works, Transport, Housing, and Urban Development (\$17.7 million); the National Energy Council (\$12 million); the Planning Office of the AMSS (\$3.8 million); the Municipality of Santa Tecla (\$500,000); the Ministry of Environment and Natural Resources (\$500,000), and UNDP (\$130,000).

The implementation of energy efficiency measures in the transport and energy sectors in the AMSS will result in direct GHG emissions reduction of 67,000 metric tons of CO₂e and indirect of 195,000 metric tons of CO₂e.