



Improving thermal energy efficiency in the design, manufacture and operation of industrial boilers for low-carbon micro-, small and medium-sized enterprises in India

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10878

Countries

India

Project Name

Improving thermal energy efficiency in the design, manufacture and operation of industrial boilers for low-carbon micro-, small and medium-sized enterprises in

India

Agencies

UNIDO

Date received by PM

2/28/2023

Review completed by PM

11/10/2023

Program Manager

Aloke Barnwal

Focal Area

Climate Change

Project Type

FSP

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

Please revise the Rio Markers. The project seems to be delivering climate change mitigation benefits, not adaptation benefits. CCM should be 2 and CCA can be zero.

In the objective statement and also in the project components/outcomes, it will be good to have a clear intention of climate change mitigation objective e.g. texts related to low carbon MSMEs or towards decarbonization of MSMEs, etc.

GEFSEC 30 October 2023

Thanks. Comment is cleared.

Agency Response

In Part-1: Project Information, the Rio Markers have been updated to align with the project's focus on climate change mitigation benefits, with CCM (Climate Change Mitigation) at 2 and CCA (Climate Change Adaptation) at zero.

This change was effected in the portal on the 10th of October 2023

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

The revised focus on non-fossil fuel based boilers instead of coal-fired boilers is welcome and aligned with Council's recommendation. Please see comments later on the project components, outcomes and outputs.

GEFSEC 30 October 2023- Comment is cleared.

Agency Response

The majority of the targeted boilers on the baseline situation are using solid fuels like coal or biomass either in the form of woody biomass or prepared biomass fuel like briquettes and pellets using biomass residue, Some of the boilers also use natural gas and diesel. No MSME unit reported usage of electricity during the Project Preparation phase. During the PPG phase, information has been gathered from 1516 MSME units, out of which around 11% of units are using Coal, 77% of units are using Biomass, 10% use Natural Gas and 3% consume Diesel.

The project plans to focus on enhancing the Energy Efficiency of MSME unit boilers by improving operational effectiveness through training, capacity development, Energy Efficiency retrofits, and changing existing inefficient boilers to energy-efficient boilers.

In order to alienate concerns of some of the GEF member countries on fossil fuel boilers, the project focus has been revised to creating an ecosystem to promote energy efficiency in non-coal fired boilers or replacing coal boilers which is now built-in in the project framework. The key considerations provided under Section 6, Part II of this CEO endorsement document are that the shift to new boilers do not consider coal-based boilers, as the project focuses on units not using coal for making interventions under good boiler operation and maintenance practices. 16 coal-consuming units are added for Solar Heat as retrofits, the rest are non-coal-consuming units for energy-efficient boiler retrofits, and 23 coal-consuming units will be replaced by biomass and electricity boilers under the category of new energy-efficient boilers.

The project encourages fuel shift from non-fossil-based fuels such as coal to biomass and few to electricity. Thus, while the project focus is on Energy Efficiency as an immediate and low-cost solution, it would also encourage fuel shift in existing multi-fuel boilers and new boilers. The project would also promote the usage of Renewable Energy through Concentrating Solar Technologies, etc, and will explore the possibility of the adoption of electric boilers in appropriate MSME units.

All the changes were uploaded on 10th September 2023

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

Secretariat Comment at CEO Endorsement Request NA

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

The letter from Bidar Association is not clear if it is their co-finance or the letter is referring to GEF's finance. Please revise and make it clear how much is their co-finance. Other letters are fine.

GEFSEC 30 October 2023

Thanks, This comment is cleared now.

Agency Response Revised co-financing letter incorporated on 22nd September 2023

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 Yes.

Agency Response

Project Preparation Grant

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

Secretariat Comment at CEO Endorsement Request Yes.

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 Yes. It has been increased from the PIF stage which is welcome.

Agency Response

Part II ? Project Justification

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

Secretariat Comment at CEO Endorsement Request

The figures are not visible in the portal entry in this section and all other sections. Also, the maps are not visible. Please add. The challenges, root causes and barriers are well described.

GEFSEC 30 October 2023

Thanks, This comment is cleared now.

Agency Response The figures are newly pasted in the portal and a separate document of figures/diagrams is attached on 26th October 2023 for ready reference.

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

Secretariat Comment at CEO Endorsement Request

Yes.

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

Outcome 1.1 Manufacturing MSMEs install, operate and maintain industrial boilers and associated steam systems...

This reads like business as usual scenario. Please specify the additionality in the outcome statement. Installation, operation and maintenance will happen irrespective of the project.

Under this outcome, please clarify the interventions required for Fuel Preparation. It includes the following:

- ? Install gas / oil filters - coarse and fine filters
- ? Oil preheaters to reduce heavy oil viscosity
- ? **Solid fuel dryers for moisture reduction in wet fuels.**
- ? **Screens for sizing coal and other solid fuels**
- ? Expected energy savings are 2% to 5%

Given the new focus on non-fossil fuel boilers, please elaborate if this is required. Please review this aspects in other activities also where fuel use is involved.

Output 2.1.1 and 2.1.2: The proposed reports and guidance documents can be highly effective. It is not clear however, if these will be published by the MSME ministry or will it be just a report submitted to them for their consideration. The proposal indicates submission to the regulators/policy makers for their consideration only. Given that the MSME ministry is the executing agency, it will be more effective if these guidance documents and best practices are endorsed and published by the executing agency.

Theory of Change- the diagram is not visible.

GEFSEC 30 October 2023

Thanks, This comment is cleared now.

Agency Response

Most of the interventions listed are required.

? Install gas/oil filters - coarse and fine filters ? **This is required for oil / gas-fired installations to supply clean fuel to the burner**

? Oil preheaters to reduce heavy oil viscosity - Preheating is necessary to reduce the viscosity of heavy oil to improve fuel atomization and thus combustion efficiency. It is not required for light oil installations as fuel viscosity is already low.

? Solid fuel dryers for moisture reduction in wet fuels. On many occasions, biomass fuels are wet and require drying before combustion. Fuel dryers help reduce moisture, improve combustion, and improve overall efficiency. Moisture removal also helps in fuel handling. Dry fuel is easier to handle than wet fuel.

? Screens for sizing coal and other solid fuels: All biomass fuels are received directly from the farms and contain oversized fuel pieces. These cause choking of fuel lines and equipment in the fuel line like screws, rotary feeders chutes, etc. Therefore screening of the fuel and proper sizing is a must for all solid fuel installations, particularly biomass users. However, this can be revised as ?Screens for sizing solid fuels?.

? Expected energy savings are 2% to 5% - It is possible to achieve boilers using all types of fuels.

[This revision is reflected under Outcome 1.1. The text is given in RED]

Output 2.1.1 and 2.1.2: The intent of proposed reports and guidance documents under Output 2.1.1. and 2.1.2 is to not only consideration but endorsement and implementation. Given the fact that the MSME Ministry if the executing agency and the autonomous agency of MSME Ministry, NIMSME will be involved in the process of preparation of these documents, we expect that they will not only be considered but endorsed and implemented. In addition, efforts will be made to put them on the NIMSME/MSME Ministry website.

[The revision is reflected as para 3, Output 2.1.2 in the CEO Endorsement document. The text is in RED]

Uploaded the Theory of Change and also incorporated it in the separate list of diagrams attached in the portal.

All the changes were uploaded on 18th October 2023

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

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

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

Yes.

Agency Response

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

Under the scaling up section- please remove the reference of "blue" recovery which is more relevant for river, marine and nature based solutions related projects. The project can surely contribute to "green recovery".

GEFSEC 30 October 2023

Thanks.

Agency Response

In GEF-8, integrated programs are being proposed to promote green recovery from the economic downturn caused by the COVID-19 pandemic. This specific project will address a niche area of boiler efficiency improvement and steam optimization. These interventions will contribute to the green recovery agenda by supporting measures aimed at stimulating the economy that simultaneously accelerates the decarbonization of economies, consistent with the commitments of the Paris Agreement.

[This revised text is given in 7) Innovativeness, sustainability, and potential for scaling up, last para in RED color.]

The changes were uploaded in the portal on 23rd October 2023

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

The map is not visible. Please paste again.

GEFSEC 30 October 2023

Thanks, This comment is cleared now.

Agency Response The map is newly pasted in the portal and a separate document of figures/diagrams is attached on 26th October 2023 for ready reference.

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

NA

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

Are there Civil Society Organizations who could be relevant to the project? If yes, it will be good to engage with them during the implementation. Currently, the proposal mentions engagement with them during project development process only.

GEFSEC 30 October 2023

Ok.

Agency Response

It may be noted here that Industry associations and non-government organizations are generally registered non-profit societies or trusts or Section 8 companies. All of these agencies form Civil Society Organizations (CSOs). The project has already engaged significantly at the time of preparing the CEO endorsement document. UNIDO envisages CSO in the following;

1. CSO is an invited member of Project Steering Committee

?The PSC will consist of high-level representatives from the Ministry of MSME, Bureau of Energy Efficiency (BEE), GEF Focal Point at Ministry of Environment Forests and Climate Change, and UNIDO. PSC may invite senior officials from the National Institute of Micro Small and Medium Enterprises, the National Productivity Council (NPC), Cluster Associations, and other key stakeholders. PSC may invite other relevant agencies and experts as and when required.

The Cluster association here means the Industry Association/ CSO.

[Minor revision has been made stating CSO. The above text is marked in RED in the CEO Endorsement document under Project Steering Committee]

2. Motivating in project implementation

CSOs ? industry associations, will be involved in mobilizing MSME units as project participating units. They will motivate owners to participate in project interventions (i) by participating in sensitization programs, (ii) by releasing their staff for training, (iii) by investing in technology packages, and (iv) by participating in using the software/ apps developed under the project.

CSO- industry associations shall promote scale-up of the project intervention in non-project MSME units.

3. Motivating women staff

The project has envisaged a number of gender activities. CSO- NGOs who have specifically worked in gender inclusion, will be engaged in carrying out activities pertaining to gender in the project.

[Both the above points are included in Table 15 of CEO ED, text marked in RED]

These were uploaded in the portal on 25th October 2023

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

Yes.

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

Yes.

Agency Response
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

Under the COVID analysis, please add how this project could contribute to green recovery, as an opportunity.

GEFSEC 30 October 2023

Thanks, This comment is cleared now.

Agency Response

During the COVID-19 Pandemic MSME units were one of the worst hit. This project complements humungous efforts by the Government in many economic recovery packages, the boiler energy efficiency project offers valuable green recovery packages. During the last 12 to 15 months the price of coal also increased significantly, almost doubled, thereby increasing energy bills significantly.

The project comes at the right time and provides technical assistance to reduce energy consumption thereby energy bills. The project offers different green recovery packages ? training, technology, and fuel switch options. Technology includes energy efficiency, renewable energy, etc. Thus, the project offers green recovery as an opportunity.

[The above text is included at the end of section 5. The text is marked in RED]

These changes are uploaded on 23rd October 2023

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

Figure 8 is not visible. Please paste again for further review.

GEFSEC 30 October 2023- it is still not visible but coordinates are there. Therefore, the comment is cleared.

Agency Response The figure-8 is newly pasted in the portal and a separate document of figures/diagrams is attached on 26th October 2023 for ready reference.

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

Yes.

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

Yes.

Agency Response

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

Yes.

Agency Response

Monitoring and Evaluation

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

Secretariat Comment at CEO Endorsement Request

Yes

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

Yes

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

Yes. We are reviewing the responses against Council comments and will get back with comments in the second round if needed.

Agency Response

Project Results Framework

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

Please address the two additional comments from PPO:

- **Budget Table** ? as mentioned, with the resubmission we would provide comments as appropriate ? see the comments below:
- Please include comas to facilitate the reading of the figures.
-
- Per Guidelines, the budget table in the document?s section must be the same in Portal. The Agency explains that *?Please see below a summary of the indicative budget. A more detailed table is uploaded as an attachment to the submission?* (underlined in red below). Please ensure that both tables are the same.
- The generic / unspecified activities *?Facilitation in execution in implementation locally at the clusters?* (underlined in green below) and *?Other Operation and Miscellaneous Costs?* (in blue below) are not eligible to be covered by PMC ? these activities are meant to be carried out by somebody in a position ? please ask the Agency to assign a position that carries out these activities.
-
- National Project Manager is changes to Project components and PMC (underlined in purple color below) ? per Guidelines, activities / positions associated with the project?s execution must be charged to the GEF and co-financing portion allocated to PMC when there is co-financing. Please revise (funds can be taken from some of the activities below if appropriate).
-
- Besides being charged to the project?s components, training materials, training contents and training (underlined in orange color below) are also charged to PMC ? unless the training is for the Project?s staff (unlikely), they must be charged to the project?s components.
- Travel and office supplies (underlined in gray color below) are fully charged to PMC - unless these are exclusively for the Project?s staff (unlikely), they must be charged to the project?s components.

- **Executing Agency Function**
-
- With the budget table, we see that UNIDO will carry out executing functions ? we found the letter of support signed by the OFP.
- Please provide justification for the executing role which needs to be approved by the Manager. Also, include UNIDO in the field *?Other Executing Partner(s)?* in the Project Information section.

- **Status of PPG:**

•As presented, 'Documentation and support documents' is not an eligible activity ? please include whether there was a consultant hired for this or expand the explanation of what this entails.

•Considering that the difference between the budgeted amount (\$75,000) and amount spent (\$72,261) is not reported (\$2,739), we understand that this amount will be returned to the Trustee.

GEFSEC 14 November 2023

Thanks.

Agency Response

1. On Knowledge Management (comment provided by Ikuko on behalf of Yasemin): Please provide a table of clear knowledge management products, communication strategy, timeline, and budget.

Response: New table incorporated reflecting knowledge management with activities (depict products), communication strategy, timeline and budget. Changes are reflected in the portal too.

SN	Description	Communication strategy	Timeline (Start ? close time to prepare Knowledge product)	Budget (USD)
1	Activity 1.1.1.1 Develop Steam optimization tool	Mobile-based app for individual factories [to assess energy loss and possible energy savings potential in boilers]	Y1Q2 to Y2Q1	50,000
2	Activity 1.1.2.1 Developing training materials on techniques and operating practices for industrial boilers developed at (i) owners, (ii) technician & maintenance staff, (iii) technology consultants? levels in applicable languages and (iv) Gender and ESMP	4 nos. of training modules developed [they are used to conduct training during project period and then made available with relevant stakeholders for further dissemination]	Y1Q2 to Y2Q1	11,200

3	Activity 1.1.4.1 Launch Energy Efficient Boilers Portal	One number of portal launched on energy efficient boilers ? a platform for industries for information, knowledge on energy efficient methods of boilers	Y1Q2 to Y2Q3	9,183
4	Activity 1.1.4.2 Develop information and tutorials to improve air quality around boilers for men and women	Develop training modules and conduct Training and workshops in 6 different clusters	Y1Q2 to Y2Q1	12,000
5	Activity 1.1.4.3 Design modules and conduct Gender sensitization programs and modules designed for men and women in leadership roles in MSMEs	Develop training modules and conduct Training and workshops in 6 different clusters	Y1Q2 to Y2Q4	12,000
6	Activity 2.1.1.1 Publish guidance document with efficiency specifications for (i) boiler makers and (ii) boiler users	MoMSME expected to publish for voluntary/ mandatory adoption	Y3Q3 to Y4Q4	34,100
7	Activity 2.1.2.1 Document best practices for energy efficient boilers and best EHS practices for consideration of policy makers and regulators for review & revision of regulatory & institutional frameworks for manufacture and operation of industrial boilers in MSMEs	Document for consideration of concerned governmental agencies, Industry associations, relevant state agencies	Y3Q3 to Y4Q4	20,541
8	Activity 3.1.1.1 Prepare guidance document providing better designs	Guidance document for designers, manufacturers, assemblers, technical service providers of boilers. To be disseminated through portal, relevant stakeholders such as industry association, state agencies	Y1Q2 to Y2Q4	8,248

9	Activity 3.1.2.3 Develop knowledge documents, A-Vs prepared for promotion through social/other media	Disseminated through relevant stakeholders, portal, social/ other media	Y3Q1 to Y4Q3	30,000
10	Activity 3.1.2.4 Number of articles in print media [newspaper, industry publications, preferably in local languages]	Disseminated through newspaper, industry publications, preferably in local languages	Y3Q1 to Y4Q3	11,745
11	Activity 4.1.2.4 Preparing Promotional material	Disseminated through relevant stakeholders, portal, social/ other media	Y1Q1 Y2Q1 Y3Q1 Y4Q1	5,000
	Sub-total			204,017

Note:

1. Project is expected to start from January 2023. Thus the start of project Y1Q1, year 1 quarter 1.
2. Please note Activity 4.1.2.4. Promotional material are updated beginning of every year during the project period that captures progress, results of the project.

2. On Gender (comment provided by Verona):

1. Please note that if data is disaggregated as male/female or man/woman, please use Sex-disaggregated and not Gender-disaggregated (the latter would encompass groups of people beyond the binary man/woman or male/female).
2. While the project noted that women represent 24% of the MSME workforce, and that it would target 30% of women in the projects' interventions, it is recommended to increase this target, when possible, as affirmative actions to advance gender equality results.

Response a: *Corrections have been made*

Response b. *In consideration of the recommendations made by PPO, the following changes have been made in the portal*

<i>Previous</i>	<i>Modified</i>
<p><i>Enterprises adopting energy efficiency:</i></p> <p><i>total 9,000 employees including 2,250 women from 225 MSMEs across 6 clusters;</i></p> <p><i>includes 65 women led enterprises.</i></p> <p><i>People benefitting from improved knowledge and capacity, following training and awareness activities ? 4,000 including 1,200 women</i></p>	<p><i>Enterprises adopting energy efficiency:</i></p> <p><i>total 9,000 employees including 4,000 women from 225 MSMEs across 6 clusters;</i></p> <p><i>includes 65 women led enterprises.</i></p> <p><i>People benefitting from improved knowledge and capacity, following training and awareness activities ? 4,000 including 2000 women</i></p>

These changes are incorporated in the portal too

3. On Core indicators (comment provided by Omid):

- a. The target under core indicator 6 is not consistent between the core indicator table and the results framework (annex a).
- b. Please indicate the core indicator 11 and its target explicitly in the results framework (annex a).

Response 3a. indicator 6 is now reflected in Annex a

Response 3b. Revised and now reflected in annex a

4. On Co-financing: Please replace ?investment mobilized? to ?recurring expenditures? for MoMSME.

Response: revised in the portal in the section of co-financing

On Geographic location data: In Annex D on Project Map and Coordinates, please consider inserting the geographic location of the sites directly under the dedicated data entry eld. This includes the Location Name, Latitude and Longitude. They are indicated in the table 14, please insert the 6 cluster sites in the geo data entry elds.

Response : The geo-locations has been incorporated in the appropriate sections along with the location and activity details.

On the budget: The budget provided in Annex E is missing a column to provide a detailed description on each expenditure category. Please update the budget so that we can review each item under the components. Similarly, the lack of detail in the budget template (for example, PMC is budgeted at \$126,890, but nothing is charged to it) prevents PPO to properly assess the reasonability for the activities / expenditures being charged to project components / M&E / PMC. This is not the first time UNIDO presents the budget using the wrong template. Please use the correct template ? per the resubmission, we will review again and provide comments as appropriate.

Response: We have incorporated the budget details in the GEF template along with the PMC budget break-up separately. The details of the budget break-up is also provided.

7. On the utilization of the PPG:

- i) Please provide the detailed funding in the first line (?Provision of services related to the preparation of CEO Endorsement ??) per the categories included in the Guidelines.
- (ii) The amount spent to date is equal to the full amount budgeted- therefore, there shouldn't be any amount committed. Please review and correct where necessary.

Response: We have indicated the detailed funding in the subsequent rows under the header line. The amount spent to date also is corrected and commitment figures are removed. This has been corrected in the portal.

UNIDO Responses to the additional PPO Comments 11/14/23, Responses are in Green (here in the review sheet, as well in the related GEF Portal entries)

GEF PPO Comment 1. Please include comas to facilitate the reading of the figures.

UNIDO Response: Commas have been added

GEF PPO Comment 2. Per Guidelines, the budget table in the document's section must be the same in Portal. The Agency explains that "Please see below a summary of the indicative budget. A more detailed table is uploaded as an attachment to the submission" (underlined in red below). Please ensure that both tables are the same.

UNIDO Response: Please note that the budget table inserted in the Portal serves as a condensed summary of the budget, offering an overview of budgets categorized by Component and Outcome levels. In contrast, the table uploaded as Excel attachment to the submission provides a more detailed breakdown, extending to the Output and Activities levels, along with budget category specifications. We affirm that the totals for Outcome/Component in the summary table align with the sub-totals/totals in the detailed table (activity/outputs/outcome/component). The detailed table proves highly beneficial during project implementation.

GEF PPO Comment 3. The generic / unspecified activities "Facilitation in execution in implementation locally at the clusters" (underlined in green below) and "Other Operation and Miscellaneous Costs" (in blue below) are not eligible to be covered by PMC - these activities are meant to be carried out by somebody in a position - please ask the Agency to assign a position that carries out these activities.

UNIDO Response: Revised to include a role of Project Coordinator (Consultant), who will be responsible for offering administrative, accounting, meeting, and coordination support with partner agencies, the ministry, UNIDO, and other stakeholders to the PMU

GEF PPO Comment 4. National Project Manager is changes to Project components and PMC (underlined in purple color below) - per Guidelines, activities / positions associated with the project's execution must be charged to the GEF and co-financing portion allocated to PMC when there is co-financing. Please revise (funds can be taken from some of the activities below if appropriate).

UNIDO Response: The cost of engaging NPM has been revised and budgeted under 3 different Project components only and distributed as per the work involvement. The same is reflected in the new budget sheet.

GEF PPO Comment 5. Besides being charged to the project's components, training materials, training contents and training (underlined in orange color below) are also charged to PMC - unless the training is for the Project's staff (unlikely), they must be charged to the project's components.

UNIDO Response: The budget allocated to the PMU solely covers meeting expenses. These meetings encompass interactions with stakeholders such as vendors, industry associations, and government agencies. No budget from the PMU is assigned for the provision of training materials, training content, and training sessions; these activities are charged to specific components rather than the PMU.

GEF PPO Comment 6. Travel and office supplies (underlined in gray color below) are fully charged to PMC - unless these are exclusively for the Project's staff (unlikely), they must be charged to the project's components.

UNIDO Response: The travel, office supplies and office operating costs are to the office of NPM. These budgets are exclusively for project staff.

GEF PPO Comment 7. Executing Agency Function: Please provide justification for the executing role which needs to be approved by the Manager. Also, include UNIDO in the field "Other Executing Partner(s)" in the Project Information section

UNIDO Response: To clearly delineate the implementation and execution role of UNIDO, following text has been incorporated in the section of the project justification at the sub-section "Institutional Arrangement and Coordination" which is highlighted in green in the portal. Additionally, UNIDO has been indicated as PEE in the field "Other Executing Partner(s)" in the Project Information section.

"UNIDO will also provide partial targeted technical and administrative execution support services. Particularly the execution support by UNIDO will include technical review and development of steam optimization tools through the engagement of an international consultant/s, as well as project management support through related planning, monitoring and reporting.

On the technical side, UNIDO will deliver partial execution by performing Activity 1.1.1.1, under Output 1.1.1: Energy savings estimation tools developed for industrial boilers & promoted to manufacturing MSMEs & their technology suppliers & service providers. Executing Activity 1.1.1.1 involves developing a steam optimization tool by sourcing specific technical expertise from international expert/s. Consequently, UNIDO has been requested to source the right type of international expertise for this activity. Additionally, UNIDO will undertake the responsibility for carrying out monitoring and evaluation activities planned under Component 4: Monitoring and Evaluation. The activities foreseen under Component 4 include, amongst others, project monitoring activities and preparation of related monitoring reports, as well as project mid-term review and terminal evaluation.

On the administrative side, UNIDO will facilitate the recruitment of the National Project Manager (NPM) under the PMU. The NPM will enable communication across all of the entities engaged in project execution. The NPM will report directly to UNIDO and will operate under the consultation and guidance of the National Project Director (NPD).

In accordance with the UNIDO Policy on Implementation and Execution of GEF Projects (DGB/2019/04), whenever UNIDO provides execution support services in respect of a GEF-financed project for which it is the responsible GEF Implementing Agency, UNIDO is mandated to maintain an appropriate segregation between the Organization's implementing and executing functions. As such, for this project UNIDO will ensure that separate organizational units, each having distinct lines of responsibility, reporting and accountability, are assigned to provide project-specific implementing functions, on the one hand, and executing services, on the other."

GEF PPO Comment 8. Status of PPG: As presented, "Documentation and support documents" is not an eligible activity. Please include whether there was a consultant hired for this or expand the explanation of what this entails.

UNIDO Response: This has been changed as "Consultants engaged for conducting due-diligence of executing partners i.e. ni-msme and National Productivity Council."

GEF PPO Comment 9. Considering that the difference between the budgeted amount (\$75,000) and amount spent (\$72,261) is not reported (\$2,739), we understand that this amount will be returned to the Trustee.

UNIDO Response: The PPG Section and Table have been updated accordingly. In accordance with GEF/C.59/Inf.03, it is proposed that the remaining unspent amount of the PPG (USD2,379) be used for eligible expenditure items under the PPG within one year after the project will be CEO Endorsed. More specifically, the remaining resources will be used to finalize the preparation of sectoral plans and programs on boiler energy efficiency that have a direct bearing on project design; national policy analysis, and inventories and data analysis in support of the proposed project.

Council comments

Secretariat Comment at CEO Endorsement Request

Please see comment above in the Annexes question.

Cleared.

Agency Response

STAP comments

Secretariat Comment at CEO Endorsement Request Yes

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request Yes

Agency Response

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

Map is not visible

Ok

Agency Response Map repasted and a separate document on the diagrams attached

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

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

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

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request

The project is returned to the agency to address technical comments.

The agency has addressed all the comments in the revised submission and therefore the project is cleared for CEO Endorsement.

The Agency is requested to address respond to PPO's comments pasted in 7 D. Policy Requirements 7.1 Is the Policy Requirements section completed and return the project asap for clearance.

Yes, the project is cleared for endorsement by the CEO

Project has been returned to the agency to address additional comments.

The agency has addressed the pending comments and is recommended for CEO's endorsement.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	4/5/2023	
Additional Review (as necessary)	10/30/2023	
Additional Review (as necessary)	11/6/2023	
Additional Review (as necessary)	11/9/2023	
Additional Review (as necessary)	11/13/2023	

CEO Recommendation

Brief reasoning for CEO Recommendations

Yes. The agency has addressed the comments well.