

Towards a Sustainable City through Energy Efficiency in Kairouan

Review PIF and Make a recommendation

Basic project information

GEF ID

11040

Countries

Tunisia

Project Name

Towards a Sustainable City through Energy Efficiency in Kairouan

Agencies

UNDP

Date received by PM

6/11/2022

Review completed by PM

6/22/2022

Program Manager

Filippo Berardi

Focal Area

Climate Change

Project Type

PIF

Part I ? Project Information

Focal area elements

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

Secretariat Comment at PIF/Work Program Inclusion

06/24/22, FB:

Cleared.

1. cleared.
2. cleared.
3. cleared.

06/22/22, FB:

Please address the following comments:

1. Rio markers should be CCM2 and CCA0
2. (PPO) Executing Partner in Portal includes one additional institution (?Municipality of Kairouan?) that are not in Letter of Endorsement (?Ministry of Environment?). Agency is requested to either (i) get a new LoE / an email from the OFP (that needs to be appended to the documents? tab); or (ii) include in the Project Information and in Section 6 (Coordination) the Executing Partner endorsed by the OFP (this could be modified during the preparation phase). On the topic of institutional arrangements/coordination, please see also the comment to the section below "Coordination".
3. (PPO) PMC Proportionality: there is not proportionality in the co-financing contribution to PMC. If the GEF contribution is kept at 10%, for a co-financing of \$1,735,700 the expected contribution to PMC must be around \$173,570 instead of

\$137,300, which is 7.9%. The GEF contribution to PMC should be decreased and/or the co-financing contribution to PMC should be increased to reach a similar level in percentage terms. A more definitive estimation of PMC should be presented and adjusted at CEO Approval stage.

Agency Response

1. Corrected in the Portal and in Project Taxonomy.

2. To avoid possible confusion on Executing Partners, changes have been made in the Portal to only have the Ministry of Environment as the Executing Partner, and to remove the Municipality of Kairouan. In this way this is consistent with the LoE.

Please see a further Agency response in Coordination section.

3. OK, the PMC budget is re-adjusted for both GEF and co-financing at 10% based on the subtotals as per GEF suggestions.

Indicative project/program description summary

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

Secretariat Comment at PIF/Work Program Inclusion

06/24/22, FB:

Cleared at PIF stage. (Comment 3 has been included in the list of items to further address at PPG stage.)

1. cleared.

2. cleared.

3. cleared. More information and analysis will be needed to justify why Classe 6 has been the baseline level (for GHG calculation) and why Classe 5 is considered appropriate as a minimum performance standard.

06/22/22, FB:

Please address the following comments.

1. The following project outputs should be expressed as outputs, not outcomes. It means that they should be formulated as for instance "Operational Manual *adopted*" or "Development and dissemination of on-line tool *carried out*": 1.1, 1.4, 1.5, 1.6, 2.1, 2.2, 2.3, 3.1, 3.2, 3.5.
2. Output 1.3: the plan should be developed to support local "sustainable and low-carbon" building material, instead of "ecological". The word ecological is misleading and does not necessarily refer to generating emission reductions.
3. Output 1.6: Please explain what the EcoBAT label is. There are no information on line and this needs explaining. What is this standard? what does it cover and how it works? what is the applicability within and outside the country? How is it seen by financial institutions looking to finance buildings? why was it chosen against more recognized alternatives (LEED, EDGE, Energy Star, etc)?

Regarding the additional comments below, the Agency is requested to consider these comments during PPG stage and incorporate relative changes to address them in the CEO ER:

4. Output 1.1: this output related to the implementation of the RTNB, which we understand is listed in the regulatory table as Joint regulation 23 June 2008, updated in 2010. If this understanding is correct, the project is proposing to train the municipality to use and enforce a building code that is more than 12 years old. Building codes need to evolve with the technology and best available technology (BAT) need to be incorporated. The Agency is requested to elaborate on whether the code should be first updated to reflect the use of BAT and to incorporate self-ratcheting update mechanisms (e.g. every 5-7 years) to ensure it remains actual and its ambition is increased overtime. Else, we risk that the GEF intervention will become obsolete already just after the completion of the project.
5. Output 1.6: the proof of concept building should be used to demonstrate the best available practices and technology for near-zero carbon buildings. While the building codes may set an average level of desirable improvements that also needs to be feasible, the demonstration building financed with GEF resources (to cover incremental cost) needs to be more ambitious and show a path towards a net-zero future, hence it should be a near zero building incorporating passive thermal comfort design features, highest available energy efficiency systems, as well as being ready to generate most of its energy needs through RE on site or off site. These technologies are available and the demonstration building should aim at showcasing these to the extent possible (see for instance GEF Project 10321 - Zero Carbon Buildings for All: from Energy Efficiency to Decarbonization, which is demonstrating net-zero buildings in Turkey and Colombia).

Agency Response

As proposed by GEF Secretariat, changes have been carried out for elements 1 to 3, and points 4 and 5 are duly acknowledged for incorporation during PPG stage.

1. Outputs 1.1, 1.4, 1.5, 1.6, 2.1, 2.2, 2.3, 3.1, 3.2, 3.5 have been changed as proposed in (i) the Indicative Project Description Summary Table; and (ii) paragraphs 16, 17 and 18 that provide brief description of the outputs. There was a mistake in the numbering of outputs for Component 3 that has been corrected. Output 3.5 should rather read Output 3.4.

2. For Output 1.3, the wording 'ecological' has been changed as proposed to 'sustainable and low-carbon'.

3. On ECOBat label: More information is provided on the label that is being tested and validated in Tunisia by the ANME under Output 1.6 at paragraph 16. A new Figure 3 has been added to illustrate the scoring system relative to the minimum requirements of the RTNB (Class 5). It is also pointed out that the building energy label is new and is currently being tested by ANME. So it is proposed that the GEF-financed project can demonstrate the application of the new label.

Co-financing

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Cleared at PIF Stage.

However, Agency is requested to consider the following comments during PPG stage, to be checked at CEO ER:

1. The level of co-financing is well below the 1:7 average level for GEF7. GEFSEC expects that the Agency will work with the country during PPG phase to identify and deploy additional co-financing. In particular, (i) there is no in-kind co-financing from recipient institutions and project partners? and (ii) is there any co-financing expected from the private sector (and/or commercial financial institutions) for the infrastructure that will be purchased, complementing the GEF and existing public sector co-fin amounts?

Agency Response

Point well noted and will be explored more during PPG phase in order to increase the co-financing ration.

GEF Resource Availability

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Agency Response

The LDCF under the principle of equitable access?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion n/a

Agency Response

Project Preparation Grant

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Agency Response

Core indicators

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Cleared at PIF stage.

However, Agency is requested to consider the following comments during PPG stage, to be checked at CEO ER:

1. calculation of direct emission reductions - buildings components: we consider that these have been underestimated. It is not reasonable to assume that the application and/or more effective enforcement of new/existing MEPS and building code will only be extended from the pilot to an additional 6 buildings. This should be calculated as a subset of the total new building stock to be built over the immediate lifetime of the current standards/MEPS, applying a GEF causality factor.
2. calculation of the direct emission reductions from the efficiency in public street lighting: this seems to be overestimated: it is not reasonable to assume that the baseline would be flat overtime, and that no improvement in street lighting would happen without the GEF intervention. There are clear reasons (economic savings) to undertake such upgrades, so although the GEF may accelerate the upgrade, some level of switching to the more efficient technology is reasonable to expect and should be therefore considered as baseline. Please revise the calculation to base them on a dynamic baseline, instead of a flat one.

Agency Response OK.

Project/Program taxonomy

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Agency Response

Part II ? Project Justification

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Yes. Cleared.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Yes. Cleared.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Yes. Cleared.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Yes. Cleared.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Yes. Cleared.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Please note comments on GHG methodology in previous section on core indicators.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Agency Response

Project/Program Map and Coordinates

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Yes. Cleared.

Agency Response

Stakeholders

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Cleared at PIF stage. The agency is expected to provide full documentation relative to the engagement during PPG stage of civil society and other relevant stakeholders, including the private sector.

06/22/22, FB:

(PPO) The Agency is required to provide information on how civil society organizations have been engaged during project design and/or any efforts during project development and implementation to engage civil society.

Agency Response

No civil society organizations were involved in the project design at PIF stage. As mentioned in Table 7 in the PIF, the Tunisian Green Building Council (TGBC) has been identified for stakeholder engagement during PPG stage. In particular, the TGBC will be included based on its mandate regarding pedagogical approaches for overcoming perception and awareness barriers to adopting energy efficiency in buildings. TGBC and a wide range of civil society organizations will be engaged during PPG phase.

Gender Equality and Women's Empowerment

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Cleared at PIF stage.

(PPO) The Agency will need to submit a Gender Analysis (gap assessment) and Gender Action plan at the time of the CEO ER. Key elements of the gender action plan should be incorporated in the relevant components/activities.

Agency Response

OK. Indeed, as per UNDP policies as well, gender analysis will be carried out during PPG phase and a Gender Action Plan incorporated into the Project Document and CEO ER.

Private Sector Engagement

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Cleared at PIF stage.

The private sector engagement section is very weak, it mentions the role of architects, but says nothing about construction companies, ESCOs or financial institutions. The role of these actors will need to be further analyzed during PPG stage with the view of having it fully flashed out at CEO ER submission.

Agency Response OK, private sector engagement section will be further developed at CEO ER.

Risks to Achieving Project Objectives

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Cleared at PIF stage.

The section on climate risk will need to be expanded and further analysis carried out during PPG stage. This should follow the STAP guidance on climate risk, which is available

here: <https://www.stapgef.org/sites/default/files/documents/GEF%20AGENCY%20RETREAT%20Mar-Apr%202020.pdf>

Agency Response OK.

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with

relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

Cleared.

06/22/22, FB:

1. this section should include the institutional structure of the project and the arrangements for its implementation and execution. Please describe these as per usual practices.

Agency Response

To avoid possible confusion on Executing Partners, changes have been made in the Portal to only have the Ministry of Environment as the Executing Partner, and to remove the Municipality of Kairouan. In this way this is consistent with the LoE.

In addition, new text has been added in the section on ?Coordination? regarding the institutional structure for project implementation and management, including monitoring and evaluation. The paragraph is also pasted below:

The Implementing Partner (Executing Partner), as indicated in the Letter of endorsement of the GEF OFP, is the Ministry of Environment (through the Directorate for Sustainable Development). The Executing Partner will coordinate closely with the Municipality of Kairouan. This structure will be further assessed during PPG phase.

The project stakeholders and target groups are identified in Table 7 above that will be detailed in a Stakeholder Engagement Plan during PPG stage.

UNDP is accountable to the GEF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP is responsible for delivering GEF project cycle management services comprising project approval and start-up,

project supervision and oversight, and project completion and evaluation. UNDP is also responsible for the Project Assurance role of the Project Board/Steering Committee. The Project Management Unit will be comprised of a Project Management, a local coordinator and an Administrative Assistant whose roles and responsibilities will be fully detailed during the PPG stage. It is understood that the roles and responsibilities will include all aspects of project implementation, monitoring and evaluation, and reporting through an adaptive management approach.

At PPG phase, full HACT and PCAT assessments will be conducted to evaluate the capacity of the Ministry of Environment. The project will be implemented as Full NIM (National Implementation), should the assessments result in low or moderate risks. If not, with risks being significant or high, UNDP will engage into discussion with GEF Secretariat to agree on the best possible modality.

Consistency with National Priorities

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Cleared.

Agency Response
Knowledge Management

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Cleared

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 PIF/Work Program Inclusion
06/22/22, FB:

Cleared.

Agency Response

Part III ? Country Endorsements

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

Secretariat Comment at PIF/Work Program Inclusion
06/22/22, FB:

Cleared.

Note: the OFP Endorsement Letter lists a combined amount of Project and Fee resources of \$1,090,000, while the Amount included in the GEF portal PIF is \$982,112. Considering that the amount requested in the portal is lower than that in the LOE, and also that the LOE amount exceeds the remaining STAR resources for Tunisia, the portal amount is cleared.

Agency Response OK

Termsheet, reflow table and agency capacity in NGI Projects

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

Secretariat Comment at PIF/Work Program Inclusion

n/a

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at PIF/Work Program Inclusion

06/22/22, FB:

All comments were cleared. Additional comments were included for the PPG stage.

The PM recommends this project for technical clearance.

06/22/22, FB:

The agency is requested to address immediately the comments included in this review sheet for the PIF stage, and to consider the ones relative to the PPG stage to be addressed in the CEO ER.

ADDITIONAL COMMENTS

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

Secretariat Comment at PIF/Work Program Inclusion

1. Output 1.1: this output related to the implementation of the RTNB, which we understand is listed in the regulatory table as Joint regulation 23 June 2008, updated in 2010. If this understanding is correct, the project is proposing to train the municipality to use and enforce a building code that is more than 12 years old. Building codes need to evolve with the technology and best available technology (BAT) need to be incorporated. The Agency is requested to elaborate on whether the code should be first updated to reflect the use of BAT and to incorporate self-ratcheting update mechanisms (e.g. every 5-7 years) to ensure it remains actual and its ambition is increased overtime.

Else, we risk that the GEF intervention will become obsolete already just after the completion of the project.

2. Output 1.6: the proof of concept building should be used to demonstrate the best available practices and technology for near-zero carbon buildings. While the building codes may set an average level of desirable improvements that also needs to be feasible, the demonstration building financed with GEF resources (to cover incremental cost) needs to be more ambitious and show a path towards a net-zero future, hence it should be a near zero building incorporating passive thermal comfort design features, highest available energy efficiency systems, as well as being ready to generate most of its energy needs through RE on site or off site. These technologies are available and the demonstration building should aim at showcasing these to the extent possible (see for instance GEF Project 10321 - Zero Carbon Buildings for All: from Energy Efficiency to Decarbonization, which is demonstrating net-zero buildings in Turkey and Colombia).

3. The level of co-financing is well below the 1:7 average level for GEF7. GEFSEC expects that the Agency will work with the country during PPG phase to identify and deploy additional co-financing. In particular, (i) there is no in-kind co-financing from recipient institutions and project partners? and (ii) is there any co-financing expected from the private sector (and/or commercial financial institutions) for the infrastructure that will be purchased, complementing the GEF and existing public sector co-fin amounts?

4. calculation of direct emission reductions - buildings components: we consider that these have been underestimated. It is not reasonable to assume that the application and/or more effective enforcement of new/existing MEPS and building code will only be extended from the pilot to an additional 6 buildings. This should be calculated as a subset of the total new building stock to be built over the immediate lifetime of the current standards/MEPS, applying a GEF causality factor.

5. The Agency is requested to provide more information and analysis will be needed to justify why Classe 6 has been the baseline level (for GHG calculation) and why Classe 5 is considered appropriate as a minimum performance standard.

6. calculation of the direct emission reductions from the efficiency in public street lighting: this seems to be overestimated: it is not reasonable to assume that the baseline would be flat overtime, and that no improvement in street lighting would happen without the GEF intervention. There are clear reasons (economic savings) to undertake such upgrades, so although the GEF may accelerate the upgrade, some level of switching to the more efficient technology is reasonable to expect and should be therefore considered as baseline. Please revise the calculation to base them on a dynamic baseline, instead of a flat one.

7. The agency is expected to provide full documentation relative to the engagement during PPG stage of civil society and other relevant stakeholders, including the private sector, and to include the info in the CEO ER.

8. The Agency will need to submit a Gender Analysis (gap assessment) and Gender Action plan at the time of the CEO ER.

9. The section on climate risk will need to be expanded and further analysis carried out during PPG stage. This should follow the STAP guidance on climate risk, which is available

here: <https://www.stapgef.org/sites/default/files/documents/GEF%20AGENCY%20RETREAT%20Mar-Apr%202020.pdf>

10. The private sector engagement section is very weak, it mentions the role of architects, but says nothing about construction companies, ESCOs or financial institutions. The role of these actors will need to be further analyzed during PPG stage with the view of having it fully flashed out at CEO ER submission.

Review Dates

	PIF Review	Agency Response
First Review	6/21/2022	
Additional Review (as necessary)	6/24/2022	
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

The building sector is the largest final energy consumer in Tunisia with 37% of total energy use in 2019. When considering the carbon content embedded in building materials, about at least 55% of GHG emissions become attributable the building sector. The large potential for carbon emission reductions in this sector is recognized by national regulations, which prioritize interventions in public buildings and capacity development of government agencies. In light of these considerations, this project will support the decarbonization of the building sector through 3 main components, focusing

on the most cost-effective interventions to improve efficiency in the use of energy and materials:

1. Institutional strengthening for regulating the market for new efficient buildings
2. Energy efficient public lighting
3. Knowledge management, monitoring and evaluation, and scale-up strategy

The project is expected to result in the generation of approximately 500,000 tons in direct and indirect GHG emission reductions.