

STAP guidelines for screening GEF projects

PIF	What STAP looks for	Response
		<p>GEF ID: 10766 Project Title: IFC-GEF Hotel Green Revitalization Program (HGRP) Date of Screening: May 18, 2021 STAP member screener: Saleem H. Ali STAP secretariat screener: Sunday Leonard STAP's overall assessment: Minor issues to be considered during project design.</p> <p>This project showcases a phenomenal co-financing regimen in the hospitality industry, with around \$9 million of GEF funding potentially bringing in almost a ninety-fold co-financing that could amount to over \$800 million (mainly in the form of loans). The project is targeted at green retrofitting of around 760 SME hotels through 60 financial intermediaries in over 30 countries. STAP agrees that the COVID situation presents an opportunity to address climate mitigation and sustainability in the hotel sector, and therefore, this is a timely project.</p> <p>While the retrofitting of buildings is already mainstream, the blended finance approach and targeting a unique set of actors in the hotel sector (that may not be easily captured through public sector finance and slow in addressing climate change) make the project innovative.</p> <p>At the outset, this type of ambitious project provides important opportunities for data generation for subsequent research and evaluation of green financing, and we feel that a clear evaluation mechanism and coordinated knowledge management should be an essential element of project design and monitoring. Given the debt burden of this work, there should also be keen attention to literature on such green financing credit systems.</p> <p>Some papers on this debt burden of green financing to consider are linked below:</p> <ul style="list-style-type: none"> • Xu, Xinkuo, and Jingsi Li. "Asymmetric Impacts of the Policy and Development of Green Credit on the Debt Financing Cost and Maturity of Different Types of Enterprises in China." <i>Journal of Cleaner Production</i> 264 (August 10, 2020): 121574. https://doi.org/10.1016/j.jclepro.2020.121574. • The World Tourism Organization's Green Investment portfolio (https://www.unwto.org/green-investments-for-sustainable-tourism) <p>Further, it is essential to ensure that safeguards are in place and strictly applied to ensure that the availability of the GEF concessionary grants for the "first loss funds" does not encourage the beneficiaries (SME hotels) to default on their loans. It will be imperative that the IFC's and GEF's standards on blended finances are strictly applied during the implementation of the project.</p>

PIF	What STAP looks for	Response
		<p>Limited information is provided on the particular climate change mitigation retrofit interventions to be carried out or the criteria for determining appropriate solutions. This is particularly important because the needed retrofits will be different across the different hotels located in diverse geographical regions.</p> <p>It is not clear how the 1.8 million tCO₂ expected emissions reduction was estimated. A 20 percent energy savings from baseline was noted, but no information on baseline emissions was provided. Hence, it is not clear how the projected emissions reduction was derived. We encourage the proponent to provide a detailed calculation of the global environmental benefits, including the baseline and underlying assumptions.</p> <p>The proposal does not have an adequate theory of change (ToC) which should be particularly important to include given the potential for excess hotel capacity in the aftermath of COVID. The current ToC diagram only presents the problem, barriers, interventions, outcomes, and results. The underlying assumptions that will lead to desired outcomes and alternative pathways are missing. STAP's theory of change primer (https://stapgef.org/resources/advisory-documents/theory-change-primer) can be a helpful guide in improving the ToC.</p> <p>A crucial missing element needed to achieve success is the lack of a consumer-facing intervention(s) in this proposal. The success, profitability, and sustainability of retrofits will depend on consumer awareness of the changes and willingness to prioritize retrofitted hotels in their patronage. Will consumers be aware of and recognize EDGE certification? Is there a retail price premium associated with this? Will search engines such as Booking.com use EDGE or similar certifications in their search algorithms to elevate results that have these certifications? We recommend that the project proponent explore the possibility of incorporating this element into the project.</p> <p>From a sustainability perspective, the total consumption of services such as hotels and tourism need to be considered as transitions occur in global economies. See, for example, the following articles:</p> <ul style="list-style-type: none"> • The Future of Travel and Tourism After the Coronavirus Pandemic (https://foreignpolicy.com/2020/06/13/travel-tourism-coronavirus-pandemic-future/) • Why Do People Consume and Provide Sharing Economy Accommodation?—A Sustainability Perspective (https://www.mdpi.com/2071-1050/10/6/2072). <p>We recommend that the selection criteria for determining the targeted countries be included in Annex D. Was the potential to generate significant global environmental benefit (which is vital to GEF) used?</p> <p>The proposal presents a description of how IFC assesses climate risk but did not include the specific climate risk screening of the project. Given that the impact of climate change needs to be considered for retrofitting interventions in the building sector, the proponent should provide a detailed climate risk screening of the project. See below for related publications on the interactions between climate change and building retrofit:</p>

PIF	What STAP looks for	Response
	<ul style="list-style-type: none"> Hao et al., 2020. What Are the Implications of Climate Change for Retrofitted Historic Buildings? A Literature Review (https://www.mdpi.com/2071-1050/12/18/7557/pdf) Shen, Pengyuan & Braham, William & Yi, Yunkyu, 2019. "The feasibility and importance of considering climate change impacts in building retrofit analysis," Applied Energy, 233, 254-270. https://doi.org/10.1016/j.apenergy.2018.10.041 IPCC, 2014: Buildings. In: Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate. https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter9.pdf <p>A detailed stakeholder mapping and engagement has already been done, which is commendable. Influential actors in the hotel sector, including the UNWTO and Booking.com, have been engaged. Engaging Booking.com peers such as Kayak.com, Priceline.com, Hotel.com, and Expedia.com, as well as their local equivalent in the targeted region, could further help bring in more actors and strengthen the project.</p> <p>UNIDO has submitted a project in this same project cycle (GEF ID: 10796 Greening Hurghada, which aims to mitigate GHG emissions and preserve biodiversity in the coastal area of Hurghada, Egypt, by reducing the carbon footprint and environmental impacts of the hotel and tourism sector. Some of the planned interventions overlap with this project. Given that Egypt is one of the targeted countries for this IFC program, we encourage your team to coordinate with UNIDO's as both projects are further developed to avoid overlap and promote synergy. A similar recommendation has been made to UNIDO in STAP's review of the 10796 proposal.</p>	
Part I: Project Information B. Indicative Project Description Summary		
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	Not adequately – the objectives need to be linked to more actionable items around how the financing will be used and the global environmental benefits delivered when projected demand of hotels in post-COVID economy is unclear.
Project components	A brief description of the planned activities. Do these support the project's objectives?	Partially
Outcomes	A description of the expected short-term and medium-term effects of an intervention. Do the planned outcomes encompass important global environmental benefits?	

PIF	What STAP looks for	Response
	Are the global environmental benefits likely to be generated?	
Outputs	A description of the products and services which are expected to result from the project. Is the sum of the outputs likely to contribute to the outcomes?	This is provided but as noted the incremental theory of change is not adequate and hence hard to determine how the targets would be met.
Part II: Project justification	A simple narrative explaining the project's logic, i.e. a theory of change.	
1. Project description. Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)	Is the problem statement well-defined? Are the barriers and threats well described, and substantiated by data and references? For multiple focal area projects: does the problem statement and analysis identify the drivers of environmental degradation which need to be addressed through multiple focal areas; and is the objective well-defined, and can it only be supported by integrating two, or more focal areas objectives or programs?	Yes – this is adequately presented.
2) the baseline scenario or any associated baseline projects	Is the baseline identified clearly? Does it provide a feasible basis for quantifying the project's benefits? Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project? For multiple focal area projects: are the multiple baseline analyses presented (supported by data and references), and the multiple benefits specified, including the proposed indicators; are the lessons learned from similar or related past GEF and non-GEF interventions described; and how did these lessons inform the design of this project?	Partially provided

PIF	What STAP looks for	Response
3) the proposed alternative scenario with a brief description of expected outcomes and components of the project	<p>What is the theory of change? What is the sequence of events (required or expected) that will lead to the desired outcomes?</p> <ul style="list-style-type: none"> • What is the set of linked activities, outputs, and outcomes to address the project's objectives? • Are the mechanisms of change plausible, and is there a well-informed identification of the underlying assumptions? • Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes? 	See STAP overall assessment for comment on theory of change.
5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing	<p>GEF trust fund: will the proposed incremental activities lead to the delivery of global environmental benefits? LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?</p>	Partially presented
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	<p>Are the benefits truly global environmental benefits, and are they measurable? Is the scale of projected benefits both plausible and compelling in relation to the proposed investment? Are the global environmental benefits explicitly defined? Are indicators, or methodologies, provided to demonstrate how the global environmental benefits will be measured and monitored during project implementation?</p>	Yes, the emissions reductions – if accurate – could indeed be of global benefit. But a detailed methodology and assumption for estimating the emissions reduction should be provided.

PIF	What STAP looks for	Response
	What activities will be implemented to increase the project's resilience to climate change?	
7) innovative, sustainability and potential for scaling-up	Is the project innovative, for example, in its design, method of financing, technology, business model, policy, monitoring and evaluation, or learning? Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors? Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	
1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		
2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.	Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers? What are the stakeholders' roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?	There is a detailed addendum social review provided as per IFC/ World Bank Group Templates

PIF	What STAP looks for	Response
<p>3. Gender Equality and Women's Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/ tbd. If possible, indicate in which results area(s) the project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services. Will the project's results framework or logical framework include gender-sensitive indicators? yes/no /tbd</p>	<p>Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?</p> <p>Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?</p>	<p>Yes, there is a description of the gender disparities in country but how this could be addressed is not provided.</p>
<p>5. Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design</p>	<p>Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control?</p> <p>Are there social and environmental risks which could affect the project?</p> <p>For climate risk, and climate resilience measures:</p> <ul style="list-style-type: none"> • How will the project's objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately? 	<p>Yes, there is a detailed pro forma assessment as per World Bank templates.</p> <p>IFC methodology for assesses climate risk was provided but the specific climate risk assessment of the project is missing.</p>

PIF	What STAP looks for	Response
	<ul style="list-style-type: none"> • Has the sensitivity to climate change, and its impacts, been assessed? • Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with? • What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures? 	
<p>6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives</p>	<p>Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?</p> <p>Is there adequate recognition of previous projects and the learning derived from them?</p> <p>Have specific lessons learned from previous projects been cited?</p> <p>How have these lessons informed the project's formulation?</p> <p>Is there an adequate mechanism to feed the lessons learned from earlier projects into this project, and to share lessons learned from it into future projects?</p>	<p>Better coordination between the countries noted should be considered – perhaps this will be through hotel partners who own properties in these countries.</p>
<p>8. Knowledge management. Outline the "Knowledge Management Approach" for the project, and how it will contribute to the project's overall impact, including plans to learn from relevant projects, initiatives and evaluations.</p>	<p>What overall approach will be taken, and what knowledge management indicators and metrics will be used?</p> <p>What plans are proposed for sharing, disseminating and scaling-up results, lessons and experience?</p>	<p>Further details could have been provided</p>

STAP's advisory response

<i>STAP advisory response</i>	<i>Brief explanation of advisory response and action proposed</i>
1. Concur	<p>STAP acknowledges that on scientific or technical grounds the concept has merit. The proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.</p> <p>* In cases where the STAP acknowledges the project has merit on scientific and technical grounds, the STAP will recognize this in the screen by stating that "<i>STAP is satisfied with the scientific and technical quality of the proposal and encourages the proponent to develop it with same rigor. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design.</i>"</p>
2. Minor issues to be considered during project design	<p>STAP has identified specific scientific /technical suggestions or opportunities that should be discussed with the project proponent as early as possible during development of the project brief. The proponent may wish to:</p> <p>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised;</p> <p>(ii) Set a review point at an early stage during project development, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review.</p> <p>The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p>
3. Major issues to be considered during project design	<p>STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical methodological issues, barriers, or omissions in the project concept. If STAP provides this advisory response, a full explanation would also be provided. The proponent is strongly encouraged to:</p> <p>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised; (ii) Set a review point at an early stage during project development including an independent expert as required. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p>