



REQUEST FOR PROJECT PREPARATION GRANT (PPG)
PROJECT TYPE: Medium-sized Project
THE GEF TRUST FUND

Submission date: 1 October 2009
Re-submission: 27 November 2009

GEF PROJECT ID¹: 4147

GEF AGENCY PROJECT ID:

COUNTRY(IES): ECUADOR

PROJECT TITLE: Industrial Energy Efficiency in Ecuador

GEF AGENCY(IES): UNIDO

OTHER EXECUTING PARTNER(S): Ministry of Electricity and Renewable Energy, Ministry of Environment, Ministry of Industry and Competitiveness, and INEN

GEF FOCAL AREA(s): Climate Change

GEF-4 STRATEGIC PROGRAM(s): CC-SP2-Industrial EE

NAME OF PARENT/PROGRAM/UMBRELLA PROJECT (if applicable): NO

A. PROJECT PREPARATION TIMEFRAME

| | |
|------------------------|---------------|
| Start date of PPG | January 2010 |
| Completion date of PPG | December 2010 |

B. PAST PROJECT PREPARATION ACTIVITIES (\$)

| List of Past Project Preparation Activities | Output of the Activities | Project Preparation Amount (a) | Co-financing (b) | Total c = a + b |
|---|--------------------------|--------------------------------|------------------|--------------------|
| None | | | | |
| Total Project Preparation Financing | | | | |

C. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)

Describe the PPG activities and justifications:

During project preparation phase, PPP with a duration of 12 months, MERE, MoE, MIC and INEN, with assistance of national and international experts and under the supervision of UNIDO will develop the full-fledged project document (PD) based on the approved PIF, present it to all the future project stakeholders at a final workshop and obtain necessary co-financing commitments. Also an inception workshop and a series of consultations will be conducted to ensure broad participation of all stakeholders in the project development process.

A GEF grant of USD 75,000 is requested, and together with USD 75,000 contributed by UNIDO, they will be used to cover the fees and travel costs of the hired local and international consultants, which are required to complement the capacity and expertise of the local counterparts. In-kind contribution equivalent to USD 50,000 is expected to be provided by the local counterparts and industries in terms of staff times, local travel, and other local expenditures. The UNIDO's contribution will be also used to cover the staff mission costs associated with the PPG implementation.

¹ Project ID number will be assigned by GEFSEC. If PIF has already been submitted, please use the same ID number as PIF.

Following activities are necessary to be carried out during the PPP:

1. Baseline assessment

Assessment of current energy consumption and savings potential by the pre-selected industry sub-sectors; of concerned policies, resource allocation, and support programmes/projects for EE, including financing, tax and incentives mechanism for IEE; of capacity, needs and demands for improvements of concerned stakeholders; of the past and current capacity building efforts and materials for management standard implementation, energy management, energy audit and energy project implementation, etc...

2. Selection of counterparts and stakeholders

Based on results of above assessments, and on previous past and on-going projects in the fields of energy and environment, to select counterparts to be involved in the project implementation; industrial sub-sectors to be targeted in the project and in each of the 4 project components, and developing preliminary criteria for the selection of industrial entities, candidates for various types of training, consulting entities, etc. to be involved in the production of the project outputs.

3. Detailed project design

Defining technical parameters of the project, developing logframe with verification indicators and means of verification, risk assumption, etc. ; designing capacity building training programme for targeted institutions, sub-sectors, plan managers, consultants; re-defining outputs and detailing project activities with budget requirements, developing criteria for the selection of plants to participate in the demonstration both on the EnMS and system optimization, preparing implementation plan, E&M methodology and plan, communication strategies, defining implementation arrangement, etc.

4. Determination of BaU scenario, and global environmental and GHG emissions reduction benefits, and incremental costs of the GEF intervention

Determination of Business-as-Usual Scenario over a 10-year period, involving analysis of impact of relevant existing national and international policies and programmes/projects and estimation of IEE policy budgets and institutional capacity in absence of proposed GEF intervention.

Determination of potential energy and greenhouse gas emissions savings attributable to the proposed GEF project, savings to be projected over 5 years of project duration and subsequent 5 years; to include on-site fuel savings and power savings converted to emissions reductions using grid carbon-intensity and elaboration of indicators and tracking tools. Calculation of Increment Costs and GEF cost-effectiveness. Both top-down and bottom-up methods will be used to calculating and reasoning the ICs and GEBs.

5. Consultation and obtaining of co-financing commitments

Development of industry investment plan, both from the public and private sectors; Consultation with all concerned stakeholders and to obtain confirmation of inputs from the government, other concerned development partners, including financing institutions, and industry.

| List of Proposed Project Preparation Activities | Output of the PPG Activities | Project Preparation Amount (a) | Co-financing (b) | Total c = a + b |
|---|---|--------------------------------|------------------|-----------------|
| 1. Baseline assessment | Detailed assessment results | 20,000 | 20,000 | 40,000 |
| 2. Counterparts and stakeholder selection | Counterparts and sub-sectors selected, preliminary selections criteria | 0 | 20,000 | 20,000 |
| 3. Detailed project design | Full-fledged project document | 35,000 | 40,000 | 75,000 |
| 4. Determination of BaU scenario, GEBs/GHG emissions reduction, ICs | BaU scenario determined, GHG emissions reduction and IC estimated | 20,000 | 20,000 | 40,000 |
| 5. Consultation and commitment confirmation | All stakeholder adequately consulted and commitments formally confirmed | 0 | 25,000 | 25,000 |
| Total Project Preparation Financing | | 75,000 | 125,000 | 200,000 |

D. FINANCING PLAN SUMMARY FOR PROJECT PREPARATION GRANT: (\$)

| | Project Preparation | Agency Fee |
|---------------|---------------------|------------|
| GEF financing | 75,000 | 7,500 |
| Co-financing | 130,000 | |
| Total | 205,000 | 7,500 |

E. PPG REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)¹

| GEF Agency | Focal Area | Country Name/ Global | (in \$) | | |
|----------------------------|----------------|----------------------|---------|----------------|-----------------|
| | | | PPG (a) | Agency Fee (b) | Total c = a + b |
| UNIDO | Climate Change | Ecuador | 75,000 | 7,500 | 82,500 |
| Total PPG Requested | | | 75,000 | 7,500 | 82,500 |

¹ No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

F. PPG BUDGET REQUEST

| Cost Items | Total Estimated Person Weeks for GEF Grant (PW) | GEF (\$) | Co-financing (\$) | Total (\$) |
|---|---|----------|-------------------|------------|
| Local consultants * | 12 (from a total 34) | 22,500 | 40,000 | 62,500 |
| International consultants* | 7 (from a total 21) | 24,500 | 45,000 | 69,500 |
| Travel & Per diem allowances, local & international | | 20,000 | 20,000 | 40,000 |
| Misc. (itemize) office utilities, workshops | | 8,000 | 20,000 | 28,000 |
| Total PPG Budget | | 75,000 | 125,000 | 200,000 |

* the Annex A for Consultant cost details should be prepared first before completing this table. See notes on Annex A for the required detailed information.

G. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

| Agency Coordinator, Agency name | Signature | Date (Month, day, year) | Project Contact Person | Telephone | Email Address |
|---|---|----------------------------------|---------------------------|----------------------|--------------------|
| D. Piskounov Managing Director UNIDO GEF Focal Point |  | Oct. 2 2019 | Khac-Tiep NGUYEN | +43-1-26026- 3086 | K.Nguyen@unido.org |

Annex A

Consultants Financed by the Project Preparation Grant (PPG)

| Position / Titles | \$/ Person Week¹ | Estimated PWs² | Tasks to be performed |
|--|--|--------------------------------------|--|
| Local | | | |
| National Project Coordinator/Senior energy efficiency expert | 2,000 | 9 | Coordinate the work of all national experts and local counterparts, liaise with all local stakeholders, facilitate provision of logistic arrangements, assist the IC on industrial energy efficiency policy; Detail out activities for policy framework, and demonstration components; Prepare project budget; Finalize co-financing arrangements; Conduct final workshop. |
| Industrial financing expert | 1,500 | 1 | Assist the IC on industrial EE financing; Detail out activities for financing component |
| Energy efficiency training expert | 1,500 | 1 | Assist in reviewing and drafting training materials and programmes; Detail out capacity building, stimulation of market demand and dissemination components |
| National standards expert | 1,500 | 1 | Assist in reviewing capacity and past activities in developing and implementation management standards. |
| Sub-Total, Local | 12 PWs & \$ 22,500 | | |
| International | | | |
| Industrial energy efficiency policy/Lead expert | 3,500 | 3 | Lead the work performed by all international consultants and local consultants, reviewing past and existing IEE policies, developing IEE policy framework to be implemented by the project incorporating to EMS and system optimization, designing detailed project framework, consulting all project stakeholders. |
| Energy management standards | 3,500 | 1 | Framework for the promulgation of a national energy management standard. Training program for national standards authority. |
| Industrial motor-driven systems | 3,500 | 1 | Development of training program for motor systems optimization for industrial energy users, equipment vendors and government (standards) authorities. Assist in estimation of expected energy and greenhouse gas emissions savings. Assist in determination of baseline data on energy efficiency of motor. Assist in the development of indicators for evaluation. |
| Boiler and steam systems | 3,500 | 1 | Development of training program for steam boiler systems optimization for industrial energy users, equipment vendors and government (standards) authorities. Assist in determination of baseline data on energy efficiency of boiler and steam systems. Assist in the development of indicators for evaluation. |

| | | | |
|----------------------------------|------------------------------|---|---|
| Evaluation and Monitoring expert | 3,500 | 1 | Determining BaU scenario, estimating energy savings, GHG emission reductions resulted from the project, calculating IC, developing indicators for evaluating the project implementation, designing project implementation monitoring programme. |
| Sub-Total, International | 7 PWs & \$ 24,500 | | |

¹ Or person month, if applicable. Please indicate clearly.

² Provide weeks or months as appropriate that corresponds to the rate provided in the previous column.