



GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS* THE GEF/LDCF/SCCF TRUST FUNDS

GEF ID:	5064		
Country/Region:	Egypt		
Project Title:	Grid-Connected Small-Scale Photovoltaic Systems		
GEF Agency:	UNDP	GEF Agency Project ID:	4998 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-3; CCM-3; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$3,536,364
Co-financing:	\$25,770,000	Total Project Cost:	\$29,306,364
PIF Approval:		Council Approval/Expected:	April 01, 2013
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	David Elrie Rodgers	Agency Contact Person:	Robert Kelly

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	DER, August 9, 2012. Yes.	
	2. Has the operational focal point endorsed the project?	DER, August 9, 2012. Yes. Dr. Fatma Abou Shouk endorsed the project in the amount of \$3,978,000, including \$80,000 for PPG and agency fees, on August 7, 2012.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	DER, August 9, 2012. Yes.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DER, August 9, 2012. Yes.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	DER, August 9, 2012. Yes.	
	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		

Availability			
	<ul style="list-style-type: none"> the STAR allocation? 	DER, August 9, 2012. Yes.	
	<ul style="list-style-type: none"> the focal area allocation? 	DER, August 9, 2012. Yes. The endorsement amount, including PPG and fees is for \$3,978,000. Given the two projects already approved for Egypt and the UNIDO Project 4790 that is also endorsed, there is sufficient funding within the CCM focal area allocation for this project, leaving Egypt with a balance of \$281,600.	
	<ul style="list-style-type: none"> the LDCF under the principle of equitable access 	DER, August 9, 2012. NA	
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 	DER, August 9, 2012. NA	
	<ul style="list-style-type: none"> Nagoya Protocol Investment Fund 	DER, August 9, 2012. NA	DER, August 9, 2012. NA
	<ul style="list-style-type: none"> focal area set-aside? 	DER, August 9, 2012. NA	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	DER, August 9, 2012. Yes.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	DER, August 9, 2012. Yes. This project will support CCM-3, Renewable Energy.	
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	DER, August 9, 2012. Yes.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	DER, August 9, 2012. Not clearly. See comment on financial mechanisms in Box 14. DER, August 30, 2012. Yes. The project description has been clarified. The project, if successful, will lay the foundation for a stronger PV feed in tariff. Comment cleared.	

Project Design	<p>11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?</p>	<p>DER, August 9, 2012. The description of the need for renewable energy in Egypt is strong.</p> <p>a) We are somewhat confused by the baseline project that will seek consumers willing to pay a premium price for "renewable" energy that is already being supplied. In other models that use Renewable energy credits (RECs), purchasers of RECs know that they are helping to induce new supply. Please describe existing models for the Egypt approach and the prospects for attracting this "green" demand.</p> <p>b) Please describe the scheduled timetable for the EEUCPRA premium pricing program and explain how that schedule will align with the proposed project.</p> <p>DER, August 30, 2012.</p> <p>a) Thank you for the clarification that sufficient "green" demand is available and the project is designed to develop solar PV supply to help meet the demand. Comment cleared.</p> <p>b) The response indicates the project timing lines up very well with the premium pricing program. Comment cleared.</p>	
	<p>12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?</p>		
	<p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?</p>	<p>DER, August 9, 2012. Yes.</p>	

14. Is the project framework sound and sufficiently clear?

DER, August 9, 2012. Please address the following comments.

a) The overall approach seems sound - assuming that there will be consumers for high-priced solar PV generated electricity, the project will support the installation of 3.5 MW of PV systems to meet this demand. Please further discuss the risk that the demand will not materialize.

Component 1

b) The project financing is quite unclear. There is significant discussion of the use of loans and PPAs that will allow Solar PV suppliers to finance the installation and then pay the loan off. If this is the case, then we would expect a much larger amount of Solar PV to be installed with financing and co-financing of more than \$22 million. For example, the project goal of 3.5 MW of roof-top panels could be from the installation of 700 5kw solar PV systems at an average price of \$25,000 which would total to \$17,500,000. If the financing and co-financing is used as grants, it would be more than sufficient to pay for the full price of the 700 systems. But with loans and PPAs, the solar PV suppliers will pay back the installation price over time, restoring the funds and allowing much larger quantity of solar PV installations. Therefore, please explain how the proposed GEF financing and co-financing are planned to be applied. We do not want the GEF funding used only to make grants for the full price. We want to see a financial mechanism that ensures that GEF

establishing a strong and replicable mechanism, such as a revolving loan fund or a risk-sharing facility. We think this is the intended project plan as evidenced by the long discussion of private sector involvement. So please sharpen your project design and provide a better/larger estimate for the quantity of solar PV that will be direct investment. If needed, please review other GEF Solar PV projects that achieved significantly higher MW capacity installation for lower cost.

Component 2

c) This is a very important component. Please clarify if project funding will be spent helping develop a feed-in-tariff framework, which would be supported. Please reconcile component 2 with the statement on page 13 "a feed-in tariff will have been established, particularly for smaller-scale generation. The proposed project is expected to be an important pilot in this step." Can you be stronger? Why not invest a portion of the project funding to develop the regulatory framework for the feed-in-tariff, and other policies, such as grid-interconnection and net-metering?

Component 3

d) The goal of this component is valid - to support the development of a solar PV private sector. The project components seem weak for the requested funding. Please strengthen this component or reduce the funding request.

		<p>e) See comment b). We do not understand why this component, if successful, cannot contribute to much larger solar PV installation for the financing requested and co-financing promised. Please explain.</p> <p>DER, August 30, 2012</p> <p>a) The response documents significant existing demand for "green" energy. Comment cleared.</p> <p>b) The response indicates that the project benefits were estimated only for the first installment of funding and did not account for future investments post-project. Estimated PV installation has been increased to 4MW, and the response documents that future investments beyond 4MW are expected based on the project activities. Therefore, at CEO endorsement, we need to see a clear application of the GEF GHG methodology that includes direct, post-project direct, and indirect emissions benefits. Proper application of the GEF methodology should improve the estimated installation of Solar PVs and cost-effectiveness measures. Comment cleared.</p> <p>c) The response documents how the project activities will contribute to and support eventual adoption of a feed-in-tariff or similar regulatory structure. Comment cleared.</p> <p>d) The response justifies the extensive national training that will be undertaken and provides clarification of project activities. Comment cleared.</p> <p>e) See comment b. Comment cleared.</p>	
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	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>DER, August 9, 2012. We are concerned that due to the low quantity of solar PV systems planned to be installed, the GHG emission benefit is very small for the financing and co-financing levels. Please recompute or justify.</p> <p>DER, August 30, 2012. Based on the response, we expect 4MW of direct installations and greater once post-project direct benefits are estimated. At CEO endorsement, we need to see a clear application of the GEF GHG methodology that includes direct, post-project direct, and indirect emissions benefits. Proper application of the GEF methodology should improve the estimated installation of Solar PVs, associated GHG benefits, and cost-effectiveness measures. Comment cleared.</p>	
	<p>16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/additional benefits?</p>	<p>DER, August 9, 2012. Yes.</p>	
	<p>17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?</p>	<p>DER, August 9, 2012. Yes.</p>	
	<p>18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)</p>	<p>DER, August 9, 2012. Yes.</p>	
	<p>19. Is the project consistent and properly coordinated with other related</p>	<p>DER, August 9, 2012. Yes.</p>	

	region?		
	20. Is the project implementation/ execution arrangement adequate?	DER, August 9, 2012. Yes.	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	DER, August 9, 2012. Yes.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	DER, August 9, 2012. Yes.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	DER, August 9, 2012. Yes.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	DER, August 9, 2012. Yes.	
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		

	• Convention Secretariat?	DER, August 9, 2012. NA	
	• Council comments?		
	• Other GEF Agencies?	DER, August 9, 2012. NA	
Secretariat Recommendation			
Recommendation at PIF Stage	30. Is PIF clearance/approval being recommended?	DER, August 9, 2012. Not at this time. Please respond to the comments in boxes 11, 14, and 15. DER, August 30, 2012. Yes. The PIF has been technically cleared and may be included in an upcoming Work Program.	
	31. Items to consider at CEO endorsement/approval.	DER, August 9, 2012. a) A more detailed description of the policies frame-works to be developed and implemented is needed. DER, August 30, 2012 b) We need to see a clear application of the GEF GHG methodology that includes direct, post-project direct, and indirect emissions benefits.	
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	33. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	August 09, 2012	
	Additional review (as necessary)	August 30, 2012	
	Additional review (as necessary)		
	Additional review (as necessary)		
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* **This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	DER, August 9, 2012. The overall approach seems right. Please examine the schedule and determine if the PPG can be conducted in less than 11 months. DER, August 30, 2012. The response indicates the PPG will be conducted as fast as possible with a target of 11 months. Comment cleared.
	2. Is itemized budget justified?	DER, August 9, 2012. a) We would expect less investment on the market assessment and more investment on the regulatory and policy analysis that will be needed to help rapidly implement needed policy measures during project implementation. Please clarify. DER, August 30, 2012. A re-allocation of funding to increase support for regulatory analysis has been made. Comment cleared.
Secretariat Recommendation	3. Is PPG approval being recommended?	DER, August 9, 2012. Not at this time. Please address the comments. DER, August 30, 2012. Yes.
	4. Other comments	
Review Date (s)	First review*	August 09, 2012
	Additional review (as necessary)	August 30, 2012

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