

## GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS<sup>1</sup>

Country/Region: El Salvador  
 Project Title: El Salvador: Energy Efficiency in Public Buildings (EEPB)  
 GEFSEC Project ID: **3901**  
 GEF Agency Project ID: 4244 (UNDP) GEF Agency: UNDP  
 GEF Focal Area (s): Climate Change  
 GEF-4 Strategic Program (s): CC-1;  
 Anticipated Project Financing (\$): PPG:\$25,000GEF Project Allocation:\$975,000 Co-financing:\$3,330,000 Total Project Cost:\$4,330,000  
 PIF Approval Date: September 22, 2009 Anticipated Work Program Inclusion:  
 Program Manager: Alexis Jean-Roch Mariani GEF Agency Contact Person: Oliver Page

Review Criteria	Questions	Secretariat Comment at PIF/Work Program Inclusion <sup>2</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes.	Yes
	2. If there is a non-grant instrument in the project, check if project document includes a calendar of reflows and provide comments, if any.		No
	3. Has the operational focal point endorsed the project?	Yes, by letter on november 24th 2008.	Yes
	4. Which GEF Strategic Objective/ Program does the project fit into?	CC-SP1: To promote energy-efficiency in residential and commercial buildings.	CC-1
	5. Does the Agency have a comparative advantage for the project?	The project falls under the UNDP comparative advantages, especially on capacity building and technical assistance.	Yes
Resource Availability	6. Is the proposed GEF Grant (including the Agency fee) within the resources available for (if appropriate):		
	• The RAF allocation?	El Salvador is a group-country. No allocation has been utilized yet under the CC focal area.	Yes
	• The focal areas?	Yes.	Yes
	• Strategic objectives?	NA	na

<sup>1</sup> Some questions here are to be answered only at PIF or CEO endorsement. Please do not answer if the field is blocked with gray.

<sup>2</sup> Work Program Inclusion (WPI) applies to FSPs only. Submission of PIF of FSPs will simultaneously be considered for WPI. For MSPs, once the PIF is approved by CEO, next step will be to continue project preparation until the project is ready for CEO approval.

	• Strategic program?	NA	na
Project Design	7. Will the project deliver tangible global environmental benefits?	<p>The PIF expects that 20,000 t CO2 emissions per year will be saved directly by the project. As results of enhancement of the regulatory and policy instruments, more GHG emissions reductions is expected.</p> <p>Please precise the baseline scenario for this evaluation.</p> <p>9-18-9- cleared.</p>	
	8. Is the global environmental benefit measurable?		<p>Yes. The project is expected to result in:</p> <ul style="list-style-type: none"> <li>-direct GHG emissions reductions = 42,000 tCO2</li> <li>- indirect GHG emissions reductions = 135,000 tCO2</li> </ul> <p>The cost-effectiveness is expected to be \$5.7/tCO2.</p>
	9. Is the project design sound, its framework consistent & sufficiently clear (in particular for the outputs)?	<p>The project design is sound. However, some points should be clarified:</p> <p>General Comments:</p> <p>1. The project is presented under the program Framework for promoting low GHG emission buildings, endorsed by the CEO of the GEF in September 2008. A list of 33 projects (approved or under development) are listed in this program. The project of El Salvador is not included in this list.</p> <p>9-18-9- cleared. The project is still presented under this program, because its shares its objectives and methodologies. The approach seems correct.</p> <p>2. The project is presented under the program Framework for promoting low GHG emission buildings (GEF 3787). This program covers</p>	<p>Yes. The project is sound and the project document is concrete and precise.</p> <p>The objective of the project is to introduce energy efficiency measures in public buildings through:</p> <ul style="list-style-type: none"> <li>-policies and regulations (a package of policy instruments will be approved, including standards, fiscal instruments, introduction of EE criteria in public contracting)</li> <li>-development of technical capacity (definition of technical energy performance standards, methodologies to assess energy performance in buildings)</li> <li>- design and implementation of an energy efficiency programme in public buildings (pilots + \$2M investment program in public hospitals)</li> <li>- monitoring and evaluation.</li> </ul>

		<p>fixed equipment integrated into the design such as central air-conditioning, heating equipment and ventilation. Lighting and non-fixed appliance loads are acknowledged by the program but not supported programmatically under this framework (see page 2 of the program document).</p> <p>9-18-9- cleared. The scope of the project has been clarified and addresses now the priorities of the program.</p> <p>3. It should be clarified whether the main objective of the project is to design and implement regulatory instruments to stimulate EE in public buildings, or whether it is to increase the efficiency of lighting in the public schools of the country. It is suggested to have a more focused project and to focus on the efficient lighting.</p> <p>9-18-9- cleared. The scope has been precised and is not focused on EE of the design and installed equipments in buildings. The project is realistic.</p> <p>4. Please explain who will be the co-financers of the projects. They appear to be donors / private sector in the PIF, but this co-financing will focus on public schools.</p> <p>9-18-9- cleared.</p> <p>5. Please give more details about the survey that is mentionned page 3, and about the evaluation of the direct results of the project (50% reduction in electricity consumption, energy savings of 30 GWh/year, 20 ktCO<sub>2</sub> avoided / year). Please explain why the time frame chosen to estimate the total tCO<sub>2</sub></p>	<p>The project has evolved and improved since the PIF stage, due to political changes. In particular the executing agency has changed (now it is the National Energy Council - CNE - which is better as this new agency is going to coordinate the energy policy in the country) and the focus has shifted from public schools to public hospitals.</p>
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	<p>avoided is 10 years (see page 5).</p> <p>9-18-9- cleared.</p> <p>Component -specific comments:</p> <p>Component 2: the actions planned towards the supply-chain, the technicians and the maintainers appear underestimated to guarantee the sustainability of the project and its dissemination to other sectors (risk number 4 seems actually high). Please elaborate further on the development of capacity among the suppliers, the technicians, the installers and the maintainers of the EE systems in the buildings. The cost of this component seems underestimated for the scope of this activity.</p> <p>9-18-9- cleared. This component was dropped. The project is more straightforward, which seems OK.</p> <p>Component 3:</p> <p>Please precise if this component is only TA or also investment, given that EE construction and refurbishment measures are planned. Please precise if this component will mainly focus on efficient lighting, or will also include other improvement (insulationâ€). Please explain how the costs (\$5,190 M) are calculated. If the 5000 public schools are concerned, as it seems, please explain what will exactly be done with 1,000 \$ per school and how many CFL will be installed. Please elaborate further on CFLs and on means of disposal of CFLs.</p> <p>9-18-9- cleared. The pilot will concern 50-75 schools, and a replication fro 1000 schools will be prepared.</p>	
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		<p>Please explain if the guidelines will only deal with GHG emissions or also energy efficiency. How these guidelines will differ from the outcome of component 1 (standards...) ?</p> <p>9-18-9- cleared.</p> <p>Component 4: Please elaborate further on actual dissemination activities, which are not really addressed in the PIF. Please precise if the monitoring and evaluation will concern only component 3 (EE in public schools) or also the other components (and particularly the implementation of regulatory instruments to stimulate EE).</p> <p>9-18-9- cleared.</p>	
	10.Is the project consistent with the recipient country's national priorities and policies?	The project is consistent with the Energy Policy of El Salvador adopted in 2007. Energy efficiency is one of the main instruments of this policy.	Yes
	11.Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>Two projects are under development on EE in El Salvador :</p> <p>1. The Regional Program on Electrical Energy Efficiency in Industrial and Commercial Service Sectors in Central America project aiming at defining standards for electric motors and cooling equipments (GEF-UNDP 1899)</p> <p>2. A IADB Energy Efficiency project.</p> <p>The IADB 'Energy Efficiency Project' has 6 components. Component 2 of this project is called 'Efficient Lighting for Residential and General (government, hospitals and schools), and design of Pilot Projects.' This component will facilitate the introduction of modern technologies in the market for lighting. It is</p>	Yes

		<p>expected to result in : (i) the definition of the technical characteristics of the technologies to use (eg compact fluorescent lamps - CFLs, fluorescent lamps electromagnetic), (ii) the definition of a plan of distribution, marketing, finance, (iii) the monitoring of the savings achieved (iv) the design and implementation of pilot projects to introduce technological changes.</p> <p>This component of the IADB project seems closely related to the present project, mainly component 3 and 4. To avoid any duplication, please explain the coordination between the two projects.</p> <p>Last, given that the component 3 mainly focuses on efficient lighting, it would be interesting to benefit from the experience of the UNEP/UNDP project Global Market Transformation for Efficient Lighting (GEF 3457).</p> <p>9-18-9- cleared.</p>	
	12.Is the proposed project likely to be cost-effective?	<p>If the project achieves its results, it will save 30 GWh per year, and thus around \$ 4,6 M per year. The project is expected to save 200 ktCO<sub>2</sub> over 10 years, for a investment cost of \$ 5,190,000, which means \$26 / tCO<sub>2</sub> (it is rather high).</p> <p>9-18-9- cleared. The cost-efficiency of the project is average.</p>	
	13.Has the cost-effectiveness sufficiently been demonstrated in project design?		Yes
	14.Is the project structure sufficiently close to what was presented at PIF?		Yes
	15.Does the project take into account potential major risks, including the	Risks 1, 2 and 3 and their mitigation measures are appropriate.	Yes

	consequences of climate change and includes sufficient risk mitigation measures?	Risk 4 (sustainability and dissemination) could be reevaluated and better mitigated, see comments on component 2.	
Justification for GEF Grant	16. Is the value-added of GEF involvement in the project clearly demonstrated through incremental reasoning?	<p>The PIF states that without the proposed project the Government would continue with business as usual. The lack of institutional and technical capacity, the lack of policies and awareness on energy efficiency hinder the implementation of climate-friendly measures.</p> <p>Potentially significant CO2 emissions reductions (direct or indirect) would probably not be possible without the GEF involvement.</p> <p>Nevertheless, the situation of component 3 is different from the one of component 1, 2 and 4.</p> <p>GEF funding for components 1, 2 and 4 is clearly incremental and build capacities for a long-term EE strategy.</p> <p>As far as component 3 is concerned : page 3, it is stated : 'energy costs are sufficiently high to justify investment in energy efficiency'. Page 5 it is stated : 'without UNDP/GEF intervention, investments in EE technologies in public buildings, which are economically attractive at the current tariffs, will generally not take place due to a lack of awareness, a lack of upfront capital, promotion and technical capacity to identify energy-saving opportunities'. If the investments in EE technologies in public buildings are attractive, please explain exactly why an additional GEF funding is needed in component 3 (\$450,000), given that this component goes further than demonstration ?</p>	Yes

		9-18-9- cleared.	
	17.Is the type of financing provided by GEF, as well as its level of concessionality, appropriate?		Yes
	18.How would the proposed project outcomes and global environmental benefits be affected if GEF does not invest?		The GEB would not be delivered without GEF investment.
	19.Is the GEF funding level of project management budget appropriate?	Yes. Project Management = \$ 225 k out of \$ 6,465 k (3,5%) GEF funding for project management = \$ 75 k out of \$ 975 k (7,5 %)  9-18-9- PM costs = 10%	Yes
	20.Is the GEF funding level of other cost items (consultants, travel, etc.) appropriate?		Yes
	21.Is the indicative co-financing adequate for the project?	The amount of co-financing is appropriate: Project grant \$ 975 k ; co-financing \$ 5490 k, ratio ~ 1 : 5,5.  Please precise who will co-finance the project (donors / private sector).  9-18-9- cleared.	
	22.Are the confirmed co-financing amounts adequate for each project component?		Cofinancing is confirmed.
	23.Has the Tracking Tool <sup>3</sup> been included with information for all relevant indicators?		Yes
	24.Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		Yes
Secretariat's	STAP		
	Convention Secretariat		

<sup>3</sup> At present, Tracking Tools apply to Biodiversity projects only. Tracking Tools for other focal areas are currently being developed.



Response to various comments from:	Agencies' response to GEFSEC comments		
	Agencies' response to Council comments		
<b>Secretariat Decisions</b>			
Recommendations at PIF	<b>25. Is PIF clearance being recommended?</b>	<p>PIF clearance is not recommended before the issues raised in the review have been clarified and addressed, and particularly :</p> <ul style="list-style-type: none"> <li>- The inclusion in the program GEF3787</li> <li>- The clarification of the main objectives of the project (EE in building or efficient lighting only ?)</li> <li>- The co-financing for investment in public schools</li> <li>- The assesement of the results</li> <li>- The actions towards the supply-chain</li> <li>- The content of component 3, and the demonstration of incremental cost for this component</li> <li>- The dissemination of the project and the mitigation of risk 4</li> <li>- The relation to the IADB project 'Energy Efficiency Project'</li> </ul> <p>9-18-9- PIF clearance is recommended.</p>	
	26.Items worth noting at CEO Endorsement.		
Recommendation at CEO Endorsement	<b>27. Is CEO Endorsement being recommended?</b>		Yes
Review Date	1 <sup>st</sup> review		July 12, 2010
	2 <sup>nd</sup> review		
	3 <sup>rd</sup> review		

## REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	<p>Yes</p> <p>10-9-2009 - It is a small PPG. Components 1 to 4 are OK but their costs seems to be very low to enable a real data collection and analysis. On the contrary, component 5 represents the bulk of the PPG.</p> <p>Component 5 : most of the activities that are described should not be funded by the GEF, because they are clearly under the responsibility of the implementing agency during the project preparation (and thus should be paid by the 10% agency fee). See the GEF council paper GEF/C23/8.</p> <p>It is proposed to concentrate the PPG on components 1-4.</p> <p>10-22-2009- AM- comment on component 5 is not considered to be addressed.</p> <p>11-5-2009 - cleared</p>
	2. Is itemized budget justified?	<p>Yes, but please precise what the co-financing of \$10,000 stands for.</p> <p>10-9-2009 -Cofinancing is low and a bit artificial (mainly review by the local partners, and meeting with the local staff).</p> <p>10-22-2009- AM- This comment still stands.</p> <p>11-5-2009 - cleared, although cofinancing is still low</p>
	3. Is the proposed GEF PPG Grant (including the Agency fee) within the resources available under the RAF/Focal Area allocation?	Yes
	4. Is the consultant cost reasonable?	Yes
Recommendation	<b>5. Is PPG being recommended?</b>	<p>No, could you please address the comments above.</p> <p>10-22-2009- AM- No, could you please address the comments above.</p> <p>11-5-2009 - Yes</p>
Other comments		
Review Date	1 <sup>st</sup> review	
	2 <sup>nd</sup> review	
	3 <sup>rd</sup> review	

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