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

GEF ID:	**5833**		
Country/Region:	**Global**		
Project Title:	**Global Energy Efficiency Facility (GE2F2) - Design of Strategies and Deployment Mechanisms**		
GEF Agency:	**EBRD**	GEF Agency Project ID:	
Type of Trust Fund:	**GEF Trust Fund**	GEF Focal Area (s):	**Climate Change**
GEF-5 Focal Area/ LDCF/SCCF Objective (s):		**CCM-2;**	
Anticipated Financing PPG:	**$100,000**	Project Grant:	**$1,900,000**
Co-financing:	**$32,150,000**	Total Project Cost:	**$34,250,000**
PIF Approval:	**June 04, 2014**	Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**David Elrie Rodgers**	Agency Contact Person:	**Andreas Biermann**

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion [1]	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating **country eligible**?	DER, May 23, 2014. This request is from the global regional set-aside.	DER, December 21, 2015. Yes.
	2. Has the **operational focal point** endorsed the project?	DER, May 23, 2014. This request is from the global regional set-aside. No endorsement needed.	DER, December 21, 2015. NA. This is a global/regional project.
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the **resources available** from (mark all that apply):		
	• the STAR allocation?	DER, May 23 2014. This request is from the global regional set-aside, STAR does not apply.	DER, December 21, 2015. NA
	• the focal area allocation?	DER, May 23, 2014. This request is from the global regional set-aside, STAR focal area allocation does not apply.	DER, December 21, 2015. Yes.

*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

[1] Work Program Inclusion (WPI) applies to FSPs only . Submission of FSP PIFs will simultaneously be considered for WPI.

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	• the LDCF under the principle of equitable access	NA	NA
	• the SCCF (Adaptation or Technology Transfer)?	NA	NA
	• the Nagoya Protocol Investment Fund	NA	NA
	• focal area set-aside?	DER, May 23, 2014. Yes. This request is from the global regional set-aside. This project falls under the set-aside category e), page 4, GEF/C.39/Inf.10, October 19, 2010, Programmatic Approach for Utilization of the Resources Set-aside Outside of STAR. That is emerging carbon markets, especially "(i) capacity building to help create enabling legal and regulatory environments;...(iii) demonstration of the technical and financial viabilities of different technologies...". Availability of resources will be assessed by OBS and verified by CEO.	DER, December 21, 2015. Yes.
Strategic Alignment	4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF **results framework and strategic objectives**? *For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track progress toward achieving the Aichi target(s).*	DER, May 23, 2014. The project presents in Table A focal area CCM-2, energy efficiency.	DER, December 21, 2015. Yes.
	5. Is the project consistent with the recipient **country's national strategies and plans** or reports and assessments under relevant conventions, including NPFE,	DER, May 23, 2014. This project will be global, focusing on types of instruments and approaches that are consistent with the priorities for energy efficiency and renewable energy found in countries	DER, December 21, 2015. Yes.

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	NAPA, NCSA, NBSAP or NAP?	national communications, strategies, and low-carbon development plans. The project is also aligned with the efforts of the Sustainable Energy for All initiative, specifically, the proposed work of the energy efficiency sub-committee. However, please address the following comment: a) The project proposes a global platform, but targets China, India, and Brazil. These are not part of the 34 EBRD countries, that is, EBRD cannot implement country projects in these three countries. Please explain the rationale for the EBRD to take the lead role in this effort. Please explain what steps will be taken by EBRD to work with partners on the targeted countries. Please explain how EBRD has a comparative advantage to take the lead for this project. b) The EBRD has a strong track record of working in its 34 countries to promote energy efficiency. Is there a candidate country within the EBRD purview that can be added to the project to help showcase the truly global application of this platform? DER, June 3, 2014. a) The EBRD has been invited through the SE4All and FIRE initiatives, and currently has an MOU with BNDES in Brazil. EBRD is also volunteering to take the lead in setting up a global coalition. Comment cleared. At the time of CEO approval request, firm commitments from agency partners in the targeted regions are required.	

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		b) EBRD is evaluating the potential to add an additional country or countries from its region. Comment cleared, to be assessed at the time of the CEO approval.	
Project Design	6. 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?	DER, May 23, 2014. In the current environment, many energy efficiency projects lack sufficient investment capital due to numerous barriers, included the inexperience and high risk perception of local banks. The lack of expertise at local banks means that industries and SMEs cannot obtain financing for energy efficiency upgrades that otherwise offer very quick pay-back. The proposal clearly lists finance related barriers to efficiency. The proposal clearly describes baseline situation in three target countries: China, India, and Brazil. However, please address the following comment: a) GEF and others have invested significantly in energy efficiency projects in the target countries. Please clarify how the application of the EBRD model will incorporate lessons learned from those earlier investments. DER, June 3, 2014. The revised PIF includes several examples of existing projects and proposes to integrate the lessons learned with EBRD's model. Comment cleared.	DER, December 21, 2015. Yes.
	7. Are the components, outcomes and outputs in the **project framework** (Table B) clear, sound and appropriately detailed?	DER, May 23, 2014. The project consists of a single component for Design of mechanisms for the Global Energy Efficiency Financing Facility. Outputs will include market studies for China, India, and Brazil; a strategy and	DER, December 21, 2015. The project consists of the one components with four critical outputs: Design and showcase of strategies and mechanisms to finance energy efficiency

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		development plan, and development of banking products. EBRD is proposing this project as an SE4All initiative and also under the Bloomberg New Energy Finance FIRE initiative. They are offering to help establish a global facility that builds on the lessons learned from EBRD's successful efficiency investments in Eastern Europe, many of which were funded by GEF. The proposal shows a two-phase approach: The first phase is design and development of the financing strategies and mechanisms, to be funded through this proposal. The second phase would be deployment of the facility through target efforts at the country level, which may be proposed as GEF-6 country allocation projects if endorsed by GEF focal points, or proposed through other funding mechanisms. If successful, the project would be expanded to additional countries. The ambition of the project is to marshal and deploy $5 billion in private sector financing for energy efficiency. Please respond to the following comments: 1) In order to be successful, the project will need multiple partners, as described in paragraph 32 of the proposal. We are concerned that no other GEF Agencies	by GE2F2 partner banks Output 1: Supplemental market studies and engagement workshops for China, India and Brazil completed Output 2: Banking strategy and action planning developed Output 3: Targeted technical assistance deployed for energy efficiency financing capacity building with GE2F2 partner banks Output 4: GE2F2 knowledge exchange and dissemination established. Please address the comments below: 1) Regarding the provision of technical assistance through experts/consultants identified under Output 3, please explain if consultants will be paid under the GEF/EBRD project and how the experts will be selected. 2) If local banks need for technical assistance goes beyond the scope of what can be provided by the GEF/EBRD project, please identify a process for inviting GEF partner agencies in the respective regions to engage with the local banks. 3) Please identify the project activities that will track and report on successful efforts by local banks to build a pipeline and invest in energy efficiency projects, and if this tracking will be used to modify/adjust the realized co-financing and GHG benefits from the project. 4) The web-site and knowledge sharing by the partner organization appears to be vital to the successful outcome of the

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		with experience and potential to support country projects in the target countries are included in the project partner list. Please describe priority partner outreach, any responses to date, and update the PIF to include those partners who are willing to commit at this stage. By CEO clearance, we would expect those partners to be fully on-board and listed in the CEO approval package. 2) The reference to the two-phase approach is logical, and there is a potential for the target countries to be candidates for GEF-6 projects. However, it should be noted that these countries have extensive national planning efforts to develop their GEF-6 investment plans and the final decisions are dependent on discussions between the OFPs and GEF implementing agencies that serve those countries. It may be better to remove the figure on page 11 of the proposal which may be misinterpreted by some to indicate that those countries have already agreed to a future project. Please clarify. 3) The proposal is unclear on whether the proposed Global Energy Efficiency Financing Facility will actually perform financing, or whether the facility will "facilitate" financing through local banks in targeted countries. Please clarify. If the former, please indicate your thinking on how IFIs and Global PFIs may contribute directly to the facility. If the latter, please clarify potential roles for IFIs and Global PFIs.	project. Please consider if one-multilateral event will be sufficient. 5) At the PIF stage, EBRD was asked to identify additional GEF partner agencies. The project response indicates use of a "specialist consultancy or consortium of consultants with a global remit and existing network." This appears quite valuable for the output 1 on studies and workshops, output 4 on knowledge exchange. Please address if there is opportunity for GEF partner agencies with offices in the three target countries to be more engaged through stakeholder coordination and to avoid duplication of effort. DER, April 20, 2016. 1) The response indicates EBRD will use public tender process and other procedures administered by EBRD consistent with standard procedures. Comment cleared. 2) This will be a key activity of the project. Comment cleared. 3) Comment cleared. 4) Comment cleared. 5) The project has been carefully designed to include GEF partner agencies in the knowledge network and avoid duplication of effort with existing GEF partner agency efforts. Comment cleared.

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		4) The proposal identifies the critical need to develop financing and audit tools to promote investment in industrial energy efficiency projects. In the three target countries, there have already been extensive efforts on efficiency. An important Brazil project is mentioned in the project preparation. During the market studies, please review the extensive portfolio of GEF and other funded projects in the target countries. Please consider establishing a stakeholder review process or partner engagement process that would bring expertise from existing partners, such as IDB, IBRD, ADB, UNIDO, UNDP, ClimateWorks, IEA, etc. 5) Based on comment 4, please anticipate that after the market studies in output 1 and the design of the strategic interventions in output 2, it may be discovered that one of the target countries may be unsuitable for application of the financing facility model. Such information could be quite useful and should be documented. Please include a sub-component, such as report, publication, webinar, or forum, where the outputs of component 1 and 2 can be shared and discussed with interested stakeholders and potential partners. 6) Many sub-components of Component 3 are quite important to the eventual launch of facilities on the ground in targeted countries, however, they may	

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		also be considered by some partners the type of project preparation activities undertaken only AFTER a country project is approved. Please aim for a balance of activities that will make country project launch more feasible, but not overdo activities whose results may be wasted if no country project materializes. We would recommend that as component 3 is implemented, specific country level partners be engaged who may have the capacity to carry the country projects forward, if approved. DER, June 3, 2014. 1) EBRD has agreed to add the additional partners. The partnership with other GEF Agencies and their engagement need to be clarified and included in the CEO approval request. Comment cleared 2) Clarifications added. Comment cleared. 3) Clarifications added. The global facility will facilitate local banks providing credit lines for efficiency investments, supplemented when appropriate, with support from IFIs to the local banks. Comment cleared. 4) Clarifications added. Preliminary analysis of GEF projects is included; additional analysis will be performed with partner organizations during project preparation. Comment cleared. At CEO approval, we expect to see careful analysis of how the proposed EBRD approach will build on lessons learned from existing projects. 5) Clarifications added. The facility will	

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		disseminate lessons learned. Comment cleared. 6) Clarifications added. Comment cleared.	
	8. (a) Are global environmental/ adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?	DER, May 23, 2014. a) The proposal includes estimates for 11 million tCO2 emissions reductions by end year 3, based on five audits per FI and local financing of $19 million. This implies that the proposal may result directly in audits and investments during project implementation. However, the project components propose only market studies, strategies, and design of banking products. It is not clear that this project will actually fund any audits. Please clarify. b) A more appropriate benefits estimate approach might start from an estimate for the under-investment in energy efficiency in the target countries based on the baseline scenario. Then under the assumption that this global project will accelerate investment in efficiency that might have occurred but only at a later date, estimate the emissions benefits due to that acceleration. The global project can claim credit for the accelerated indirect emissions benefits that might otherwise be delayed or not occurred. Specific country projects that may be launched in a phase II would claim credit for the direct emissions benefits related to specific audits and investments. If there are questions about this approach the GEF Secretariat is ready to discuss. DER, June 3, 2014.	DER, December 21, 2015. Yes. DER, April 20, 2016. New estimates for GEB have been provided based on conservative estimates for only two years of investments. Emissions benefits are estimated to be 2.3 million tCO2e indirect over a ten year period.

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		a) This project will lay the foundation for projects, and may fund selected projects if financing becomes available from other partners. However, this will be confirmed before CEO approval. b) Estimates will be refined during project preparation.	
	9. 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?		DER, December 21, 2015. Yes.
	10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?	DER, May 23, 2014. Yes.	DER, December 21, 2015. Not sufficiently. Please clarify potential role for these groups in the stakeholder consultations. DER, April 20, 2016. The project activities will help local banks develop CSO consultations. Comment cleared.
	11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience)	DER, May 23, 2014. Yes.	DER, December 21, 2015. Yes.
	12. Is the **project consistent and properly coordinated** with other related initiatives in the country or in the region?	DER, May 23, 2014. See comment in box 7 regarding analysis of existing efforts and partnership building.	DER, December 21, 2015. The coordination efforts appear just barely adequate. Please clarify: a) Please identify and expand coordination with specific IADB projects in Brazil. b) Please expand coordination with SE4All energy efficiency accelerators,

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			such as the Building Efficiency Accelerator and the District Energy Accelerator, that may be generating projects that could be candidates for funding by local banks. c) Further, please ask the implementing organization to hold a series of regular briefings for GEF partner agencies working in the respective countries to enhance coordination and avoid duplication of effort. DER, April 20, 2016. a) Comment cleared. b) Comment cleared. c) Comment cleared.
	13. Comment on the project's **innovative aspects, sustainability, and potential for scaling up**. • Assess whether the project is innovative and if so, how, and if not, why not. • Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience. • Assess the potential for scaling up the project's intervention.	DER, May 23, 2014. Using a proven model for promoting investment in energy efficiency in industry, this project will lay the foundation for a global effort to promote financing for energy efficiency. By using proven tools and engaging with local banks in high-priority markets, the project should accelerate efficiency financing and help transform the market for financing of efficiency in industry.	DER, December 21, 2015. Using a proven model for promoting investment in energy efficiency in industry, this project will lay the foundation for a global effort to promote financing for energy efficiency. By using proven tools and engaging with local banks in high-priority markets, the project should accelerate efficiency financing and help transform the market for financing of efficiency in industry.
	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		DER, May 23, 2014. This project was proposed as a one-step MSP approval. Given the extensive comments, EBRD is recommended to re-submit the PIF for a two-step process. The final CEO approval is contingent upon satisfactory

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			responses to the questions and comments raised above. DER, June 3, 2014. EBRD will process as a two-step MSP approval. DER, December 21, 2015. Yes. All changes since the PIF stage were justified based on the PPG phase.
	15. Has the cost-effectiveness of the project been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar benefits?		DER, December 21, 2015. Yes.
Project Financing	16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?	DER, May 23, 2014. Yes.	DER, December 21, 2015. See question 17.
	17. At PIF: Is the indicated amount and composition of co-financing as indicated in Table C adequate? Is the amount that the Agency bringing to the project in line with its role? At CEO endorsement: Has co-financing been confirmed?	DER, May 23, 2014. Please respond to the following comment: a) The level of co-financing does not match the ambition of the proposed global platform. Additional co-financing is needed, especially considering the important roles that must be played by additional partners. Please examine this issue and propose larger co-financing. By the time of the final CEO approval, we expect the new partners and their co-financing commitments to be clarified. DER, June 3, 2014. Partners and co-financing will be confirmed during project preparation. By the time of the CEO approval request, GEF Agency	DER, December 21, 2015. Lack of co-financing was identified as a shortcoming at the PIF stage. Unfortunately, the proposal still indicates unacceptably low co-financing. Based on the GEF's co-financing policy, if participating local banks are selected for technical assistance by their willingness to commit to a level of financing for energy efficiency, the estimated amounts can be counted as co-financing. The document uses $40 million as an estimate for GHG benefits. Please consider if this amount qualifies as co-financing under the GEF policies and if the bank engagement strategy can be adjusted to focus on these banks.

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		partners need to be on board as executing partners. The amount of co-financing also needs to be larger than the current amount.	DER, April 20, 2016. The comment was considered, but EBRD is not able to quantify a specific amount that would qualify for co-financing. However, additional baseline co-financing for the project was identified through baseline activities in Egypt that fully align with the project objectives. This baseline financing can be counted towards the project co-financing total, which is now estimated to be $32.15 million. During project implementation we expect regular reporting on realized co-financing.
	18. Is the funding level for **project management cost** appropriate?	DER, May 23, 2014. Currently, Table A lists no project management costs. Please clarify if the intention is for EBRD to cover all management costs without use of GEF funding. DER, June 3, 2014. EBRD is not requesting project management costs. Comment cleared.	DER, December 21, 2015. Yes.
	19. <u>At PIF</u>, is PPG requested? If the requested amount deviates from the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? <u>At CEO endorsement/ approval</u>, if PPG is completed, did Agency report on the activities using the PPG fund?	DER, May 23, 2014. No PPG requested.	DER, December 21, 2015. Yes.
	20. If there is **a non-grant instrument** in the project, is there a reasonable calendar of reflows included?	DER, May 23, 2014. No non-grant instrument.	DER, December 21, 2015. NA

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Project Monitoring and Evaluation	21. Have the appropriate **Tracking Tools** been included with information for all relevant indicators, as applicable?		DER, May 23, 2014. Yes, but please revise based on the suggested approach in Box 8. The tracking tool can be re-submitted when CEO approval is ready. DER, June 3, 2014. Tracking tool ready but not yet needed. Please re-submit at CEO approval stage. DER, December 21, 2015. Yes. Tracking tool is provided and is consistent with the project document.
	22. Does the proposal include a **budgeted M&E Plan** that monitors and measures results with indicators and targets?		DER, December 21, 2015. Yes.
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		DER, December 21, 2015. NA
	• Convention Secretariat?		DER, December 21, 2015. NA
	• The Council?		DER, December 21, 2015. NA
	• Other GEF Agencies?		DER, December 21, 2015. NA
Secretariat Recommendation			
Recommendation at PIF Stage	**24. Is PIF clearance/approval being recommended?**	DER, May 23, 2014. Not at this time. Please respond to the comments in boxes: 5, 6, 7, 8, 12, 14, 16, 17, 18, and 21. Please resubmit as a two-step MSP to allow EBRD greater project preparation time to develop the project concept and obtain commitments from partners. The final CEO approval is contingent upon satisfactory responses to the questions and comments raised above DER, June 3, 2014. This project has been re-submitted for two-step approval. All comments cleared. This project is	

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		technically cleared and can be submitted for CEO PIF Approval.	
	25. Items to consider at CEO endorsement/approval.	DER, June 3, 2014. a) We expect to see careful analysis of how the proposed EBRD approach will build on lessons learned from existing projects. b) Confirm if any selected projects will be funded if financing becomes available from other partners. c) Refine the GHG emissions reduction estimates based on the ability of this project to either fund specific projects, or facilitate acceleration of projects that would otherwise be delayed. d) Confirm GEF agencies and other IFIs as full partners in the project, with higher co-financing as conditions for second-stage CEO approval.	
Recommendation at CEO Endorsement/ Approval	**26. Is CEO endorsement/approval being recommended?**		DER, December 21, 2015. Not at this time. Please address the comments in boxes: 7, 10, 12, and 17. DER, April 20, 2016. All comments cleared. The Program Manager recommends the project for CEO approval. During project implementation we expect regular reporting on realized co-financing.
	First review*	May 23, 2014	December 21, 2015
Review Date (s)	Additional review (as necessary)	June 03, 2014	April 20, 2016
	Additional review (as necessary)		

* **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.**