



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

GEF ID:	4902		
Country/Region:	Macedonia		
Project Title:	Catalyzing Market Transformation for Industrial Energy Efficiency and Accelerate Investments in Best Available Practices and Technologies in the Former Yugoslav Republic of Macedonia		
GEF Agency:	UNIDO	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; CCM-2; Project Mana;		
Anticipated Financing PPG:	\$50,000	Project Grant:	\$1,400,000
Co-financing:	\$5,954,628	Total Project Cost:	\$7,404,628
PIF Approval:	October 03, 2012	Council Approval/Expected:	November 15, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	David Elrie Rodgers	Agency Contact Person:	Mr. Marco Matteini

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
	2. Has the operational focal point endorsed the project?	DER, March 26, 2012. No endorsement letter was included. Please supply.  DER, September 14, 2012. Yes. An endorsement letter signed by the OFP, Ms. Daniela Rendevska was signed September 9, 2012 in the amount of \$1,595,000, inclusive of PPG and fees. Comment cleared.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.

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

<sup>1</sup> Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated 11-22-2010

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	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DER, March 26, 2012. No non-grant instrument.	DER, July 21, 2014. There is no non-grant instrument in the project.
	5. Does the project fit into the Agency's program and staff capacity in the country?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
	• the focal area allocation?	DER, March 26, 2012. Yes. Macedonia has a CCM allocation of \$2M which is still available.	DER, July 21, 2014. Yes.
	• the LDCF under the principle of equitable access	DER, March 26, 2012. NA	DER, July 21, 2014. NA
	• the SCCF (Adaptation or Technology Transfer)?	DER, March 26, 2012. NA	DER, July 21, 2014. NA
	• Nagoya Protocol Investment Fund	DER, March 26, 2012. NA	DER, March 26, 2012. NA
	• focal area set-aside?	DER, March 26, 2012. NA	DER, July 21, 2014. NA
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	DER, March 26, 2012. Yes. Table A is correctly filled out.	DER, July 21, 2014. Yes. This project is aligned with CCM-2, energy efficiency.
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes. Table A is correctly filled out.
	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, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the	DER, March 26, 2012. We would like to see more description of the sustainable financial mechanisms that will allow	DER, July 21, 2014. Yes. By strengthening regulatory support for energy efficiency and simultaneously

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	sustainability of project outcomes?	<p>companies who implement EnMS to obtain financing for EE investments. Please clarify.</p> <p>DER, September 14, 2012. The revised PIF and response documents several approaches that will be studied during the project design phase and used to promote financing of EE projects. Comment cleared.</p>	supporting market development, the opportunities for sustainability and replication are enhanced.
Project Design	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>DER, March 26, 2012.</p> <p>a) We need to see additional documentation on the types of industry sectors and partners that will be strong candidates for the EnMS and what types of baseline activities they already have underway.</p> <p>DER, September 14, 2012.</p> <p>a) The revised PIF and response documents interest in the following areas: petrochemicals, non-metallic ferrous, and mining. Candidate partners from specific sectors were documented in Annex 1. Comment cleared.</p>	DER, July 21, 2014. Yes. Despite improvements on energy policy, much more needs to be done to address the gaps in energy efficiency in industry, which consumes a third of all energy.
	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?		DER, July 21, 2014. Yes.
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
	14. Is the project framework sound and sufficiently clear?	DER, March 26, 2012. Please see the following comments:	DER, July 21, 2014. Please respond to the following comments.

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		<p>a) Component 1 focuses on important regulatory development. We don't see a emphasis on policy for financial incentives for actual EE investment. Please add consideration of this element to the component.</p> <p>b) Component 2. Please explain the metrics for 2.2 and 2.5. Why train 50 professionals and then train 50 enterprises? Each professional can be a consultant on more than one enterprise, so are you training professionals who will then have nothing to do? Please clarify.</p> <p>c) Component 2.6. What process with the project follow to ensure that 10 projects are implemented? Will these projects be separate from those funded under component 3?</p> <p>d) Component 3. The light-house projects seem fine and the co-financing level is good. However, please clarify how these projects will lead to sustainability? Please clarify the engagement with local financial institutions. In particular, please explain how the project will address the barrier of untrained financial professionals to better take advantage of the existing financial credit lines from EBRD and US AID. Please clarify output 3.2 in this regard.</p> <p>DER, September 14, 2012.</p> <p>a) The revised PIF now fully addresses the need to develop financial incentives. Comment cleared.</p>	<p>a) Component 1 presents a strong set of activities in support of National Government policy and incentives for energy efficiency, including capacity building. Please comment on the sustainability of the National capacity to continue these activities after the project is complete. Will the project propose a funding mechanism for the National government to sustain efforts?</p> <p>b) Component 2 focuses on training for industrial partners, while Component 3 focuses on training consultants to better prepare project proposals and training of banks to properly evaluate proposals. Please explain the linkage between Component 2 and Component 3. Will the industry partners trained in Component 2 be generating project proposals for consideration by the banks? How will the consultants trained in Component 3 interact and coordinate with the industry partners trained in Component 2?</p> <p>DER, November 14, 2014.</p> <p>a) UNIDO is taking concrete steps to ensure sustainability of government efforts after the project is complete. Comment cleared.</p> <p>b) The two types of training are complementary. Comment cleared.</p>

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		<p>b) The application of training and the use of teams was explained and justified. Comment cleared.</p> <p>c) The 10 projects are different from those in component 3. They will be identified and documented in the letters of commitment during the project design phase. Comment cleared.</p> <p>d) The response describes how the light-house projects will introduce and motivate enterprises for self-financed EE investments, so this component is the demonstration portion that helps compliment the financial and training activities in other components. Comment cleared.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>DER, March 26, 2012. Yes. Emissions reductions are estimated at 30-50 kton CO2e direct and 250-500 kton CO2e over a ten year period.</p>	<p>DER, July 21, 2014.</p> <p>a) Emissions reductions are estimated at 76-100 kton CO2e direct and 62-71 kton CO2e indirect over a ten year period. Appendix H attempts to explain why the indirect emissions reductions are relatively small, compared to the direct emissions reductions. However, the analysis is not clear why the same 10 year period is used for both direct and indirect. Furthermore, there is no top-down indirect emissions estimate. Please clarify the indirect emissions estimates, especially by examining over what time period such investments may be considered. These differ from the numbers presented in the KPI and Annex A.</p> <p>b) Once this analysis is updated, please validate that emissions estimates are aligned in several locations in the CER</p>

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			<p>document: page 62; KPI on page 63; Annex A page 68; tracking tool</p> <p>DER, November 14, 2014.  a) The analysis has been updated. Emissions reductions are estimated at 67-76 kton CO2e direct and 66-72 kton CO2e indirect over the project lifetime. Comment cleared.  b) Comment cleared.</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?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes, this section is well written and complete.
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
	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)	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>DER, March 26, 2012. We would like to know more about how the financial mechanisms supported by the project will improve access to US AID funding and others.</p> <p>DER, September 14, 2012. Clarification provided. Comment cleared.</p>	DER, July 21, 2014. Yes.
	20. Is the project implementation/ execution arrangement adequate?	DER, March 26, 2012. We do not see an explanation of the executing agency	DER, July 21, 2014. Yes.

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		arrangements. Please supply.  DER, September 14, 2012. Clarification provided. Comment cleared.	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		DER, July 21, 2014. Yes. Changes from the PIF were justified adequately.
	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		DER, July 21, 2014. There is no non-grant instrument.
Project Financing	23. Is funding level for project management cost appropriate?	DER, March 26, 2012. Yes. The ratio of project management is 7.5% for this project, which is under \$2M.	DER, July 21, 2014. Yes.
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	DER, March 26, 2012. Yes. The overall co-financing ratio is 4:1. The investment component co-financing is 10:1.	DER, July 21, 2014. Co-financing from a larger group of partners is confirmed. Thank you for recording all the co-financing in Annex F. However, the Annex notes that several letters are still "Awaited." Please supply the missing letters.  DER, November 14, 2014. Letters supplied. Comment cleared.
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	DER, March 26, 2012. Yes.	DER, July 21, 2014. Yes.
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		DER, July 21, 2014. Yes.

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	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		DER, July 21, 2014. Yes.
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?	DER, March 26, 2012. NA	DER, July 21, 2014. Yes.
	• Convention Secretariat?	DER, March 26, 2012. NA	DER, July 21, 2014. NA
	• Council comments?		DER, July 21, 2014. With regard to the comment from Germany, please revise Annex H to more thoroughly document indirect emissions benefits as noted in Box 15.  DER, November 14, 2014. Analysis provided. Comment cleared.
	• Other GEF Agencies?	DER, March 26, 2012. NA	DER, July 21, 2014. NA
<b>Secretariat Recommendation</b>			
Recommendation at PIF Stage	<b>30. Is PIF clearance/approval being recommended?</b>	DER, March 26, 2012. Not at this time. Please respond to comments in boxes: 2, 10,14, 19, 20.  DER, September 14, 2012. Yes. All comments cleared. The PIF has been technically cleared and may be included in an upcoming Work Program.	
	31. Items to consider at CEO endorsement/approval.		
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?		DER, July 21, 2014. Yes.
	<b>33. Is CEO endorsement/approval being recommended?</b>		DER, July 21, 2014. Not at this time. Please respond to comments in boxes: 14, 15, 25, and 29.



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			DER, November 14, 2014. Some co-financing letters are missing. Please supply.  DER, December 15, 2014. All comments cleared. This project is technically cleared and can be submitted for CEO Approval.
Review Date (s)	First review*	March 26, 2012	July 21, 2014
	Additional review (as necessary)	September 14, 2012	November 14, 2014
	Additional review (as necessary)		December 15, 2014
	Additional review (as necessary)		
	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.**

#### REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	DER, March 26, 2012. We would like to see greater emphasis during the PPG put on studying the barriers to EE investment that can be addressed through regulatory and policy reforms which can then be addressed during the project. This can be added to components 1 and 2 of the PPG.  DER, September 14, 2012. The requested elements have been added. Comment cleared.
	2. Is itemized budget justified?	DER, March 26, 2012. Yes.
Secretariat Recommendation	<b>3. Is PPG approval being recommended?</b>	DER, March 26, 2012. Not at this time. Please address issue in box 1.  DER, September 14, 2012. Yes.
	4. Other comments	
Review Date (s)	First review*	March 26, 2012
	Additional review (as necessary)	September 14, 2012

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