



PROJECT PREPARATION GRANT (PPG)

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

Submission date: 03/13/2012

Re-submission date: 09/14/2012

GEF PROJECT ID:

GEF AGENCY PROJECT ID: 120127

COUNTRY(IES): The Former Yugoslav Republic of Macedonia

PROJECT TITLE: Catalyzing Market Transformation For Industrial Energy Efficiency And Accelerate Investments In Best Available Practices And Technologies

GEF AGENCY(IES): UNIDO, (select), (select)

GEF FOCAL AREA(S): Climate Change

A. PROJECT PREPARATION TIMEFRAME

Start date of PPG	01/01/2013
Completion date of PPG	06/30/2014

B. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)

Describe the PPG activities and justifications:

There is the need for significant preparatory work in order to finalize the full-fledge project design and formulate the relevant project document. Preparatory work is especially required with respect to:

- 1 Consultations with key stakeholder groups and prospective partners
- 2 Detailed capacity needs assessment
- 3 Feasibility and modalities of collaboration and partnerships with financing institutions
- 4 Identification and selection of EE lighthouse projects for Project Component 3
- 5 Finalize project collaboration, co-financing and partnership agreements
- 6 Detailing project implementation activities
- 7 Detailed analysis of the project baseline and estimate of planned global environmental as well as socio and economic benefits
- 8 Define Project Management and Implementation Structure

Please note that the sequence of items in the list above is not meant to reflect any chronological order.

1. Consultations with key stakeholder groups and prospective partners

Institutional stakeholders have been consulted in preparation of the PIF. A stakeholder meeting was held to discuss IEE barriers and possible proposed interventions. Further and more detailed consultations with a broader set of stakeholder groups will take place during the PPG, focusing on further barrier assessment as well as details of proposed project activities, their implementation and the roles and contributions of the various stakeholders.

1.1 Government and institutional stakeholders/counterparts

Governmental institutions and public agencies interested by the project objective and activities will be consulted to get their inputs in detailing objectives of and institutional arrangements for the project, to assess their level of involvement in its execution, to secure their commitment to critical outputs and to agree on the activities they could undertake as a part of their contribution to the project success.

These consultations will also be used to:

- Further review existing policy and regulatory frameworks and to discuss approaches for improvements. Special attention will be given to the possibility of using policy and regulatory instruments to mitigate or address some of the existing barriers to increased energy efficiency investments.
- Review and assess existing capacities and discuss tailored capacity building measures.

The consultations will be facilitated through bilateral consultations with the relevant counterpart or stakeholder as well as a workshop. Where appropriate the involvement and participation of other relevant stakeholders will be ensured.

1.2 Consultations with market players

Representatives of enterprises and of the EE service industry in Macedonia were consulted during the preparation of the PIF but further consultations with other representatives are needed to better appraise capacities and needs as well as discuss collaboration during project implementation. Consultations will also tackle the issue of investments in energy efficiency technologies and relevant barriers with the objective to understand whether and how some barriers could be mitigated or addressed through policy and/or regulatory measures.

Consultations will take place via bilateral as well as group meetings with prospective partners, key players and their associations.

2 Detailed capacity needs assessment

Consultations with counterparts, market players and support institutions will be used to further assess capacity development needs with respect to policy, regulation, EE investments and financing, best available practices and technologies. Further data collection and IEE market analysis will be carried out. Once capacity gaps will be fully defined, interventions will be finalized and proposed.

3. Feasibility and modalities of collaboration and partnerships with financing institutions

Preliminary consultations took place between the UNIDO team and selected national financing institutions during the PIF preparation. Further consultations and detailed discussions on what would be feasible and how, are needed. Consultations will take place also with international and foreign financial institutions, both commercial and developmental.

4. Identification and selection of EE lighthouse projects for Project Component 3.

Potential EE lighthouse projects will have to be identified, preliminarily appraised and selected. It is envisaged that identification and selection of the EE lighthouse projects would be carried out through a competitive call for proposals. For the EE projects selected then, design and costing would be detailed.

5. Finalize project collaboration, co-financing and partnership agreements

As integral part as well as result of the consultations and analysis carried out, an iterative negotiation process has to take place during the PPG phase with prospective project partners and institutional counterparts to conclude the collaboration, co-financing and partnership agreements instrumental to secure and ensure the successful execution of the project.

6. Detailing project implementation activities

Based on the execution and results of activities described above, the detailed planning of the full-sized project will be completed. Collaboration and synergies with other related initiatives will be ensured when finalizing project design and defining scope and activities for the projects.

7. Detailed analysis of the project baseline and estimate of planned global environmental as well as socio and economic benefits

While considerable initial baseline data has been gathered during the preparation of the PIF there is a need to detail further the baseline as well as planned and expected project impact, especially with respect to

information dependent upon enterprises partnering with the project under Component 2 and 3. Data will be needed for a careful analysis of present and future energy use patterns, energy and GHG emission reduction potential, etc.

8. Define Project Management and Implementation Structure

The analysis and preliminary consultations carried out during the preparation of the PIF have provided a good overview of the institutional and market landscape relevant to the project, and some key counterparts and execution partners have been clearly identified. However, in order to finalize the project management and implementation structure further stakeholders consultations and analyses will be required.

In summary the PPG activities that will lead to the formulation of the GEF project document will include:

- Definition of a set of consistent and viable outputs and activities that constitute the most cost effective response to address identified barriers and achieve set outcomes;
- Costing of planned project outputs and expected outcomes, co-financing sources and co-financing commitments in compliance with the GEF incrementality principle;
- Estimation of potential GHG emission reductions and a cost-effectiveness analysis;
- Evaluation of the social, economic and financial sustainability of proposed project activities;
- A monitoring and evaluation plan which included impact indicators to track the project's progress and effectiveness, with baseline and target values on indicators.

List of Proposed Project Preparation Activities	Output of the PPG Activities	Trust Fund	Grant Amount (a)	Co-financing (b)	Total c = a + b
1. Collection of supplemental/ baseline data and analysis	Supplementary data collected is used in finalizing the project baseline and GEF scenario	GEF TF	7,500	7,500	15,000
2. Stakeholder and partners consultations	Stakeholders and partners contribute to and buy-in project strategy and design.	GEF TF	7,500	7,500	15,000
3. Identification and selection of partner enterprises and EE lighthouse projects	Partnership agreements and pre-feasibility studies of selected EE lighthouse projects	GEF TF	25,000	25,000	50,000
4. Project strategy and implementation detailing	Detailed GEF project document produced for UNIDO approval and CEO endorsement.	GEF TF	10,000	10,000	20,000
Total Project Preparation Financing			50,000	50,000	100,000

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

	Project Preparation	Agency Fee
Grant Amount	50,000	5,000
Co-financing	50,000	
Total	100,000	5,000

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

Trust Fund	GEF Agency	Focal Area	Country Name/ Global	(in \$)		
				PPG (a)	Agency Fee (b)	Total c = a + b
GEF TF	UNIDO	Climate Change	The Former Yugoslavian Republic of Macedonia	50,000	5,000	55,000
Total PPG Amount				50,000	5,000	55,000

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

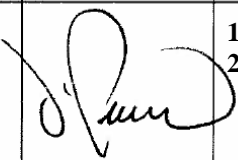
E. PPG BUDGET

Cost Items	Total Estimated Person Weeks for Grant (PW)	Grant Amount (\$)	Co-financing (\$)	Total(\$)
Local consultants *	15.00	11,000	15,000	26,000
International consultants*	13.00	39,000	25,000	64,000
Travel			10,000	10,000
Total PPG Budget		50,000	50,000	100,000

* Annex A for Consultant cost details should be prepared first before completing this table. See notes on Annex A for the required detailed information. This table is the sum of all local and international consultants presented in Annex A.

F. GEF AGENCY(IES) CERTIFICATION

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

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Dmitri Piskounov, Managing Director PTC, UNIDO GEF Focal Point		14 September 2012	Mr. Marco Matteini Industrial Development Officer	+431 26026 4583 <i>M. M.</i>	M.Matteini@unido.org

Annex A

Consultants Financed by the Project Preparation Grant (PPG)

Type of Consultant	Position / Titles	\$/ Person Week¹	Estimated PWs²	Tasks to be Performed
Local	National Specialist On Industrial Energy Efficiency	750	14.67	<p>1) Collect data and support/undertake analysis related to the project baseline and GEF scenario</p> <p>2) Support consultations with public and private sector stakeholders regarding the regulatory, technical and marketing activities of the projects.</p> <p>3) Provide technical, managerial and negotiations support to project team and counterparts in the identification and selection of partner enterprises and EE lighthouse projects.</p>
International	Specialist In Industrial Energy Efficiency Technologies	3000	10.00	<p>1) Provide expertise on international best practices and lessons learnt in the design and implementation of IEE programme.</p> <p>2) Provide technical, managerial and negotiations support as well as leadership in the identification and selection of partner enterprise and EE lighthouse projects</p> <p>3) Assist and guide the local project team in the consultations with the public and private sector stakeholders, as well as in the collection of required information</p> <p>4) Provide technical review and recommendations for the selection of the EE lighthouse projects</p> <p>5) Provide inputs in the preparation of the project's logical framework and M&E plan, with a set of measurable impact and progress indicators..</p>
International	Gef Prodoc Specialist	3000	3.00	<p>1) Guide and monitor local and international consultants in collecting the data and carrying out the analysis needed to finalize the project baseline and estimate environmental, social and economic benefits of the GEF project.</p> <p>2) Collect inputs from local and international project consultants as well as counterparts to detail the final design of the project and formulate the project document/ CEO endorsement.</p>

¹ Provide dollar amount per person week.

² Provide person weeks needed to carry out the task

