

# PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project  
THE GEF TRUST FUND

Submission Date: 3/20/2009

## PART I: PROJECT IDENTIFICATION

GEF PROJECT ID<sup>1</sup>: PROJECT DURATION: 48 months  
 GEF AGENCY PROJECT ID: 4128  
 COUNTRY (IES): Peru  
 PROJECT TITLE: *Energy Efficiency Standards and Labels in Peru*  
 GEF AGENCY (IES): UNDP, (select), (select)  
 OTHER EXECUTING PARTNER(S): Ministry of Energy of Mines MEM  
 GEF FOCAL AREA (S)<sup>2</sup>: Climate Change  
 GEF-4 STRATEGIC PROGRAM(S): CC-SP1-Building EE  
 NAME OF PARENT PROGRAM/UMBRELLA PROJECT:

INDICATIVE CALENDAR*	
Milestones	Expected Dates mm/dd/yyyy
Work Program (for FSP)	06/01/2009
CEO Endorsement/Approval	04/01/2010
Agency Approval Date	06/01/2010
Implementation Start	07/01/2010
Mid-term Evaluation (if planned)	06/01/2012
Project Closing Date	06/01/2014

\* See guidelines for definition of milestones.

### A. PROJECT FRAMEWORK

**Project Objective:** To reduce CO<sub>2</sub> emissions through the implementation of an energy efficiency standards and labels program.

Project Components	Indicate whether Investment, TA, or STA <sup>b</sup>	Expected Outcomes	Expected Outputs	Indicative GEF Financing <sup>a</sup>		Indicative Co-Financing <sup>a</sup>		Total (\$) c = a + b
				(\$) <sup>a</sup>	%	(\$) <sup>b</sup>	%	
1. Market transformation strategy and implementation	TA	Market transformation programme based on standards and labeling in implemented	<ul style="list-style-type: none"> <li>Establishment of database of end-uses and end-use technologies, including technical and market information.</li> <li>Design of a market transformation strategy to phase out inefficient products and encouraging the adoption of high efficiency appliances and equipment.</li> <li>Establishment of technical standards (test procedures), energy efficiency labeling standards and minimum efficiency performance standards (MEPS), including reference standards and thresholds</li> <li>Coordination with national S&amp;L programmes of other countries in the Andean region</li> </ul>	850	24%	2650	76%	3,500
2. Technical Assistance and capacity building	TA	Capacities of key public and private agents enhanced	<ul style="list-style-type: none"> <li>Increased technical, managerial and organizational capacities of government agencies (ministries, regulatory and inspection entities) through workshops and training sessions,</li> <li>Strengthening of standardization institute and testing laboratories</li> <li>Technical assistance provided to equipment manufacturers and</li> </ul>	400	38%	650	62%	1,050

<sup>1</sup> Project ID number will be assigned by GEFSEC.

<sup>2</sup> Select only those focal areas from which GEF financing is requested.

			distributors • Implementation of a system of conformity evaluation (procedures for laboratory testing, certification and accreditation)					
3. Strengthening of policy, regulation, and legislation	TA	Policy and regulatory framework for energy efficiency is enhanced	<ul style="list-style-type: none"> <li>Establishment of a technical committee to develop draft energy efficiency regulations</li> <li>Training sessions and workshops held to demonstrate the benefits of EE S&amp;L regulation to government stakeholders and decision makers.</li> <li>Development of EE S&amp;L regulation adapted to specific Peruvian market conditions, to be approved by the National Government</li> </ul>	220	31%	500	69%	720
4. Information dissemination and public awareness	TA	Consumer awareness on EE is enhanced	<ul style="list-style-type: none"> <li>Design and implementation of consumer information campaigns and incentives</li> <li>Design and implementation of information campaigns in education institutions</li> <li>Training of private sector stakeholders, such as sales personnel</li> <li>Incorporation of industry into voluntary labeling scheme</li> </ul>	250	33%	500	67%	750
5. Monitoring and evaluation	TA	Project and EE S&L Program M&E carried out	<ul style="list-style-type: none"> <li>Implementation of project monitoring and evaluation work plan</li> <li>Collection, preparation and dissemination of lessons learned</li> </ul>	100	29%	250	71%	350
<b>6. Project management</b>				<b>180</b>	<b>23%</b>	<b>600</b>	<b>77%</b>	<b>780</b>
<b>Total project costs</b>				<b>2,000</b>		<b>5,150</b>		<b>7,150</b>

<sup>a</sup> List the \$ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.

<sup>b</sup> TA = Technical Assistance; STA = Scientific & Technical Analysis.

#### B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and by NAME (in parenthesis) if available. (\$)

Sources of Co-financing	Type of Co-financing	Project
Project Government Contribution	cash	2,000
Project Government Contribution	In-kind	2,250
GEF Agency(ies)	In-kind	150
Private Sector	Grant	750
<b>Total Co-financing</b>		<b>5,150</b>

#### C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Previous Project Preparation Amount (a) <sup>3</sup>	Project (b)	Total c = a + b	Agency Fee
GEF financing	97**	2,000	2,097	210
Co-financing	120	5,150	5,270	
<b>Total</b>	<b>217</b>	<b>7,150</b>	<b>7,367</b>	<b>210</b>

\*\*The GEF funding for Project Preparation from GEF-3 is one fifth of the total amount of the PDF-B CSL Andino GEF PMIS 2381 (UNDP PIMS 3087-00038732): US\$ 485,000. Countries participating in CSL Andino are: Bolivia, Colombia, Ecuador, Peru and Venezuela. The GEF project preparation amount was approved in GEF 3; therefore it is not reflected in the total amount of the Project (2,210) as stated in the Endorsement Letter for this project.

<sup>3</sup> Include project preparation funds that were previously approved but exclude PPGs that are waiting for approval.

**D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY (IES)<sup>1</sup>**

GEF Agency	Focal Area	Country Name/ Global	(in \$)		
			Project (a)	Agency Fee (b) <sup>2</sup>	Total c=a+b
(select)	(select)				
(select)	(select)				
(select)	(select)				
(select)	(select)				
(select)	(select)				
(select)	(select)				
(select)	(select)				
(select)	(select)				
(select)	(select)				
<b>Total GEF Resources</b>					

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

<sup>2</sup> Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

**PART II: PROJECT JUSTIFICATION**

**A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:**

Reducing energy demand is one of the most cost effective means to reduce GHG emissions. However, reducing energy demand in buildings and end user appliances requires the participation of millions of small emitters (often households or individual consumers) rather than a number of limited big utilities or companies. Furthermore, despite the low, or often negative, lifetime costs of such energy efficiency measures, there are significant market imperfections that prevent the rapid adoption of energy efficient equipment. As a result, the win-win scenario offered by increased energy efficiency in appliances is rarely harnessed, resulting in higher expenditures on electricity by end users and increased GHG emissions.

Peru is a lower middle income country that is currently undergoing a sustained above average economic growth. This is resulting in the rapid growth of the middle class, and a subsequent boom in the use of basic household appliances, such as modern lighting, refrigerators, air conditioners, and washing machines. Most of these appliances are imported in Peru, although there is a growing local industry. Currently, there are no standards or restrictions applied to either imports or local products and very limited consumer awareness and information regarding energy efficiency. This results in a market where upfront cost is a key factor for consumers, with little or no consideration of energy efficiency or life cycle costs. As a consequence, electric bills are likely to rise substantially. After the privatization of the electricity sector in the 1990s, the marketplace has determined electricity pricing, particularly in urban centers. The only adjustment is a cross subsidy scheme that reduces tariffs for users who consume less than 100kWh per month (financed by tariff surcharge for consumption above 100 kWh). Ultimately, the impact of increased consumption at the domestic level has a significant impact in the monthly electric bill, creating conditions for consumers to take into consideration energy efficiency measures to reduce their electricity costs.

The above circumstances present a unique opportunity to promote the adoption of energy efficient equipment among end users. Worldwide, the introduction of energy efficiency standards and labels has proven to be an efficient and effective policy instrument that influences the behavior of end users and promotes an energy efficient market transformation. *Energy labels* affixed to energy consuming products describe the product's energy performance, thus empowering consumers to make informed choices about the products they buy and on how to manage their energy bills. *Minimum performance efficiency standards (MEPS)*, as a complementary tool to appliance labelling, have been successfully applied world-wide and have brought about predictable, significant and

lasting improvements in efficiencies, since they effectively ensure the removal of the least efficient appliances from the market.

Because of their potential to trigger market transformation for a range of products that represent the majority of building energy and industrial electricity use, and because they require the intervention of a relatively small number of actors, energy efficiency standards and labels (EE S&L) are amongst the most cost-effective policy instruments to mitigate global climate change. Not surprisingly, energy labeling programs have been introduced in over 60 countries around the world on a voluntary or mandatory basis. In Peru, despite the promising efforts initiated in the 1990s and currently under implementation, there is still significant work to be done in order to implement a high quality and sustainable standards and labels programme.

The Peruvian Government has actively pursued energy efficiency since the 1980s and 1990s, through the creation of the Energy and Environment Centre-CENERGIA (1986) and the Energy Conservation Programme-PAE (1994). The Law for the Promotion of Efficient Use of Energy of 2000 declares the efficient use of energy as an issue of national interest. In this law the Ministry of Energy and Mines (MEM) is appointed as the competent authority to promote the efficient use of energy by creating a culture for the rational use of energy, the elaboration and implementation of sectoral EE programmes, the promotion of EE consultancy services and ESCOs and the implementation of mandatory EE labeling of energy consuming equipment and appliances. The subsequent regulation for the implementation of the above law was issued in 2007, allowing for the strengthening of the energy efficiency programme, now promoted as “Peru Ahorra Energía” (Peru Saves Energy). Despite this promising legislation and technical advances by the MEM, there still is substantial work that needs to be done in order to fully implement an effective standards and labels scheme. The purpose of this project is to build upon this political goodwill and the existing technical work to address the remaining barriers and ensure the implementation of a high quality, sustainable standards and labels program in Peru.

The elaboration of test procedures and EE labeling standards in Peru was initiated in 1996 by the Technical Committee of Standardization for Rational and Efficient Use of Energy (CTNUREEE) with the participation of relevant public and private agents. So far, energy efficiency test procedures and voluntary EE labeling standards have been developed for refrigerators and freezers, lighting equipment (lamps and ballasts), electric motors, electric and gas water heaters, industrial boilers and solar thermal and photovoltaic systems<sup>4</sup>. Likewise, minimum efficiency performance standards exist for electric motors, refrigerators, electric and gas water heaters, and lamps<sup>5</sup>. The Law for the Promotion of Efficient Use of Energy requires mandatory EE labeling of energy consuming equipment and appliances. The Ministry of Energy and Mines (MEM) intends —with the support of the proposed project— to consolidate these efforts and implement a comprehensive market transformation strategy, based on mandatory EE labeling, minimum efficiency performance standards (MEPS), the development of testing infrastructure and procedures and consumer awareness.

The national efforts to date have established a solid framework that confirms the Government of Peru’s commitment to implementing energy efficiency measures, including standards and labels. Furthermore, there is an established technical capacity within the Ministry of Energy and Mines that has been able to make significant progress over the years. However, much of the work so far remains at the governmental level and has not yet influenced end users or had a significant market transformation impact. Hence, the proposed project is necessary to strengthen the country’s energy efficiency efforts and launch a comprehensive market transformation strategy based on the implementation of a mandatory standard and labels programme.

The proposed project will provide support in developing and implementing all those measures that are necessary to overcome the institutional, technical and awareness-related barriers that impede the implementation of this strategy. The key components will be the following:

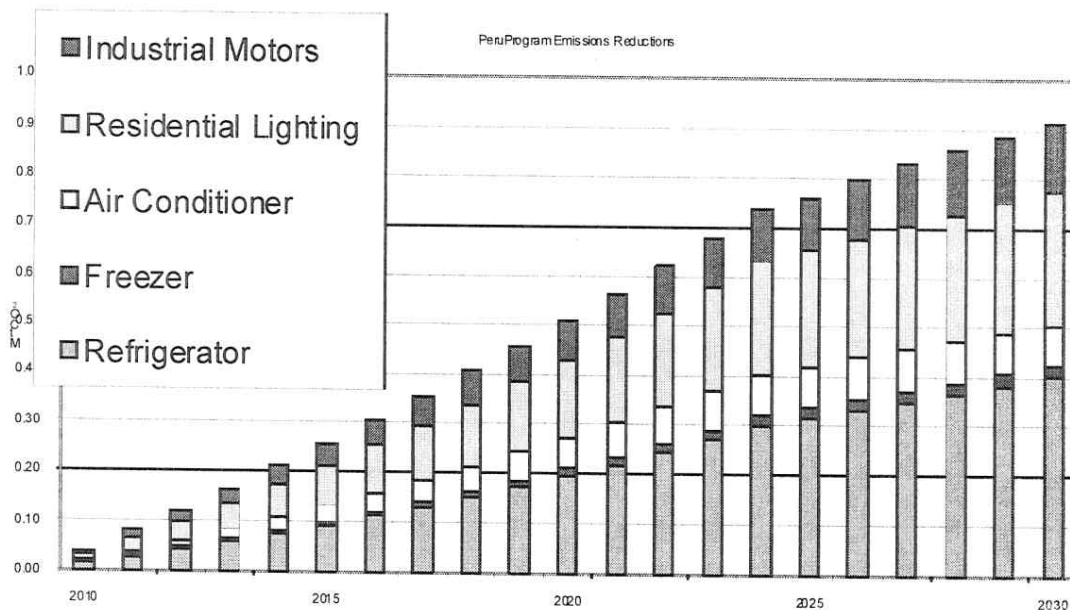
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<sup>4</sup> “Guía de la Etiqueta de Eficiencia Energética” – January 2009

<sup>5</sup> “Guía de Estándares Mínimos de Eficiencia Energética” – January 2009

- a. Market transformation strategy development and implementation. The project will design and implement a strategy that helps the Government of Peru launch a comprehensive programme to change end users' consumption patterns of electric appliances. This strategy will be based on compulsory standards and labels programme for the equipment already prioritized in Peru; namely electric motors, refrigeration equipment, electric water heaters, lighting, and industrial boilers. In order for this strategy to be effective, there is a need to conduct an in depth market analysis that assesses the current use of appliances, including penetration rates, frequency of replacement, and price/efficiency relationships, among others. Collaboration with other Andean countries will be actively pursued in order to foster regional collaboration and promote economies of scale wherever possible.
- b. Technical assistance and capacity building. While there is an existing technical capacity within the MEM, there is a need to strengthen the country's capacity to implement a sustainable standards and labels program. The standards developed recently will be reviewed to ensure that they are adequately designed to promote high levels of energy efficiency in Peruvian market conditions. The project will support the development of the required infrastructure and procedures for product testing and certification, in particular test laboratories. Likewise, it will be necessary to work with the private sector (producers, importers, and retailers) as they shift their supply to higher efficiency products. Synergies will be sought with other Andean countries in order to promote greater efficiency in the regional market, and promote harmonization within the region to the extent possible.
- c. Strengthening of policy, regulation, and legislation. The existing legal framework, in particular the Law for the Promotion of Efficient Use of Energy of 2000 and its regulation issued in 2007, demonstrates the intent of the national government to implement energy efficiency measures in the country. However, substantial work remains to be done in the policy and regulatory domain to ensure that the intent of the law results in concrete market transformation measures, in particular by developing government regulations for mandatory EE labeling and MEPS. The project will assist the Government of Peru in developing specific policy measures for the implementation of a standards and labels scheme in the Peruvian context, promoting a consensus building approach to facilitate the legal approval of the measures.
- d. Information dissemination and public awareness. Awareness and acceptance by end users is essential for the standards and labels programme to be successful. Specific emphasis will be placed on demonstrating to consumers the value added of purchasing energy efficient appliances. Efforts will be made to include the industrial sector in an initial phase of a voluntary labeling scheme prior to the introduction of a mandatory programme. Though this effort, the introduction of labeling schemes will be eased as the private sector applies EE labeling as a marketing tool to promote a positive corporate image, Given that other countries in the Andean region will be promoting their programmers in parallel, collaboration will be sought within the region.

A preliminary estimate of the projected energy savings over a 10 year period due to increased efficiency in the target appliances is 12.3 Terawatt-hours (TWh). This is calculated based on the introduction of MEPSs for refrigerators/freezers, room air conditioners, residential lighting, and electric motors, representing the total emission reduction that can be attributed to the project. Given Peru's average grid emission factor of 0.24 kg CO<sub>2</sub>/kWh this would result in an equivalent emission reduction of 2,952,000 tons of CO<sub>2</sub> over an equivalent period. Assuming a "Level 3" GEF causality factor, this would result in a corresponding reduction of approximately **1.77 million tons (Mt) of CO<sub>2</sub>-eq** over a 10 year period attributable to the GEF project. The graph below summarizes the expected emission reductions (GEBs) for the equipment included in the EE S&L program. This Global Environmental Benefits assessment will be reviewed in depth and corrected as necessary prior to CEO Endorsement.



**B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:**

The Law for the Promotion of Efficient Use of Energy of 2000, to be implemented by Government Decree No 053-2007-EM of 23 October 2007, assigns the Ministry of Energy and Mines (MEM) as the competent authority to promote the efficient use of energy by creating a culture for the rational use of energy, the elaboration and implementation of sectoral EE programmes, the promotion of EE consultancy services and ESCOs and the implementation of mandatory EE labeling of energy consuming equipment and appliances. In addition to public awareness campaigns, the Decree foresees the creation of financial mechanisms to substitute inefficient household appliances. It also foresees in a specific EE Programme for the public sector, including mandatory energy audits and minimum standards for lighting and other equipment. The Peruvian Government has actively pursued energy efficiency since the 1980s and 1990s, through the creation of the Energy and Environment Centre-CENERGIA (1986) and the Energy Conservation Programme-PAE (1994). The Government Decree regulating the Law for the Promotion of Efficient Use of Energy requires MEM to formulate an energy efficiency policy (as part of the national energy policy) and to elaborate a Referential Plan for Efficient Use of Energy. The Commission for Energy Efficiency (Comisión de Uso Eficiente de la Energía) —created by Ministerial Resolution No 560-2007-MEM/DM— is in charge of implementing the respective requirements of the Decree, including energy efficiency standards. Training of teachers, students and the public in the rational use of energy is realized under an agreement between MEM and the Ministry of Education. The Law on Labeling of Industrial Products of 2004 defines general criteria, verification and control of mandatory product labeling. Furthermore, Peruvian manufacturers and importers of appliances (including BSH Peru, Indorama, Mabe and Osram) as well as test laboratories at universities have expressed their interest to cooperate in the project.

**C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:**

The Project aims at increased market penetration of energy-efficient household appliances, electric motors, and lighting equipment in residential and commercial buildings, by applying the proven market transformation instrument of energy efficiency standards and labeling. The Project therefore responds to the objectives of the GEF 4 Strategic Programme CC-SP1: Promoting Energy Efficiency in Residential and Commercial Buildings. The expected direct impacts of the Project are improved efficiency of energy use in the built environment, resulting in lower specific energy consumption and CO<sub>2</sub> emissions per household and square meter of building surface. In addition to its direct effects, the Project will develop capacities, policies and consumer awareness that are expected to result in the strengthening of government energy efficiency policies, manufacturers' product policies and consumer awareness and behavior. The high degree of urbanization, the ongoing process of industrialization and the annual increase of electricity demand of 8-10% add relevance to the Project.

**D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:**

Given the technical assistance and capacity building nature of the project, the GEF financing support will be provided as a grant to the Government of Peru.

**E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:**

The Commission for Energy Efficiency is the agency within the Ministry of Mines and Energy with a mandate to implement energy efficiency measures. As such, this agency is the focal point for all energy efficiency initiatives. Currently, there are no other international cooperation efforts focused on energy efficiency under implementation; however, the proposed project is designed to complement ongoing national initiatives to promote the rational use of energy.

This project has been developed jointly with other similar initiatives in the Andean region, and it is expected that similar GEF funded projects will be implemented in Colombia, Ecuador, Venezuela, and Bolivia. To the extent possible, these projects will work together to ensure cooperation, exchange of information, and identification of potential synergies among participating countries. Since the countries in the Andean region share similar market conditions, close collaboration among these initiatives is expected to result in a more efficient market transformation effort in the region.

**F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :**

Business as usual: Despite the political will to implement energy efficiency measures, as expressed by the Law for the Promotion of Efficient Use of Energy of 2000, the challenges to implement a comprehensive energy efficiency programme have not been surmounted and progress remains slow. Most of the efforts continue to be conducted at a technical level within the MEM, which are insufficient to trigger the widespread market transformation that can be achieved in Peru. To date, the Commission for Energy Efficiency has developed —under the leadership of MEM— test procedures and EE labeling standards for a range of appliances and other energy-using equipment. Furthermore, the Government Decree regulating the Law for the Promotion of Efficient Use of Energy and the Law on Labeling of Industrial Products provide a general framework for mandatory labeling and other market transformation instruments. Nevertheless, there are still significant barriers that impede the development and implementation of the comprehensive market transformation strategy envisioned by the Government, including: lack of reliable data on energy end-uses and equipment, low consumer awareness, lack of qualified test laboratories, lack of specific regulations for mandatory EE labeling and MEPS, low incentives for market actors (equipment manufacturers suppliers and consumers) to produce/purchase efficient equipment and limited government funds. Therefore, end users will continue to purchase appliances with limited or no information on energy use, and will most likely base their decisions on other factors (such as lowest upfront price). This will result in a substantial additional electricity generation requirement. Given the country's natural gas and oil resources, most additional generation capacity is likely to be based on fossil fuel consumption.

Incremental cost reasoning and GEF role: The Project will result in the development and application of mandatory market transformation instruments, increased consumer and manufacturer awareness, the development of testing infrastructure and procedures and further integration of energy efficiency and EE S&L in national energy policies. In this way, the Project will build upon the efforts conducted so far to support the establishment of a high quality and sustainable EE S&L Programme that will promote energy efficiency among end users. The role of GEF is essential in developing capacity and awareness, fostering the elaboration of market studies, the development and implementation of a market transformation strategy and instruments and pertinent legislation and regulation, by providing adequate technical assistance to public and private agents, fostering in that way a new political and social culture of energy efficiency. Thus, the project will provide a significant contribution to the transformation of the end-use appliance and equipment market towards higher energy efficiency and lower carbon emissions, resulting in structural reductions in energy consumption and carbon emissions in the mid and long-term and associated environmental, social and economic benefits. The value added of GEF involvement is due to its facilitation of a more systematic, comprehensive and timely development and implementation of the EE S&L programme. The role of GEF is also essential in supporting coordination of EE S&L policies and programmes with other countries of the region.

**G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MITIGATION MEASURES THAT WILL BE TAKEN:**

Risks	Likelihood	Remedial actions
Consumer preferences for low-cost inefficient appliances and equipment inhibit introduction of S&L programme.	Medium	One of the barriers the project seeks to address is the lack of an “energy efficiency culture” in Peru; hence this risk is inherent to the project. Consumer awareness campaigns, incentives and related activities will enhance consumer preference for efficient appliances. Furthermore, the project is designed to introduce consensus-based structural changes of policies and consumer behavior. Likewise, the electricity market structure and the rising trend of electricity tariffs at the consumer level will provide an additional incentive for end users to support the introduction of energy efficiency measures.
Reluctance of government to implement mandatory EE labeling and MEPS.	Low	The Government has demonstrated an ongoing commitment to introducing energy efficient measures since the early 90s. Due to fossil fuel price fluctuations and increased electricity demand, it is likely that such Government support will be ongoing. The Government is required by Law No 27345 of 2000 for the Promotion of Efficient Use of Energy and Decree No 053-2007-EM of 23 October 2007 to introduce mandatory EE labeling. The Government is also committed to introduce MEPS. The fact that progress has been slow can be attributed to the relatively limited experience in implementing this type of program rather than a lack of political will.
Lack of cooperation by equipment suppliers and the private sector.	Medium	Equipment suppliers have been cooperating in the elaboration of energy efficiency test procedures EE labeling standards (Peruvian technical standards published by INDECOPI). Manufacturers and laboratories are interested to invest in improved products and production facilities and test laboratories respectively. The project incorporates the local private sector in the project with the purpose of promoting energy efficiency S&L as a tool for increased competitiveness, improved corporate public image, and increased consumer satisfaction by promoting lower life cycle costs.
Withdrawal of baseline funding.	Low	Government commitment for energy efficiency and EE standards & labeling has been confirmed by the publication of Decree No 053-2007-EM - implementing the Law for the Promotion of Efficient Use of Energy - and the Referential Plan for the Efficient use of Energy “Plan Referencial del Uso Eficiente de la Energía” under preparation.

**H. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:**

A preliminary calculation at this stage suggests that the allocation of GEF financing of US\$ 2,000,000 will result in an estimated reduction of CO<sub>2</sub> of 1.77 million tons (Mt) over 10 years, resulting in a cost-effectiveness of US\$ 1.13/ton of CO<sub>2</sub>. Furthermore, the reduction in electricity consumption of over 1.2 TWh per year will result in annual electricity savings of over \$100,000,000 spread amongst end users. This demonstrates that EE S&L is a very cost effective instrument to reduce end-use energy consumption and associated CO<sub>2</sub>-emissions, since: (1) although EE S&L aims at a large number of individual consumers, transaction costs are low, as both mandatory labeling and MEPS are negotiated and implemented involving a limited number of actors and stakeholders (including those representing consumers); (2) the consumer life-cycle cost (LCC) of more efficient appliances and equipment are usually negative, as savings in operating costs over the product lifetime generally greatly exceed increments in purchase price. Other market transformation instruments like corporate purchases of energy efficient equipment, appliance and equipment replacement programmes, DSM programmes of energy suppliers, etc. are generally also cost-effective, but should be viewed as complementary actions to EE S&L, as EE S&L provides the necessary market information, equipment classification and consumer awareness to build upon for additional instruments. EE S&L typically provides both market pull (by mandatory labeling) and market push (by MEPS, eliminating inefficient equipment from the market).

**I. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:**

The project is a climate change capacity building / technical assistance intervention on energy efficiency that falls under UNDP’s comparative advantages as presented in Annex L of the document GEF/C.31/5 rev.1




**PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the country endorsement letter(s) or regional endorsement letter(s) with this template).

NAME	POSITION	MINISTRY	DATE ( <i>Month, day, year</i> )
José Antonio Gonzalez Norris	GEF Operational Focal Point	Consejo Nacional del Ambiente-CONAM	March 17, 2008

**B. GEF AGENCY(IES) CERTIFICATION**

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

Agency Coordinator, Agency name	Signature	Date ( <i>Month, day, year</i> )	Project Contact Person	Telephone	Email Address
Xiumei Zhang, OIC, GEF/BDP/UNDP		20 March, 2009	Oliver Page	507-302-4548	<a href="mailto:oliver.page@undp.org">oliver.page@undp.org</a>