



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Naoko Ishii
CEO and Chairperson

July 16, 2014

Dear Council Member:

EBRD as the Implementing Agency for the project entitled: ***PPP-EBRD South Eastern Mediterranean EE/ ESCO Markets Platform (PROGRAM) (GEF PMIS ID5143)***, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with EBRD procedures.

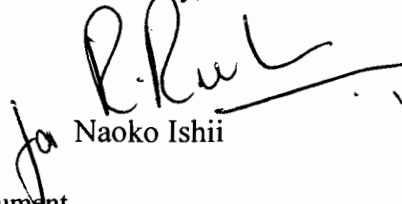
The Secretariat has reviewed the project document. This program, one of the Public Private Partnerships (PPP) under the GEF-5 Private Sector Set-aside, was approved by Council on April 12, 2013 after circulation by mail. At the time of CEO endorsement request, EBRD notified us that barriers arose to the creation of the proposed financing mechanism. EBRD has re-designed the project, consistent with the original intent, but with a new financial mechanism as explained in the attached letter. The program has also expanded the role for financing of renewable energy technologies while continuing a strong emphasis on energy efficiency technologies. Our technical review concludes the program is meritorious and aligned with the original program approved by Council.

We consider these changes to be major amendments to the proposal approved by Council in April 2013. In keeping with GEF procedures, the Secretariat has reviewed the proposed changes and has ascertained their appropriateness in light of the project's objectives.

We have today posted the proposed project document on the GEF website at www.TheGEF.org. We would welcome any comments you may wish to provide by August 13, 2014 before I endorse the proposed project document as amended. You may send your comments to gcoordination@TheGEF.org.

If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,



Naoko Ishii

Attachment: GEFSEC Project Review Document
Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee



REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

For more information about GEF, visit TheGEF.org

PART I: PROJECT INFORMATION

Project Title: EBRD Integrated Approach for Private Sector Sustainable Energy Projects Across the South Eastern Mediterranean (SEMed)			
Country(ies):	Morocco, Tunisia, Egypt and Jordan	GEF Project ID: ¹	5143
GEF Agency(ies):	EBRD (select) (select)	GEF Agency Project ID:	
Other Executing Partner(s):		Submission Date:	2014-03-31 2014-06-09
GEF Focal Area (s):	Climate Change	Project Duration(Months)	60
Name of Parent Program (if applicable):		Project Agency Fee (\$):	1,200,000
➤ For SFM/REDD+ <input type="checkbox"/> ➤ For SGP <input type="checkbox"/> ➤ For PPP <input type="checkbox"/>			

A. FOCAL AREA STRATEGY FRAMEWORK²

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
CCM-2 (select)	2.2 Sustainable financing and delivery mechanisms established and operational	2.2 Investment mobilized	GEF TF	6,000,000	60,000,000
CCM-3 (select)	3.2 Investment in renewable energy technologies increased	3.2 Renewable energy capacity installed	GEF TF	9,000,000	90,000,000
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
Total project costs				15,000,000	150,000,000

B. PROJECT FRAMEWORK

Project Objective: The overall program goal is to catalyze the creation of a market for private sector sustainable energy in Morocco, Tunisia, Egypt and Jordan

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
Financing for Sustainable Energy Projects	Inv	Stimulation of private sector investment in sustainable energy markets At least 3.0 million	Private sector projects prepared and financed USD 165 million invested in 5 to 7 projects that deliver	GEF TF	15,000,000	150,000,000

¹ Project ID number will be assigned by GEFSEC.

² Refer to the [Focal Area Results Framework and LDCF/SCCF Framework](#) when completing Table A.

		tons CO2 eq over the lifecycle of the measures	measurable benefits 50 MW of new renewable energy capacity operational At least 45 ktoe of primary energy savings (annually)			
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
Subtotal					15,000,000	150,000,000
Project management Cost (PMC) ³				(select)		
Total project costs					15,000,000	150,000,000

C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Please include letters confirming cofinancing for the projeSct with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
GEF Agency	EBRD	Hard Loan	82,500,000
GEF Agency	EBRD	In-kind	7,500,000
Others	Other lenders and the private sector	Unknown at this stage	60,000,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Co-financing			150,000,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
EBRD	GEF TF	Climate Change	Morocco, Tunisia, Egypt and Jordan	15,000,000	1,200,000	16,200,000

³ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total Grant Resources			15,000,000	1,200,000	16,200,000	

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants			0
National/Local Consultants			0

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? Yes

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF⁴

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.

As with other countries in the Middle East and North Africa, in Egypt, Jordan, Morocco and Tunisia, there is a sign for renewable energy to offset fossil fuel consumption and thus reduce greenhouse gas emissions over time and is great potential for energy efficiency to contribute to emission reductions. Both have the potential to support policy aims, and promote economic growth and job creation.

Unlike other countries in the region (e.g. Algeria), the four countries have common energy supply issues based on a hydrocarbon fuels and underdeveloped renewable energy resources; as well as relatively energy intensive industry not legally bound to reducing their emissions as non-Annex I Parties to the Convention, all four countries have general sustainable energy strategies to improve energy security and enhance their economic competitiveness.

While not legally bound to reducing their emissions as non-Annex I Parties to the Convention, all four countries have national targets for the percentage of energy from renewable resources by 2020. These 2020 targets range from primary energy consumption in Tunisia to 42% of the energy mix (or 6GW of installed capacity) for Morocco. exception of large hydropower facilities, renewable energy penetration in the region is currently very low, and support private sector investment in renewable energy is often untested.

The need to create enabling environments for energy efficiency investments across all sectors is acknowledged across

⁴ For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter “NA” after the respective question.

Communications, TNAs and NAMAs (where these are available and up to date, latter in form of commitments Copenhagen Accord). The program would contribute to the growth of a local supply chain for renewable energy efficient equipment in the industrial sector.

The proposed program is consistent with the countries' individual sustainable energy priorities in the following way

Egypt

- The promotion of a renewable energy market is consistent with recent developments in Egypt's energy policy such as the creation of the Supreme Council of Energy (2006), and the development of an Electricity and Energy Law. The country has also clearly expressed the priority nature of renewable energy investments by setting a target of 20% by the year 2020.
- The promotion of a sustainable energy efficiency market is also consistent with recent developments in Egypt since 2006 including the Supreme Council of Energy (2006), the development of an Electricity and Energy Law, the preparation of Egypt's first National Energy Conservation Plan (the latter two in process) and an energy efficiency program for SMEs by the Credit Guarantee Company (CGC, under implementation). The focus in the domain of energy efficiency has been in particular on the development and process improvement in local manufacturing, efficient lighting and promoting new styles of energy saving buildings. The program is further in line with Egypt's national priorities in the 'Second National communication under the UNFCCC' (2010), which states that the fortifying of energy policies in the residential and commercial sectors is a priority.

Jordan

- The program is consistent with the Renewable Energy and Energy Efficiency Law of Jordan (2010), which states the goal of establishing a Renewable Energy and Energy Efficiency Fund to generate finance for both renewable energy and energy efficiency. Given its potential outcome of lowering GHG emissions, the program is further in line with the Act on Sources of Greenhouse Gases Emanation Issued in Accordance with Articles (11, 18) of the Environment Protection Law (1) 2003 for Jordan. Finally, Jordan has set a target of having 10% of its energy mix come from renewables by the year 2020.
- It is also consistent with Jordan's Common Country Assessment (CCA), which recommends maximizing energy efficiency, reducing energy consumption, and Jordan's National Energy Strategy Update (2007), which calls for the promotion of energy efficiency (amongst a range of energy-related policies), and the second national communication that identifies energy efficiency as one of the four "major areas that should receive the most attention".

Morocco

- In its national communications to the UNFCCC (2001; 2010) Morocco recognizes the importance of energy efficiency in reducing GHG. Since 2006 Morocco has been engaged in developing its energy efficiency policy and support programs. One aspect of this has been the adoption of the National Plan of Priority Actions (NPPA, 2008), which includes the goal to reduce residential energy consumption by 15% by 2012, using measures such as compact fluorescent lighting, energy efficient heating and incentive tariffs. In addition, Morocco's Note Verbale to the Copenhagen Accord notes the aspiration to implement, amongst others, measures related to the thermal performance of buildings, carbon neutral public buildings, neighborhoods, and energy efficient public lighting.
- The country has enacted Law N°16-09, which establishes the Agency for the Development of Renewable Energy and Energy Efficiency (ADEREE). Morocco has set a national target of having 42% of its energy mix come from renewable sources (installed capacity of 6 GW) by the year 2020. The program is thus consistent with general policy directions and a range of specific national and international policy commitments made by the government of Morocco.

Tunisia

- Tunisia was the first of the four countries to establish an energy agency (ANME) as early as 1985. In addition, Tunisia's National Communication has identified energy as "the major contributor to the mitigation potential." Tunisia has set a national target of having 5.6% of its energy mix come from renewable forms of energy by the year 2020.
- Energy efficiency is firmly embedded into Tunisia's national policy. The proposed project is in line with the la

Country Assistance Strategy (CAS), which cites energy efficiency as deserving support because it enhances and protects the environment (CAS, Annex B9a). In addition, on 3 May 2001 the president made a statement about commitment to improving energy efficiency throughout the economy. This is also consistent with Tunisia's National Communication that identified energy as "the major contributor to the mitigation potential". In the past, two of GEF-funded climate change projects have been on promoting energy efficiency; one in the built environment through codes of building codes (completed in 2007) and the second in the industrial sector (completed 2010).

In summary, this project is fully consistent with the general national policy directions and specific national and international strategic statements and commitments which emphasize the development of sustainable energy as a priority policy support of a market for sustainable energy in Egypt, Jordan, Morocco and Tunisia meets several critical regional needs and has the potential to provide much-needed best practice cases for the Middle East and North Africa as a whole.

A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.

The program responds to the discussion following the November 2011 GEF Council meeting at which Document GEF/C.41/09, GEF 5 Revised Strategy for Enhancing Engagement With the Private Sector, was reviewed. The Council adopted as amended the revised strategy for programming GEF 5 private sector funds and asked the GEF's Secretariat to present to the Council at its June 2012 meeting, in consultation with the multilateral development banks (MDBs), a detailed paper outlining clear operational modalities for private-sector engagement. As a result, GEF/C.42/Inf/08 Operational Modalities for Public Private Partnership Programs was presented at the June 2012 Council meeting. The EBRD platform's overall objective will be to support innovative private sector engagement in the GEF's activities, in particular in the climate change focal area.

The program's overarching objective is to catalyze the creation of a market for private sector sustainable energy in Morocco, Tunisia, Egypt and Jordan in order to enhance investment opportunities in renewable energy and energy efficiency across the Southern Mediterranean and Middle East Region. The program proposes an integrated approach to private sector sustainable energy financing that addresses current risks and market barriers. The promotion of sustainable energy technologies will result in avoided greenhouse gas (GHG) emissions from the energy sector and put into place energy supply options that reduce dependence on fossil fuel imports.

The integrated approach to private sustainable energy development that will benefit from GEF funding will directly address the GEF Strategic Priorities in the areas of Climate Change and is fully consistent with Strategic Objective 2: "Promote market transformation for energy efficiency in industry and the public sector" and Strategic Objective 3: "Promote investment in renewable energy technologies." As the integrated approach would include a focus on improving both the policy and regulatory environment, and the investment climate for private investments in energy efficiency and renewable energy, it will contribute directly to all three of the outcomes under each of GEF's Climate Change Mitigation Objectives 2 and 3. Furthermore, the program also directly addresses the GEF's ongoing strategies for engaging the private sector, as detailed in the Private Sector Strategy, and for the use of non-grant instruments.

A.3 The GEF Agency's comparative advantage:

In accordance with its mandate – to nurture a new private sector in a democratic environment through environmentally sound and sustainable project financing – the EBRD is making significant investments supporting transition processes in its Region of Operation. As stated in GEF/C.31/5 (May 2007, Comparative Advantages of the GEF Agencies), the EBRD has considerable experience and a track record of success in market creation and transformation and ensuring sustainability through private sector involvement.

The proposed Project is fully in line with the EBRD's Sustainable Resource Initiative (SRI), an umbrella initiative that builds on the EBRD's Sustainable Energy Initiative (SEI), in three areas vital for the EBRD's countries of operations: energy, water and materials.

In September 2012 the EBRD launched its first investments in Jordan, Tunisia and Morocco after they were granted the status of potential recipient countries, and in December 2012 the Board of Directors approved the first project in

Egypt. The EBRD has now opened offices in the four countries and expects to be investing up to €2.5 billion in the SEMED region by 2015. The EBRD strategy for the SEMED region focuses on leveraging the Bank's experience to create products for intermediated energy efficiency and renewable energy lending, and leasing or private equity capital for energy efficient and renewable energy technologies.

A.4. The baseline project and the problem that it seeks to address:

Problem to be addressed:

In the current economic climate in Egypt, Jordan, Morocco and Tunisia there are limited commercial sources available for medium to long-term lending for sustainable energy projects. The regulatory environment supporting these projects – when it is present – is often unproven. Furthermore, perceived project and financing risks have hindered the development of a private sustainable energy market. This is particularly the case for SMEs in the industrial sector where, for example, energy efficiency savings would have the biggest impact. Important barriers to financing exist, such as a lack of technical expertise for appraisal; lack of information about the technical risks and financial benefits of energy conservation, renewable energy and standards improvement; and costs of loan appraisals. Overall, the investment risks are high and remain a persistent challenge for private investment.

While some of the SEMed governments have made steps towards developing renewable energy generation capacity, the private sector has not been mobilised yet to help confront this challenge due to the following fundamental market failures:

- (i) The absence of cost-reflective tariffs conceals the potential advantage of renewable energy as a cost-competitive alternative to conventional fossil fuels.
- (ii) The regulatory framework is inadequate in these countries to support the level of private investment needed to exploit the full potential for renewable energy generation.
- (iii) Access to local currency has provided further impediments to private investment in renewable energy projects.

In all four countries there are significant market barriers to the development and financing of auto generation and private to private renewable energy projects. In the cases of Egypt and Tunisia, even the IPP model is not yet proven for renewable energy generation. For example, Tunisia has proposed draft legislation to allow for small private renewable energy generators to sign a PPA with STEG, the public off-taker, at a feed-in-tariff level fixed by the government. This renewable energy IPP legislation is currently being considered by Tunisia's parliament, but the EBRD and other potential investors have identified flaws in the legislation that will hamper the development of projects.

Once adequate legislation for renewable energy IPPs has been enacted in Tunisia, there will still be a barrier to entry in this new market due to the renewable energy IPP model being unproven. The government's feed-in-tariff will probably assume a cost of capital that is in line with expectations for the cost of capital once the model is proven and the process stabilised. However, there will be a temporary market barrier for the first movers in this field. The concessional finance from the GEF accompanying the EBRD finance would lower this initial barrier to entry. Once this initial barrier to entry has been lowered and the renewable energy IPP model is proven, the GEF finance will no longer be needed for renewable energy IPP projects in Tunisia.

Baseline:

A number of initiatives related to financing energy efficiency have been undertaken or are underway in Egypt, Jordan, Morocco and Tunisia on a country basis. There is only one regional initiative in the South Eastern Mediterranean countries with relevance to the proposed project:

- The Euro-Mediterranean Energy Market Integration Project (MED-EMIP)

As part of a broader project, the consortium consisting of GIZ and other public and private sector parties has run a project on energy efficiency in the construction sector (budget of USD 5 million for 2006-2008; with extension thereafter). This included as beneficiary countries Egypt, Jordan Morocco and Tunisia (amongst others) and produced information and cooperation networks, review of policy and regulatory frameworks, ESCO service providers and technology cooperation, pilots and public awareness campaigns.

While facing similar issues in terms of energy security, scarcity of natural resources and institutional frameworks that are traditionally ill-adapted to fostering effective energy efficiency markets, there are nonetheless considerable differences in terms of past and ongoing initiatives and the level of donor-supported involvement in the four countries targeted by the proposed program.

Egypt: Egypt's power sector is heavily state dominated. Although legally unbundled, the sector has not yet been unbundled on the ownership level. Private participation in the sector is limited: there are three privately owned fossil fuel IPPs built over a decade ago with total capacity of 2,050 MW, operating under build-own-operate-transfer (BOOT) arrangements underpinned by 20-year power purchase agreements (PPAs) with EEHC and EETC. Other than the IPPs and a small private distribution company, all other electricity assets are state-owned.

However, the government's strategy involves increasing reliance on the private sector to deliver new generating capacity. Renewable energy represents an important option for the change in energy mix. In fact, the present energy strategy aims to increase the share of renewable energy to 20% of the energy mix by 2020. The share of power from wind is expected to reach 12% by 2020, while the remaining 8% would come from hydro and solar. This translates into a wind power capacity of approximately 7,200 MW by 2020.

Egypt has had experience with donor-supported initiatives in the energy efficiency domain since the early 1980s; including a UNIDO industrial energy efficiency project initiated in 1983, a USAID Energy Conservation and Environment Programme (ECEP 1988-98; in cooperation with many other parties), which focused on conducting energy audits, awareness building, and subsidized demonstration projects. Energy audits were also carried out under the EU-funded Industrial Modernization Program (in cooperation with the Ministry of Trade and Industry). Since 2005, the Egyptian National Cleaner Production Center (ENCPC) has been growing in size and expertise, under the Ministry of Trade and Industry and with support from UNIDO.

Several ongoing initiatives that are relevant to the current proposal have or are taking place in Egypt:

- UNIDO's Industrial Energy Efficiency project (5 years from 2009, GEF ID# 3742) targets energy efficiency improvements in energy intensive industries and SMEs. It does so by providing technical assistance for the development of national energy management standards and capacity building for implementation and enforcement. A financial incentives program is also attached to the project, consisting primarily of support during the design stage of the financial incentives program. The program is run with other executing partners, such as the Ministries of Trade and Industry, of Electricity and Energy, and of Investment; and the Egyptian Environmental Affairs Agency.

- UNDP with the Ministry of Electricity and Energy launched in 2010 the Improving the Energy Efficiency of Lighting and Other Building Appliances project (GEF ID# 3832). The aim, to facilitate the development of an Egyptian market for energy efficient and cost effective building appliances, is to be achieved through regulatory tools, such as Minimum Energy Performance Standards and Information Labels, enhanced public awareness, capacity building and innovative and attractive financing mechanisms. This project will explore and test efficient market-based economic incentives complemented by extensive public outreach campaigns.
- A regional UNDP-GEF project (Energy Efficiency Improvement and GHG Reduction; completed finally in 2010, GEF ID# 267), was nationally executed through the Egyptian Electricity Holding Company. The emphasis was on conducting industrial energy audits with the aim to build towards the development of an ESCO model, with a focus on technologies with short payback period (e.g. power factor improvement and efficient lighting).
- GIZ has been active in Egypt since 2008, notably through a project entitled Egyptian-German Committee on Renewable Energy, Energy Efficiency and Environmental Protection, which is expected to run until 2014. Activities are mainly focused on renewable energy, however regarding energy efficiency also include policy advice, technical support, political and institutional reform support and awareness-raising in households.
- The GEF-World Bank “Solar Thermal Hybrid Project” project (USD 49,800,000 million project grant from the GEF) was completed in 2011 with the objective of increasing the share of solar-based electricity in the Egyptian energy generation thereby contributing to the Government's objective of diversifying electric power production. The project made significant impact as one of the first Concentrating Solar Power (CSP) projects in the region and contributed to learning and greater awareness for CSP technology within Egypt, in the region and globally.
- The GEF-UNDP “Grid-Connected Small-Scale Photovoltaic Systems” (USD 3.5 million from GEF) is underway (approved 2013), and aims to encourage and accelerate the development of photovoltaic systems in Egypt

Jordan: Jordan’s electricity demand has been increasing at over 6% per annum for the past five years, reaching 14,274 GWh in 2012. Despite a lack of domestic primary energy supplies, installed generation has grown in recent years to keep pace with growing demand, reaching 3,419 GW in 2012. Distribution is handled by three fully privatised power distribution companies, each covering a portion of the country, and supplying almost 100% of the population. Power generation is also mainly privately owned, with one state owned company generating 28% of electricity. The state owned transmission company, National Electric Power Company (NEPCO), performs the duties of market operator and single buyer.

The sector operates under the supervision of a regulatory agency, the Electricity Regulatory Commission (ERC) that reports directly to the Prime Minister. Although autonomous in terms of electricity production capacity, 98% of electricity is produced from imported fossil fuels. While Jordan relied heavily on cheap fossil fuel imports from its neighbours, in particular on gas from Egypt, this supply has been disrupted by repeated sabotage of the pipeline since 2011 and by shortages in Egypt itself. As a result, Jordan is forced to rely on more expensive fuel by buying imported oil and distillate. As a response, the government has set a target of bringing up the share of renewable energy in the energy mix to 7% by 2015 and 10% by 2020, almost entirely with solar and wind.

The World Bank’s Energy Efficiency Investment Support Framework (EEISSF, GEF ID#3671) project concluded in 2011 and has been the most important donor-supported initiative in energy efficiency in Jordan. Previous initiatives have been piecemeal and relatively uncoordinated (e.g. the Jordan Upgrading and Modernization Program (JUMP) and Building Management Systems (BMS)) and did not catalyze the market, or result in significant increases in commercial lending. The EEISF mainly consisted of technical assistance for building institutional and technical capacity and the Jordan Renewable Energy and Energy Efficiency Fund; JREEF). The latter is a single institution for managing credit lines for both energy efficiency and renewable energy. The credit line was designed to scale up measures across all sectors, by means of parallel financing window, such as credit facilitation for commercial projects, for grants for non-commercial projects, and for market development activities.

The GEF has funded a World Bank “Promotion of a Wind Power Market” Project (GEF USD 6.3 million, co-financing USD 86 million) that aims to help create a sustainable wind power market in Jordan by sustainably increasing electricity supply by addressing barriers to windfarm development (e.g. high generation cost, lack of a legal and regulatory framework for windfarm development, lack of institutional capacity, inadequate information on wind resources).

Morocco: Energy demand has been rising steadily for the last 20 years (average CAGR above 6%) in Morocco, but its installed capacity is currently unable to satisfy this growing need. With no domestic fossil fuel resources, the country is highly dependent on imports. Morocco imports 18% of its electricity, and most of its domestic electricity is produced by thermal plants that rely on imported fuel. The country is therefore very vulnerable to price volatility and needs to find long term solutions to limit its energy bill that reached MAD 86bn, approximately USD 10bn, in 2011 (according to IRENA).

To ensure security of supply and achieve energy independence, the Morocco has made significant efforts in recent years to encourage private investors to invest in its energy sector, and especially in renewables. Since 2006, the country has been developing a legal and regulatory framework to achieve its targets of having a 6 GW (2,000 MW of solar, 2,000 MW of wind, and 2,000 MW of hydro) of renewable energy capacity by 2020.

The Moroccan renewable energy law (Law 13-09) provides that private consortia and other large energy users may build, own and operate wind projects to satisfy their own electricity needs or sell to qualified third parties. Access to the high voltage electrical grid owned and operated by ONEE is guaranteed. ONEE also agrees to purchase any surplus unsold power at a pre-defined rate, currently set at approximately sixty percent (60%) of the ONEE General Tariff currently in effect. Two wind farms have been built under the framework of the Law 13-09, but both are owned by the royal family and therefore the private to private model is still considered unproven for private investors in Morocco. In addition, this market opening is only for large projects that will use the HV transmission network. The EBRD is currently providing technical assistance to Morocco to prepare for the opening of the MV network to private to private renewable energy projects.

In Morocco, a first quasi-ESCO (ADS-Maroc) was established in 1993, however it did not succeed as a fully functioning and independent ESCO, and nor did it pave the way for a thriving ESCO market in Morocco. However, there are a number of relevant initiatives in Morocco, most notably, the “Fond de Developpement de l’Energie” (FDE), which was established as a Government of Morocco-owned financial institution focusing on increasing the share of renewable energy in Morocco’s electricity generating portfolio (mostly wind power) and energy conservation measures, with an emphasis on industrial energy efficiency and urban transport. The FDE currently has \$1 billion in equity, consisting of contributions from the Kingdom of Saudi Arabia, United Arab Emirates, and the King Hassan II Fund. The Government plans to invest some of the FDE funds with the intention of generating commercial returns for the State. For that purpose, it has created an investment fund called “Société d’Investissements Energétiques” (SIE) which will make investments in financially viable energy projects. Other relevant projects in Morocco include:

- Energy Efficiency in the Industrial Sector, an AfDB-GEF project (Council approved in 2010; project costs USD 11.5 million, GEF ID #4112) aims to improve the energy efficiency of small and medium Moroccan enterprises (SME) and significantly reduce GHG emissions by removing the regulatory, financing, and informational barriers that prevent activities and investments in energy efficiency and energy conservation.
- The UNDP-GEF project Energy Efficiency Codes in Residential Buildings and Energy Efficiency Improvement in Commercial and Hospital Buildings in Morocco (IA approved in 2009, GEF ID# 2554) aims to introduce mandatory minimum energy efficiency and performance requirements through the development and introduction of building codes. It provides the basis for institutionalizing the adoption of energy efficiency standards and practices in the commercial and hospital sectors in Morocco.

- A project for market development for solar water heaters, PROMASOL, ran from 2001 to 2009 and aimed to expand the solar water heater (SWH) market by introducing national standards and certification of SWH models, along with training of over 100 SWH installers. It also brought together financial institutions and distributors to provide consumer credit options for SWH purchases. The project led to the installation of 140,000 m² of solar water heaters and was followed by the launch of PROMASOL 2. A target of installing 400,000 m² of solar collectors by 2014 appears realistic.
- The GEF-World Bank “Integrated solar combined cycle power plant” project (USD 43 million from the GEF) was completed in 2012, with its final evaluation undertaken in 2013. The main objective of the project was to add capacity to the Moroccan power grid to help cope with the sustained growth in electricity demand, to increase the contribution of renewable energy sources in Morocco's energy mix which would reduce greenhouse gas emissions, and to contribute to a program of global environmental significance.

Tunisia: The 100% state-owned Société Tunisienne d'Electricité et du Gaz (STEG) had a complete monopoly on all functions of the Tunisian power sector—generation, transmission and distribution—until 1996, when the market was opened to fossil fuel IPPs. Two gas-fired IPPs were built, but STEG still maintains a market share of 88% of power production. Tunisia's electricity market is based on a “single buyer” system, with STEG buying all the power the private IPPs generate through a PPA.

Renewables are expected to represent an increasing share of the country's primary consumption, with wind expected to be the biggest contributor. Tunisia is targeting to have 5.6% of electricity consumption from renewables in 2020 and 6.5% in 2030. To reach this objective, the installed capacity necessary from renewables is expected to be 1,100 MW by 2020 and 1,800 MW by 2030. As described above, a new law is being discussed by the parliament authorising private renewable energy developers to sign a PPA with STEG to sell production at a feed-in-tariff level set by the government. Project size will be capped at 30 MW for wind and 10 MW for solar.

Under Law 7-2009 Tunisia authorised auto generation from renewable energy sources, including the right to sell to STEG up to 30% of the annual production in excess. However, developers have cited inadequate support from STEG in the case of surplus generation as the primary reason that no renewable energy auto generation projects have been built yet.

Relevant projects in Tunisia include:

- Energy Efficiency and Renewable Investment, a USD 55 million World Bank project (2009-2014), aims to scale up industrial energy efficiency and cogeneration investments to contribute to the Government's current four-year energy conservation program. The project consists of technical and financial assistance. ANME, who possesses considerable business planning and project development expertise, is working closely with private investors to prescreen suitable projects and subsidies (e.g. from the Energy Efficiency and Renewable Energy Fund), which are then used to bring projects in the pipeline to financial closure.
- Development of an Energy Efficiency Program for the Industrial Sector for Tunisia (IBRD, completed in 2010, GEF ID# 1905) made important headway in the area of energy efficiency for the larger and medium-size industries. It consisted of several elements: a financial intermediation mechanism to support private sector energy efficiency investments (through ESCO projects among others); a sustainable partial guarantee fund; technical assistance to local financial institutions, other intermediaries on the development of bankable projects and the mechanisms to secure project financing and creation of ESCOs; energy end-user information dissemination; and the development of a limited number of demonstration projects.

- Experimental Validation of Building Codes and Removal of Barriers to their Adoption is a project that was completed in 2007. This GEF/UNDP project (GEF ID# 520) developed energy efficient building standards for new buildings, which were subsequently adopted by the Government of Tunisia as regulatory measures.
- The PROSOL programme was aimed at removing the main barriers of a financial, technical and organizational nature to the development of a solar water-heater market in Tunisia and led to the increase of the area of installed thermal collectors from 7500 m² in 2004 to 90,000 m² in 2009.
- The UNDP-GEF project “Private Sector Led Development of On-Grid Wind Power in Tunisia” (USD 10.2 million from GEF) aimed to enable Tunisia to increase the use of wind energy by removing the barriers that are currently impeding large-scale adoption of this technology. The objective of the Full Project was to target both large-scale on-grid production of wind energy and small-scale off-grid production units in remote rural settings. It was completed in 2012.
- The GEF is also supporting a UNDP-led NAMA (USD 3,652,970 from the GEF) to support for Tunisia's solar plan, which aims to transform Tunisia's energy sector for achieving large-scale emission reductions through the deployment of NAMAs.

In summary, the above list of initiatives indicates that efforts have been made and are still underway across these countries with respect to fostering sustainable energy in industry. The limited success in scaling up individual projects into sustainable markets suggests that the proposed program has substantial scope for making a material impact. The programmatic approach will make it possible to build on existing work and to create synergies between discrete projects, with the result of drawing together piecemeal initiatives into a comprehensive market development process.

A. 5. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

This program will catalyze the growth of a market for private sustainable energy projects in Morocco, Tunisia, Egypt and Jordan by reducing project risk (through a pipeline of projects). In the absence of an explicit program to reduce risks, it is highly unlikely that a broad-spectrum market for private renewable energy and energy efficiency developments would be possible in any of the program countries.

Before launching this regional program, the EBRD perception is that the private-to-private and auto generation models face barriers in all four countries and that the renewable energy IPP model faces market barriers in Egypt in Tunisia. Therefore, these are the types of projects that will initially be financed with GEF finance to accompany EBRD finance. This analysis will be verified by the initial legal and regulatory gap analysis under policy dialogue activities.

Fully developing the economic opportunities offered by renewable energy will require structural, regulatory and legal reform. The frameworks in place to allow for private investment differ between the four SEMed countries, but in all cases they are inadequate to fully mobilise the private sector. The proposed programme will produce an initial study of the regulatory and legal frameworks to support private renewable energy generation and the changes necessary to create an adequate regulatory framework for private investment. The results of the study will be presented at a conference bringing together policy makers and investors to share experience and discuss best practice.

This initial analysis and exchange will be followed by studies targeted to the needs in each country. For example, the EBRD is currently financing a study in Morocco to open the medium voltage (MV) electricity transmission network to private developers and off-takers. Another policy dialogue opportunity that we have already identified is supporting Tunisia in shaping the current draft legislation to open the market to private generators selling their electricity to the public off-taker (STEG) for a feed-in-tariff.

Enabling the success of private sector projects also includes thorough due diligence of the legal, technical and environmental aspects of the project. The framework program will include technical cooperation-funded consultants to prepare these aspects of the private sustainable energy projects that will be financed. Using technical cooperation funds to put a legal, a technical and an environmental advisor in place up front to evaluate all the transactions under the program will encourage private investment through the gains in terms of time and capital spent on project preparation.

The successful implementation of the framework program will be demonstrated through the financing of private energy projects in Morocco, Tunisia, Egypt and Jordan. Larger investments will be prepared and executed by the Power and Energy Unit (PEU) team while the Local Enterprise Finance (LEF) team will be responsible for investments with total project costs below EUR 10 million.

Role of EBRD financing: The EBRD is currently able to lend in local currency at competitive rates in Jordan and Egypt, but not yet in Morocco and Tunisia. EBRD's Treasury department is working hard to achieve this in Morocco and Tunisia. Private developers seem to prefer financing in local currency. The commitment of the EBRD to financing private sustainable energy projects through this framework program will provide additional weight to the case being made by EBRD Treasury to local authorities.

Role of GEF financing: The GEF funding of USD 15 million will accompany EBRD financing across the capital structure of the projects for up to 20 years. The GEF finance would serve as a sub-participation to the EBRD investment in USD.

The GEF funds would contribute up to 9% of the total project costs, though a cap on the amount of GEF finance per project (such as USD 3 million per project) would prevent large projects from consuming too substantial a portion of the money available.

The GEF will expect returns at or above Libor, depending on the financial instrument, the project risk, and the currency of the investment. In the case of an equity investment, arrangements will be made pre-signing for the exit. The GEF may be able to finance currency hedging to address the market barrier posed by the scarcity of local currency.

GEF funds would be used to cover particularly high risks by providing equity or subordinated debt. GEF funds will be restricted to no more than USD 3 million per project, or a ceiling of 9% of total project value, whichever is lower.

The GEF funds would be used to cover equity gaps, and to mitigate the additional cost and risks associated with:

- i) new technology being deployed;
- ii) investing in a new/unproven regulatory environment (Morocco, Tunisia) or a regulatory environment in development (Jordan, Egypt); and
- iii) protect the client from unexpected negative revisions to regulatory laws.

The following criteria will be applied to selecting the projects to be considered for funding:

Criteria Comment

Sector Energy and Power; Energy efficiency in Industrial Sector

Leverage Each project financed under the program will achieve or exceed a leverage for GEF funds of 1:10 (GEF: other funding).

Financing terms Financial instruments will be adapted to the respective needs of individual projects. Specific conditions will depend on project economics and will be determined on a case-by-case basis and in line with target parameters for the facility. Average tenor of individual loans is expected to be 5-8 years. The investment period for the fund is expected to be 3-4 years.

The pricing of investment instruments provided by the fund shall reflect market conditions. Each investment will include a comprehensive set of covenants including performance, technical, social and environmental guidelines.

EBRD policy restricts the level of investment to either 35 or 50% of project volume in these types of investments. The balance would be provided by the GEF (9%) and the project sponsor or other co-financiers. This is standard internal policy to ensure compliance with credit assessment of the borrower.

The GEF finance would serve as sub-participation to the EBRD investment in USD. While the GEF could contribute up to 9% of the total project costs, there will be a cap on the amount of GEF finance per project (such as USD 3m per project) to prevent large projects from consuming too substantial a portion of the money available.

Given the complexity of the portfolio, and the need to adapt the investment mechanism for each investment, the EBRD will use 'Option 2' of GEF's concurrence for each investment under the "Operational Modalities for Public Private Partnership Programs (GEF/C.42/Inf.08). Under this option, the concurrence of the GEF Secretariat is obtained for each investment prior to the EBRD's internal approval. This option is suited for PPP Programs with a portfolio of diverse investments, different non-grant instruments, and different technologies or approaches. The GEF Secretariat will communicate its position and conditions, if any, for the proposed investment(s), which would be binding on GEF funding. That is, if GEF Secretariat conditions cannot be met, the investment cannot be supported with GEFTF funds, even if other partners in the PPP program may choose to proceed.

Private sector development and demonstration effect The portfolio of projects developed and financed under the framework program will increase the availability and access to finance in the region and allow investments that will contribute to climate change mitigation and increased energy security.

Global environment benefits Projects to be funded by the program will:

- 1) adhere to technical, environmental and economic eligibility criteria, especially with respect to avoided CO2 emissions as well as environmental and social impact assessments;
- 2) have the potential to form part of individual government's commitment to mitigate climate change, where appropriate, including concrete objectives, for example relating to increasing energy efficiency and increasing the use of renewable energy.

The following are examples of projects that may be eligible for funding:

- Trigeneration (of heat, electricity and cooling);
- Solar drying;
- High-efficiency gas turbines for auto-generators;
- High efficiency lighting;
- Replacement of boilers with more efficient ones (e.g. condensing boilers) or rehabilitation of boilers (enhanced controls, economizers, improved insulation, regenerative burners, automatic blow-down, etc.);
- Rehabilitation of heat distribution systems including implementation of heat control and measurement measures.
- Replacement of oversized electrical motors, installation of Variable Speed Drives on electric motors (pumps, fans, drives);
- Rehabilitation of power distribution systems (e.g., replacement of old or oversized transformers, installation of capacitors to reduce reactive power consumption, etc.);
- Balancing of heating systems, implementation of individual heat control devices
- Implementation of Energy Management Systems;
- Replacement of existing windows with new, double-glazed windows, low-emission glazing;

- Thermal insulation of a building envelope (external walls, roofs, basements);
- Rehabilitation of existing heating (thermal insulation of pipes, tanks and machinery equipment) or rehabilitation of heat distribution systems including implementation of heat control and measurement measures;
- Rehabilitation of air-conditioning/ventilation systems including installation of heat recovery from air ventilation system and/or processes, implementation of free cooling, replacement/rehabilitation of compressors, implementation of variable air-volume air-conditioning systems;
- Replacement of old and low efficient lighting with an energy efficient option (fluorescent bulbs, LED light bulbs, etc.);
- New renewable energy and energy efficiency production capacity and the expansion of existing capacity.

The final mix of the PFD's portfolio of energy efficiency and renewable energy projects will depend on the development of the pipeline, which will be managed to promote projects based on their maturity. A review of the PFD's progress will be made and reported to the GEF Secretariat on an annual basis, and will include an analysis of the energy efficiency and renewable energy initiatives supported.

Global Environmental Benefits

The program will provide global environmental benefits through an increase in sustainable energy, which will avoid the use of fossil fuels. Direct offsets will be provided through the individual projects financed under the framework program, but larger, indirect offsets will be generated through the market that the program creates.

The average cost of the CO₂ emissions avoided by the implementation of measures in SEMed countries has been estimated. The baseline approach recommended by the GEF methodology for financial instruments ("Calculating greenhouse gas benefits of the Global Environment Facility energy efficiency projects Version 1.0", STAP, March 2013, and the methodology for renewable energy projects, GEF/C.33/Inf.18 at <http://www.thegef.org/gef/node/313>), requires taking into account the percent of activities implemented in the baseline (i.e., that would have occurred anyway in absence of the project), and 10% has been used here. Taking into account the investment needs and the avoided emissions over the lifecycle of each measure we have calculated the following:

Energy Efficiency

Direct Total Energy Savings (MWh)	6,896,340
Direct GHG Emission Savings (tCO ₂)	1,517,195
Direct Post-project GHG Emission Savings (tCO ₂)	0
Indirect Bottom-up Emission Savings (tCO ₂)	3,371,544

These figures have been calculated using a portfolio wide emission factor of 0.2200 based on primary energy, energy savings of 7.74 MWh / \$1000, and equipment lifetimes of 15 years. The emission factors and savings figures come from EBRD's portfolio of projects where energy savings per \$1000 of investment ranged between 7.74 (in Agribusiness) and 16.15 MWh (in Manufacturing and Services), and emission factors are 0.23 in Agribusiness and 0.22 tCO₂/MWh. We have used the most conservative figures for the calculations.

For the Renewable Energy emissions calculations, conservative costs of \$2 million per MW of installed capacity have been assumed, and a capacity factor of 30%. Using an average grid emission factor of 0.619 for the region and average T&D losses of 14%, and equipment lifetimes of 20 years, a net annual energy saving of 101,704 MWh and

GHG emission saving of 83,728 tCO₂ has been determined. Discounting this by 10% for assumed baseline activities, and using a weak causality factor of 2, the direct and indirect savings are therefore as given below:

Renewable Energy

Direct Electricity Savings (MWh)	2,034,080
Direct GHG Emission Savings (tCO ₂)	1,507,105
Direct Post-project GHG Emission Savings (tCO ₂)	0
Indirect Bottom-up Emission Savings (tCO ₂)	3,014,211

An ex-post Monitoring and Verification Consultant (VC) may be engaged to ensure that the implemented investments meet the expectations of the clients and the financial intermediaries by checking and confirming that all Projects have been completed in accordance with the relevant investment plans and are on track to achieve the planned energy savings. Verification may be done through on-site spot checks of a sample of up to 20% of projects, and desk based verification for all other Projects. This verification will be done on a Project basis and will be outlined for each individual Project

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks:

The main risks are described below, along with mitigation measures. The potential impact of all risks on Project implementation will be reviewed for each project and on an ongoing basis.

- Regulatory structure - The EBRD will work closely with all the relevant government agencies in supporting, drafting and implementing new laws. The availability of funding will provide much needed implementation experience and help create a robust framework.
- Regulatory risk - The policy dialogue component of the program will target this risk directly. In addition, the mix of countries and proposed project structures will mitigate this risk to the portfolio as a whole.
- Institutional capacity - The EBRD will work on capacity building with all the government agencies responsible for sustainable energy in the SEMed countries.
- Political and macroeconomic environment - The projects will be exposed to macroeconomic, political, and legal risks. Although these risks are largely exogenous to the program, the investment managers will mitigate the potential impact of these risks through their knowledge of the market and the ways in which financing is structured.
- Performance risk - This risk will be mitigated by having an investment management team with extensive experience in the target sector and geography.
- Environmental and social risk – This risk will be mitigated by the consistent application of EBRD’s social and environmental policy, including, where required, full environmental and social impact assessment. More information about this policy and how it is applied is available here.

A.7. Coordination with other relevant GEF financed initiatives

As previously noted in section A.4, efforts have been made and are still underway across these countries with respect to fostering sustainable energy in industry including those funded by the GEF. Specific GEF-financed initiatives relevant to this project have been undertaken or are underway in Egypt, Jordan, Morocco and Tunisia on a country basis as noted in Annex 4 of the "EBRD GEF Request for CEO Endorsement: Supporting documentation". Close cooperation will be sought with in-country partners in relevant Agencies, enterprises and in key ministries.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

B.1 Describe how the stakeholders will be engaged in project implementation.

The project will work closely with all government ministries and agencies in the countries, in particular the respective Industry, Ministries of Economy / Finance, and state agencies for energy efficiency and renewable energy.

All stakeholders involved in the project area will be consulted during the Bank's due diligence process when considering a sector project. For each project, the EBRD's standard environmental and social policy will be applied. Through the Environmental and Social Policy, the Bank seeks to ensure that the projects it finances:

- are socially and environmentally sustainable;
- respect the rights of affected workers and communities; and
- are designed and operated in compliance with applicable regulatory requirements and good international practice.

More information about this policy, including stakeholder consultation approaches, and how it is applied is available on the EBRD website.

B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

In addition to the global environmental benefits mentioned above, this project will also bring the following national and local benefits:

- **Energy security:** Increasing the energy efficiency and use of renewable energy in the private sector contributes to reducing the degree of dependence on imported and polluting forms of energy and this is an important factor driving energy efficiency investments. In addition, given the targeted countries' poor natural resource endowments, an efficient use of resources is a major policy imperative.
- **Resilience of national economies:** Increased use of local, sustainable energy and more efficient use of energy serves to reduce the targeted countries' resilience to external macroeconomic shocks.
- **Development of sustainable domestic and regional markets for sustainable energy:** The program helps to set the respective countries on to a low-carbon development trajectory by stimulating simultaneously the demand for, as well as supply of, renewable energy and energy efficiency products and services. The development of sustainable energy projects in the region promises to increase levels of technology and experience transfer within countries and in the region as a whole, providing examples of institutional structures and business models that are easily replicable.
- **Local industry:** Greater energy efficiency increases local enterprises' financial performance by reducing costs and helping generating an additional profit margin which can be reinvested.
- **Local economy and employment:** Improving profit margins directly impacts positively on the local economy and more profitable businesses also create employment opportunities which further enhances the project's benefits.
- **Positive gender impacts:** More profitable business will pay higher incomes and energy efficiency improvements should also lead to improved working conditions in the private sector, which will positively benefit the wellbeing of its work force, including women.

Based on the EBRD's internal policy promoting gender equality of opportunities across its full range of investment and donor-funded activities, all Program activities and associated Project will be fully gender inclusive. Gender equality is considered not only an integral part of sound business management but also key in the EBRD's activities to advance sustainable growth in its countries of operations. In January 2010 the Board of Directors the EBRD adopted the Gender Action Plan (GAP), based on the EBRD's commitment to the 3rd Millennium Development Goal (to end poverty by promoting gender equality) and the Gender Working Group, which promotes equal opportunities and enhanced economic participation of women across sectors and projects.

B.3. Explain how cost-effectiveness is reflected in the project design:

GEF funding will be used in a highly strategic and cost-effective manner. By covering particularly high

risks by providing equity or subordinated debt, GEF resources will fill a niche that commercial lenders, the EBRD, and other sources of financing cannot. In this way, GEF funds can accomplish two things:

- 1) they can leverage very large amounts of MDB and commercial financing; and
- 2) they can address the specific market barriers (those related to certain aspects of project and finance risk) that currently hinder the market for sustainable energy development in SEMed countries.

The Program's cost-effectiveness will be assessed as part of the reporting requirements and assessment of the individual Projects under the Program at midterm and completion, including regarding factors such as the balance that was achieved between inputs and outputs.

C. DESCRIBE THE BUDGETED M & E PLAN:

Monitoring and evaluation will take place consistent with the GEF's Monitoring and Evaluation Policy (2010) and the policies of the EBRD, and will be used to assess the Program's impact and progress. The EBRD uses a Results Based Management approach, captured in the Project Results Framework (Annex A), which includes performance indicators, targets and timelines.

Individual projects to be submitted under the Program will have separate but coordinated monitoring and evaluation plans. Each project will have a Project Results Matrix, including indicators for each expected outcome. Further, each project will have monitoring and evaluation plan with an associated budget, and reporting deliverables and timetable.

To facilitate reporting of progress and impacts to the GEF Secretariat and the EBRD, there will be the following main processes at the Program level:

- Internal tracking - the EBRD Project Management Team will collect relevant data from the Program's projects and will monitor performance indicators in the Project Results Framework (see Annex A. Project Results Framework) and the use of a GHG accounting methodology. Internal tracking will inform both the Midterm Review and the Final Evaluation of the Program. Participating stakeholders in the Program will be required to provide information on implementation progress and other relevant indicators. The EBRD Project Leaders will be responsible for preparation of regular progress reports with full support of, and in agreement with, the participating companies, FIs and other beneficiaries.
- Annual Review - At the Program level, the EBRD will prepare and provide the GEF with reports summarizing overall progress. These reports will be provided on an annual basis and will include an assessment of GEF ratings on Global Environment Objective/Development Objective, Implementation Progress, and Risks. The Annual report will be available for official use. Each project will also prepare and submit annual reviews to the GEF.
- Midterm Review (MTR) - A review of progress at midpoint is part of the transparent and accountable management practices of the EBRD and the GEF. The MTR will examine the Program's performance with respect to the planning and adaptive management requirements of both the EBRD and the GEF (The GEF Monitoring and Evaluation Policy 2010). The MTR is a valuable instrument for generating real-time learning, and may therefore lead to mid-term improvements and evidence-based corrective actions ensuring that activities are on track to achieve planned outcomes for the Program. Results will serve to inform management and donors of implementation progress, and provide lessons learned for improvements as needed. The MTR will have the following aims: (i) to enhance Program

and project-level learning; (ii) to enable informed decision-making about next steps; (iii) to strengthen the adaptive management of the Program; and (iv) to ensure accountability for the achievement of the Program's objective. The MTR will be conducted at the end of the investment period, which is 3 years following EBRD Board approval.

- Final Evaluation (FEV) - The FEV will examine the Program's performance with respect to the planning and adaptive management requirements of both the EBRD and the GEF (The GEF Monitoring and Evaluation Policy 2010). This independent evaluation will take place at the end of the Program's implementation and will focus on the achievement of Program the following principal dimensions, which are in agreement with the general guidelines of the GEF Monitoring and Evaluation Policy 2010 : relevance, effectiveness, efficiency, results and sustainability.

Monitoring and evaluation will be financed by the Agency, and will be coordinated for the Program and all projects approved under this Program. Tentatively up to USD 150,000 for the Program and the projects and is budgeted for contracting external evaluation contractors who must adhere to the internationally recognized professional standards that are applied to GEF program/project reviews and evaluations, as set out in the GEF Evaluation Principles and Criteria and Minimum Requirements (The GEF Monitoring and Evaluation Policy 2010, page 27). Other costs associated with data collection and reporting will be included in the staff costs for team members in the day-to-day execution of their tasks.

The indicative Monitoring and Evaluation Plan table is provided in the "EBRD Request for CEO Endorsement: Supporting documentation" Annex 5.

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 [Operational Focal Point endorsement letter\(s\)](#) with this form. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Marta Simonetti, EBRD		03/31/2014	Andreas Biermann	+44 207 338 7358	BiermanA@ebrd.com

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

See "EBRD Request for CEO Endorsement: Supporting documentation", Annex 1.

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

See "EBRD Request for CEO Endorsement: Supporting documentation", Annex 2 for responses to GEF Secretariat review, GEF Council comments and the STAP review.

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS⁵

A. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

PPG Grant Approved at PIF:			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF/NPIF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
Total	0	0	0

⁵ If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

See "EBRD Request for CEO Endorsement: Supporting documentation", Annex 3.