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

GEF ID:	**5143**		
Country/Region:	**Regional (Egypt, Jordan, Morocco, Tunisia)**		
Project Title:	**PPP-EBRD South Eastern Mediterranean EE/ ESCO Markets Platform (PROGRAM)**		
GEF Agency:	**EBRD**	GEF Agency Project ID:	
Type of Trust Fund:	**GEF Trust Fund**	GEF Focal Area (s):	**Climate Change**
GEF-5 Focal Area/ LDCF/SCCF Objective (s):		**CCM-2; CCM-3;**	
Anticipated Financing PPG:	**$0**	Project Grant:	**$15,000,000**
Co-financing:	**$150,000,000**	Total Project Cost:	**$165,000,000**
PIF Approval:	**March 07, 2013**	Council Approval/Expected:	**April 12, 2013**
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**David Elrie Rodgers**	Agency Contact Person:	**Asari Efiong**

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion [1]	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	DER, October 2, 2012. Yes. The proposed private sector investment will be in GEF eligible countries, Etypt, Jordan, Morocco, and Tunisia. DER, April 7, 2014. Yes.	
	2. Has the operational focal point endorsed the project?	DER, October 2, 2012. NA. This is a regional program under the GEF-5 private sector set-aside and no OFP endorsement is required. DER, April 7, 2014. NA	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	DER, October 2, 2012. Yes. The EBRD has a comparative advantage for application of non-grant instruments and	

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

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

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		a proven track record of working with private sector partners. DER, April 7, 2014. Yes.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DER, October 2, 2012. Yes. The proposed PPP Program includes non-grant instruments. The EBRD has a proven track record of managing such instruments. a) Under the Operational Modalities for PPP Programs (GEF/C.42/Inf.08) the EBRD must select Option 1 or Option 2 or a hybrid as noted in paragraph 52 related to delegated authority of investment decision making. In this case, since the eligibility of investments under the proposed structured fund is limited to energy efficiency technologies and a very specific funding facility, with strict criteria as presented on page 10 of the PFD, the EBRD is eligible to request Option 1 - In Advance. Please clarify EBRD selection under section J of the revised PFD. b) If Option 1 is selected, the EBRD will be responsible to ensure that all investments meet the stated criteria. If an investment is desired that does not fit the criteria stated in the PFD on an exceptional basis, GEFSEC concurrence would have to be obtained for such exceptional investments under the same modalities as Option 2. (See paragraph 56 of the Operational Modalities.) If this more complicated hybrid approach is	

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		desired by EBRD, it should be clearly articulated in Section J of the PFD, with a justification and example of the type of exceptional investments that could be considered. c) In addition, the proposal specifies "energy efficiency in the industrial and public sector." Please clarify examples of the types of technologies or investments that will considered eligible for the investment fund (for clarity, on or near page 10). Please also clarify if the facility will consider renewable energy investments in industry or public buildings, such as Solar PV or solar thermal, which are often considered simultaneously with whole building renovations and construction that includes energy efficiency. DER, November 19, 2012. a)&b) The response documents the hybrid option in Section J. Comment cleared. c) The response clarifies that some renewable investments may be considered. Comment cleared. DER, April 7, 2014. a) The investments cover a full range of efficiency and renewable energy technologies. Will the proposed approach for GEF investments be the same for all of these investments? On page 12 it indicates that financial terms will be adapted to the needs of each project. Therefore, it could be the	

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		investment mechanism will change. This may change the type of concurrence required by the GEF. Please clarify if there will be a standard investment approach which can be described now and for which we can delegate concurrence in advance under Option1 ; or whether the investment approach must be described at the time of the investment, which will then require concurrence under option 2 of the modalities. Â If Option 1 is selected, the EBRD will be responsible to ensure that all investments meet the stated criteria. If an investment is desired that does not fit the criteria stated in the PFD on an exceptional basis, GEFSEC concurrence would have to be obtained for such exceptional investments under the same modalities as Option 2. (See paragraph 56 of the Operational Modalities.) If this more complicated hybrid approach is desired by EBRD, it should be clearly articulated in Section J of the PFD, with a justification and example of the type of exceptional investments that could be considered. Given the complexity of the portfolio, it may be simplest to proceed with Option 2 and seek concurrence from GEFSEC at the time of each investment. DER, June 18, 2014. Given the project redesign and request for re-endorsement, the process for concurrence will follow Option 2. EBRD is expected to seek concurrence	

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		from the GEFSEC at the time of each investment. Comment cleared.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	DER, October 2, 2012. Yes. Supports to clean energy, infrastructure and private-sector development are core pillars of the EBRD strategy, and support in this region is a priority for EBRD. DER, April 7, 2014. Yes.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DER, October 2, 2012. The STAR allocation does not apply as this program will access the private sector set-aside. There is sufficient balance in the set-aside to meet the program request. DER, April 7, 2014. NA	
	• the focal area allocation?	DER, October 2, 2012. NA	
	• the LDCF under the principle of equitable access	DER, October 2, 2012. NA	
	• the SCCF (Adaptation or Technology Transfer)?	DER, October 2, 2012. NA	
	• Nagoya Protocol Investment Fund		
	• focal area set-aside?	DER, October 2, 2012. NA	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	DER, October 2, 2012. Yes. The PPP Program will address CCM2, Energy Efficiency. DER, April 7, 2014. Yes. DER, June 18, 2014. Yes. The PPP	

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		Program has been re-designed to address CCM2, energy efficiency, and CCM-3, renewable energy.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	DER, October 2, 2012. Table A is correctly filled out with the appropriate outcomes and outputs, identifying "sustainable financing and delivery mechanisms established and operational." DER, April 7, 2014. Please adjust as needed to reflect total funding level. DER, June 18, 2014. The funding request is adjusted to $15 million. Comment cleared.	
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	DER, October 2, 2012. The investments in energy efficiency are consistent with national strategies and plans in the proposed countries where the investments will take place. Energy efficiency has been identified as a high priority to help the countries achieve their energy and climate goals. Please clarify if the project is consistent with national communications for Jordan and Tunisia. DER, November 19, 2012. The response document's consistency with Tunisia national communications. Comment cleared. DER, April 7, 2014. Yes. Very nice descriptions.	

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	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	DER, October 2, 2012. Yes. The use of GEF private sector funding blended at concessional terms with EBRD and other donor funding is expected to attract private sector investors who would otherwise avoid energy efficiency projects in this region. The establishment of the structured fund with long term loans will create a foundation for sustainable operation that will continue after the project is over. DER, April 7, 2014. Yes. DER, June 18, 2014. Yes. The proposed investment focus will create direct lending channels for energy efficiency and renewable energy and strengthen the local financial eco-system, leading to sustainable investments.	
Project Design	11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	DER, October 2, 2012. Yes. The project describes significant interest in energy efficiency financing, yet barriers remain in attracting sufficient private sector investment. DER, April 7, 2014. Yes.	
	12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?	DER, October 2, 2012. Yes. The use of GEF private sector funding blended with EBRD and other donor funding is expected to attract significant private	

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		sector investors. DER, April 7, 2014. Yes. 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 and 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.	
	14. Is the project framework sound and sufficiently clear?	DER, October 2, 2012. The description is very helpful. The presentation of the structured fund is clear. Please respond to the following comments: a) The explanation for the use of GEF funds as C or Junior shares explains that these funds are critical for sustainability because they take the initial credit risk/local currency risk, and first loss position. These sound like "high" risk	

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		positions, but then later the document says the GEF funding will "make high/medium risk investments possible." Please explain. Do you mean the GEF funding lowers the overall risk, allowing other investors to come in with low risk profiles? Will the C/Junior shares have the highest risk of all the partners? b) Following on to question 1, the chart on page 8 shows an increasing level of protection that is inverse to the level of return for shares N, A, and B. This is logical. However, the return for C shares is listed as both very high or very low. Please explain. What is the estimated return for the C/Junior shares to be held by GEF and other donors. c) In other funding facilities that address risk, GEF has "shared" the first loss risk with its partners. This is a different approach, but one that has been successful in attracting investment. Losses in practice have been quite low so investment has not been deterred. Did EBRD consider this type of "shared" risk approach? Please explain how the proposed approach is superior. d) The structured approach proposes to attract investors at the N level, perhaps from institutional investors. We recognize that it is critical to attract these type of investors if climate investment is to be sustainable and scalable. Please describe if this	

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		proposed approach can be sustainable long-term; what happens when C/Junior funds are no longer available? Will the approach raise the confidence of institutional investors? DER, November 19, 2012. a) The document has been updated to clarify that GEF funding as C/Junior shares will indeed attract other investors into the structured fund. The C/Junior shares will be very risky and be offered at concessional terms. Comment cleared. b) The chart has been corrected. The C/Junior shares will be very risky and be offered at concessional terms. Comment cleared. c) Page 7 of the PFD indicates that a variety of options will be considered, depending on the financial needs of the investment, including shared risk. Comment cleared. d) The document presents information that similarly structured funds have indeed attracted private investors and that those private investors will stay on in the fund. Comment cleared. DER, April 7, 2014. a) The focal area objectives now identify CCM2 and CCM3. The funding request of $20 million is more than is available in the PPP private sector set-aside. Please revise the funding request total to $15 million and adjust the mixture of	

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		efficiency and renwable energy as appropriate. b) The request references several approaches for capping or limiting GEF's contribution to projects. Please clarify if the cap is 9% or 10% as shown on page 12 c) Will the proposed ratio of 10:1 be held as a minimum for each project, or is this an expected ratio for the fully invested portfolio? DER, June 18, 2014. a) The request has been revised. Comment cleared. b) The GEF portion of any once project is no more than 9%, and may be also be capped at no more than $3 million depending on the project structure. comment cleared. c) Each project will achieve or exceed a leverage of 1:10 with GEF funding. comment cleard.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?		
	16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?	DER, October 2, 2012. Yes. DER, April 7, 2014. Yes.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role	DER, October 2, 2012. Yes. DER, April 7, 2014. Yes.	

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	identified and addressed properly?		
	18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	DER, October 2, 2012. Yes. DER, April 7, 2014. Yes.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	DER, October 2, 2012. Yes. DER, April 7, 2014. Yes.	
	20. Is the project implementation/ execution arrangement adequate?	DER, October 2, 2012. Yes. DER, April 7, 2014. Yes.	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	DER, October 2, 2012. Yes. The program management cost request is zero	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	DER, October 2, 2012. Yes. The type of co-financing is appropriate for the type of financing proposed. DER, April 7, 2014. Yes.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	DER, October 2, 2012. Yes. The estimated co-financing is appropriate and adequate. DER, April 7, 2014. a) As the GEF	

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		funding amount will be $15 million instead of $20 million, please adjust the co-financing as appropriate. b) Please adjust the EBRD confirmed co-financing letter as needed. c) Please explain how the project investment criteria that will be used to ensure othe private sector partners, as noted in row 3 of Table 3, will be providing co-financing. For example, will the project investment parameters require beneficiaries to provide a specific percentage of the equity or debt? The application of documented criteria will avoid the need for obtaining letters of co-financing from these beneficiaries in advance. DER, June 18, 2014. a) Adjusted. comment cleared. b) Adjusted. comment cleared. c) EBRD will be implementing its standard policy limiting its investment to 35 or 50% of the project. With GEF contributing 9%, the private sector partners will have to provide or obtain investment from other sources of 41%-56% as a condition for receiving the GEF/EBRD investment. Comment cleared.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	DER, October 2, 2012. Yes. The EBRD will bring significant co-financing ($45 million) and will be arranging for technical assistance for project preparation with non-GEF funds. DER, April 7, 2014. Yes.	

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Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		DER, October 2, 2012. The estimated CO2 benefits are 13.5 million tCO2e over the lifetime of the investments. Please include the tracking tools at the time of CEO endorsement. DER, April 7, 2014. a) The emissions estimate cover both efficiency and renewable options. Please supply a copy of the spreadsheet using the GEF/STAP methodology for baseline calculation. b) The tracking tool provided describes only indicative efficiency measures. As this is a PFD-PPP, no tracking tool is needed at this time. Instead, at the time of each investment (negotiation by EBRD) please complete and submit the tracking tool on GHG emissions for the investment, along with the adjusted reflows estimate. DER, June 18, 2014. Preliminary estimates suitable for tracking tools, and including preliminary reflow estimates are provided. Comment cleared.
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		DER, October 2, 2012. Yes. DER, April 7, 2014. Yes.
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?	DER, October 2, 2012. DER, April 7, 2014. a) Please respond to the STAP comments	

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		DER, June 18, 2014. STAP comments have been responded to. Comment cleared.	
	• Convention Secretariat?	DER, October 2, 2012. NA	
	• Council comments?		DER, October 2, 2012. NA
	• Other GEF Agencies?	DER, October 2, 2012. NA	
Secretariat Recommendation			
Recommendation at PIF Stage	**30. Is PIF clearance/approval being recommended?**	DER, October 2, 2012. Not at this time. Please address the questions in box 4, 9, and 14. DER, November 19, 2012. Yes. The PFD has been technically cleared and may be included in an upcoming Work Program. DER, April 7, 2014. Not yet recommended for CEO endorsement. Please respond to comments on boxes 4, 14, 22, 24, and 26. Also, please prepare a brief letter explaining why the changes were needed, addressed to the CEO, that will be presented to Council along with the revised PFD. DER, June 18, 2014. All comments cleared. The requested letter has been supplied. This program is technically cleared and can be submitted for CEO endorsement. The program will be circulated to Council for a four-week review prior to CEO endorsement.	
	31. Items to consider at CEO endorsement/approval.	DER, October 2, 2012. At the time of CEO endorsement submission, please supply Annex E, the estimated schedule	

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		of reflows; the tracking tools with CO2 emissions benefits; and respond to any comments from STAP or the Council. DER, April 7, 2014. Subsequent to CEO endorsement, please provide investment concurrences, tracking tools, and adjusted reflows for each investment according to the modality identified in Box 4. DER, June 18, 2014. The same applies for the re-designed project. Thank you for providing the preliminary estimates for the project pipeline.	
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	33. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	October 02, 2012	
	Additional review (as necessary)	November 19, 2012	
	Additional review (as necessary)	March 31, 2014	
	Additional review (as necessary)	April 07, 2014	
	Additional review (as necessary)	June 18, 2014	

* **This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	

	2.Is itemized budget justified?	
Secretariat Recommendation	**3.Is PPG approval being recommended?**	
	4. Other comments	
Review Date (s)	First review*	
	Additional review (as necessary)	

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