



REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

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PART I: PROJECT INFORMATION

Project Title: Removing Barriers to, Promote and Support Energy Management Information Systems in Municipalities (EMIS) throughout Serbia			
Country(ies):	Serbia	GEF Project ID: ¹	5518
GEF Agency(ies):	UNDP (select) (select)	GEF Agency Project ID:	4588
Other Executing Partner(s):	Ministry of Mining and Energy	Submission Date:	June 12, 2015
GEF Focal Area (s):	Climate Change	Project Duration(Months)	60
Name of Parent Program (if applicable):	n/a	Project Agency Fee (\$):	218,500
<ul style="list-style-type: none"> ➤ 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)	Appropriate policy, legal and regulatory frameworks adopted and effectively enforced	Energy efficiency policy and regulation in place	GEF TF	1,591,096	1,810,026
CCM-2 (select)	Sustainable financing and delivery mechanism established and operational	Investments mobilized	GEF TF	708,904	17,789,974
(select) (select)			(select)		
Total project costs				2,300,000	19,600,000

B. PROJECT FRAMEWORK

Project Objective: Promote greater investment in energy-efficiency in public buildings and services in the municipal sector in Serbia

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1. Legal and Regulatory Support for National Municipal Energy Management Information System	TA	An enabling legal and regulatory framework to support adoption and effective implementation of municipal energy management systems and related	<p>Review of the remaining legal and regulatory barriers and an assessment of the level of enforcement of the adopted laws and regulations.</p> <p>Recommendations for the required legal and regulatory changes and other measures to address the barriers to their effective enforcement.</p>	GEF TF	150,000	850,000

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.
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focused on secondary legislation		energy efficiency measures	Developing and facilitating the adoption of voluntary norms and minimum energy performance and environment standards in municipal administration exceeding the minimum legal and regulatory requirements at the national level.			
2. Capacity Building for the Planning, Implementation and Monitoring of National Municipal Energy Management System	TA	Central and municipal energy efficiency support units are established and operational and their capacity is built to establish energy management and information systems (EMIS) at the municipal level	<p>Central Energy Management Support Unit established and its capacity and competence built.</p> <p>Upgraded EMIS software to include also public utility services (street lighting, district heating, sanitary water supply and public transport) in addition to public buildings.</p> <p>Energy management offices established with trained energy managers in at least 30 municipalities</p> <p>Completed and regularly updated EMIS databases with agreed information, indicators and benchmark values, on the basis of which the municipalities can assess their energy performance in at least 30 municipalities</p> <p>Completed municipal EE strategies and action plans with clearly defined EE targets published and communicated to the general public by at least 30 municipalities, followed up by monthly/annual energy monitoring reports</p>	GEF TF	1,030,000	1,160,000
3. Demonstration Projects on Municipal and Public Energy-Efficiency	Inv	At least 10 "best practice" demonstration projects	At least 10 demonstration projects from different municipalities, selected based on a public call for proposals	GEF TF	500,000	15,200,000
	TA	demonstrating the use of EMS and EMIS for identifying, prioritizing and leveraging financing for municipal EE investments and other related EE measures are successfully implemented with	<p>Technical assistance for completing the design, financial structuring and implementation of the demonstration projects</p> <p>Documenting and publishing of the demonstration project results and lessons learnt, including their monitored and verified energy savings and GHG emission reduction impact</p>	GEF TF	175,000	800,000

		reported results for their first year of operation.	Cost-benefit analysis, preparation of initial investment proposals and structuring financing for EE and RE projects in other municipalities			
4. National Programme on Municipal Energy Management Information System (EMIS)	TA	Municipal Energy-Efficiency Charter signed by over 80% of all municipalities in Serbia, enhanced public awareness and improved local capacity to implement and manage investments in energy efficiency	Public outreach to present and expand the adoption of EMS and EMIS at a coherent, high quality level also in other Serbian municipalities Municipal Energy Efficiency Charter developed and signed by at least 80% of all Serbian municipalities by building on the Croatian model Updated curricula with related training materials on the state of the art EE technologies and approaches developed for at least 3 different professional fields (electricians, plumbers, construction workers) and taken into use in at least 10 different professional/vocational schools Regularly updated web-based energy managers' "handbook" and other public outreach campaigns, events and facilities to promote energy efficiency in Serbian municipalities End-of-the project workshop	GEF TF	275,500	900,000
Monitoring and Evaluation ³	TA	NA	NA	GEF TF	60,000	90,000
Subtotal					2,190,500	19,000,000
Project management Cost (PMC) ⁴				GEF TF	109,500	600,000
Total project costs					2,300,000	19,600,000

³ Financed by US\$ 60,000 GEF and US\$ 20,000 UNDP cash co-financing contributions. The rest of the stated co-financing amount of the M&E component (US\$70,000) is the estimated in-kind contribution of UNDP and the Ministry of Mining and Energy, which have not been included in the M&E workplan and budget table here.

⁴ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

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

Please include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
National Government	Ministry of Mining and Energy	Investment	5,600,000 ⁵
National Government	Ministry of Mining and Energy	In-kind	1,500,000
Local Government	Local municipalities	Investment	1,600,000
Local Government	Standing Committee of Towns and Municipalities (SCTM)	In-kind	400,000
Bilateral Aid Agency (ies)	JICA	Cash	1,000,000
Bilateral Aid Agency (ies)	KfW	Soft Loan	9,000,000 ⁶
GEF Agency	UNDP	Cash	200,000
GEF Agency	UNDP	In-kind	300,000
Total Co-financing			19,600,000

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
UNDP	GEF TF	Climate Change (Under FLEX)	Serbia	2,300,000	218,500	2,518,500
Total Grant Resources				2,300,000	218,500	2,518,500

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	86,250	0	86,250
National/Local Consultants	294,000	450,000	744,000

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

(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).

⁵ The co-financing amounts of the Ministry of Mining and Energy (MoME) and the KfW shown in table C (and influencing also the total project co-financing) slightly differ from the figures shown in the related co-financing letters. For the MoME, this is due to the fact that the original commitments in the co-financing letter were made in Serbia Dinars (RSD), after which they were transformed to US\$ by using an exchange rate of 1 US\$ = 96 RSD at the time of writing the letter. Since then the exchange rate has already changed to 1 US\$ = 108 RSD (as of June 03, 2015) and this fluctuation is likely to continue also in the future. As such, it was not considered as rational to include the converted US\$ amounts of the MoME letter into the project co-financing calculations at the same level of accuracy as in the letter, but all of them were rounded downwards. This is expected to be acceptable also to the GEF as long as the co-financing amounts shown in table C do not exceed the amounts stated in the letters. For the Ministry's in-kind contribution, the letter stated that over USD 6 million in total over 4 years have been planned for the field of energy efficiency, on which UNDP estimated that around USD 1,5 million could realistically be seen directly contributing towards reaching the project objective. Thus, the reduced amount stated in table C.

⁶ An assessment similar to the Ministry of Mining and Energy (MoME) cofinancing contribution was applied for the amount stated in the KfW letter, for which it was estimated that out of the total of 26 million Euros expected to be invested in municipal RE and EE investments (40% out of 65 million Euros) through the MEGLIP programme, USD 9 million could be set as a target to be directly leveraged and/or influenced by the UNDP/GEF project.

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF⁷

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. NA

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

A.3 The GEF Agency's comparative advantage: NA

A.4. The baseline project and the problem that it seeks to address: The baseline projects and problems they seek to address have largely remained as described in the PIF. The main change is that in the updated baseline analysis, the need for GEF support for strengthening the legal and regulatory framework was recognized to be less than still anticipated at the PIF stage. This is primarily due to Government's own initiatives and other donor support to develop the legal and regulatory framework, which is envisaged to continue in parallel also during the implementation of the GEF funded project. Consequently, the financial allocation for component 1 was reduced by about USD 250,000 and added into other components, such as component 3, where the support needs and value added of the GEF contribution was considered to be larger. Another thing is that rather than focusing on just public buildings, it was concluded that municipal energy management and information systems should also be used for public utility services such as DH supply, street lighting and water supply accounting for a significant share of municipal energy consumption and related energy saving opportunities. Related amendments have been incorporated into outputs of component 2, such as outcome 2.3, while at the outcome level the component 2 has remained similar to the PIF.

Further, the total amount of co-financing for the project increased from \$9.345 million at the PIF stage up to \$19.6 million at the CEO ER stage. Additional co-financing comes from the national government (10-fold increase in committed investment capital compared to PIF) and new project partner, KfW (as concessional loan). This increase more than compensates for the reduction in the co-financing from the local governments and the Ministry of Education. The latter remains fully on board as a project partner, as evidenced from provided Letter of Support (Annex 8.2 to the UNDP-GEF ProDoc), but due to internal reasons the Ministry couldn't evaluate and confirm the exact amount of its in-kind contribution to the project. The reduction in JICA's contribution is due to currency exchange rate fluctuation (depreciation of EUR vis-à-vis USD).

Table 1: Co-financing at PIF and CEO Endorsement Stage

Name of Cofinancier	Type of Cofinancing	Amount at PIF (\$)	Amount at CEO Endorsement (\$)
Ministry of Energy, Development, and Environmental Protection	Investment	545,000	5,600,000
Ministry of Energy, Development and Environmental Protection	In-Kind	1,200,000	1,500,000
Ministry of Education	In-Kind	500,000	-
Local Governments	Cash	4,500,000	1,600,000
Standing Conference of Towns and Municipalities	In-kind	800,000	400,000
JICA	Cash	1,300,000	1,000,000
UNDP	In-Kind	300,000	300,000
UNDP	Cash	200,000	200,000
KfW	Loan	-	9,000,000
TOTAL		9,345,000	19,600,000

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

⁷ 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.

benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project: Apart from a few changes described in the response to question A.4 above, the incremental reasoning in general has remained similar to the PIF. For global environmental benefits, the updated estimates completed during the project preparatory phase indicated significant higher GHG emission reduction potential than in the PIF. The direct GHG reduction impact was estimated at 150,000 tons on the basis of the updated GEF calculation methodology adopted in 2013 (compared to just 840 tons estimated in the PIF) and the indirect GHG reduction impact between 2 and 3.9 million tons of CO₂ (depending on the methodology used) compared to just 0.146 million tons estimated in the PIF. Further details on the updated GHG reduction assessment of the project can be found from Annex 8.5 of the Project Document.

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 risk assessment has been updated during the project preparatory phase, with some complementary risks added (as described in further detail in Annex 8.1 of the Project Document). In general, however, the risks remain similar to those already described in the PIF.

A.7. Coordination with other relevant GEF financed initiatives NA.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

B.1 Describe how the stakeholders will be engaged in project implementation. A Project Board will be established at the inception of the project to monitor project progress, to guide project implementation and to support the project in achieving its listed outputs and outcomes. It will be chaired by the National Project Director representing the Ministry of Mining and Energy. Other members of the Project Board will consist of the Standing Conference of Towns and Municipalities of Serbia (SCTM) representing the Serbian municipalities, Ministry of Education (MoE) and UNDP. The final list of the Project Board members will be completed at the outset of project operations and presented in the Inception Report. New members into the Board or participants into the Board meetings during the project implementation can be invited at the decision of the Board, by ensuring, however, that the Board will remain sufficiently lean to facilitate its effective operation. Other stakeholders to be engaged in project implementation are discussed in Chapter 1.3 of the Project Document, with further details provided in Annex 8.4.

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): The socioeconomic benefits to be delivered by the project include the creation of green jobs, improving energy supply and security, catalysing private investment and contributing to the improved comfort and sanitary conditions in public buildings, thereby also improving the working environment of the people working in those buildings. Out of these, more than 50% are women. The employees and users of public buildings and services are also encouraged to come up with their own ideas for energy savings and improved energy efficiency, which is facilitated, among others, by project's public awareness raising activities, possible competitions etc.

B.3. Explain how cost-effectiveness is reflected in the project design: In designing the financial support scheme for selected flagship projects to show examples and demonstrate good practices for municipal EE investments, while also providing a complementary incentive for municipalities to effectively take EMIS into use, an effort has been made in the project design to maximise the impact of the limited GEF resources. GEF funds will not be used to provide 100% grant financing for the investments, but they will complement other available financing. The projects will be selected by a public call for proposals by applying the draft criteria described in further detail in chapter 2 under Outcome 3 including a cap that for any single project the GEF cost-sharing cannot exceed USD 50,000, 20% of the total investment or USD 10 per estimated tons of CO₂ reduced during the lifetime of the project, whichever comes first. From the total requested GEF financing of US\$ 2,300,000, US\$ 500,000 has been allocated for this complementary grant co-financing of demo projects. From the remaining US\$ 1,800,000, US\$ 1,690,000 will be used for technical assistance type of activities in accordance with the Project Results Framework in Chapter 3. US\$ 110,000 i.e. 5% of the total budget will be used for project management.

The combined direct and indirect global benefits of the project have been assessed at between 2 and 4 million tons of CO₂eq. With a GEF funding request of US\$2.3 million, this corresponds to the abatement cost of around US\$ 1 per tonne of CO₂ reduced or less.

C. DESCRIBE THE BUDGETED M & E PLAN:

Project monitoring and evaluation will be conducted in accordance with the established standard UNDP and GEF procedures described in further detail in Chapter 6 of the Project Document.

A Project Inception Workshop will be held within the first 2 months of project, followed up by the Project Inception Report including the first year annual work plan and elaborating in further detail the roles, support services and complementary responsibilities of UNDP CO and RCU staff vis à vis the project team. The Terms of Reference for the project staff and required complementary experts will also be discussed again and elaborated further, as needed. In addition, the project targets, assumptions, risks and risk mitigation measures will be reassessed and updated, as required. An Inception Workshop report is a key reference document and must be prepared and shared with participants to formalize various agreements and plans decided during the inception meeting.

Quarterly

Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform. Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high. Note that for UNDP GEF projects, all financial risks associated with financial instruments such as revolving funds, microfinance schemes or capitalization of ESCOs are automatically classified as critical on the basis of their innovative nature (high impact and uncertainty due to no previous experience justifies classification as critical).

Annually

Annual Project Review/Project Implementation Reports (APR/PIR): This key report is prepared to monitor progress made since project start and, in particular, for the previous reporting period (30 June to 1 July). The APR/PIR combines both UNDP and GEF reporting requirements monitoring the progress made towards project objective and project outcomes – each with indicators, baseline data and end-of-project targets (cumulative), project outputs delivered per project outcome (annual), lesson learned/good practice, risks and adaptive management. Portfolio-level indicators (e.g. GEF focal area tracking tools) are used by most focal areas on an annual basis as well.

Periodic Monitoring Through Site Visits

The UNDP CO and the UNDP RCU will conduct visits to project sites based on the agreed schedule in the project's Inception Report/Annual Work Plan to assess first-hand project progress. Other members of the Project Board may also join these visits. A Field Visit Report/BTOR will be prepared by the CO and UNDP RCU and will be circulated no less than one month after the visit to the project team and Project Board members.

Mid-term of Project Cycle

The project will undergo an independent Mid-Term Evaluation at the mid-point of project implementation. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course corrections if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this mid-term evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF. The management response and the evaluation will be uploaded to UNDP corporate systems, in particular the UNDP Evaluation Office Evaluation Resource Center (ERC).

The relevant GEF Focal Area Tracking Tools will also be completed during the mid-term evaluation cycle.

End of Project

An independent Final Evaluation will take place three months prior to the final Project Board meeting and will be undertaken in accordance with UNDP and GEF guidance. The final evaluation will focus on the delivery of the project's results as initially planned (and as corrected after the mid-term evaluation, if any such correction took place). The final evaluation will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental benefits/goals. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF.

The Terminal Evaluation should also provide recommendations for follow-up activities and requires a management response which should be uploaded to PIMS and to the UNDP Evaluation Office Evaluation Resource Center (ERC).

The relevant GEF Focal Area Tracking Tools will also be completed during the final evaluation.

During the last three months, the project team will prepare the Project Terminal Report. This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's results.

The key steps of the project's M&E plan and their indicative budget is summarized in the table below:

M & E WORKPLAN AND BUDGET

Type of M&E activity	Responsible Parties	Budget US\$	Time frame
Inception workshop and report	Project Manager supported by an International Expert UNDP CO, UNDP GEF	US\$10,000	Within first two months of project start up
Measurement of means of verification of project results.	UNDP GEF RTA/Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members.	tbd (included in the Outcome budgets).	Start, mid- and end of project (during evaluation cycle) and annually when required.
Measurement of means of verification for project progress on output and implementation	Oversight by Project Manager Project team	To be reviewed as a part of the Annual Work Plan's and PIR preparation.	Annually prior to ARR/PIR and to the definition of annual work plans
ARR/PIR	Project manager and team UNDP CO, UNDP RTA, UNDP EEG	US\$5,000	Annually
Periodic status/ progress reports	Project manager and team	US\$5,000	Quarterly
Mid-term Evaluation	Project manager and team UNDP CO, UNDP RCU	US\$20,000	At the mid-point of project implementation.

Type of M&E activity	Responsible Parties	Budget US\$	Time frame
	External Consultants (i.e. evaluation team)		
Final Evaluation	Project manager and team, UNDP CO UNDP RCU External Consultants (i.e. evaluation team)	US\$20,000	At least three months before the end of project implementation
Project Terminal Report	Project manager and team UNDP CO local consultant	US\$5,000	At least three months before the end of the project
Audit	UNDP CO Project manager and team	US\$15,000	Yearly
Visits to field sites	UNDP CO UNDP RCU (as appropriate) Government representatives	For GEF supported projects, paid from IA fees and operational budget	Yearly
TOTAL INDICATIVE COST (excluding UNDP staff and travel expenses as well as the in-kind contributions of the other project implementing and co-financing partners)		US\$80,000 ⁸ (+/- 5% of total budget)	

⁸ Financed by US\$ 60,000 GEF and US\$ 20,000 UNDP cash co-financing contributions. The rest of the stated co-financing amount of the M&E component in table B (US\$70,000) is the estimated in-kind contribution of UNDP and the Ministry of Mining and Energy, which have not been included in the M&E workplan and budget table here.

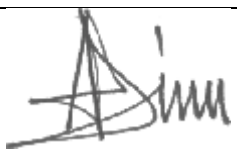
PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

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)
Mr. Tonic Petrovic	GEF Operational Focal Point	Ministry of Energy, Development and Environment Protection	02/09/2013 and 05/17/2013

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
Adriana Dinu UNDP – GEF Executive Coordinator		June 12, 2015	Marina Olhanskaya, Regional Technical Advisor	+90 850 288 2609	marina.olshanskaya@ undp.org

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).

The project results framework is presented in Section 3 of the Project Document.

This project will contribute to achieving the following Country Programme Output as defined in CPAP: Improved energy sector performance through enhanced market mechanisms, renewables and demand-side initiatives					
Country Programme Outcome Indicators: Level of Greenhouse Gas Emissions					
Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one):					
<ol style="list-style-type: none"> 1. Mainstreaming environment and energy OR 2. Catalyzing environmental finance OR 3. Promote climate change adaptation OR 4. Expanding access to environmental and energy services for the poor. 					
Applicable GEF Focal Area Objective: CCM-2: Promote Market Transformation for Energy-Efficiency in Industry and the Building Sector					
	Indicator	Baseline	Targets - End of Project	Source of verification	Risks and Assumptions
Project Objective⁹: Promote greater investment in energy-efficiency in public buildings and services in the municipal sector in Serbia	Tonnes of incremental CO ₂ equivalent avoided as a direct result of project activities	0	Direct GHG emission reduction: 150 ktons of CO _{2eq} calculated over the default lifetime of 15 years of the investments or other EE measures implemented	Project's verified energy saving and GHG monitoring reports	The necessary legal, regulatory, institutional and financial prerequisites to proceed with the planned investments and other EE (operational) improvements exist
	Incremental energy savings as a direct result of project activities	0	Energy savings of at least 94 TJ per year or 1,400 TJ over the default lifetime of 15 years from the investments and other measures facilitated by the project.	See above	See above

⁹Objective (Atlas output) monitored quarterly ERBM and annually in APR/PIR
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	Amount of investment in energy-efficiency in public buildings and services in the municipal sector directly facilitated by the project	0	15 mln US\$ by the end of the project	Final evaluation	Partners maintain their financial commitments
	Number of new development partnerships with funding for improved energy efficiency (IRRF Indicator 1.5.1.A)	0	30 new partnerships (i.e. 30 municipalities have formally adopted and started the implementation of EMS and EMIS)	Final evaluation	Political will and commitment at municipal level exist
	Number of people benefitting from improved public services	0	To be specified at the inception phase	Final evaluation	See above
Outcome 1¹⁰: An enabling legal and regulatory framework to support adoption and effective implementation of municipal energy management systems and related energy efficiency measures.	Extent to which the required new EE policies and regulations (or those be updated) are adopted.	0	Formal adoption of at least 5 new/updated Government regulations, rulebooks and/or municipal ordinances directly supported by the project to enable effective implementation of municipal energy management and energy management information systems	Official Gazette of Serbia	Continuing political support to the suggested legal and regulatory changes
Outcome 2: Central and municipal energy efficiency support units are established and operational and their capacity is built to establish energy management and information systems (EMIS) at the municipal level	Status of the central EE Support Unit and the number of new, adequately staffed and capacitated municipal EE support units established	0	The central EE support unit either within the Ministry responsible for energy or as an independent entity established, adequately staffed and capacitated and with adequate financial allocations by the Government budget to continue its	Project monitoring and evaluation reports	Continuing political support both at the central government and municipal level, allocations of adequate budget and/or other financial resources

¹⁰All outcomes monitored annually in the APR/PIR. It is highly recommended not to have more than 4 outcomes.

			<p>operation also after the end of the project.</p> <p>At least 30 municipalities have formally adopted and started the implementation of EMS and EMIS with:</p> <p>1) appointed energy managers and EE support units established; 2) EMIS data coverage of at least 80% of the energy consumption and other agreed information from the targeted municipal subsectors; 3) completed EE strategies and action plans with concrete time-bound EE targets; and 4) monthly/annual energy monitoring reports published using data from EMIS</p>	Project monitoring and evaluation reports	to support continuing operation of the centers and success in overcoming the identified institutional barriers.
<p>Outcome 3: At least 10 “best practice” demonstration projects demonstrating the use of EMS and EMIS for identifying, prioritizing and leveraging financing for municipal EE investments and other related EE measures are successfully implemented with reported results for their first year of operation.</p>	Number of successfully completed demonstration project and volume of investment leveraged by the project	0	<p>At least 10 demonstration projects completed with at least one year verifiable monitoring data on the saved energy and GHG emissions reduced.</p> <p>At least USD 15 million leveraged for new EE investments facilitated by the project.</p>	Project monitoring and evaluation reports	Continuing political support both at the central government and municipal level and availability of adequate co-financing to proceed with the suggested investments.

<p>Outcome 4: Municipal Energy-Efficiency Charter signed by over 80% of all municipalities in Serbia, enhanced public awareness and improved local capacity to implement and manage investments in energy efficiency.</p>	<p>Number of municipalities signing the Energy Efficiency Charter</p> <p>Number of trained energy managers</p> <p>Number of professional/vocational schools having adopted curricula with greater emphasis on state of the art energy efficient technologies and approaches.</p>	<p>0</p> <p>0</p> <p>No curricula with adequate emphasis on EE</p>	<p>At least 80% of all Serbian municipalities have signed the Energy Charter with a stated intention to adopt the EMIS.</p> <p>Training of at least 100 municipal energy managers.</p> <p>The curricula of all professional and vocational schools dealing with energy efficiency related professional disciplines (electricians, plumbers, construction workers etc.) and located in the municipalities that have adopted EMIS have been strengthened with state of the art energy efficient technologies and approaches.</p>	<p>Project monitoring and evaluation reports</p>	<p>Continuing political support both at the central government and municipal level for the adoption of EMIS and required financial support to facilitate the required investments (e.g. on remote controlled metering)</p>
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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).

Comments from GEF Council at work programme inclusion:

Germany approves the following PIF in the work program but asks that the following comments are taken into account: Suggestions for improvement to be made during the drafting of the final project proposal:

The project takes a commendable approach in that it builds on existing experience in Croatia.

1. The major concern of Germany is about the benefit of installing further demonstration projects (project component 3), as there are already over 100 relevant demonstration projects in Serbia.
2. Germany would appreciate receiving clarification on which updates of energy efficiency legislation for the building sector are sought. When transferring the Energy Management System (EMIS) of Croatia to Serbia it is important to adjust the procedures and activities to the local conditions in Serbia, since the primary focus of the Energy Management System in Croatia was not on Municipalities. It might make more sense to develop EMIS by Serbia on its own based on the good quantity of data available in the country.
3. Together with the Ministry of Energy and the Ministry of Construction and Urbanism, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) develops a common web-based data management system which includes monitoring, verification, as well as evaluation of energy-related activities in the building sector.
4. Communal energy managers are currently collecting data on energy efficiency in buildings. This data only needs to be compiled and then it could be used for setting up a Serbian EMIS (for the building sector). GIZ cooperates with 30 municipalities and with the Ministry of Construction and Urbanism on energy management issues.
5. GIZ is already offering some energy training courses. In this context, Germany seeks clarification on the content of the training courses envisaged by the proposed project and the potential for synergy effects (including technical assistance provided by JICA).
6. Germany seeks clarification on the access options to EMIS.
7. The Croatian Energy Management System was initially financed by GEF and then fully financed by the Croatian Environment Protection and Energy Efficiency Fund. Are comparable financing structures envisaged in Serbia, for instance that the co-financing municipalities will be able to self-support the EMIS? The proposal solely mentions that it will be the role of the Government.
8. Germany seeks clarification on the assumptions laid down to the emission reduction calculation, especially in relation to the expected energy efficiency savings by EMIS; are they based on comparable experiences from elsewhere and if so, are framework conditions are comparable?

Response:

1. The primary driver for the proposed demonstration projects is not to have technical demonstrations, but to demonstrate how EMS and EMIS can be effectively used to: i) identify cost-effective EE investment opportunities, ii) obtain credible information for the preparation of "bankable" project proposals, iii) structure financing for them (also other than GEF grant financing); and iv) to monitor the results based on real measured data both on annual energy and costs savings.
2. On energy efficiency related legislation, the main updating needs will be in line with the effort to make the Serbian legislation consistent with the EU Acquis and for which the Ministry of Mining and Energy has the main responsibility as the baseline activity to the UNDP/GEF project. The complementary support needs of the UNDP/GEF project under Outcome 1 relate to such secondary legislation, rulebooks, municipal ordinances etc. that go beyond the mandatory EU requirements, but which the Government of Serbia and/or certain municipalities may wish to adopt to facilitate adoption

and more efficient implementation of EMS and EMIS and/or related other EE measures such as "green" public procurement. There will also be a likely need for regular updating of the adopted secondary legislation after collecting more experiences on its actual implementation.

On the EMIS it is agreed that it is important to adjust the procedures and activities to the local conditions in Serbia, but the software tool developed in the frame of the UNDP project in Croatia is likely to provide a more cost-effective and faster avenue for this than starting the development of a new software tool from scratch. Similar to many other countries, the main challenge with EMIS in Serbia continues to be the access to credible, comprehensive, actually measured and properly collected and stored data for municipal energy use in public buildings and different public services, which is why a major emphasis in the project will be put on compiling such data. In this respect and as evidenced also by the research done during the project preparatory phase, we cannot really agree that the data availability in Serbia on municipal energy use is already good.

Having said that, the testing of the software developed in the frame of UNDP project in Croatia will be continued in Serbia with a critical view, and any weaknesses and inadequacies will be addressed as part of project activities. Among others, one of the first activities planned under Outcome 2 is to upgrade the Croatian software to include information also on energy consuming public utility services to complement the current database of public buildings.

3. The web-based data management system developed by GIZ support is primarily collecting and storing data only from those buildings that have obtained an energy passport. It is also a static database not developed to collect and store daily, monthly or annual monitoring data on an ongoing basis and, as such, does not replace the need for a full fledged municipal EMIS. The UNDP/GEF projects looks forward, however, to close co-operation with both the GIZ and the Ministries concerned in order to ensure full complementarity and compatibility of the two databases.

4. Communal energy managers should be collecting data on energy efficiency in buildings, but this is not well established yet, as evidenced also by the consultations conducted during the project preparatory phase. As discussed with the GIZ during the project preparatory phase, the current GIZ supported activities focus primarily on the residential buildings.

5. As described in chapter 2.1 under Outcome 4 of the project document, the primary target for the training activities supported by the UNDP/GEF project will be municipal energy managers and technical experts responsible for maintenance of public buildings and energy consuming public services to: i) use the EMIS for identifying cost efficient energy saving opportunities; ii) develop local energy efficiency action plans; iii) develop and implement "green" public procurement schemes; iv) develop bankable investment proposals and to structure financing for them; v) develop and implement other local actions to improve the energy efficiency of the municipalities concerned; and vi) monitor and report on their energy performance in general. The training described above will be complementary to the mandatory training organized by the Ministry of Mining and Energy for meeting the minimum requirements of the staff to become municipal energy managers. The JICA supported activities will primarily focus on training of energy managers from the industrial and commercial sectors, but possible synergies can be found, among others, by using same training facilities and/or materials (incl. equipment) for those training modules and components that may share common characteristics.

6. The data of EMIS is meant for public use, but eventually at different levels of aggregation depending on possible limitations posed by the legal confidentiality requirements.

7. It is envisaged that after the initial investment facilitated by the UNDP/GEF project, the further management and operation of EMIS at different levels can be handled by the trained facility managers, municipal energy managers (now being obligatory for all so called designated municipalities with over 20,000 inhabitants) and the permanent staff of the Ministry responsible on energy issues.

8. An updated GHG emission reduction analysis is presented in Annex 8.5 of the project document.

Comments from the STAP at work programme inclusion

1. The aim of the project is to improve energy efficiency in municipal buildings by developing suitable expertise and running training courses to give capacity building. New 2013 legislation makes the project timely. The major share of funding is to finance national and municipal energy efficiency support units and to develop the national programme on Municipal Energy Management Information Systems.

2. Building on the UNDP experience of the Croatian model is commendable and much experience in this area already exists elsewhere. The project is not truly innovative therefore, other than adapting positive learning experiences directly to meet Serbian conditions. It is unclear what capacity already exists in Serbia given the 2005 World Bank energy efficiency project. It is assumed capacity building is primarily for municipal staff and that sufficient consultants and auditors with energy efficient experience, and ESCOs, already exist to manage the programme.

3. Good opportunities for energy efficiency improvements in many older buildings exist with significant cost savings available. As for many other countries, these cost savings have been insufficient to drive energy efficiency to date without intervention. Working in liaison with the JCIA on the national programme gives useful benefits and targeting municipal buildings in 30 municipalities makes sense with scaling-up to other municipalities and to all commercial and residential buildings possible in the longer term.

4. Evaluating GHG emissions avoided is difficult due to the many uncertainties, but a reasonable attempt has been made and later assessments are planned as the project proceeds. It seems the GEF GHG emission assessment tool for energy efficiency projects was not utilised, but it could assist with future assessments

Response:

1. Agreed. No further action required and taken

2. It is true that in terms of just the concept of EMS and EMIS, the project has no fundamental elements of innovativeness. Both are well known tools and approaches and have been tested and implemented also in other countries. As also noted in the STAP review, however, rather than starting to develop an entirely own software and data collection system for EMIS in Serbia from scratch, the project is seeking to apply more cost-effective and in the international technical co-operation field to some extent also innovative approach by trying to fully build on the results and lessons learnt from similar projects implemented elsewhere, while also trying to ensure full co-ordination and complementarity with other ongoing and planned donor funded initiatives in Serbia.

3. Agreed and to be taken into account during implementation.

4. Estimating the GHG emissions avoided for this kind of project is indeed difficult due to many uncertainties and variables in the equation. Based on the available information, a further attempt was, however, made during the PPG phase to conduct a more comprehensive GHG assessment by taking into account updated GEF calculation methodology released in March 2013. Given the nature of the project, the related GHG assessment tool could not be used directly, but was taken into account for the applicable parts. Further discussion on this can be found from Annex 8.5 of the project document.

Comments from the GEF Secretariat at work programme inclusion: NA

Comments from the GEF Secretariat at the CEO Endorsement:

GEFSec Comment at the CEO Endorsement	UNDP Response	Reflection in the Project Document / CEO Endorsement Request (CEO ER)
<p>7. Are the components, outcomes and outputs in the project framework (Table B) clear, sound and appropriately detailed?</p> <p><u>MY 6/1/2015:</u> Not at this time.</p> <p>Please put the budget or cost of M&E in Table B. The project management cost is \$500 more than the cap (5% of subtotal). Please cut the amount of \$110,000 by \$500.</p>	<p>Done</p>	<p><u>Project document:</u> Project management costs in section “Total Budget and Workplan” (page 44) reduced by \$500, as requested and reallocated for component 4</p> <p><u>CEO ER:</u> Corresponding changes made in table B</p>
<p>17. Has co-financing been confirmed?</p> <p><u>MY 6/1/2015:</u> Not clear at this time.</p> <p>a) The attached co-financing letters contain one from The Ministry of Education, Science and Technological Development; but Table C does not show such a ministry.</p> <p>b) The co-financing amounts in the letters and in Table C on page 3 of the CEO ER document do not match. Please make them consistent.</p> <p>c) Please review and get new financing letters if necessary.</p> <p>d) Please re-submit the co-financing letters (with translation) one by one (not put in one file).</p>	<p>The reason for not including the Ministry of Education, Science and Technological Development into Table C was that while the letter received from the Ministry clearly expressed their support and commitment to participate in project implementation by various in-kind contributions, it was not possible to obtain an estimate for its monetary value. Therefore, no numerical value for this contribution could be presented in table C either. As required, however, we can add the Ministry of Education, Science and Technological Development into the list of Table C as foreseen co-financier, but with no numerical value attached to it yet.</p> <p>We assume this comment refers to the letter of the Ministry of Mining and Energy (MoME) and the letter of the KfW. For the MoME, this is due to the fact that the original commitments in the MoME’s co-financing letter were made in Serbia Dinars (RSD), after which they were transformed to US\$ by using an exchange rate of 1 US\$ = 96 RSD at the time of writing the letter. Since then the exchange rate has already changed to 1 US\$ = 108 RSD (as of June 03, 2015) and this fluctuation is likely to continue also in the future. As such, it was not considered as rational to include the converted US\$ amounts of the MoME letter into the project co-financing calculations at the same level of accuracy as in the letter, but all of them were rounded downwards. This is expected to be acceptable also to the GEF as long as the co-financing amounts shown in table C do not exceed the amounts stated in the letters. For the Ministry’s in-kind contribution, the letter stated that over USD 6 million in total over 4 years have been planned for</p>	<p>A footnote explaining this has been added to both table C of the CEO ER and the co-financing table of the Project Document in section 4</p>

	<p>the field of energy efficiency, on which UNDP estimated that around USD 1,5 million could realistically be seen directly contributing towards reaching the project objective. Thus the reduced amount in table C.</p> <p>Similar assessment was applied for the amount stated in the KfW letter, for which it was estimated that out of the total of 26 million Euros expected to be invested in municipal RE and EE investments (40% out of 65 million Euros) through the MEGLIP programme, USD 9 million could be set as a target to be directly leveraged and/or influenced by the UNDP/GEF project.</p> <p>We hope the explanation above will adequately clarify and justify the differences in the amounts stated in the Table C of the CEO ER and the actual letters without a need to obtain new letters.</p> <p>Done. All letters re-submitted one by one.</p>	
<p><i>18. Is the funding level for project management cost appropriate?</i></p> <p><u>MY 6/1/2015:</u> Not at this time.</p> <p>Again, the GEFTF PMC is more than 5% of the GEFTF subtotal. Please reduce the amount to 5%.</p>	Done	See the response for comment # 7
<p><i>22. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?</i></p> <p><u>MY 6/1/2015:</u> Not completed at this time. Please extract major steps and information from pages 53 and 54 of the UNDP project document, add relevant costs to the steps, present the information and cost in a table, and show the table on page 6 of the CEO ER document. Please also add the cost of M&E in Table B on page 2 of the CEO ER document.</p>	Done	<p><u>Project document:</u> N/A</p> <p><u>CEO ER:</u> Part II, Section C</p>
<p><i>26. Is CEO endorsement/approval being recommended?</i></p> <p><u>MY 6/1/2015:</u> Not at this time.</p> <p>Please address comments in Boxes: 7, 18, and 22.</p>	Done	See above

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS¹¹

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

PPG Grant Approved at PIF: 100,000.00 \$					
<i>Project Preparation Activities Implemented</i>		<i>Output of the PPG Activities</i>			
			<i>Grant amount (a)</i>	<i>Amount spent to date (b)</i>	<i>Amount committed (c=a-b)</i>
1	Baseline Assessment of institutional, legal and financial framework in Serbia relevant for energy issues on the local level, in particular municipal energy management	Report on Baseline Assessment	22,600	12,600	10,000
2	Selection of software tool for project purposes and recommendations for its further development	Report on Energy Management Information System	28,900	16,900	12,000
3	Elaborating of the Project implementation strategy	Report on Project Strategy	19,400	19,400	
4	Preparation of Project Documentation	Project Document, GEF Endorsement Request, GEF Climate Change Mitigation Tracking Tool , Environmental and Social Safeguards Report	15,000	4,600	10,400
5	Validation workshops	Inception Report and Final Report	8,600	8,600	
6	Travel and Miscellaneous		5,500	2,500	3,000
Total			100,000	64,600	35,400

¹¹ 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)

N/A