



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

GEF ID:	5379		
Country/Region:	South Africa		
Project Title:	Industrial Energy Efficiency Improvement in South Africa through Mainstreaming the Introduction of Energy Management Systems and Energy Systems Optimization		
GEF Agency:	UNIDO	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;		
Anticipated Financing PPG:	\$0	Project Grant:	\$5,776,484
Co-financing:	\$38,439,000	Total Project Cost:	\$44,215,484
PIF Approval:	September 12, 2013	Council Approval/Expected:	November 07, 2013
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	David Elrie Rodgers	Agency Contact Person:	James New

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating <b>country eligible</b> ?	DER, April 5, 2013. Yes	DER, May 28, 2015. Yes.
	2. Has the <b>operational focal point</b> endorsed the project?	DER, April 5, 2013. Yes. Mr. Fakir endorsed the project on Sep. 7, 2012 in the amount of \$6,380,000 inclusive of PPG and fees.	DER, May 28, 2015. Yes.
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the <b>resources available</b> from (mark all that apply):		
	• the STAR allocation?	DER, April 5, 2013. Yes.	DER, May 28, 2015. Yes.
	• the focal area allocation?	DER, April 5, 2013. Yes. South Africa has sufficient CCM reserves to cover this project.	DER, May 28, 2015. Yes.

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

<sup>1</sup> Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated January 2013

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	<ul style="list-style-type: none"> <li>the LDCF under the principle of equitable access</li> </ul>	DER, April 5, 2013. NA	NA
	<ul style="list-style-type: none"> <li>the SCCF (Adaptation or Technology Transfer)?</li> </ul>	DER, April 5, 2013. NA	NA
	<ul style="list-style-type: none"> <li>the Nagoya Protocol Investment Fund</li> </ul>	DER, April 5, 2013. NA	NA
	<ul style="list-style-type: none"> <li>focal area set-aside?</li> </ul>	DER, April 5, 2013. NA	NA
Strategic Alignment	<p>4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF <b>results framework and strategic objectives</b>?</p> <p><i>For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track progress toward achieving the Aichi target(s).</i></p>	DER, April 5, 2013. Yes. Table A is correctly filled in and identifies CCM2, energy efficiency.	DER, May 28, 2015. Yes. The project is aligned with GEF-5 focal area objective CCM-2, Energy Efficiency.
	<p>5. Is the project consistent with the recipient <b>country's national strategies and plans</b> or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?</p>	DER, April 5, 2013. Yes.	DER, May 28, 2015. Yes.
	<p>6. Is (are) the <b>baseline project(s)</b>, including problem(s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?</p>	DER, April 5, 2013. We understand that South Africa has significant opportunity to improve energy efficiency in industry. We need to understand better where the existing baseline efforts supported by DFID, SECO, and UNIDO end and the incremental project begins. Is there delineation by sector? by types of industries? in breadth or scope? Does one focus on big industries and other SMEs? These clarifications are needed to help understand the barriers to adoption and	DER, May 28, 2015. Yes.

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Project Design		<p>the positioning of the incremental project.</p> <p>DER, April 12, 2013. The response documents how the baseline efforts are for selected sectors and are winding down. The GEF incremental project will expand to additional sectors and build capacity to continue the efforts. Comment cleared.</p>	
	7. Are the components, outcomes and outputs in the <b>project framework</b> (Table B) clear, sound and appropriately detailed?	<p>DER, April 5, 2013.</p> <p>The project consists of the following components</p> <ol style="list-style-type: none"> <li>1. Industrial sector mapping of key strategic and highly energy consuming sub-sectors, with EnMS and ESO benchmarking.</li> <li>2. Industrial energy efficiency policy and regulatory framework strengthening</li> <li>3. EnMS and ESO training and capacity building</li> <li>4. Investment promotion in industrial energy efficiency improvement</li> <li>5. Industry and commercial EnMS and ESO awareness, promotion and service demand generation</li> <li>6. Project monitoring and evaluation with impact assessment.</li> </ol> <p>Please address the following comments.</p> <p>Component 1</p> <p>a) We see this inventory as important, but we need to understand if this is one-time inventory or will the capacity of local institutions be strengthened to allow for continuous inventory updates. Isn't a similar inventory already being conducted in the baseline project? How will this inventory be incremental? Please</p>	DER, May 28, 2015. Yes.

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		<p>clarify. b) Please avoid duplication of efforts with the PPG and this component.</p> <p>Component 2 c) This is an essential element of the project, but does not clearly state if new Government policies and regulations will be proposed and adopted. For this level of funding, we would expect stronger evidence that regulatory aspirations of the Government ministries would go well beyond planning and result in new regulations adopted. Please clarify. d) Please also confirm that adequate balance between international and local consultants is maintained in order to ensure sufficient local capacity building.</p> <p>Component 3 e) The ambition of this component, as reflected by the funding level, is quite high. We would like to see assurances that the training regimes be formally instituted within South African institutions on a permanent basis and that training requirements would be included in regulations under component 2. f) We would encourage strong involvement of industry associations and CSO to ensure that relevant stakeholders are consulted and the training materials can address critical environmental issues.</p> <p>Component 4 g) The GEF funding is used 100% for TA with nothing for INV. We prefer if GEF funding can be used for INV, including</p>	

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		<p>consideration of non-grant instruments, such as performance grants, revolving loans or other instruments that leverage local financial institutions. Please justify and consider revising to include GEF contribution to INV and use of non-grant instruments.</p> <p>Component 5</p> <p>h) This component appears to duplicate activities in component 3. We also see the costs as quite significant for the activities described. Please clarify.</p> <p>i) Any multi-media campaign would have to be justified based on an understanding of key audiences, their need and modes for access of information. Please consider if these activities would better be accomplished through the involvement of major industry associations and stakeholders.</p> <p>DER, April 12, 2013.</p> <p>a) The response explains how the inventory will be incremental and sustained through capacity building. Comment cleared.</p> <p>b) Comment cleared.</p> <p>c) The response is adequate. Comment cleared. At CEO endorsement, please document consideration of additional policy and regulatory options during the PPG phase.</p> <p>d) Comment cleared.</p> <p>e) Comment cleared.</p> <p>f) Associations will be involved. Attempts to involve CSO will also be made. Comment cleared.</p>	

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		g) The response documents the need for TA to conduct feasibility studies and help prepare sound proposals to access adequate financial instruments. Comment cleared. h) No duplication explained. Comment cleared. i) Response helpful. Comment cleared.	
	8. (a) Are global environmental/adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?	DER, April 5, 2013. a) GHG emissions reductions are estimated to be 1 mtCO <sub>2</sub> e over the four year lifetime of the project (direct) through savings of 1000 GWhr of energy. Please clarify if additional indirect benefits are expected. b) We expect to see much larger estimates for GHG reductions through indirect benefits based on the project activities to be presented at CEO endorsement.  DER, April 12, 2013. a) and b). Yes, indirect benefits of 4-5 million tCO <sub>2</sub> e are expected. More details will be provided at CEO endorsement. Comment cleared.	DER, May 28, 2015. Yes.
	9. Is there a clear description of: a) the <b>socio-economic benefits</b> , 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, May 28, 2015. Yes.
	10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?	DER, April 5, 2013. We encourage greater clarity on the involvement of CSOs as noted. Please clarify.  DER, April 12, 2013. The response	DER, May 28, 2015. Yes.

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		reports that CSO involvement in South Africa is nascent, but will be encouraged. Comment cleared.	
	11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience)	DER, April 5, 2013. Yes	DER, May 28, 2015. Yes.
	12. Is the <b>project consistent and properly coordinated</b> with other related initiatives in the country or in the region?	DER, April 5, 2013. Yes	DER, May 28, 2015. Yes.
	13. Comment on the project's <b>innovative aspects, sustainability, and potential for scaling up.</b> <ul style="list-style-type: none"> <li>Assess whether the project is innovative and if so, how, and if not, why not.</li> <li>Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience.</li> <li>Assess the potential for scaling up the project's intervention.</li> </ul>	<p>DER, April 5, 2013.</p> <p>a) Please clarify what is innovative related to "expanding" existing DFID/SECO/UNIDO supported work to more sectors.</p> <p>b) The emphasis on education and certification of professionals is a welcome innovative effort.</p> <p>c) Please clarify the sustainability and scaling up the interventions. Will policies and regulatory requirements be established to ensure EnMS, ESO, and ISO 50001?</p> <p>DER, April 12, 2013.</p> <p>a) Response describes expanded and sustained efforts. Comment cleared.</p> <p>b) Comment cleared.</p> <p>c) Some policies exist, but additional options will be explored in PPG phase. Comment cleared.</p>	DER, May 28, 2015. Yes. The project builds on successful earlier efforts, but employs stronger government coordination and industry engagement to promote sustainability and scaling up potential.

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	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		DER, May 28, 2015. Yes. Changes to the design were minor, and justified.
	15. Has the cost-effectiveness of the project been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar benefits?		DER, May 28, 2015. Yes.
Project Financing	16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?	DER, April 5, 2013. Please address the comment regarding use of GEF funding for investment.  DER, April 12, 2013. Due to the lack of sound proposals, financing is available. The project will use TA to help build capacity for more sound proposals. Comment cleared.	DER, May 28, 2015. Yes.
	17. <u>At PIF</u> : Is the indicated amount and composition of co-financing as indicated in Table C adequate? Is the amount that the Agency bringing to the project in line with its role? <u>At CEO endorsement</u> : Has co-financing been confirmed?	DER, April 5, 2013. The indicative co-financing table includes a total of 1.2 million of co-financing from unknown or other unspecified sources. Please clarify. Please also consider increasing the UNIDO co-financing, particularly the grant component.  DER, April 12, 2013. The response clarifies the co-financing will come from other international donors and boosts the UNIDO co-financing. Comment cleared.	DER, May 28, 2015. Yes. The total amount is higher than at the PIF. Please note, however, co-financing letters appear to be missing for the following: DOE \$1M DEA \$50K SECO \$2.5M SASFIN \$2.0M Please supply the letters or point us to the documentation.  DER, October 7, 2015. All outstanding letters have been supplied and the Table C is aligned. Comment cleared.
	18. Is the funding level for <b>project management cost</b> appropriate?	DER, April 5, 2013. Yes	DER, May 28, 2015. Yes.



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	19. <u>At PIF</u> , is PPG requested? If the requested amount deviates from the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? <u>At CEO endorsement/ approval</u> , if PPG is completed, did Agency report on the activities using the PPG fund?	DER, April 5, 2013. Yes a PPG of \$50,000 is requested and approved.	DER, May 28, 2015. Yes.
	20. If there is a <b>non-grant instrument</b> in the project, is there a reasonable calendar of reflows included?	DER, April 5, 2013. NA	DER, May 28, 2015. NA
Project Monitoring and Evaluation	21. Have the appropriate <b>Tracking Tools</b> been included with information for all relevant indicators, as applicable?		DER, May 28, 2015. Yes.
	22. Does the proposal include a <b>budgeted M&amp;E Plan</b> that monitors and measures results with indicators and targets?		DER, May 28, 2015. Yes.
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		DER, May 28, 2015. Yes. STAP provided 7 comments at the PIF stage. Each comment was addressed adequately in Annex B, pages 70-72.
	• Convention Secretariat?		DER, May 28, 2015. Yes.
	• The Council?		DER, May 28, 2015. Yes. The German Council member provided 5 comments at the PIF stage. Each comment was addressed adequately in Annex B, page 70.
	• Other GEF Agencies?		DER, May 28, 2015. NA.
Secretariat Recommendation			
	<b>24. Is PIF clearance/approval</b>	DER, April 5, 2013. Not at this time.	

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Recommendation at PIF Stage	<b>being recommended?</b>	Please address comments in boxes: 6,7,8,10,13,16.  DER, April 12, 2013. All comments cleared. This project is technically cleared and can be considered in a future work program.	
	25. Items to consider at CEO endorsement/approval.	DER, April 12, 2013. a) Please document consideration of additional policy and regulatory options during the PPG phase. b) Please update the GHG estimates.	
Recommendation at CEO Endorsement/ Approval	<b>26. Is CEO endorsement/approval being recommended?</b>		DER, May 28, 2015. Not at this time. Please respond to the comment in box 17.  DER, October 17, 2015. Yes. The project is recommended by the program manager for CEO Endorsement.
	First review*	April 05, 2013	May 28, 2015
Review Date (s)	Additional review (as necessary)	April 12, 2013	October 07, 2015
	Additional review (as necessary)		

\* 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.