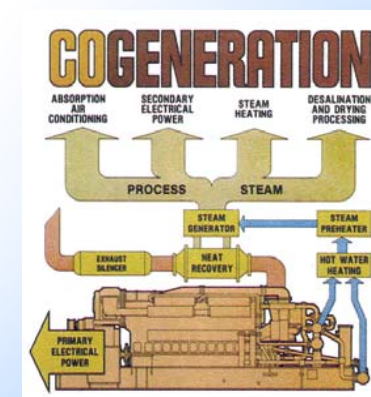




Energy Efficiency Improvement
& Greenhouse Gas Reduction
Project

GEF & CDM Project Cycle



GEF Project Cycle

First step: CEO Review of the PIF

- The first step in the GEF project cycle is the GEF CEO's clearance of the project concept documented in a Project Identification Form (PIF) .
- PIFs, endorsed by the country operational focal point will be submitted by the GEF Agencies to the GEF Secretariat for review based on the following elements:
 - Country eligibility;
 - Consistency with GEF strategic objectives/programs;
 - Comparative advantage of GEF Agency submitting PIF.

GEF Project Cycle

First step: CEO Review of the PIF

- Estimated cost of the project, including expected co-financing;
- Availability of resources for the GEF grant request within the focal area and under the Resource Allocation Framework;
- Milestones for further project processing.

GEF Project Cycle

First step: CEO Review of the PIF

- Review of PIF by GEF Secretariat.
- Once reviewed, the CEO will consider the PIF for inclusion in a work program
- PIFs cleared for work program inclusion will be eligible for a GEF project preparation grant (PPG) that may be approved by the GEF CEO for an amount based on financing the estimated incremental costs of project preparation.
- The Trustee will make commitments to GEF Agencies of funding for PPGs upon approval of CEO.

GEF Project Cycle

Second step: Council Approval of the Work Program

- The GEF Council approves the work programs (comprising of PIFs for full-sized projects, Program Framework Documents, non-expedited enabling activities and Agency fees) by the GEF Council.
- The GEF Council reviews the work programs during the two Council meetings held annually and through several intercessional work programs with decision by mail on a no-objection basis, between Council meetings.
- The Council will endorse the objectives of the programmatic approach submitted to Council in a Program Framework Document (PFD)

GEF Project Cycle

Third step: CEO Endorsement

- The GEF CEO's endorsement of the projects before such projects are approved by the GEF Agencies.
- The final GEF funding amount is confirmed by the CEO at this point.
- The Agencies will transmit for CEO endorsement the same documentation that they submit for approval by their respective internal approving authorities plus a Request for CEO endorsement which summarizes key information of the project. The project proposals will be reviewed by the Secretariat for endorsement
- The Trustee will make commitments of funding to GEF Agencies upon CEO approval.

GEF Project Cycle

Third step: CEO Endorsement

- The commitments will be made based on the amounts approved by the CEO, as indicated in the approval letter from the CEO to GEF Agencies.
- Transfer of Funds to GEF Agencies
- In all cases, transfer of funds from the Trustee to Agencies will be made after commitment by the Trustee and subsequent Agency approvals of the projects/activities, where relevant, following the procedures agreed between the GEF Agencies and the Trustee

GEF Project Cycle

Fourth Step: Implementation Supervision, Monitoring and Final Evaluation

- It consists of implementation supervision, monitoring and final evaluation. Streamlining the GEF project approval process will be accompanied by more robust result verification mechanisms.
- As part of its monitoring responsibilities, the Secretariat will conduct an Annual Monitoring Review, which will be based on the submission of Project Implementation Reports by the Agencies.
- The key issues to be monitored will include: implementation progress, focal area strategic objectives' performance indicators, projects at risk, actions to achieve sustainability and replicability, stakeholder involvement, and co-financing status.

GEF Project Cycle

Conclusion:

The project cycle ensures that three critical requirements are met:

- (a) Council guidance on the implementation of GEF focal area strategies and programs;
- (b) GEF CEO oversight of the composition of the work program, including clearance of the concepts, and cost-effective use of GEF resources; and
- (c) Council review of final project documents at the time of the GEF CEO's endorsement.

GEF Focal Point

- The GEF focal point plays a critical coordination role in GEF matters at the country level besides
- serving as the liaison with the GEF Secretariat and Implementing Agencies and representing their constituencies on the GEF Council.
- The operational focal point is responsible for the operational aspects of GEF activities, such as endorsing project proposals to affirm that they are consistent with national plans and priorities.

Establishment of the GEF National Steering Committee

Members Committee

- Ministry of State for Environmental Affairs(Operational Focal Point)
- Ministry of Foreign Affairs (GEF Political Focal Point)
- Ministry of Water Resources and Irrigation (International Waters)
- Ministry of Electricity – Energy efficiencies and renewable energy (climate change)
- Ministry of Agriculture Land Degradation

Establishment of the GEF National Steering Committee

Members Committee

- National experts in Biological Diversity- climate change – International water – pollutants organic – land degradation and Institutional development
- International Organizations: UNDP-UNEP- WB
- Other international experts with experience in GEF:
Mohamed El Ashry – Mostafa Tolba

Establishment of the GEF National Steering Committee

Mandate

- Monitoring and evaluation of the GEF ongoing projects in Egypt overcoming constraints for the implementation of these projects.
- Assistance to the GEF focal point in presenting Egypt status towards strategic issues of GEF
- Provide relevant information as related to the GEF conventions
- Engage relevant ministries to present project proposal to be eligible to GEF Funding.



Clean Development Mechanism

The **Clean Development Mechanism (CDM)** is an arrangement under the Kyoto Protocol allowing industrialised countries with a greenhouse gas reduction commitment (called Annex B countries) to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries.

CDM project process

Outline of the project process

An industrialised country that wishes to get credits from a CDM project must obtain the consent of the developing country hosting the project that the project will contribute to sustainable development.

Establishing additionality

To avoid giving credits to projects that would have happened anyway ("freeriders"), rules have been specified to ensure additionality of the project.

- What is often labelled ‘environmental additionality’ has that a project is additional if the emissions from the project are lower than the baseline. It generally looks at what would have happened without the project.
- In the other interpretation, sometimes termed ‘project additionality’, the project must not have happened without the CDM.

Establishing a baseline

The amount of emission reduction, obviously, depends on the emissions that would have occurred without the project minus the emissions of the project.

Methodologies

Any proposed CDM project has to use an approved baseline and monitoring methodology to be validated, approved and registered.

Financial issues

With costs of emission reduction typically much lower in developing countries than in industrialised countries, industrialised countries can comply with their emission reduction targets at much lower cost by receiving credits for emissions reduced in developing countries as long as administration costs are low.

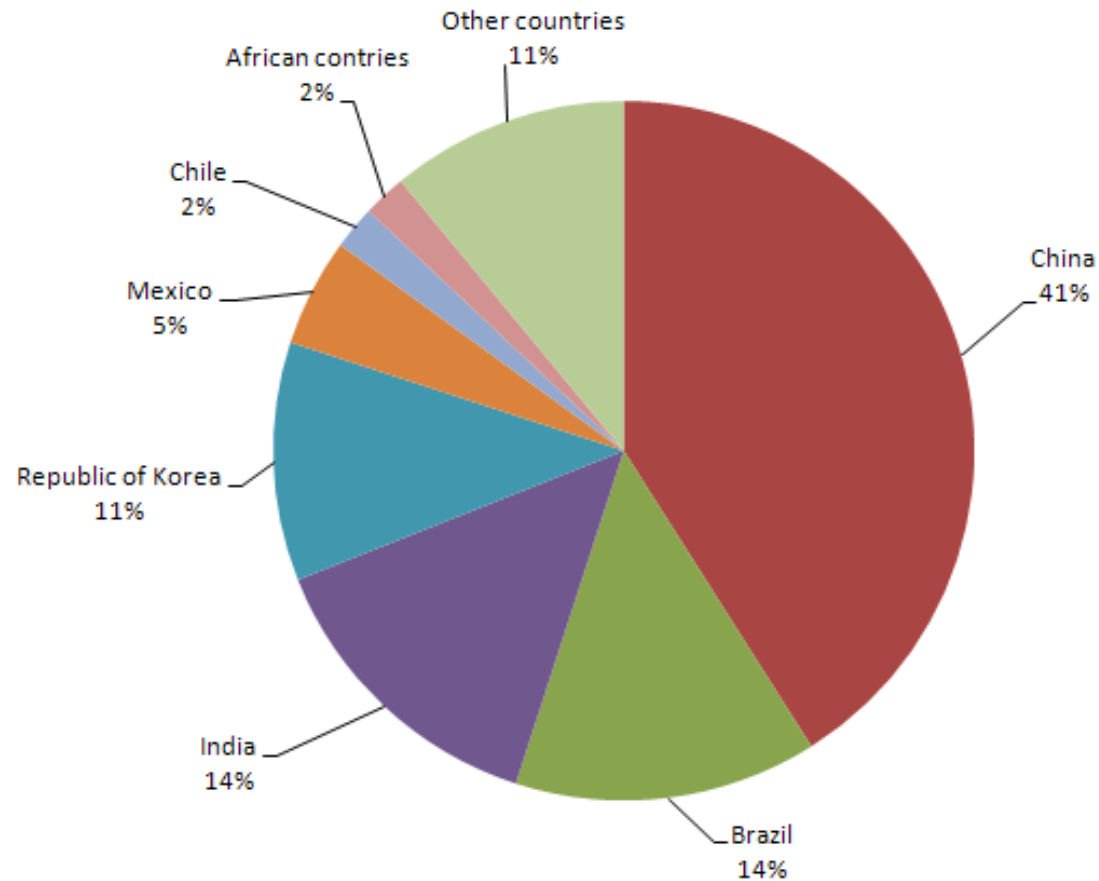
The risk of false credits

As the CDM is an alternative to domestic emission reductions, the perfectly working CDM would produce no more and no less greenhouse gas emission reductions than without use of the CDM.

By February 2009, there were 1202 projects with capacity of 41,881 MW (66% from China) had applied for credits.

CDM projects to date

CDM CERs distribution by country



Project Approval Procedure Egypt

- Project Idea Note (PIN) Preparation
- Preliminary Evaluation
- Project Conformity to CDM and Egyptian Rules
- In Depth Evaluation
- Accepted Projects

Aim of the PIN

- The PIN is a document prepared by a project proponent.
- A high quality PIN can improve the chance of success of the project, by helping to find out:
 - If the host country is likely to approve the project as a CDM project
 - If the project has a chance to get the ultimate approval by the CDM EB
 - If there are investors who could finance the project development costs, including the Project Design Document (PDD)

Key Elements of a PIN

- Project Activity Description
- Project Participant
- Financial Structure
- Methodology and Additionality
- Environmental and Social Benefits.

Preliminary Evaluation

- Preliminary Evaluation will address two crucial questions relevant to CDM:
- Projects result in real, measurable, and long-term emissions reductions that are additional to what would have occurred under a base-line situation; and
- Projects result in sustainable development benefits for Egypt.

Preliminary Evaluation

The Preliminary Evaluation to be undertaken by the EB-CDM will include the following steps:

- ✓ Examine the PIN submitted by the project proponents and check that the project meets the Egyptian CDM requirements.
- ✓ Check that the project is eligible to the CDM.
- ✓ Check that the project is in conformity with the Sustainable Development Criteria
- ✓ This step is important as it provides a quick feed back from the Council to continue the project preparation process until PDD submission upon a received note of interest from the Egyptian Council (EC-CDM) , or not.

Project Conformity to Sustainable Development Criteria

- The contribution of any CDM project to Sustainable Development must be determined within a national context
- In its National Environmental Action Plan (NEAP), Egypt has formalized its criteria regarding sustainable development..
- Sustainable development entails a pattern of growth in which economic, social, as well as environmental conditions are equally considered and carefully balanced, leading to living standards for future generations
- Egypt Strategy for CDM stipulates that the CDM project should satisfy Environmental, Social and Economic criteria, for achieving Sustainable Development.

In Depth Evaluation

- After receiving the “Note of Interest” from the EB-CDM, the project proponent must prepare a Project Design Document (PDD).
- The PDD is used to describe the project activity in a standard format and is the basis for CDM project validation and registration.
- All PDDs for either Full-size and Small-scale projects are presented in English, the working language of the CDM Executive Board, and based on the official PDD templates setting out the information to be included in each section and approved by the Executive Board (EB) of the CDM..

In Depth Evaluation

- The PDD must be submitted to the EB-CDM, before final submission to the Designated Operational Entity (DOE) contracted by the project proponent for validation and subsequent registry by the Executive Board of the CDM.
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- The National Approval Notification will confirm that the project has the national approval for the voluntary participation of Egypt in the CDM activity, and will certify that the project activities contribute to the sustainable development of the country.
- The letter will be required by the DOE for validation of the project and subsequent registration by the Executive Board of the CDM.

Accepted Projects

Ministry of Electricity and Energy

The following projects have been accepted and letters of no objection have been issued:

- Zafarana 120 MW Wind Power Plant Project, proposed and hosted by Ministry of Electricity & Energy and funded by Japan Bank for International Cooperation (JIBC)
- Zafarana 120 MW Wind Power Plant Project, proposed and hosted by Ministry of Electricity & Energy and funded by Danish International Development Agency (DANIDA).
- Zafarana 85 MW Wind Power Plant Project , proposed by New and Renewable Energy Authority and financed in cooperation with Spanish Government .
- Zafarana 80 MW Wind Power Plant Project , proposed by New and Renewable Energy Authority and financed in cooperation with German Government.

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Accepted Projects

Ministry of Electricity and Energy

- Naga Hammadi Barrage Hydropower Project, proposed and hosted by Ministry of Electricity & Energy and funded by Kreditanstalt fur Wiederaufbau (KfW).
- Damietta Barrage Small Hydropower Project, proposed and hosted by Ministry of Electricity & Energy and funded by Kreditanstalt fur Wiederaufbau (KfW).

Thanks for your attention