

## Green Sharm El Sheikh

### GEF Secretariat Review for Full Sized Project

#### Basic Information

GEF ID

10117

Countries

Egypt

**Project Title**

Green Sharm El Sheikh

**GEF Agency(ies)**

UNDP

**Agency ID**

UNDP: 6249

**GEF Focal Area(s)**

Multi Focal Area

**Program Manager**

Akio Takemoto

PIF ()



#### Part I – Project Information

##### Focal area elements

**1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: yes

10-26-18

CLIMATE CHANGE: yes

CHEMICALS & WASTE: yes

**Agency Response**

PS, nov 1, 2018

**Indicative project/program description summary**

**2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-27-18

COMPONENT 1

In order to secure sustainability and scale up of this project, this project component should focus on enhancement of institutional capacity of the national and local governments that incorporates, for example, a robust institutional framework such as legal schemes of the national and local governments, better formulation of a strategy and plans, enhancement of public private partnership, establishment of steering committee, better financial mechanisms, green purchasing system, monitoring and evaluation, as well as enhancement of capacity of officials of the national and local governments and stakeholders. Based on the comments above, please reconsider this project component, outcomes and outputs and revise them as appropriate.

AT, 11-20-18: Comment cleared.

10-24-18

Biodiversity:

COMPONENT 1. What encompasses the proposed “Natural Capital Accounting/Assessment with focus on Ecosystem Accounting”? This is a massive undertaking and not clear how is going to be used.

10-27-18

COMPONENT 2:

Title of the component: Please reflect principles of GEF-7 Programming Strategy which are common to the activities in this component, for example, suggest "Reducing GHG and UPOP emissions in targeted urban zones thorough innovations and public and private partnership".

AT, 11-20-18: Comment cleared

CLIMATE CHANGE, CHEMICALS & WASTE

OUTPUT 2.1: Para 83, concerning the MRV system tracking GHG emission reduction, please describe additional elements to the existing GEF projects including the 1st Biennial Update Report (GEF ID: 6936) and 4th National Communication to the UNFCCC (GEF ID: 10010).

AT, 11-20-18: Comment cleared.

OUTPUT 2.2: In comparison of upfront financing, performance-based financing requires self-finance by hotel owners to invest in low carbon technologies until emission reduction is certified by the authority. It is not clear how to secure financial resources to support the performance-based financing scheme after the project term. Please describe how this project will incentive the private sector to invest in low carbon technologies under the performance-based financing schemes in sustainable manner , and also describe how you will scale up to other cities in Egypt (describe in detail in (vi) the proposed alternative scenario, (ix) innovation, sustainability and potential for scaling up and other sections).

AT, 11-20-18: Comment cleared.

OUTPUT 2.2, 2.4, 2.5: It is likely that this project will require huge financial resources to invest in low carbon technologies that includes not only co-finance by the governments but also by the private sector. Please justify how this project will incentives private investment (in detail in (vi) alternative scenario, 4. Private sector engagement, or other sections.)

AT, 11-20-18: Comment cleared.

#### OUTPUT 2.6

This project will work with a ward(s) in Sharm El Sheikh to introduce (1) green purchasing at hotel and resort level, (2) introduce waste segregation at sources to significantly increase recycling rates at hotels commercial and residential premises, and (3) put in place an integrated and efficient collection system at ward level in partnership with selected private sector operators and waste recyclers to reduce GHG and UPOPs emissions from the open burning of municipal waste including plastic waste. As for the actions above such as green purchasing scheme and effective recycling system require appropriate policy framework such as regulations, financial mechanism, steering committee comprised of government, private industries, academia and citizens' groups, and monitoring and evaluation (Please see the comments on Component 1 above. From this context, please justify how this project will secure implementation of the above three activities, how Sharm El Sheikh City will enhance policy and measures to reduce GHG and UPOP emissions in sustainable manner after the project term, and how will scale up to other wards, other cities and national level (in detail in Part 1 (vi), (ix) and other sections).

Please justify if the actions taken above involve best available techniques and best environmental practices to minimize and ultimately eliminate releases of unintentionally produced POPs and from major source categories under the Stockholm Convention.

AT, 11-20-18: Comment cleared.

10-24-18

Biodiversity:

COMPONENT 1. What encompasses the proposed “Natural Capital Accounting/Assessment with focus on Ecosystem Accounting”? This is a massive undertaking and not clear how is going to be used.

COMPONENT 3

OUTPUT 1. It is not clear if the project can deliver the proposed outcomes with a number of “soft interventions” like: For Outcome 1: Enhancement of PA Plans, a review of regulations of economic activities with solutions for closing gaps identified and adopted by the respective authorities and Solutions reflected in Marine Spatial Plan to be developed (Component 1) and implemented. There are far too many items to take care of (legal and illegal fishing, tourism boats, anchoring and diving, carrying capacity, fleet and boat sizes, licenses, practices and zoning, alternatives, incentives, mandatory boat tags, VTMS/radar system, enforcement, monitoring). Unless co-financing is in cash, development of these plants and their implementation is unlikely to take place with the funds allocated. Just consider VTMS/radar system, enforcement and monitoring. How much these three activities cost and who is going to cover the recurrent costs? Many (if not all) of these activities should be covered by the *“Mainstreaming the conservation and sustainable use of biodiversity into tourism development and operations in threatened ecosystems in Egypt (GEF ID 5073)* that has not even started.

OUTPUT 2: Not clear what is being proposed here that is not part of the ongoing GEF project. What are the proposed “enhancements of PA revenue generation and reinvestment by the public and private sector in Sharm El Sheikh, and into the tourism natural capital base”? What does is this “tourism natural capital

base” actually mean? These are activities that should be covered by the *Strengthening Protected Area Financing and Management Systems (GEF ID 3209)* to close in 2019. Please elaborate a table with the interventions carried out in the existing project and those proposed with the new project.

OUTPUT 3. The proposed decontamination of the wastewater treatment facility and the converted into a bird-friendly resting spot/ wetland, sounds like an ambitious and expensive proposition. What is the estimated cost? Assuming there are other wastewater treatment facilities, what is being proposed there? What is the relationship between this activity and the Upgrading of the sewerage and wastewater treatment system by the Municipality of Sharm El Sheikh?

OUTPUT 4. What is the estimated cost of the installation of anti-bird collision devices in Pre-existing and new/planned power lines? How many kilometers are going to have these devices?

11-20-18

All Biodiversity issues addressed in the revised PIF.

Cleared

### **Agency Response**

#### **INTRODUCTORY COMMENT:**

Even though several elements seemed implicitly covered under Outcome 1 and elsewhere, a new Output 1.6 was added to the Project Description Summary and the Component Description in the main text to fully address/reflect this comment.

#### **BIODIVERSITY COMPONENT 1:**

Budget and time-frame are clearly too limited to allow for a national-scale natural capital accounting exercise in line with either the SEEA General Framework or the Experimental Ecosystem Accounting frameworks, and to institutionalise NC Accounting in Egypt. The project could however attempt to conduct a NC accounting or assessment exercise focused on either Sharm El Sheikh or the South Sinai Governorate, to illustrate the value of the natural capital basis for its tourism economy, i.e. with a clear policy focus to leverage some political decisions linked to future tourism investments, biodiversity protection, PA finance, tourism practices, and enforcement of related regulations. Economic valuations conducted under the ongoing PA Financial Sustainability project in its early stages (2011-2013), and proposed at a time when TEEB was leading policy leverage discussions, were helpful to some extent but didn't have the expected impact because they were not sufficiently policy focused.

We propose to maintain the NCA element for now, but to assess specific options and their relevance and viability during the PPG. The reference to Economic Valuations was removed.,

The references in Table B and the Component Description were amended in line with the above comments.

## CCM / CW COMPONENT 2

Title of component: UNDP thanks the GEF for the suggestions and the title of Component 2 was revised accordingly.

OUTPUT 2.1: Paragraph 83 is revised by including the following text: "Both the 1st Biennial Update Report (GEF ID: 6936) and the 4th National Communication to the UNFCCC (GEF ID: 10010) of Egypt are under implementation. Specifically, the first BUR aims to enable Egypt to improve the current GHG MRV system and be able to measure progress at all level. The newly started 4th National Communication will strengthen the country's capacity by putting in place a good National GHG Inventory system. A good example to be inspired is the BUR of Montenegro (GEF ID: 5635) where the project supported the publication of "MRV System for GHG emissions from

Tourism Sector in Montenegro" (2015). The current GEF proposed project will work on the same lines, and coordinate with these 2 projects to insure complementarity and mutual benefits."

#### OUTPUT 2.2:

The project targets productive sectors of the economy, in particular the hotel industry. Within this group, there will be a further focus on higher-end hotels that are amongst the highest energy users. This is also the financially strongest section of the industry that has access to capital for maintenance and structural upgrades (e.g. of A/C systems, lighting etc.). During early scoping work on this PIF, and work done in the recent past, there are barriers in place that prevent these companies to invest in low carbon improvements. Therefore, as part of the project, it was considered that some incentives are needed to induce action and to demonstrate results (like short payback periods). In order to further incentivize and ensure that the subsidies pay for the desired investments, it was decided to opt for a performance-based payment modality, with payments upon pre-determined results. This allocates the responsibilities and risks involved appropriately and has the highest chance of success. If it turns out that some of the companies that are weaker financially and may not have the working capital required to ensure upfront self-financing, the project will explore other modalities of deploying the anticipated subsidies. The project will pilot this for its duration, with the aim to phase out the subsidies by the end of the project period. Given the inherent financial characteristics of the investments, with short to medium payback periods, there is not expected to be a continued need for the mechanism after the end of the project.

As mentioned above, the targeted hotels are 5-star hotels that all showed interest in the program. 15 of them already joined the national Green Star Hotel Programme (GSH). The GSH is a national green certification and capacity-building program managed by the Egyptian Hotel Association (EHA) under the patronage of the Egyptian Ministry of Tourism. As explained in the PIF, this requires at least USD 400,000 equity investment from each hotel.

In addition, the project will support the private sector in securing upfront investments through (i) conducting due diligence private sector risk assessment; (ii) building the capacity of local financial institutions in order to create domestic markets for low-carbon

investment; (iii) seeking cooperation and collaboration with multilateral and bilateral financial institutions and international climate funds; and (iv) providing technical assistance and capacity building at different stages of the project lifecycle; raising awareness, advocacy and opportunities such as the Global Green City award, eco-tourism and other environmentally friendly initiatives.

Finally, the project will also have an exit strategy, that will help all the system to continue working smoothly after the project term. The project will for example decrease the grant amounts staggery towards the end of the project.

More details of the financial instruments will be provided at CEO endorsement request.

#### OUTPUT 2.2, 2.4, 2.5:

As described above, the project will work closely with the private sector to reduce risks and support the required upfront investment costs. UNDP's DREI approach on de-risking of RE and EE will be applied, based on a detailed understanding of investment risks, how these result in financing barriers and how these can be reduced or removed. Section 4 on private section engagement is revised (paragraph 108), (i) to include the above financial strategy towards private sector; and (ii) to refer to the UNDP strategy to engage private sector "Strategy for Working with the Private Sector" (2012), UNDP. The strategy identified four (4) main actions: (i) enhance its engagement with the private sector by building relationships, partnerships and new alliances and coalitions at country, regional and global levels. (ii) Advocate with other development actors in support of private sector partnerships for sustainable human development and inclusive market development. (iii) In close collaboration with other UN organizations and development actors, provide policy advice and capacity development support at country and regional levels for inclusive market development. (iv) Implement a select number of strategic partnership initiatives and programmes/projects at country or regional level.

#### OUTPUT 2.6

In response to this comment and also the introductory comment about #Component 1, a new Output 1.6 was added to the Project Description Summary and the Component Description in the main text. In addition, a new paragraph (c. 94) with relevant details was added to the description of Component 2.

### **BIODIVERSITY COMPONENT 3:**

#### **OUTPUT 3.1 and 3.2:**

A table was prepared and integrated into the PIF that explains how the four relevant GOE/UNDP/GEF projects (3209, 5073, 9491 and the here-proposed new one) align and are complementary, what has been done on investment in South Sinai. We believe this provides the required justification to leave the project as is. References to the VTMS/radar system were however removed, even though this remains an important aspect and it is hoped that additional cofinance could be mobilised during the PPG to reinsert this aspect.

#### **OUTPUT 3.3:**

The wastewater treatment plant would be upgraded/converted – if an agreement can be found – using co-financing from the Municipality of Sharm El Sheikh, please see row # 6 in co-financing Table C. The project would provide targeted yet financially-limited technical assistance to ensure that the reconstruction is done with maximal co-benefits for biodiversity (migratory birds).

The references in Table B (Output 3.3 and the Component Description were amended in line with the above comments

#### **OUTPUT 3.4:**

The power line collision element was removed from the PIF (Table B and Output 3.4)

## **Co-financing**

**3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-24-10

BIODIVERSITY

CLIMATE CHANGE

CHEMICALS & WASTE

Who are the Private Sector companies in the Tourism and residential sectors that will co-finance this project with \$3 million in cash?

AT, 11-20-18: Comment is cleared.

11-20-18

The BD issue was properly addressed in the revised PIF.

Cleared

**Agency Response**

The tentative private sector partners include Jaz, Steigenberger, Mövenpick, Savoy, Jolie Ville and Concord, in addition to others yet to be identified in the selected pilot wards. The amount is an

estimate reflecting energy and water efficiency, waste (separation at source), green purchasing, and biodiversity-improvement interventions either directly or through credit lines, over the full duration of the project.

A footnote was added to the entry in Table C to reflect this.

## GEF Resource Availability

### **4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

#### **Secretariat Comment at PIF/Work Program Inclusion**

10-24-18

In Table D, Total GEF resources should be \$ 6,802,899.99.

Please also take care of the PPG \$ figures as they don't add up either.

AT, 11-20-18: Comment cleared.

#### **Agency Response**

As we had difficulties squaring numbers, we introduced decimals to both the PIF and a 2<sup>nd</sup> version of the LOE. Then we found during submission that the new GEF portal doesn't allow decimals to \$ figures, wherefore the numbers received by GEF SEC didn't square 100%.

We now redid all the relevant \$ figures in the PIF, leaving no decimals, and submit the new 2<sup>nd</sup> version of the LOE (with decimals) that is aligned with these.

## The STAR allocation?

### **Secretariat Comment at PIF/Work Program Inclusion**

10-24-18

BIODIVERSITY: ok

10-26-18

CLIMATE CHANGE: OK

### **Agency Response**

## The focal area allocation?

### **Secretariat Comment at PIF/Work Program Inclusion**

10-26-18

CHEMICALS & WASTE: OK

### **Agency Response**

## **The LDCF under the principle of equitable access**

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

## **The SCCF (Adaptation or Technology Transfer)?**

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

## **Focal area set-aside?**

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

**Impact Program Incentive?**

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

**Project Preparation Grant**

**5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)**

**Secretariat Comment at PIF/Work Program Inclusion**

10-24-18

Please review § figures after reviewing PIF numbers

AT, 11-20-18: Comment cleared.

## **Agency Response**

As indicated above, we redid all the relevant \$ figures in the PIF, leaving no decimals, and submit the new 2<sup>nd</sup> version of the LOE (with decimals) that is aligned with these

## **Core indicators**

### **6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)**

#### **Secretariat Comment at PIF/Work Program Inclusion**

10-24-18

#### **BIODIVERSITY:**

Areas (ha) are different for Project Core Indicators (Terrestrial and Marine Protected Areas) between Table F and Annex C. Please address.

10-26-18

#### **CLIMATE CHANGE:**

Figures on Indicator 6 and Indicator 6.2 in the Portal's screen are wrong and inconsistent with those in the uploaded PIF word document. Please fix them.

AT, 11-20-18: Comment cleared.

#### **CHEMICALS & WASTE:**

Please fill in figures both in Core Indicator 9 and 10.

The figure on overall Core Indicator 10 is blank. Please fill it out.

The figures on Indicator 10.2 in the Portal's screen are wrong and inconsistent with those in the uploaded PIF word document. Please fix it.

AT, 11-20-18

Comments cleared.

11-20-18

The Biodiversity issue addressed in the revised PIF.

Cleared

### **Agency Response**

#### **BIODIVERSITY:**

Thank you for pointing out this error. The correct numbers were in Annex C, and these were now copied to Table F.

#### **CLIMATE CHANGE**

This is a unit problem. UNDP-GEF needs to enter the GHG values in the Portal as they are without (,) or (.).

#### **CHEMICALS AND WASTE**

For Core Indicator 9, we cannot provide an accurate estimate at this stage as we do not know about the volumes of waste with POPs content. This will be assessed and elaborated/added at PPG stage.

The figure for Core Indicator 10 was now added in the correct field in Annex C. It is consistent with the entry in Table F, which was simplified.

The figures for Indicator 10.2 we will review/update during the resubmission upload to the GEF Portal.

### **Project/Program taxonomy**

## **7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

**BIODIVERSITY:**

Yes. Table G and Annex D

10-27-18

Stakeholders, Level 3:"SME" is missing in Table G. Please fix it.

Levels on "Rio Marker" are inconsistent between Table G and Annex D.  
Please fix it.

AT, 11-20-18: Comments cleared.

**Agency Response**

Thank you for pointing out these errors.

"SMEs" was added to Table G.

"Rio Marker" in Table G was moved to the right to Level 2, and the entry "Paris Agreement / SDGs"

- CCM Marker 2" was moved to the right to Level 3, so it is now consistent with Annex D

**Part II – Project Justification**

**1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

## **BIODIVERSITY:**

The problems (6 items) are described on pages 10-11. In table B Component 2, the threats to be address are mostly about fishing and tourism (boats) + bird collision. Please confirm that these are the priority threats. They don't seem prominent in the list of threats listed on pages 10-11.

10-27-18

## **CLIMATE CHANGE**

Para 19 (GHG emissions): Please provide information on Egypt's nationally determined contribution (NDC) under the Paris Agreement , not just focusing on tourism sector, but also other key information such as economic sectors to be addressed, emission reduction targets, target years, mitigation actions, etc.

AT, 11-20-18: Comment cleared.

## **CHEMICALS & WASTE**

Yes.

11-20-18

The Biodiversity issues addressed in the revised PIF.

Cleared

## **Agency Response**

### **BIODIVERSITY:**

The threat analysis was indeed focused too much on tourism impacts, in a generic manner and then especially regarding terrestrial ecosystems. It was revised in the PIF to reflect the focus on marine biodiversity on the one hand, and the particular setting in South Sinai on the other hand.

## **CLIMATE CHANGE:**

Paragraph 19 is revised to include the following text: The NDC of Egypt has very limited information of the type requested in the comment. It identified 5 main pillars to foster Mitigation: (i) More efficient use of energy, especially by end users; (ii) Increased use of renewable energy as an alternative to non-renewable energy sources; (iii) Use of advanced locally-appropriate and more-efficient fossil fuel technologies; (iv) Energy efficiency is the cornerstone to be targeted by policy makers to decouple demand on energy and economic growth; and (v) Reform of energy subsidies. The report also identified 3 main non-energy sectors where GHG reduction can occurs, among them proper waste management and smart agriculture.

The NDC estimates that USD 73 million is the cost of implementing the above measures.

## **2. Is the baseline scenario or any associated baseline projects appropriately described?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-24-18

BIODIVERSITY: The GEF wants to express concern for the very slow implementation of related projects (IDs 3209 - May 2010 and due to close in June 2019, and ID 5073 endorsed Apr 2015, due to start eventually before 2019. Furthermore, there is an apparent overlap between these two projects (and GEF ID 1028 – Migratory soaring birds) with this new project. A table comparing the proposed activities and outputs in these projects should assist understanding the proposed interventions.

10-27-18

Para 45. Please describe root causes and barriers on the delay of overall implementation of the Green Sharm Initiative since its announcement in 2010.

## CLIMATE CHANGE

Please describe the current national strategy, plans, targets, etc. on climate change mitigation, in particular, those in the NDCs under the Paris Agreement, and relate them to actions in Sharm El Sheikh (Green Sharm Initiative).

AT, 11-20-18: Comment cleared.

## CHEMICALS & WASTE

Please describe detailed information on waste management and UPOP reduction. (for example, target of recycling rate, target of emission reduction of UPOPs)

AT, 11-20-18: Comment cleared.

Para. 66 mentions that none of the relevant POPs projects funded by the GEF (ID 3905, 4392) can be considered investment baseline for the proposed project and there are no other plans for POPs interventions beyond the improved waste management measures outlined on the previous para. However, there must be lessons learned and outcomes that should be utilized for designing this project proposal considering importance of sustainability and scale up of GEF-funded projects. Please describe the lessons learnt and outcomes that are useful for this project in this section.

AT, 11-20-18: Comment cleared.

11-20-18

The issue of speed of implementation was properly justified in the revised PIF.

Cleared

## Agency Response

BIODIVERSITY:

We acknowledge and agree that project signature/start and implementation in Egypt have been exceedingly slow, as is reflected in the long duration of project 3209 (8 ½ years since GEF endorsement and PRODOC signature) and the long wait (3 ½ years) for the signature of project 5073 eventually in November 2018 at the occasion of CBD COP 14. This can be linked to a large extent to the challenging political situation the country has gone through since the 2011 revolution and the changes in governments and their priorities, and the related security challenges, which are now eventually improving.

At the same time - and one may say in spite of this - projects in Egypt have leveraged important co-finance and delivered tangible outcomes, as is evidenced by project 3209. With the recent signature of project 5073 a major barrier has been removed also for this new project in Sharm El Sheikh, and UNDP will help to fast-track implementation such that the project has begun delivering results by the time the new project will start in 2020.

With regard to overlaps with the Migratory Soaring Birds project (GEF IDs 1028 & 9491), this project was included in the table in the PIF as per the comments above. In Egypt this regional project targets primarily the energy sector, namely the placement and operation of wind farms in the Suez, wherefore any activities on migratory birds in the South Sinai / Sharm El Sheikh region are additional. Please note that as already indicated above that the element on collision with power lines was removed from the PIF.

The question about the delay in the implementation of the Green Sharm Initiative must be answered in the same manner as the one on project delays. The Green Sharm Initiative was proposed in 2010, shortly before the 2011 revolution; the challenging political situation in the country, the changes in governments and their priorities, and the related security challenges which inter alia resulted in a significant drop in tourist visits to Egypt, all made that the Green Sharm Initiative languished. 2018 has seen a stabilisation of governance in Egypt and concurrent resurgence of tourism, and there are significant plans to invest in tourism as a key driver of employment and foreign earnings, wherefore the here-proposed new project becomes very timely.

## CLIMATE CHANGE:

These elements have been provided under Section 7 (consistency with national priorities).

## CHEMICALS & WASTE

A new paragraph (c. 63) was add to the Waste management & UPOPs Baseline Section in the PIF with more information.

A new paragraph (c. 68) was added to this same section with a reference to the lessons learnt.

### **3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?**

#### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

#### BIODIVERSITY

Please clarify the nature of the suggested Financial Mechanisms for PA financing. This is difficult to visualize when this depends on the results of the ongoing project *Strengthening Protected Area Financing and Management Systems*, and the soon-to-start project *Mainstreaming the conservation and sustainable use of biodiversity into tourism development and operations in threatened ecosystems in Egypt*.

Please also clarify the proposed intervention regarding the “*reconstruction and future management of the facility the creation of a small healthy bird-friendly wastewater wetland stopover that could boost survival rates of migratory birds*

*passing, and at the same time serve as an ecotourism attractant” and the construction of “desalination and renewable energy plants that the project will accompany”.*

10-27-18

Please address the relevant comments in Part I, 2. above (Table B)

Please ensure that UNDP is not duplicating efforts and will be building on the components of past and on-going GEF projects (ID 3905 and 4392) for this project and using the lessons learned, institutional set up etc.

AT, 11-20-18: Comments cleared.

11-20-18

Biodiversity Issues addressed in revised PIF.

Cleared

## **Agency Response**

### **BIODIVERSITY**

There is a clear sequencing in the Financing Mechanisms that the different GOE/UNDP/GEF projects have delivered or will focus on:

The soon-closing PA Finance project (3209) worked primarily and strongly on Visitor Entrance Fees and PA Concessions, both at national level and in some targeted PAs. In South Sinai, this project delivered the infrastructure for tourism services to Ras Mohamed National Park.

The BD & Tourism project (5073) will focus at the national level on other tourism-related mechanisms, such as entry taxes and biodiversity offsets (as final step of the mitigation hierarchy); it will not work in the Southern Sinai in the ground.

The here-proposed new project will then focus on the further roll out of the nationally-established financing mechanisms in South Sinai. PA entrance fees can be increased and the PA finance work can be

extended to the other marine PAs near Sharm El Sheikh. Further innovative tourism-linked financing mechanism such as taxes on waste or plastic imported or used by tourism businesses could be piloted at the local level in the context of the project and the Green Sharm Initiative.

As explained in Section I.2 above, the wastewater treatment plant would be upgraded/converted – if an agreement can be found – using co-financing from the Municipality of Sharm El Sheikh. The project would provide targeted yet financially-limited technical assistance to ensure that the reconstruction is done with maximal co-benefits for biodiversity (migratory birds). This could involve that the contamination with bacteria remains controlled to reduce disease-linked mortality; a change of the use of wastewater treatment plant effluent waters, which are now used for growing a small exotic woodland patch, to create a small wetland of potential interest as a resting spot for migratory birds, and the concurrent construction of bird hides (already built at the current plant but of limited appeal) as an attractant for tourists.

## CLIMATE CHANGE

Water management remains a serious challenge in Egypt. Conventional fossil fuel based desalination plants are widely spread. The World Bank did an analysis few years ago and published: *Renewable Energy Desalination: An Emerging Solution to Close the Water Gap in the Middle East and North Africa*; World Bank Group (2012). Basically, the analysis concluded that “Fossil-fuel-based desalination is not sustainable” and “Renewable energy can provide win-win solutions”. Specifically, the proposed GEF project will conduct LCOEs (Levelized Cost of Electricity) for each plant to determine the best and most affordable renewable energy technology to be used. After that, the typical Derisking renewable energy methodologies developed by UNDP will be applied *Derisking Renewable Energy Investment*, UNDP (2013).

## CHEMICALS AND WASTE:

The GEF funded UNDP project on HCWM and E-waste (ID 4392) is focusing on different waste streams as compared to the proposed Green Sharm El Sheikh proposal. In addition to that, the 4392 project

is being implemented in other regions. As such duplication of efforts is deemed very unlikely. On the contrary, the proposed Green Sharm El Sheikh project is likely to be benefitting from the experiences and lessons-learned coming out of the HCWM and E-waste project (as it also addresses UPOPs issues), but which will be applied in a different manner, because of the different waste streams Sharm El Sheikh will be addressing (see also responses provided above).

The GEF project 3905 implement by WB on PCBs and obsolete pesticides management and disposal's focus is quite different from the proposed Sharm El Sheikh project. In Sharm El Sheikh no obsolete PCBs or Obsolete POPs are present – as such the proposed project will not be dealing with the waste stream. That said, lessons-learned and experiences from the WB project will be taking into account during the PPG phase to make sure relevant waste management experiences that might be useful to waste management approaches in Sharm-El-Sheikh will be taken on board.

#### **4. Is the project/program aligned with focal area and/or Impact Program strategies?**

##### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes

10-27-18

CLIMATE CHANGE

CHEMICALS & WASTE

Yes.

##### **Agency Response**

## **5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes. Assuming the co-financing from EEAA/NCS and the Italian Development Corporation Agency materialize (become effective) and are in line with the proposed GEF interventions.

10-27-18

CLIMATE CHANGE: Yes

CHEMICALS & WASTE: Yes

### **Agency Response**

BIODIVERSITY: Detailed exchanges with EEAA/NCS and the Italian Cooperation were held during the project design mission to understand their programming priorities and plans. Their co-financing should materialise in the same reliable way as it in the related GOE/UNDP/GEF projects over the last years.

## **6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Please re-evaluate if the proposed interventions are indeed going to have an impact on all the hectares in each of the

target protected areas. Please consider whether or not the soft interventions are going to be accompanied by Investments.

10-27-18

CLIMATE CHANGE:

CHEMICALS & WASTE:

Whether indicative targeted contributions to GEBs are reasonable or not depends on feasibility of project activities.

AT, 11-20-18: Comment cleared.

11-20-18

Biodiversity issues addressed in revised PIF.

Cleared

### **Agency Response**

BIODIVERSITY: The PIF / project design was slightly adapted as outlined in the different sections above, and we believe this addresses the comments sufficiently. Investments from government co-financing are expected where required to underpin project impacts, as indicated in the co-financing Table C in the PIF.

CHEMICALS & WASTE: We believe that the PIF and the answers provided here provide sufficient justification for the GEBs proposed.

## **7. Is there potential for innovation, sustainability and scaling up in this project?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes. Assuming the soft interventions carry investments for implementation and the financial mechanisms to be developed get traction.

10-27-18

**CLIMATE CHANGE, CHEMICALS & WASTE:**

Please address relevant comments stated in Part I, 2. (Table B) above.

AT, 11-20-18: Comment cleared.

**Agency Response**

Please see the relevant responses and actions above

**Project/Program Map and Coordinates**

**Is there a preliminary geo-reference to the project's/program's intended location?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes

10-27-18

CLIMATE CHANGE: Yes

CHEMICALS & WASTE: Yes

**Agency Response**

## **Stakeholders**

**Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes. Pages 28-30 of PIF.

10-27-18

Please add an academic group to the list of stakeholders because this project requires a lot of academic knowledge to do analytic works and to introduce innovative policy instruments.

AT, 11-20-18: Comment cleared.

### **Agency Response**

A row was added to the Table in Section 2 *Stakeholders*

## **Gender Equality and Women's Empowerment**

**Is the articulation of gender context and indicative information on the importance and need to promote**

## **gender equality and the empowerment of women, adequate?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes. Page 30 of PIF.

CLIMATE CHANGE: Yes

CHEMICALS & WASTE: Yes

### **Agency Response**

## **Private Sector Engagement**

### **Is the case made for private sector engagement consistent with the proposed approach?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY:

CLIMATE CHANGE:

CHEMICALS & WASTE:

What is the private sector company or companies providing \$3 million in co-financing?

AT, 11-20-18

Comment cleared.

## **Agency Response**

Please see the response in Section 3 above

## **Risks**

**Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: No Risk and Mitigation measures were mentioned regarding the execution of the proposed activities in the Protected Areas, including Implementation and sustainability. Are these interventions exempt from risks? The GEF is seriously concerned about the speed at which projects are being executed in the country. Some of the interventions are dependent on outputs of ongoing projects.

10-27-18

Please add Risk and Mitigation measures on sustainability and scale up elements of the project.

AT, 11-20-18: Comment cleared.

11-20-18

Biodiversity Issues addressed in revised PIF.

Cleared

### **Agency Response**

Two risks were added to the Table in Section 5. *Risks*

### **Coordination**

**Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?**

#### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes.

10-27-18

CLIMATE CHANGE: Please add information on the GEF-financed projects, the 1st BUR (6936) and 4th NC (10010), which should be coordinated with this project, to the Table in page 31-33.

CHEMICALS & WASTE:

Please add information on the ongoing POPs project funded by the GEF (ID: 4392), which should be coordinated with this project, to the Table in page 31-33.

At, 11-20-18: Comments cleared.

## **Agency Response**

### **CLIMATE CHANGE:**

Please see response on comments in Section I.2 above regarding Output 2.1.

### **CHEMICALS & WASTE:**

A new row was added for this project to Table in Section 6 Coordination.

## **Consistency with National Priorities**

**Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?**

### **Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes

10-27-18

CLIMATE CHANGE: Yes

CHEMICALS & WASTE: Yes

**Agency Response**

## **Knowledge Management**

**Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project’s/program’s overall impact and sustainability?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

BIODIVERSITY: Yes. Page 35 of PIF.

10-27-18

CLIMATE CHANGE: Yes

CHEMICALS & WASTE: Yes

**Agency Response**

## **Part III – Country Endorsements**

**Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?**

**Secretariat Comment at PIF/Work Program Inclusion**

10-23-18

Yes

Cleared

AT, 11-20-18: Confirmed the improved LOE.

**Agency Response**

An improved LOE is included in this resubmission

**GEFSEC DECISION**

**RECOMMENDATION**

**Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 11-20-18: Yes. All comments are cleared. The project manager recommends the PIF for clearance.

During the PPG stage, please elaborate works on gender, stakeholder engagement and knowledge management as well as assessment on Core Indicator 9.

11-20-18

This PIF is recommended for technical clearance.

## ADDITIONAL COMMENTS

### **Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.**

#### **Secretariat Comment at PIF/Work Program Inclusion**

CONTEXT: The project objective is to turn Sharm El Sheikh into a model integrated and ecologically sustainable tourism city of national and international importance. This will be achieved through a concerted effort to revive and upgrade the *Green Sharm Initiative* announced in 2010 and begin its implementation in earnest with strong regulations and enforcement. The project will emplace the adoption and implementation of low-carbon technologies (energy efficiency, solar energy, more efficient use of desalinated water), improved solid waste management, and a further-enhanced protection of the surrounding marine biodiversity (coral reefs) by means of the preparation and implementation of an integrated coastal and marine spatial plan, a better regulation of harmful tourism practices and fisheries, and enhanced management effectiveness in three nearby marine PAs (Ras Mohamed, Nabq, Abu Galum).

The project is in line with several GEF-7 focal area programming directions including the promotion of innovation and technology transfer for sustainable energy breakthroughs (Accelerating energy efficiency adoption and Cleantech innovation), Improving Financial Sustainability, Effective Management, and Ecosystem Coverage of the Global Protected Area Estate, Natural Capital Assessment and Accounting and Chemicals used/emitted from/in processes and products.

PROJECT: The project has the following components and outcomes:

1) Enabling framework for a green sustainable tourism city Sharm El Sheikh (i. Investment in environmental sustainability by public and private sector increased; and ii) Increased investment in environmental sustainability is in line with new planning documents);

2) Reducing GHG and UPOP emissions in targeted urban zones thorough innovations and public and private partnership (i. GHG reduction: 1,100,000 tCeQ; ii. UPOP emissions reduced by 2.7 g-TEQ/yr with 10.8 g-TEQ during project lifetime; and iii) 1,000 tonnes of plastic waste from land-based sources and boats prevented from ending up in the sea); 3) Extend biodiversity protection measures from Sharm El Sheikh to key adjacent sites and ecosystems (i). Management of marine and coastal PAs adjacent to Sharm El Sheikh further strengthened, incl. through innovative mechanisms: Ras Mohamed NP (850 km<sup>2</sup>), Nabq Managed Resource PA (600 km<sup>2</sup>), Abu Galum Managed Resource PA (500 km<sup>2</sup>) (Total: 1950 km<sup>2</sup>); ii) Fisheries and their coral reef impacts eliminated from Ras Muhammad National Park (RMNP) and reduced to sustainable levels in Resource Management Pas; iii) Impacts from boating, anchoring, diving and snorkelling on coral reef ecosystems in NP and Resource Management PAs minimised; iv) Mortality of migratory soaring birds passing through Sharm El Sheikh/ South Sinai bottleneck reduced; v) PA financing increased by +20%.

INNOVATION, SUSTAINABILITY: In the context of Egypt the project is innovative especially because of its integrated nature linking urban planning and various environmental improvements (energy efficiency, renewable energy, water management, waste management, plastics, UPOPs reduction) to a better protection of adjacent important marine/coral reef ecosystems. Given the scale of these issues, choosing a medium-size city like Sharm El Sheikh will offer greater opportunities for having a tangible and visible impact during the project's lifetime, especially given the city's fame as an international tourism destination. The project includes more general upstream policy support for urban planning and measurement/monitoring frameworks that systematically address resource efficiency and natural capital issues across the continuum of energy, water, waste and ecosystems. The GEF-intervention project will be important to trigger the eventual implementation of this innovative vision already laid out in a preliminary manner in the 2010 Green Sharm Initiative. Regarding sustainability, the project's interventions will safeguard the tourism environment upon which the Sharm El Sheikh's attractiveness relies. The Government of Egypt is therefore committed to intervene with strength and future investments when the integrated sustainability model is proven.

Smaller and new cities in Egypt can learn basic principles of environmental sustainability, while large cities can learn from the enhanced waste management and GHG reduction approaches.

**CO-FINANCING:** Co-financing, in the amount of \$66.1 million will be provided by the Government of Egypt, the Private Sector and the Italian Agency for Development Cooperation / General Directorate for Development Cooperation. Worth noticing is that most of the co-financing is in Grants and for Investment, except \$8 million for recurrent costs.

## Review Dates

	<b>PIF Review</b>	<b>Agency Response</b>
First Review	10/30/2018	11/19/2018
Additional Review (as necessary)	11/20/2018	
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

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