

# Enabling Zero Carbon Energy in Rural Towns and Villages in China (EZCERTV) Project

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

10366

**Countries**

China

**Project Name**

Enabling Zero Carbon Energy in Rural Towns and Villages in China (EZCERTV) Project

**Agenices**

UNDP

**Date received by PM**

10/10/2019

**Review completed by PM**

11/4/2019

**Program Manager**

Ming Yang

**Focal Area**

Climate Change

**Project Type**

FSP

## **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**

10/12/2019 MY:

Yes. The project is well aligned with GEF7:

CCM-1-1: Decentralized renewable power with energy storage

CCM-1-3: Accelerating energy efficiency adoption

## **Agency Response**

### **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**

10/12/2019 MY:

Not completed at this time.

In Table B, :

1. Please consider reducing the budget of GEF \$1.5 million for component 1 to \$1 million. Reason: the Chinese government has put so much funding for the component. The GEF funding should be used more in investment demonstration (Component 2).
2. For Component 2, please put the targeted number of villages and towns in the outputs. Please also put the locations and or names of the villages and towns if possible. Please also put MW of PV to install or MWh of energy to save in the outputs.
3. Please consider reducing the budget of GEF \$2,007,066 for component 3 to \$1 or \$1.5 million. Reason: the Chinese government has put so much funding for the component. The GEF funding should be used more in investment demonstration (Component 2).

10/31/2019 MY:

Not completed at this time.

The GEF does not support any R&D. Please take out the key words “Research”. Please further cut the budget for Component 1 down to \$1.15 million, and use the savings to the INV of Component 2.

Please put the number of villages and towns to be benefited from the GEF project in Table B. The numbers were shown in the Annexes, they need to be copied to Table B. Please also put MW of PV to be installed or MWh of energy to be saved in the outputs in Table B.

11/1/2019 MY:

Yes, comments were addressed, and the PIF was revised accordingly.

## **Agency Response**

Oct. 31 2019 - MH

- 1.- The proponent anticipates several major research work and stakeholder consultations to come up with the pertinent policies, regulations, and standards to support zero carbon development in the rural towns and villages in China. Apart from that they envision significant amount of time and effort will be required for the advocacy and promotion of the proposed policies/regulations and standards. Also to be covered is the capacity building that will be needed for the town and village authorities on zero carbon town and village development that are in line with the country's circular economy and rural revitalization objectives. These are additional/incremental interventions that are necessary to enhance the current low carbon development efforts of China in the rural areas. In this regard, the proposed GEF budget for these incremental activities will be adjusted in view of the GEFSec comment. Considering the baseline activities of the national government and local governments to support policy and institutional frameworks on low carbon development and technology applications, the project proponent has adjusted the GEF budget to US\$ 1.3 million to support the improvement of the baseline efforts towards transformation of rural towns and villages to zero carbon development.
- 2.- Please refer to Annex A-1 the summary of the tentative list of the low/zero-carbon technology application demos that will be considered for implementation under Component 2.
- 3.- The EZCERTV Project development team (PDT) accedes to the suggestion and have made some adjustments on the Component 3 barrier removal activities. The PDT will focus on including more baseline activities of the national and local governments regarding capacity building on, and providing financial support to, low carbon technology applications, so that such efforts can be geared towards transformation to zero carbon rural development.

## **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**

10/12/2019 MY:

Not completed at this time.

Please consider raise more co-financing resources. Historically, climate change mitigation projects in China have more than 1:10 co-financing ratio. Please consider this ratio for this project.

10/31/2019 MY:

Yes, the co-financing amount is raised but the ratio of co-financing is still less than 1:10. In the PPG stage, please identify more co-financing and make the ratio no less than 1:10.

### **Agency Response**

5 Nov. 2019

Correction has been made on the total co-financing amount, which is at US\$ 89,600,000, to come up with a co-financing ratio of 1:10 (i.e., Total Project Cost : Total Co-financing). Nonetheless, the project development team will not only work on confirming the estimated total co-financing amount but also identify more potential co-financing during the PPG stage by including more baseline activities of the national and local governments regarding plans for providing financial support to low carbon technology applications so that such efforts can be geared towards transformation to zero carbon rural development.

Oct. 31, 2019 - MH

While historically UNDP-GEF CCM projects in China typically are in line with the average co-financing ratio of the overall GEF CCM portfolio, the project proponents are amenable to increasing the co-financing ratio to 1:10. The PDT will focus on including more baseline activities of the national and local governments regarding plans for providing financial support to low carbon technology applications so that such efforts can be geared towards transformation to zero carbon rural development.

### **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**

10/12/2019 MY:

Yes.

**Agency Response**

**The STAR allocation?**

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

10/12/2019 MY:

Yes. China has a CCM allocation of more than \$80 million. This is the first CCM project in GEF7.

**Agency Response**

**The focal area allocation?**

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

10/12/2019 MY:

Yes. China has a CCM allocation of more than \$80 million. This is the first CCM project in GEF7.

**Agency Response**

The LDCF under the principle of equitable access

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

10/12/2019 MY:

N/A

**Agency Response**

The SCCF (Adaptation or Technology Transfer)?

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

10/12/2019 MY:

N/A

**Agency Response**

Focal area set-aside?

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

10/12/2019 MY:

N/A

**Agency Response**

Impact Program Incentive?

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

10/12/2019 MY:

N/A

**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**

10/12/2019 MY:

Yes.

**Agency Response**

**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**

10/12/2019 MY:

Not completed.

Please also provide the amounts of renewable energy generation capacity to be installed (MW), energy to be saved (MWh), and other relevant indicative information.

If possible, use an Annex (rather than a footnote) to present the calculation of GHG emission reductions.



10/12/2019 MY:

One more piece of work in in Table F please. For the 1,168,500 direct beneficiaries, please show the number of males and the number of females.

11/1/2019 MY

Yes. The comments were addressed, and the numbers are shown to Indicator 11 on the Portal.

### **Agency Response**

Oct. 31, 2019 - MH

Based on the list of tentative demos that will be implemented under Component 2 of the project, the collective GHG emission reduction by end-of-project that can be attributable to the project is as 4.079 million tons CO2. This total amount will be derived from demonstration of the application energy technologies that contribute to zero carbon town and village development in selected towns and villages in 6 provinces.

### **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**

10/12/2019 MY:

Yes.

### **Agency Response**

#### **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**

10/12/2019 MY:

Yes. This project is welcomed by the MOF and the NDRC of China. It will have a significant impact on China's long-term zero carbon strategy development.

**Agency Response**

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

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

10/12/2019 MY:

Yes, on pages 7-12.

**Agency Response**

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

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

10/12/2019 MY:

Yes, on pages 13-16. But more quantitative numbers need to be put in later.

**Agency Response**

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

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

10/12/2019 MY:

Yes. See Box 1 above.

**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**

10/12/2019 MY:

Yes, pages 18-19.

**Agency Response**

**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**

10/12/2019 MY:

Yes, on page 4.

**Agency Response**

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

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

10/12/2019 MY:

Yes, on pages 20-21.

**Agency Response**

**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**

10/12/2019 MY:

The executing agency has initially selected geo-reference. The GEF PM, the MARA and the OFP of the MOF of China will be visiting the geo-reference in mid-October 2019 in China.

10/31/2019 MY:

Yes, the location of preliminary geo-reference to the project has been identified. A map is attached to the reviewed PIF.

**Agency Response**

Oct. 31 2019 - MH

The geo-references of the confirmed demo villages and towns will be provided during the PPG stage and reflected in the CEO Endorsement Request and Project Document. The initially identified demo towns/counties/villages in the 6 provinces covered by the project are stated in Annex A-1.

**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**

10/12/2019 MY:

Yes. it is stated on pages 21-22.

**Agency Response**

**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**

10/12/2019 MY:

Yes, on pages 22-23.

**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**

10/12/2019 MY:

Yes, on pages 24-25.

**Agency Response**

**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**

10/12/2019 MY:

Not completed at this time.

Please consider the risk of climate change on this project, and describe any measures to mitigate this risk. Please check the new requirements of the GEF SEC on addressing climate risk for GEF projects before working on this issue.

10/12/2019 MY:

Yes, it is shown on page 25.

### **Agency Response**

Oct. 31 2019 - MH

The risk of climate change on this project is already stated in the EZCERTV PIF (Part II, Sec. 5, p. 25). The stated risk is: RE-based energy generation (power and non-power purposes) and EE system installations can be seriously affected by adverse climate-related events. Both preventive and alleviative mitigation measures are also stated in the PIF.

### **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**

10/12/2019 MY:

Yes, on page 26..

## **Agency Response**

### **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**

10/12/2019 MY:

Yes, on page 26-27.

## **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**

10/12/2019 MY:

Yes, on page 27.

## **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**

10/12/2019 MY:

Yes, the letter is uploaded onto the Portal.

**Agency Response**

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

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

10/12/2019 MY:

N/A

**Agency Response**

**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**

10/12/2019 MY:

Not at this time.

Please address the above comments.

Please double check and make sure that the UNDP will not perform any executing functions in this project. This is to facilitate the approval of the project.

10/31/2019 MY:

Not at this time.

Please address the above comments.

11/4/2019 MY:

Not at this time.

1. A paragraph in Component 3 of the PIF (see below) reads the following:

- (i) the Ministry of Agriculture and Rural Affairs “*is fully responsible for the effective use of the project resources and the delivery of the agreed tangible outputs of the project and bring about the expected project outcomes.*”; and
- (ii) “*UNDP will be providing administrative and logistical services, apart from the required GEF Agency project management services, during project implementation if these are specifically requested by the MARA and such request is endorsed by the country’s GEF Operational Focal Point.*”

The project will be implemented by the designated implementing partner, which is the Ministry of Agriculture and Rural Affairs (MARA), under the UNDP's national implementation modality. In this case, the Government of China as represented by the MARA is fully responsible for the effective use of the project resources and the delivery of the agreed tangible outputs of the project and bring about the expected project outcomes. As the GEF Agency for this project, the UNDP will be providing administrative and logistical services, apart from the required GEF Agency project management services, during project implementation if these are specifically requested by the MARA and such request is endorsed by the country's GEF Operational Focal Point.

The Agency needs to take following actions:

i) By the time of CEO Endorsement, the GEF Implementing Agency (UNDP) needs to present (i) a detailed explanation of the mechanism through which the Executing Entities (the Ministry of Agriculture and Rural Affairs and other local organizations) will select the grant proposals and disburse the funds; and (ii) how GEF Implementing Agency (the UNDP) will ensure that the Minimum Fiduciary Standards Requirements (to be approved in December 2019 by Council) are met by each of the Executing Entities at all levels of the project implementation.

(ii) Please remove any words or language in the PIF on any possibility of providing administrative and logistical services, *apart from the required GEF Implementing Agency project management services*, for this project. This is to avoid any executing functions that may be undertaken by the UNDP.

In short, please acknowledge the receive of the first bullet, revise the PIF per the second bullet, and submit the revise PIF at the earliest convenient time.

#### **ADDITIONAL COMMENTS**

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

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

11/4/2019 MY:

1. By the time of CEO Endorsement, the GEF Implementing Agency (UNDP) needs to present (i) a detailed explanation of the mechanism through which the Executing Entities (the Ministry of Agriculture and Rural Affairs and other local organizations) will select the grant proposals and disburse the funds; and (ii) how GEF Implementing Agency (the UNDP) will ensure that the Minimum Fiduciary Standards Requirements (to be approved in December 2019 by Council) are met by each of the Executing Entities at all levels of the project implementation.

2. As the agency knows, the implementation and execution roles on GEF projects are meant to be separate per policy and guideline. The GEFSEC will analyze any requests for dual role playing by an agency at the time of CEO endorsement and only approve those cases that it deems warranted on an “exceptional” basis. We strongly encourage the agency to look at third party options as a preferred way forward. We also strongly encourage the agency to discuss any and all options for execution that do not include the government with the GEFSEC early in the PPG phase. The technical clearance of this PIF in no way endorses any alternative execution arrangement.

11/5/2019 MY:

Yes.

The Agency acknowledged the receipt of the first bullet of comment and will take action at the CEO ER stage accordingly.

In the PIF, the Agency has deleted all words and language that are related to *"providing administrative and logistical services"*.

All comments were addressed and the PM recommends technical clearance.

**Review Dates**

	PIF Review	Agency Response
<b>First Review</b>		
<b>Additional Review (as necessary)</b>		

**PIF Review**

**Agency Response**

<b>Additional Review (as necessary)</b>		
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