

GEF-7: Green and Carbon Neutral Cities

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10822

Countries

China

Project Name

GEF-7: Green and Carbon Neutral Cities

Agencies

World Bank

Date received by PM

6/15/2021

Review completed by PM

11/2/2021

Program Manager

Ming Yang

Focal Area

Multi Focal Area

Project Type

FSP

CEO Approval Request

Part I ? Project Information

1. Focal area elements. Is the project aligned with the relevant GEF focal area elements as indicated in Table A and as defined by the GEF 7 Programming Directions?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes, the project title and objective are aligned with the GEF S.C. IP.

10/29/2021:

Please address the following comments from the GEF PPO Unit:

1. Expected Implementation Start already passed ? please ask adjust this date and the Expected completion date according to the project duration (60 months):

2. On budget:

(i) totals per component in Annex E in Portal are different from Totals per component in Table B:

- Component 1 in Annex E= \$4,028,000 - Component 1 in Table B:
\$3,800,000

- Component 2 in Annex E= \$12,190,000 - Component 2 in Table B:
\$19,200,000

- Component 3 in Annex E= \$8,162,000 - Component 3 in Table B:
\$2,627,667

- Component 4 in Annex E= \$2,279,050 - Component 4 in Table B: \$0

- M&E in Annex E= \$250,000 - M&E in Table B= \$0

(ii) Please modify the title of component 3, specifically the words ?project management?, as this can be mixed up with the Project Management Cost. We want to avoid this component to support activities that are meant to be supported by PMC.

3. Core indicators: Please make sure that GEF Core Indicators and respective

targets, listed in Core Indicators Table, are also incorporated in Annex A
?Project Results Framework?.

4. Co-financing: Several World Bank projects (loan, TA) are reported as co-financing. The reasonable estimation of these World Bank funding resources which will support the GEF project are being recorded in the Portal. The cities also include relevant World Bank financing as part of the gov?t public investment. Please justify and confirm any of the reported World Bank financing are NOT being double counted.

11/3/2021:

Please continue addressing the comments from the GEF PPO;

Most of the comments were addressed excepting comment 2 (i) ? the explanation provided by the Agency is as follows:

?2. (i) While the budget numbers referenced in the comments do not reflect the latest Annex E that we had uploaded to the portal, we have further revised the budget in Annex E to correct inconsistencies and align with Table B. M&E in Annex E is allocated across components. M&E is not shown as a separate expense in Table B. We have updated Annex E to present component costs without PMC (aligning with Table B) and component costs with PMC, as PMC is allocated across components.?

We understand that Component 4 was removed and that ?as explained by the Agency? M&E is allocated across the components. However, the rest of the explanation is inconsistent with what we found in portal: the budget table in Annex E indeed includes PMC (not allocated across components), which is the only figure that matches Table B. Other than that, still the final numbers of the budget table in Annex E and Table B don?t match.

- Component 1 in Annex E= \$3,990,000 - Component 1 in Table B:
\$3,800,000

- Component 2 in Annex E= \$20,160,000 - Component 2 in Table B:
\$21,200,000

- Component 3 in Annex E= \$2,759,050 - Component 3 in Table B:
\$2,627,667

Please know that we are requesting exactly the same as we have requested to other Agencies: consistency between the budget tables.

11/4/2021

Needs clearance from the GEF PPO.

Agency Response

WB 11/4:

2. We were attempting to show in Annex E the specific allocation of PMC costs across components, which is not possible to show in Table B where PMC is a single line item. We have removed this and now present PMC as a lump sum in Annex E with an explanation below the table on what the PMC costs include. The component sub-totals - \$3.8 million, \$19.2 million, and \$2,627,667 ? in Table B and Annex E match.

For reference and to ensure that we are seeing the same document, we are pasting below the "old" Annex E (uploaded Nov 1) ? with PMC allocated across components ? and new Annex E uploaded Nov 4 ? with PMC allocation across components removed.

"Old" Annex E - Nov 1

Indicative Project Budget Template		Component (USD)										SubTotal (USD)		Responsible Entity
Expenditure Category	Description	Component 1		Component 2						Component 3		(1) (2) (3) (4)		
		Outcome 1: Significant shift in approach, methodology, and planning system for green and low carbon growth		Outcome 2: Cities incorporating biodiversity conservation and carbon neutrality into decision-making processes for integrated urban planning and investment						Outcome 3: Good practice and knowledge for green and carbon neutral development applied to many more cities.				
		1.1 Support the development of green and carbon neutral indicators	1.2 Establish or enhance data-sharing platforms	2.1 Map urban natural assets and ecosystem services and assess their economic value	2.2 Develop urban biodiversity strategy and incorporate the strategy into ecological planning	2.5 Develop carbon neutrality roadmap	2.6 Strengthen GHG inventory capacity by districts	2.4 Identify a business model for green investment and financing	2.3 Incorporate nature-based solutions (NBS) into investment	2.7 Integrate low-carbon options into urban regeneration investment	3. Support for knowledge sharing, capacity building and project management.			
(1) Current expenses of project components	Expenses related to activities such as: (a) basic studies and public consultations for the elaboration/review of green and carbon neutral plans and integrated urban plans, (b) development of plans such as ecological services, green finance, payment for environmental services, natural capital accounting; (c) creation of data sharing platforms and indicators; (d) development and implementation of business mode for investing in nature; (e) execution of projects to recover degraded areas; (f) support for the development of actions for the conservation of urban biodiversity and urban regeneration options toward carbon neutral goals; (g) development of regulations and strategies to promote the conservation and sustainable use of products from aquatic and terrestrial biodiversity; (h) analysis of strengthening GHG inventory capacity; (i) design of options to integrate carbon neutral and nature-based solutions in select sites; and (j) modeling and studies to establish roadmap for achieving carbon neutrality;	1,782,000	1,980,000	3,861,000	3,069,000	3,861,000	1,188,000	1,584,000	2,871,000	2,574,000	2,607,667	25,377,667	PMO, CCUD	
(2) M&E	Expenses related to the contracting of experts in safeguards and monitoring and evaluation; audits, training and travel expenses related to implementation of the monitoring and evaluation plan.	18,000	20,000	39,000	31,000	39,000	12,000	16,000	29,000	26,000	20,000	250,000	PMO, CCUD	
Sub-total without PMC	Sub-total per component without PMC	1,800,000	2,000,000	3,900,000	3,100,000	3,900,000	1,200,000	1,600,000	2,900,000	2,600,000	2,627,667			
	Total per component without PMC		3,800,000					13,700,000		5,500,000	2,627,667			
(3) PMC	Specialists to manage the financial management, procurement, activities and project control and operating administrative costs, such as: project financial management, preparation of procurement plans, terms of reference and procurement packages, management of output deliverables, maintenance of records of all project-related documentations, preparation of financial reports, office expenses, etc.	90,000	100,000	195,000	155,000	195,000	60,000	80,000	145,000	130,000	131,383	1,281,383	PMO	
Sub-total with PMC	Sub-total per component with PMC	1,890,000	2,100,000	4,095,000	3,255,000	4,095,000	1,260,000	1,680,000	3,045,000	2,730,000	2,759,050			
	Total per component with PMC		3,900,000							26,160,000	2,759,050	26,909,050		

"New" Annex E - Nov 4

Indicative Project Budget Template		Component (USD)										SubTotal (USD)		Total (USD)		
Expenditure Category	Description	Component 1		Component 2					Component 3			(1) (2) (3) (4)	PMC*	Responsible Entity		
		Outcome 1: Significant shift in approach, methodology, and planning system for green and low carbon growth	Outcome 2: Cities incorporating biodiversity conservation and carbon neutrality into decision-making processes for integrated urban planning and investment	Outcome 3: Good practice and knowledge for green and carbon neutral development applied to many more cities.												
		1.1 Support the development of green and carbon neutral indicators	1.2 Establish or enhance data-sharing platforms	2.1 Map urban natural assets and ecosystem services and assess their economic value	2.2 Develop urban biodiversity strategy and incorporate the strategy into ecological planning	2.3 Develop carbon neutrality roadmap	2.4 Strengthen GHG inventory capacity by districts	2.5 Identify a business model for green investment and financing	2.6 Incorporate nature-based solutions (NBS) into investment	2.7 Integrate low carbon options into urban regeneration investment	2.8 Support for knowledge sharing, capacity building and project management.					
(1) Current expenses of project components	Expenses related to activities such as: (a) basic studies and public consultations for the elaboration/review of green and carbon neutral plans and integrated urban plans, (b) development of plans such as ecological services, green finance, payment for environmental services, natural capital accounting; (c) creation of data sharing platforms and indicators; (d) development and implementation of business model for investing in nature; (e) execution of projects to recover degraded areas; (f) support for the development of actions for the conservation of urban biodiversity and urban regeneration options toward carbon neutral goals; (g) development of regulations and strategies to promote the conservation and sustainable use of products from aquatic and terrestrial biodiversity; (h) analysis of strengthening GHG inventory capacity; (i) design of options to integrate carbon neutral and nature-based solutions in select sites; and (j) modeling and studies to establish roadmap for achieving carbon neutrality.	1,782,000	1,980,000	3,861,000	3,069,000	3,861,000	1,188,000	1,584,000	2,871,000	2,574,000	2,607,667	25,377,667	1,281,383	26,659,050	Chengdu, Chongqing, Ningbo PMOs, CCUD	
(2) M&E	Expenses related to the contracting of experts in safeguards and monitoring and evaluation; audits, training and travel expenses related to implementation of the monitoring and evaluation plan.	18,000	20,000	39,000	31,000	39,000	12,000	16,000	29,000	26,000	20,000	250,000		250,000		
Sub-totals per component		1,800,000	2,000,000	3,900,000	3,100,000	3,900,000	1,200,000	1,600,000	2,900,000	2,600,000	2,627,667		1,281,383	26,909,050		
Total			3,800,000							19,200,000	2,627,667		1,281,383	26,909,050		

* PMC costs include: Hiring of specialists in each of the three municipal PMOs and CCUD to manage the financial management, procurement, activities and project control and operating administrative costs, such as: project financial management, preparation of procurement plans, terms of reference and procurement packages, management of output deliverables, maintenance of records of all project-related documentations, preparation of financial reports, office expenses, etc.

WB 11/1:

1. The implementation start date has been updated to 6/15/22.

2. (i) While the budget numbers referenced in the comments do not reflect the latest Annex E that we had uploaded to the portal, we have further revised the budget in Annex E to correct inconsistencies and align with Table B. M&E in Annex E is allocated across components. M&E is not shown as a separate expense in Table B. We have updated Annex E to present component costs without PMC (aligning with Table B) and component costs with PMC, as PMC is allocated across components.

(ii) It is common for World Bank projects to include capacity building, knowledge management and project management under one component. See for example recently CEO Endorsed GEF projects 10749, 10594, 10347, 10315. The PMC costs, which will be spread across the four project management offices to be established in each of the participating municipalities and at the national level under CCUD, are explained in Annex E. These are distinct from the knowledge management and capacity building activities under component 3 that will be managed by CCUD.

3. We do not include the GEF core indicators in the RF due to World Bank policy and practice which require that the project results framework will only include indicators and targets that (i) are achieved during the project implementation period (in this case, 5 years), and (ii) measure the results of activities directly financed through the World Bank project. For this project, the core indicator for landscapes under improved practices will be achieved through the investments supported by the project co-financing, and not directly by the financing provided through the project. The core indicator for GHG reductions will be achieved (i) through the co-financed investments, and (ii) will largely be achieved after the end of the 5-year project implementation

period as the majority of GHG emissions reduced by the project will be indirect reductions achieved through policy changes. We will report twice yearly on the project's results framework, annually on the SCIP global program core indicators, and at MTR and TE on the GEF core indicators.

4. We confirm that there is no double counting of co-financing. The co-financing letter provided by Ningbo Financial Bureau dated 26 May 2021 includes an amount of 75 million CNY (USD 11,655,12) loan from the World Bank Ningbo Sustainable Urbanization Project. The World Bank co-financing letter, dated 21 Oct 2021 includes an additional \$75.825 million co-financing from four different World Bank projects. The \$75.825 million co-financing does not include the \$11,655,12 mentioned in Ningbo's co-financing letter.

2. Project description summary. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

1. The project structure/design, and the expected outcomes and outputs as in Table B and described in the project document are not consistent with the project title and objective. As shown in the CEO ER document, the objective of the project is to "Integrate biodiversity conservation in participating cities' urban development and establish their pathway to carbon neutrality".

2. However, the PAD (and CER) is incredibly broad and provides very few details throughout the components about how the \$27 million in GEF financing will actually result in impacts or GEBs- for CCM, BD or otherwise. A higher level of detail throughout is requested at which point a more fine-tuned review can be undertaken and more comments can be provided.

3. This project seems like it is an umbrella that is holding two separate initiatives, one on biodiversity and the other on climate change rather than taking a truly integrated approach to the conservation of biodiversity and low/net zero GHG city development. Please revise Theory of Change, components, activities, and outputs accordingly, so that they can clearly flow one from the other. Further, it is not clear currently how the baseline scenario (context) for each of the cities and activities under project components will come together and result in GEBs.

4. Please restructure the project components for better illustration of the integration approach and showcase value-added and innovation which the project will bring from the current baseline. In addition, as indicated in prior consultations, the project outputs

such as "design options identified or developed" reflects low ambition of the project. Given that the project has mobilized co-finance for investment in these options, we suggest that the outputs should be rephrased as "implemented" or "invested", rather than "designed" or "developed".

5. It is unclear how, specifically, GEF investment will build on previous IAP activities. The PAD simply states in a general sense that this project will do, without any specifics. Please provide more detail and weave this throughout the rationale, components and proposed activities.

6. Component 4 will use nearly \$4 million but it is unclear how an investment of this size in KM is justified as so little information is provided about the proposed component and activities. Further, it is unclear how the establishment of the China Sustainable City Platform (CSCP) is needed given the other current platforms mentioned in the PAD. Finally, during discussions with the WB about the SCIP China child project during a technical mission to Beijing in October of 2019, the GEFSEC staff voiced the need to ensure significant co-finance indicating significant city and national buy-into the CSCP if it were to go ahead. The current relatively low co-financing level for this component does not sufficiently address this concern. Please explain the extent to which there is city or national buy-into to the CSCP and secure further co-financing to demonstrate this.

7. Annex 4: Selection criteria for site pilots does not contain any biodiversity criteria. Please revise to include specific biodiversity criteria to ensure the conservation of biodiversity is taken into account and targeted as an intended output of this integrated project investment.

8. The PAD seems to use the terms biodiversity "conservation" and "preservation" interchangeably. If this is the case, please default to biodiversity "conservation".

9. In the project design please ensure that the activities are directly linked with net-zero or carbon neutrality instead of low-carbon to align with the project objectives and the title.

10. Please note that "carbon neutrality" is fundamentally different from "low carbon". "Low carbon" activities can hardly achieve the objective of the project. In addition, a lot of literature on China's low carbon indicators/ indexes and their applications, as well as low carbon investments, can be found in the Web, including the following:

https://china.lbl.gov/sites/all/files/china_eco-cities_indicator_systems.pdf

https://china.lbl.gov/sites/default/files/chinacityindex052017_en.pdf

<https://www.sciencedirect.com/science/article/pii/S1674927817301223>

11. The components with INVs should be related to specific biodiversity conservation, land neutrality, and carbon sequestration / mitigation sites in the selected cities. For Chongqing city for example, please elaborate the wetland areas in million hectares from 2021-2060 without the GEF project, which is the baseline scenario of the project for the city. In this baseline scenario, please articulate what the existing government sustainable city polity and investment have contributed to biodiversity projection. Then, in the GEF investment scenario, please indicate the terrestrial and wetland protected areas in million hectares under the GEF proposed Nature Based Solutions. Please underscore the GEF project-created or under improved management for conservation and sustainable use of the areas in million hectares, the area of land restored in million hectares, and the area of landscapes under improved practices in million hectares; (excluding protected areas), and the area of wetland habitat under improved practices to benefit biodiversity in million hectares; (excluding the protected areas). With the enlarged wetland protected areas, carbon sequestration due to the CEF project can be calculated.

12. Again, in GEF project scenario or in quantifying GEBs in climate change, please use the key words of "net zero-carbon initiative" or "carbon neutrality" to replace "low carbon". This is to make the project INNOVATIVE and aligned with the project title and end objectives.

13. Please justify why the GEF should continue investing in Ningbo city in low carbon initiative where a subarea (Meishan county) has successfully implemented a net-zero carbon initiative. Please see the article with the following link and justify how GEF should use its grant for low-carbon initiative in Ningbo city where zero-carbon initiative took place already: https://rmi.org/wp-content/uploads/2019/11/rmi_rear_zero_carbon_zones_in_china_policy_roadmap.pdf

14. For PMC, per the GEF policy, the PMC should be budgeted with the same ratios. See the table below and revise the ratios to make them identical or similar.

	GEF	Co-financing
Sub Total	25,627,667.00	203,828,048.00
PMC	1,281,383.00	1,140,000.00
Ratios	5.0%	0.6%

9/30/2021 PM:

No. Please address the following comments:

1. **No.** The project structure/design has been improved but the following comments shall be further addressed:

- The new Component 4 shall be Component 3 instead of 4. Please correct.

- Outputs under current Component 2, i.e. inventory, strategy, analysis, roadmaps, business models, etc. are not investment activities but rather technical assistance. Please update Component 2 accordingly and make a distinction between Component 2 technical activities, i.e. inventory, strategy, analysis, business models, etc., and Component 2 investment activities, i.e. pilots and demonstrations (actually the expected outputs on pilots shall be further strengthen). Please split the budget for Component 2 into two parts, one for TA and the other for capital investment. The GEF expects a World Bank loan for urban sustainable development in China available to match GEF investment part in Component 2.

- As part of the outputs, please specify the number of pilots to be conducted;

- Under Component 2, the following "Investment in urban regeneration ..." and "Business models for investment in nature" have been listed as outcomes while they should be included in the list of outputs. Please update accordingly.

2. **No.** The GEF appreciates it if the World Bank could briefly fill "Part II "Project Justification" of the CEO Endorsement Request in the GEF Portal version" and refer to the PAD for detailed information. If the World Bank cannot do so due to technical constraints in the GEF Portal, please kindly use the spaces in the boxes of responses to GEF comments to present the information and refer to the PAD. Please be aware that the CEO Endorsement Request in the GEF Portal version and the project review sheet are the officially acceptable CEO ER or CEO AR document. Council members and other readers will primarily use these documents when they review a GEF project. The PM welcomes the MS-Word version of the CEO ER document, but it will not be used as an official document in the future.

3. **No.** In Components 1 and 2 which cover the major activities of the project, the outputs and outcomes of biodiversity conservation and the outputs and outcomes of carbon neutrality are not integrated. Please design project activities for the selected cities with the following designing consideration e.g. biodiversity strategy and carbon neutrality road map should be ideally integrated in the outcomes instead of two separate strategies. In addition, the term "demonstration and investment" used in the document does not clearly align with the outputs which are mostly TA in nature. For example, the outputs listed in Section "2.2. Demonstration and Investment in green urban infrastructure and carbon neutral communities" on page 45 of the PAD are all technical assistant activities. It is understood that the project will support design and feasibility studies of the demonstration projects which will ultimately be financed through the co-financing identified in the project. In this context, we suggest that component 2 be divided into TA (policies, strategies, indicators, etc.) and Investment components (e.g. feasibility studies, design of projects, etc.) which will directly lead to tangible investments. Under investment component, please add an output "investments made through co-financing identified and made in the project".

4. **No.** While components have been restructured, under Component 2 please follow our previous recommendation of rephrasing the outputs as "implemented" or "invested" particularly those related to the pilots (which are difficult to identify under the current structure). The context here is that we would like to ensure that the support provided by the project results in necessary policy and strategy adoption by cities/national government and also results in implementation.

5. **No.** We did find the section "Interlinkage between China GEF6 sustainable city project and GEF7 project" in the PAD and in the MS-Word version of the CEO Endorsement Request. Please kindly add this section in the GEF portal version of the

CEO Endorsement if technically possible or otherwise add a reference to the PAD while responding to the GEF comments in the review sheet.

6. **Not completed yet.** Please add the explanation provided below on the innovative features of the SCIP into the component's description of the CEO Endorsement Request in the GEF Portal Version or in the PAD. Overall, in line with previous comments, elaborate further on the expected outcomes and outputs for Component 3 (and all other components) to justify the use of nearly \$4 in KM and capacity TA activities. Furthermore, the project co-financing is quite low (225 million) compared to what was proposed at the project concept stage (396 million). Please identify more co-financing options relevant to the project activity to be consistent with the concept note. We expect large scale co-financing from the World Bank to make a stronger case of this project which will be implemented by an MDB. In addition, we also expect co-financing from the private sector which was flagged by a couple of Council members at the time of PFD approval. Given a strong private sector presence in China, we expect this project to leverage co-financing from the private sector. More comments are provided in the Box of Co-financing below.

7. Please include "global significance" into the criteria for biodiversity. The project components include plans for planning and piloting solutions to conserve biodiversity both within cities and outside cities through the prevention of sprawl that should result in the conservation of globally significant biodiversity and will be reported on under CI 4.1, but this needs to be included as a selection criterion. Please incorporate/update all the criteria into the GEF Web Version of the CEO Endorsement Request if technically possible. Otherwise, please add a reference to the PAD while responding to the GEF comments regarding this issue in the review sheet.

8. **No.** The PAD still uses "biodiversity preservation" throughout. Please make sure that, while populating the CEO Endorsement Request, please use the term "biodiversity conservation".

9. **No.** The document is still using "low-carbon" and "carbon neutrality" interchangeably. In the project design for the GEF alternative scenario, please ensure that the activities are directly linked with net-zero or carbon neutrality instead of low-carbon to align with the project objectives and the title. For instance, Component 1 still mentions low-carbon. Component 1: Strengthen high-quality indicator framework on "green" and "low carbon". In co-financing letters, please make sure the committed co-financing resources are used for net-zero carbon or carbon neutrality activities and biodiversity conservation. In GHG accounting, please make sure GEF project alternative scenario is based on carbon neutrality.

10. **No.** See bullet #9 above. Again, if the project keeps focusing on low carbon, the project will not be innovative. Regarding the following response of the Agency "We acknowledge that there have been various studies on China's low carbon cities and neutrality, many of which were done by international think tanks and experts. However, these studies, while providing some useful information, analysis, and recommendations, largely lack the ownership by the municipalities...", the GEF appreciate the response and would like to see how the municipalities will buy-in the project, using the TA outputs of the project to demonstrate tangible investments in integration of biodiversity conservation and carbon neutrality on ground and scale up the investments in cities.

11. **Not completed.** The GEF is pleased to see that a number of city districts, Bishan & Yuzhong districts in Chongqing city for example, have been selected for demonstrations. However, the World Bank tried to focus on biodiversity conservation in Bishan district while on carbon neutrality (energy and low carbon in the Agency's term) in Yuzhong district. Given that the project ultimately aims to establish pathways for

carbon neutrality for cities, please elaborate how climate change mitigation and BD conservation measures can contribute to carbon neutrality in the selected cities. in Bishan, and also please elaborate how the carbon neutrality demonstration in Yuzhong district can contribute to biodiversity conservation. For example, green paths for animals to cross highways or railways will effectively protect animals and deliver biodiversity conservation benefits in a transportation project. In China, one can hardly find green paths above express ways and railways which led to loss of many native species. This situation needs to be changed under the new integrated policy and strategy for both biodiversity conservation and carbon neutrality by 2050. Please (1) use integrated approach in strategic activities to cover both biodiversity and carbon neutrality (please refer to suggestion above). (2) use carbon neutrality, not "low carbon" in the document. (3) use the GEF fund to support activities which can lead to tangible investments and implementation of demonstration projects which will directly deliver both biodiversity and climate change benefits. Also, please describe how technical assistance components such as indicators, policies and strategies will catalyze and scale-up actions on carbon neutrality in Chinese cities.

12. **No.** Please see previous comments, "low-carbon" is still being used throughout the document referring to GEF project alternative scenario. For example, in GHG accounting for GEF investment scenario, low-carbon is used in GEF project alternative scenario to estimate GEBs.

13. **Yes, with suggestions.** Thank you for the explanation. Please add this explanation into the baseline justification and explain how the proposed project would be built on the outcomes and lessons learnt of the net-zero carbon initiative in Meishan county. What innovative features will the proposed project have when compared to the Meishan pilot? How the proposed project will ensure sustainability and scale up?

13.1 A follow up question please: The Agency acknowledged that Meishan county has successfully demonstrated zero-carbon initiative. The Agency also indicated that Meishan county is small because it is a seaport area. The GEF expects the Agency to use the select district in Ningbo which is larger than Meishan to innovatively make it a model of both biodiversity conservative and carbon neutral.

14. **No.** Here as follows are the numbers on PMC in the GEFID 10770 China /World Bank China Energy Transition Towards Carbon Neutrality Project:

Sub Total (\$)	16,923,193.00	341,750,000.00
Project Management Cost (PMC)		
GET	508,000.00	10,250,000.00
Sub Total(\$)	508,000.00	10,250,000.00
Total Project Cost(\$)	17,431,193.00	352,000,000.00
Sub Total (\$)	16,923,193.00	341,750,000.00

GET	508,000.00	10,250,000.00
Sub Total(\$)	508,000.00	10,250,000.00
Total Project Cost(\$)	17,431,193.00	352,000,000.00

16,923,193.00	341,750,000.00
508,000.00	10,250,000.00
3.00%	3.00%

Please use the above information as reference to revise the PMC for the SC IP China project.

10/26/2021

OK

Agency Response

WB 9/14:

1. We have revised the component structure to emphasize that the project will take an integrated approach toward supporting cities to incorporate biodiversity and carbon neutrality into their development, consistent with the project title and PDO. Table B was revised to ensure consistency in the project description. We have revised Table B and the component description in the PAD to ensure the consistency.

2. The detailed project activities under the PAD are included in the annex 2 to the PAD. In addition to the PAD, we have prepared a more detailed CEO Endorsement request submission for the GEF, which expands upon the information included in the PAD. This includes more detailed information on the project components, activities, and the institutional arrangements for implementation.

3. We have restructured the components to avoid the impression of holding two separate initiatives and integrated the previous components 2 and 3 into one component (new component 2) as follows:

Component 2: Support integrated solutions to biodiversity and climate change - planning for and investing in nature and carbon neutrality, including:

2.1. Technical support for ecological planning, urban biodiversity and carbon neutrality roadmaps;

2.2. Demonstration and Investment in green urban infrastructure and carbon neutral communities; and

2.3. Policy dialogue and engagement with the relevant ministries at the national level"

While some activities under this component will remain discrete (e.g., the development of carbon neutrality roadmaps and biodiversity strategies will be separate activities, although each would inform the other), the overall aim is to support integrated planning and investment that incorporates both biodiversity conservation and carbon neutrality. A significant amount of the information was added to the CEO ER document (section III. D.) to elaborate the baseline scenarios at the national and city levels. The ToC was further revised to reflect the revised structure.

4. On the project components, please see our response 3. above. We have also revised the project's result framework to reflect that investment options will be implemented per the suggestion. We have also clarified that "design options" referred to in component 2 covers but is not limited to feasibility studies (FS), sectoral readiness criteria, detailed engineering designs (DED), detailed NBS designs, urban designs, environmental and social Impact Assessments (ESIA), assessment of project-level biodiversity and GHG benefits, etc.

5. In the CER ER document, we have added a section under part V Contribution to GEF7 SCIP, entitled "Interlinkage between China GEF6 sustainable city project and GEF7 project" (see paragraph 153). We have also added a para on the linkages between the two projects in Ningbo (para 127). As the task team leader (TTL) for GEF6 city project is also the co-TTL for GEF7, the experience gained from the GEF6 project has continuously informed the preparation of the GEF-7 project and will continue to do so during implementation.

6. The original component 4 (now component 3) covers three activities: knowledge management, capacity building and project management for a total amount of \$3.9 million. The knowledge management activities account for about \$2.7 million (or 10% of the total GEF funding). Knowledge sharing is an important part of the GEF7 sustainable city impact program. The establishment of China Sustainable City Platform will play a critical role in connecting national knowledge sharing to the global program led by UNEP. We designed CSCP based on the positive experience gained from the GEF6 city program ? a city platform provides an excellent basis to connect cities within the country and with other cities around the world. A platform also serves as an important forum to store and disseminate knowledge. In China, there are platforms that specialize in various sectors. However, a platform that comprehensively addresses urban sustainability with the global reach is yet to exist. The CSCP aims to fill up the gap, serving as an important window to connect the GEF?s global programs as well as with others managed by the international organizations. With respect to co-financing, the participating cities have prioritized investment and the indicator framework (components 2 and 1) for their co-financing given their immediate needs. We will work with CCUD during project implementation to explore additional sources of finance to secure the long-term future of CSCP.

7. We have now included selection criteria related to biodiversity conservation. Please annex 1 of GEF CEO ER document.

8. We have now used biodiversity conservation throughout the document.

9. The language throughout the document has been revised to consistently refer to carbon neutrality to reflect the ambition of the project to support cities to establish pathways toward carbon neutrality.

10. We acknowledge that there have been various studies on China?s low carbon cities and neutrality, many of which were done by international think tanks and experts. However, these studies, while providing some useful information, analysis, and recommendations, largely lack the ownership by the municipalities. We fully agree that achieving carbon neutrality will be much more challenging than simply setting the time frame for emissions peaking (which is the case for many Chinese cities). Many Chinese cities have yet to put forward the cap for emission reduction targets and the timetable for progressively reducing emissions to net zero. As indicated in our document, in fact, there is lack of good understanding and definition on the amount of the emissions that are considered as ?NET ZERO?. The project activities that will be supported by the GEF will conduct detailed analysis, including social implications, to set out a plan, targets and timetable across different sectors to move toward carbon neutrality. More important the roadmap and action plans will have strong ownership by the municipality, including co-financing support.

11. We have laid out more detailed analysis on urban biodiversity baseline for each participating city (please see section D under III . Description of baseline assessment

and specific project activities. On the core indicator ? 4.1 (area of landscape under improved practices), we have only included the areas where the investment pilot will take place or where we would be able to demonstrate a qualitative change in management. We did not include the whole territory of the city or district due to the challenge of make an accurate attribution to the policy and strategy to be supported by the GEF project. This approach is consistent with the approach that we have taken for other WB SCIP projects.

12. We have used the terminology net zero/carbon neutrality throughout the document.

13. The participating cities for GEF7 were approved by MoF of China. Ningbo was included during the EoI stage and subsequently also approved by the GEF Council through the PFD. As noted in the EoI, Ningbo is a city that GoC often selects to pilot innovative ideas and reform, and it has shown leadership on sustainable urban development. In responding to the New Urbanization Plan, Ningbo, as early as 2012, had formulated a 2030 urban development strategy with an emphasis on green and inclusive social development. Ningbo was the first city in China to propose a quantitative city carbon peaking target.

The referenced project in Meishan county is a good example of innovation that Ningbo has pursued. Many more of these examples are needed in China to create large-scale impact. Although laudable, this activity did not influence the overall policy, regulatory or planning activities of the municipality, which is essential to helping the city achieve its overall carbon peaking and neutrality goals. (The activity?s policy-related influence and actions were limited to the Ningbo Meishan Near-Zero Carbon Demonstration Zone, which is a small segment of Ningbo in the port area.) As mentioned in our reply above, the carbon neutrality roadmap for Ningbo will be done by the municipality that covers the entire city to ensure strong ownership of the city with the objective of translating the recommendations to the city?s five year action plans.

14. The calculation of the GEF-financed PMC is based on the budget required to establish and maintain four PMOs (one for each participating city and overall project coordination by CCUD) to effectively execute the project and ensure overall management and fiduciary oversight consistent with World Bank and GEF requirements. The 5% GEF project budget allocation to PMC reflects the complexity of the project and is consistent with GEF norms and other World Bank GEF projects, including the GEF-6 SCIAP China project. We conducted extensive consultations with each participating city's financial bureau regarding their ability to contribute to the four PMOs through in-kind or direct investment support, which is how we arrived at the figure of \$1.14 million. This is a defensible figure with the cities' commitments reflected in their co-financing letters. For a project with co-financing of \$225 million, with the bulk of that co-financing earmarked toward investment, it is not realistic or pragmatic to set aside 5% (\$12.5 million) for project management, as (i) this would be an excessively high figure and would reflect highly inefficient management; and (ii) it would be an artificial figure as most of the project co-financing will not be managed directly through

the PMOs supported by GEF, and neither the World Bank nor the GEF have direct control over these funds. We understand that the GEF policy adopted by Council seeks parity in the PMC ratio. At the same time, we understand that exceptions can be made and we request the Secretariat consider an exception on the basis of this explanation.

WB 10/25:

1. The component numbering has been corrected. In table B of the portal form, component 2 activities have been divided into a technical assistance bucket and an investment bucket and funding distributed among the two buckets. At this time it is estimated that there would be about six pilot investments (three in support of NBS and three in support of low carbon/pathway to carbon neutrality).
2. The World Bank has a different portal template than other agencies, dating back to the WB/GEF harmonization process that was adopted by Council in 2014. Under this process, it was agreed that the World Bank would use abbreviated PIF and CEO ER forms that do not include most of the content in the Part II ? Project Justification section of the PIF/CEO ER form. Instead, this information is incorporated in the World Bank project document (PCN/PAD). As a result, our portal templates do not include these entry fields. In order to accommodate requests for and provide further detail to the GEF Secretariat and Council members, we have included the ?CEO Endorsement Request Document? as an annex to the Bank?s PAD. We have included references in the responses to comments below where relevant information can be found in the PAD or detailed CEO Endorsement Request annex. The CEO Endorsement Annex includes comprehensive information on this project that goes beyond what can be accommodated in the main body of the PAD due to length restrictions on the PAD. We acknowledge that there is repetition between the CEO Endorsement Annex and other PAD annexes (now annexes 2-7), but we have retained the other annexes as they are standard to the PAD.
3. The biodiversity conservation strategies and carbon neutrality roadmaps to be financed by the project in participating cities support commitments that China has made under two different MEAs ? CBD and UNFCCC. While these will be retained as separate outputs, we have revised the project documentation to make it more explicit that the biodiversity strategies and carbon neutrality roadmaps are mutually supportive and reinforce each other, demonstrating an integrated approach to carbon neutrality goal and biodiversity conservation.

As noted above, in Table B of the portal form, we have separated the TA and investment activities under component 2 under two separate buckets. Component 2 activities are already separated in the PAD: subcomponents 2.1 and 2.3 are TA activities while subcomponent 2.2 supports investment.

4. We reviewed the project documentation and have ensured that language is updated to reflect implementation of city-level pilots to be financed by the co-financing.

5. Please see section V. C. of the CEO Endorsement Request annex, para 153.

6. Component 3, as described in the PAD consistent with World Bank practice, includes both knowledge management/capacity building and project management. Of the total \$3.9 million GEF financing for component 3, \$1.28 million is for project management (PMC line in section B of the portal) and \$2.63 million will support knowledge management and capacity building. Of the \$2.63 million allocated KM, \$650,000 will support the interaction with the global SCIP UrbanShift platform (budgeted at \$200,000/city and \$50,000 for national dialogues) and the balance will support the establishment of the China Sustainable City Platform (CSCP), which will carry out the following activities, as explained in the KM plan:

- Thematic trainings: It is planned to organize 4 sessions each year (approx. 20 sessions over the course of project implementation), each session lasts about 5 days. In each session, between 15 to 20 cities will be selected jointly by World Bank and CCUD to participate in the training. At least one session each year will include international participant cities with representatives of no less than 5 international cities.
- International conferences for sharing best practices between Chinese and foreign cities: Conferences will be held annually (up to 5 total) with a flexible format, which could be an independent annual forum or joint seminars with existing major events.
- Thematic knowledge sharing and dissemination of best practices through written products
- Policy research assistance for ministries: CCUD through CSCP will carry out thematic research/studies on topics prioritized by clients. It will also support relevant ministries and departments to conduct research, feasibility studies, analysis, expert consultation, international cooperation and knowledge exchanges on themes related to urban sustainable development.

The World Bank will provide an additional \$75.825 million co-financing, which includes \$73.9 million from the China Plastic Waste Reduction Project (relevant activities in Chongqing and Ningbo), \$11 million from the Ningbo Sustainable Urbanization Project (for nature-based solutions in Ninghai County), and \$1.925 million from various analytical and advisory projects. This brings the total co-financing mobilized to \$300,693,050

In addition, the World Bank is undertaking the preparation of the investment lending project - China Carbon Neutral Cities (US\$300million), which promotes an integrated

approach to policy transformation and investment in urban sectors. The China SCIP has played a critical role in the engagement with cities and the design of this lending project, and will provide an important foundation for the implementation of this project. The World Bank will update the co-financing amount once this investment lending project is approved by the World Bank Board.

7. Project selection criteria has been updated to explicitly reference globally significant biodiversity. Please see Annex 1-1 of the PAD.

8. We have reviewed and revised the PAD to ensure consistent application of the term "biodiversity conservation" throughout.

9. While the use of the terms in some portion of the document is a matter of semantics, we have reviewed and revised the project documentation to ensure the description of the scope of the project activities is in line with the carbon neutrality goal or the transition from carbon low carbon to net zero emissions. The approach is fully aligned with the newly issued government policy guidance (October 2021) which refers to "double carbon targets" – emission peaking and net zero emissions. In our project descriptions, we have used the term "low carbon" as a general description of reducing emissions and carbon neutrality as an ultimate goal. For example, under section 2.1 and 2.2, we make it clear that the project activities will support a "pathway for a transition to net-zero carbon".

10. The project has been designed to achieve buy-in of municipalities in several ways: (i) the project will work with cities to design green and carbon neutral development indicators that cities will then apply to assess their performance toward high quality economic growth through the implementation of the 14th Five Year Plan; (ii) the project has leveraged substantial co-financing (\$225 million) from the cities' own budgets for the implementation of pilot investments in priority areas identified by the cities; (iii) the project has tailored the technical assistance outputs under component 2 to address the specific needs/context of each of the cities; (iv) the project will carry out stakeholder engagement activities to further establish buy-in of local government officials, agencies, and beneficiaries.

11. The pilot investments in NBS (e.g., in the water system of Bishan County, Chongqing or Tuo River watershed, Chengdu) will have both biodiversity and climate benefits. The urban regeneration investments are likely to have primarily climate mitigation/carbon neutrality benefits but may also deliver biodiversity conservation benefits, depending on the specific investments that are pursued. This approach to support multiple activities that will deliver different GEBs is consistent with other child projects under the SCIP.

The development of carbon neutrality indicators will be essential for helping participating cities track progress toward achievement of their carbon peaking and neutrality goals through the implementation of their Five-Year plans. The TA support

for carbon neutrality planning is essential to lay out the path by which cities can achieve the carbon neutrality goal. Cities require support in translating this goal into an actionable plan with time-bound targets that includes addressing social aspects of the transition toward carbon neutrality.

12. We have revised the language on GHG accounting to reflect the objective and ambition of the GEF project to support the shift to carbon neutral urban development. Please see more details below in response to the comments on GHG calculations.

13. It is our understanding that plans have been developed for Meishan near zero-carbon zone that include ambitious targets, including more than 70% RE by 2030 and 30% of new energy vehicles by 2030 (Source: <http://apsec.tju.edu.cn/ueditor/php/upload/file/20210112/1610424242265228.pdf>). It is too early to determine whether this demonstration activity has been successful as the outcome has not yet been achieved. We expect that the Near zero-carbon zone pilots in China, including the Meishan pilot, will generate important lessons during the project implementation period ? particularly with respect to planning for carbon neutral development ? that will be shared and disseminated through the project?s knowledge management pillar (including trainings, conferences, dissemination of best practices, site visits).

The GEF project aims to ensure sustainability by integrating project activities into the municipalities? planning processes and strengthening the capacity of well-established national and local institutions to enhance their ability to carry the work into the future.

To support cities to peak carbon emissions, China?s central government established a national program that calls for 50 near-zero carbon zones by 2050. We have included additional information on the initial pilots on net zero carbon zones, including lessons drawn from those pilots in the CEO Endorsement Request annex (see paragraph 43).

14. We have revised the PMC share of co-financing to 5% of the co-financing amount to meet the GEF requirement. However, we would like to reiterate and record our concern that neither the GEF nor the World Bank as implementing agency exercise direct control over the co-financing provided by the municipalities. We would also like to reiterate that project management costs do not increase in direct proportion to overall project size (there are certain fixed costs, regardless of project amount, and variable costs depending on the nature of the project).

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

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

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

1. For the co-financing letters from Ningbo city and Chongqing city, please provide new letters with the names, titles, contact information and the signatures of the persons who signed the letters.
2. For the letter from China Center for Urban Development (CCUD), please provide a new letter with the title and contact information of the person who signed the letter.
3. The co-financing amount is quite low compared to the concept note and EOI for this project. It is down from \$720 million to \$204 million. It misses co-financing from complementary WB projects in the country and from the national government which has ambitious programs to support carbon neutrality in cities. Please add new co-financing sources to enhance the scale of impact of the project.

9/30/2021 PM:

Not at this time.

1. **No.** There is an inconsistency on the co-financing letter from the Chengdu Financial Bureau Letter. The investment mobilized from them is US\$61.4 million as per the CEO Endorsement Request, while the translation of the letter states US\$83 million. Please clarify.
2. **No.** See comment above.
3. **No.** Please note that the co-financing proposed at the concept stage was \$396 million instead of \$300 million. The proposed co-financing has been reduced as much as by 43% which is quite significant. Please explore additional co-financing to remain consistent with the concept stage. As stated earlier, given the strong baseline and momentum in China we expect more and better co-finance ratio similar to other GEF projects in China. The GEF expects World Bank co-finance to strongly justify the partnership with an MDB for this project. At the concept stage a \$40 million dollar World Bank co-financing was proposed. If there are ongoing urban projects which can co-finance project components, we would expect this project to leverage those for this project.
4. In addition, if technically feasible, in the GEF Portal version of the CEO Endorsement Request document or PAD, please add a table with the changes between the information provided during the PFD and CEO Endorsement stage (i.e. changes in co-financing, number of pilots, etc.), and the explanation for these changes.
5. The translation of a new co-financing letter is not accurate. Please use a certified professional translation company to translate all co-financing letters.

Agency Response

WB 9/14:

1 and 2. The names, titles and contact information of the signatories of the letters have been added for each of the co-financing letters. This said, the municipalities confirmed to us that the red seal is the evidence for an official approval (as opposed to signature by individuals). In addition, a second letter has been obtained from Chengdu Financial Bureau to reflect its contribution supporting the CCEC activities.

3. The municipalities Financial Bureaus have verified the information included in the co-financing letters. Please note that total amount of the co-financing is 224,968,048, which is 1:8.4. Actually, the project co-financing does not depart that significantly from the co-financing estimate of \$300 million indicated at EoI stage. One of the reasons between the amount at the EoI stage and the current stage was that we have narrowed down the scope of activities and the categories that would be considered as co-financing. The number of cities was also reduced from EoI stage, as Xiong'an was removed from the project at the decision of MoF.

In addition, some local investment projects, such as those previously listed in Chengdu (Chengdu Environment Group), have already started construction due to the time lag between EoI stage and project approval. Nevertheless, the World Bank is currently identifying and preparing a carbon neutral city investment project (with the estimated investment of \$300m). The preparation of the GEF7 city project in China has played an instrumental role in mobilizing cities' interest and harness the ideas for low carbon innovation and investment. We will update the co-financing amount at MTR stage, including any additional World Bank financing, once the investment project(s) are materialized.

WB 10/25:

1. Please refer to the updated Chengdu co-financing letter uploaded into the portal on 10/25/21. The inconsistency in the original translation of the letter (version uploaded 6/14/21) was corrected in this version and the confirmed co-financing amount is USD 61.49 million.

3. As noted above, we have added a total of \$75.825 million from several World Bank projects to bring the total co-financing to just over \$300 million, which brings co-financing ratio to more than 1:10. As indicated in our co-financing letter, additional \$300million WB lending on carbon neutral cities is currently under preparation. We will update the co-financing amount during the midterm review.

4. The main changes between PFD stage and CEO Endorsement are as follows:

- (i) **Co-financing:** As noted above, co-financing at PFD stage was estimated at \$396 million and is \$300.693 million at CEO Endorsement. The main change is co-financing from PFD to CEO ER is the removal of the ADB \$150 million loan in Chongqing as the ADB project is working in a different river basin and thus would not be available to co-finance the NBS investments under this project.
- (ii) **GEBs:**

- a. At PFD stage, the estimate for *Area of landscapes under improved practices* was 231,222 ha, whereas the current target at CEO ER has increased to 875,600 ha. This target is calculated as the total area that will benefit from the application of natural capital mapping and accounting and the adoption of biodiversity strategies covering select areas in participant cities. The project areas were confirmed during project preparation.
 - b. At PFD stage, the estimated GHG emissions mitigated were estimated at 19,200,000 tCO₂e direct and 65,440,000 tCO₂e indirect. The revised estimates at CEO ER are 519,715 tCO₂e direct and 67.7 million tCO₂e indirect. At PFD stage, we used per capita emissions as the basis for calculation, whereas at CEO ER, GHG impacts were estimated based on a Scenario-based approach, following WRI's GHG Protocol Policy and Action Standard. The specific number and type of pilots had not been identified at PFD stage, and the estimation for direct GHG impacts was an overestimation of what could be achieved through the application of NBS and urban regeneration investments to be supported by the project.
5. We have reviewed the translation of all co-financing letters and we confirm that the content of the English translations is consistent with the original Chinese letters and are accurate.
- 5. GEF resource availability. 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 CEO Endorsement Request

6/28/2021 MY:

Yes, the GEF resource has been set-aside sufficient funding for the project.

Agency Response

STAR allocation?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes, the GEF has set-aside sufficient STAR resources for the project.

Agency Response

Focal Area allocation?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes, the GEF has reserved sufficient BD and CCM STAR and S.C. IP resources for the project.

Agency Response

LDCF under the principle of equitable access?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

SCCF (Adaptation or Tech Transfer)?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

Focal Area Set Aside?

Secretariat comment at CEO Endorsement Request

6/21/2021 MY:

Yes, the GEF has set-aside sufficient BD and CCM STAR and S.C. IP resources for the project.

Agency Response

Impact Program Incentive?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes, the GEF has set-aside sufficient S.C. IP resources for the project.

Agency Response

6. Project Preparation Grant. If PPG is requested in Table E.1, has its advanced programming and utilized been accounted for in Annex C of the document?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not any PPG funding was requested.

Agency Response

7. Non-Grant Instrument. If this an NGI, are the expected reflows indicated in Annex D?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

8. Core Indicators. Are the targeted core indicators in Table E calculated using the methodology in the prescribed guidelines? (GEF/C.54/Infxxx)

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

1. The core indicator targets for this project include: The project will improve landscapes with a total area of 875600 hectare, by conducting natural capital mapping and accounting and establishing biodiversity strategies covering select areas in participant cities. The GEF core indicator for this project is Core Indicator 4.1 (see definition below from the GEF-7 results architecture). Will the ?biodiversity strategies? mentioned result in a ?change in management? for target ecosystems, resulting in GEBs creditably attributable to this project? At what level? How? Please explain/revise.

2. Area of landscapes under improved practices to benefit biodiversity (qualitative assessment, non-certified) Definition: This indicator captures the landscape area being managed to benefit biodiversity, but which is not certified. Details: The project should qualitatively describe the benefit provided to biodiversity through a change in management. Additionally, while not required, projects should ideally provide GIS files showing the extent of land under this improved management (outside of protected areas). Unit of measurement: Area (hectares). Please use the above-mentioned methodology to justify the targeted GEBs in BD: 875600 ha.

3. The GHG emission targets should align with the concept submitted along with the PFD. The direct emission reduction numbers are very low, and the indirect emission reduction estimate is too high (going beyond the total target of the entire SC Impact Program). Please review and revise the calculation to propose more realistic numbers. While the agency is doing GHG emission estimation, we suggest that they align it with the carbon neutrality objective of the project.

9/30/2021 PM:

No. Please address the following comments:

1. Yes. Comment cleared.

2. Yes. Comment cleared.

3. **No.** The methodologies on GHG accounting are not correct. Here as follows are a few suggestions to correct the methodologies.

Referring to Annex 2. Global Environmental Benefits Methodology Note: GHG Accounting and Landscapes under Improved Practice

On Direct GHG impact:

1. The direct GHG reduction amount presented in the document is too general and it could not be verified and monitored by an evaluator. To resolve this issue, please relate the direct GHG emission reductions to selected pilot districts, Bishan and Yuzhong districts in Chong Qing, for example. While doing so, please elaborate GHG emission trend in all relevant sectors including building, transport: and municipal solid waste, wetland, etc. from 2024 to 2050 taking into account the change or improvement of policies and technologies under the existing biodiversity conservation and low-carbon pathways of China. This is the baseline scenario. Then, please elaborate what the GEF project will do for these districts taking into account new biodiversity conservation and carbon neutrality policies and strategies, new business models, new financing models, new technologies, and tangible investments in biodiversity and climate change with the district government, the private sector and other investors. This is the GEF project alternative scenario. Afterwards, quantitatively calculate the global environment benefits between the two scenarios which can be easily identified and verified.

2. Please be aware that the following activities as outlined in Section **1.2 GHG impact from city pilots in low-carbon communities** are all about low-carbon emission scenario. The low carbon emission reduction amount belongs to baseline or business as usual.

? Low carbon buildings: through promoting building retrofitting and higher level of green buildings;

? Low carbon transport: reduce use of private cars through 1) strengthen public transportation system; and 2) promote non-motorized transport including biking and walking

? Municipal solid waste (MSW): View municipal waste as a resource by improving waste recycling and implementing waste minimization mechanisms. Provide measures for classification, recycling and treatment of domestic waste

Please continue working on net-zero carbon scenario in the sectors of buildings, transport and municipal waste management. With the above low carbon scenario and the new net-zero carbon scenario, GHG emission reductions due to carbon neutrality policy and investment can be quantified and verified.

3. Please elaborate how the outputs of the GEF TA in this project are linked to the outputs and outcomes of Global Environment Benefits in the selected three cities and other cities in China. This will help justify direct and consequential GEBs including carbon emission reductions.

4. Please provide the GHG calculation sheet so that readers and evaluators are able to easily validate the final numbers as well as the assumptions made.

10/26/2021

OK

Agency Response

WB 9/14:

1 and 2. The estimated 875,600 ha area of landscapes under improved management will be achieved through the development and application of a natural asset inventory covering the selected territories, natural capital accounting to establish the economic value of the ecosystems services provided by the natural assets, tools and a monitoring framework for measuring and managing biodiversity, and the formulation of strategic plans for restoring natural habitats, protecting wetlands to enhance green connectivity, and monitoring carbon emissions caused by land use changes (exact activities will vary somewhat among the participating municipalities).

We have updated the baseline information related to urban biodiversity both at the national and project levels, as well as the impact of the contributions by the GEF7 project. (See section III of the GEF ER document)

On the core indicator ? 4.1 (area of landscape under improved practices), we have only included the areas (watersheds, county) where the investment pilot will take place. We did not include the whole territory of the city or district due to the challenge of make an accurate attribution to the policy and strategy to be supported by the GEF project. We do

not have GIS files showing the projected land under improved management at this time.

Strategic Area	City Pilot	Area of Landscape Under Improved Practice (ha)
Natural Capital Mapping and Biodiversity Strategies	Chengdu Tuojiang Watershed	645800 (including NBS covered area ? 16.2)
	Chongqing Binan River Watershed	45500 (including NBS covered area ? 193.6)
	Ningbo Ninghai	184300 (including NBS covered area ? 12.5)
Total		875600

For Chengdu, the surface area of Tuojiang Watershed is provided by the Chengdu PMO in the Project implementation Plan (PIP), which is certified and endorsed by the government with well-articulated strategy targeted for Tuojiang in component 2.2.1 ?Formulate an integrated management strategy and technical guideline for Tuojiang River? in Chengdu project activities.

For Chongqing, the surface area of Chongqing Binan River Watershed is provided by the Chongqing PMO in PIP, certified and endorsed by the government with strategy targeted for Binan Rivers in component 2.2.1 ?Formulate NBS strategy for Bishan water system? in Chongqing project activities.

For Ningbo, the application of natural capital accounting and ecological planning tools will be conducted in the level of Ninghai county, whose surface area is captured from the source of government.

3. To perform the GHG calculations for the project, we engaged the support of WRI China and used WRI/IPCC methodology to calculate both direct and indirect emissions. The details of the calculation and methodology used for the assessment are included in the GEB methodology note (Annex 2 of the CEO ER document). For the indirect emissions, we have applied level 1 GEF causality factor to reduce the total indirect emissions calculation arrived at using the WRI/IPCC methodology. We understand that the indirect emissions are very high, even with the application of level 1 GEF causality, but this is a reflection of the high emissions of Chinese cities and the large scope for emissions reductions through achieving carbon neutrality. The calculations made at PFD were an estimate made using population-based methodology, while the calculations at CEO ER stage apply a more rigorous methodology.

WB 10/25:

1. Both direct and consequential GHG impacts were estimated based on a Scenario-based approach, as suggested by the GEF, following WRI's GHG Protocol Policy and Action Standard.

On indirect emissions, there is uncertainty over the level of attribution to the policy implementation supported by the Project. We have now used a more conservative approach in the consideration of level 1 causality. As a result, CO₂e reduction of 67.7 million tonnes is estimated during the course of 20 years.

Please allow us to elaborate on the current calculation: 1) all data used for calculation are listed in the tables of the GEB methodology (annex 1-2 of the PAD), so the calculation can be verified by an evaluator; 2) In the calculation, we already considered the actual situation of the pilots, e.g., using the population in the pilot community; carbon intensities (such as per capita transport and building emissions) are based on city-level data, as community level data are not available, and typically, the differences among communities in the same city wouldn't be very large; 3) We applied WRI methodology recommended by GEF, which compares the baseline scenario with the policy scenario to arrive at the reduction amount. In our previous submission, the introduction of equations was simplified. We have now updated and provided more detailed information; and 4) the calculation for the indirect emissions is based on net zero emission scenario.

2. The project will support investments in low carbon or near zero carbon urban regeneration that will contribute to the cities' overall carbon neutrality goals. The specific investments to be carried out will be identified and confirmed during project implementation and will strive to achieve the deepest emission reductions possible within the context of urban regeneration.

3. The TA outputs will support the delivery of GEBs for both biodiversity and climate change. For biodiversity, TA activities financed by the project, namely, the application of natural capital mapping and accounting and the adoption of biodiversity strategies will support a qualitative change in management in project areas in participating cities, and are expected to lead to a total area of 875,600 under improves practices to benefit biodiversity. For climate change, the indirect GHG impact accounts for consequential GHG emission reductions from the project-influenced policies and the project-sponsored platforms, processes, and plans, supported through project-financed TA. In all the three strategic areas: (a) high quality green growth indicators; (b) ecological planning, urban biodiversity, and NBSs; and (c) low carbon urban development toward achieving each project city's carbon neutrality goal, the most influential impact on GHG emissions reduction will come from carbon neutrality roadmap in task (c). This task aims to provide a roadmap and solutions for the city to achieve net zero emissions in 2050/2060.

9. Project taxonomy. Is the project properly tagged with the appropriate keywords as in Table G?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes. The project taxonomy is presented.

Agency Response

Part II ? Project Justification

1. Project Description. Is there sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

Please elaborate more on key environmental degradation drivers in the target cities which are resulting in increased GHG emissions and loss of biodiversity. Please also describe what specific barriers and root causes exist to implement and scale up NBS and carbon neutrality initiatives.

9/30/2021 PM:

Yes.

Agency Response

WB 9/14:

We have expanded the baseline assessment for each city to include more information on key environmental degradation drivers to which the project will respond. We have also re-worked the narrative and elaborated on the global environmental barriers and root causes in the GEF CEO Endorsement document (section III. B) that is submitted along with the PAD.

2. Project Description. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

1. In the *Baseline Assessment of selected cities or districts in the PAD*, please link the targeted global environment benefits of the project to the selected cities or districts.
2. The baseline section misses on the information about key challenges and ongoing initiatives of cities and national government on which this project will build on. The current assessment provides basic information about the cities which is not sufficient to establish the additionality of the project. Please add this analysis for each city. Annex 2 has useful information, but it would be good to bring some of the key degradation drivers in the context section upfront.

9/30/2021 PM:

1. **No.** Please include all existing low-carbon initiatives including policy, strategy and investment plans in the selected cities and the national government in the baseline. On the basis of it, GEF project alternative scenario can be further developed. Please also present this info in the GEF Portal version of CEO Endorsement Request or in the PAD and referred by the GEF review sheet.
2. **No.** The baseline section still misses information about ongoing initiatives of cities and national government on which this project will build on. Please show the following information in the baseline: Without GEF intervention, what will happen to the selected cities regarding integrated policies, strategies, investments and pathways towards 2050 to deliver both biodiversity conservation and carbon neutrality benefits? This is the baseline of the project.

Agency Response

WB 9/14:

As referred in our responses above, we have added a significant amount of the information in the baseline assessment (see section III D of the CEO ER document) pertaining to ongoing or planned actions at the city-level that would be relevant to and establish the baseline of the project. We have also added additional information on the drivers of degradation in section III B. of the CEO ER document.

WB 10/25:

This project is premised on the understanding that Chinese cities will not achieve their 2050/2060 carbon neutrality goals and more ambitious efforts for biodiversity

conservation without an integrated planning framework, strategy/roadmap with timebound targets, and metrics to measure progress, which are currently not in place. This is precisely the innovation that this GEF-financed project will bring to the three participating cities that will result in the generation of GEBs that would not otherwise be achieved in a BAU scenario.

3. Project Description. Is there an elaboration on the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there more clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

Please refer to our comments previously on the overall project design to ensure that the project presents a truly integrated approach and demonstrates innovation, ambition and value-added.

9/30/2021 PM:

No.

1. Please refer to our previous comments. Please also present this info in the GEF Portal version of CEO Endorsement Request or in the PAD and referred by the GEF review sheet.

2. Please link the project TA outputs to deliver direct BD and CCM global environment benefits in the alternative scenario.

10/26/2021

OK

Agency Response

WB 9/14

As noted above, we have restructured components 2 and 3 into one component to reflect integration of BD and CC solutions and align with the project titles and objectives.

WB 10/25:

1. As noted above, the CEO Endorsement Request detailed project description is included as an annex to the PAD. Para or page references in these responses are provided for the main body of the PAD, where applicable, and the CEO Endorsement Request annex and linked sub-annexes.

2. As noted above, the TA outputs will support the delivery of GEBs for both biodiversity and climate change. For biodiversity, TA activities financed by the project, namely, the application of natural capital mapping and accounting and the adoption of biodiversity strategies, will support a qualitative change in management in project areas in participating cities, and are expected to lead to a total area of 875,600 under improves practices to benefit biodiversity. For climate change, the indirect GHG impact accounts for consequential GHG emission reductions from the project-influenced policies and the project-sponsored platforms, processes, and plans, supported through project-financed TA. In all the three strategic areas: (a) High quality growth policy framework; (b) ecological planning, urban biodiversity, and NBSs; and (c) low carbon urban development toward achieving each project city's carbon neutrality goal, the most influential impact on GHG emissions reduction will come from carbon neutrality roadmap in task (c). This task aims to provide a roadmap and solutions for the city to achieve net zero emissions in 2050/2060. The direct GHG impacts will flow from the project-supported investments in NBS urban regeneration in support of carbon neutrality.

4. Project Description. Is there an elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

The project title and objective are aligned with focal area and S.C. IP strategies in China, but the project components need to be revised to make them aligned with the project title and objectives.

9/30/2021 PM:

Yes.

Agency Response

WB 9/14

As noted above, this has been achieved with the revision of the component structure.

5. Project Description. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat comment at CEO Endorsement Request

6/21/2021 MY:

Not at this time.

In the PAD and/or in the CEO ER document, please clearly elaborate incremental reasoning, contribution from the baseline, and co-financing.

9/30/2021 PM:

No. More work needs to be done for what is planned in Paragraph 143 of CEO Endorsement Request MS Word -version. We need the "demonstration of investments that support carbon neutrality and apply nature-based solutions", not only "by supporting demonstration of investments that support carbon neutrality and apply nature-based solutions". More work also needs to be done for Table 4 on page 55 of the above-mentioned document. For example, for the \$20 million co-financing from the Chongqing government, the relevant activities include: (1) formulating green and low carbon industry plans for city, districts, and counties. (\$9 million), (2) Promoting national level green industry infrastructure development (\$4 million), (3) Developing low-carbon urban development design and data monitoring platform (\$5 million), (4) Promoting industry-city integration mode under high-quality development (\$2 million).

Please justify how these co-financing will support the selected two districts as GEF project investment demonstrations. Also, please materialize co-financing investments such as loans or grants of private sector's equity to co-finance the pilot demo projects with part of GEF grant for Integrated approach for biodiversity conservation and carbon neutrality in this project. Again, in Table 4, the GEF expects a loan co-financing from the World Bank.

The GEF noticed that *Chengdu will invest in developing green and low carbon industrial parks which will be sites to pilot carbon neutral options and implement roadmaps for carbon neutrality? and ? Chengdu will implement and pilot the technical guidance for the construction of key ecological construction projects, including Tuo River watershed management and studies for biodiversity conservation in wetlands in Chengdu.* Please elaborate how the GEF TA outputs in this project are linked to the development of the industrial park. Again, developing low carbon industrial parks is in the baseline of the project. Please elaborate how it will lead to zero-carbon goals of the project.

10/26/2021

OK

Agency Response

WB 9/14:

Please see new para 143 added to the CEO ER document on incremental/additional cost reasoning and the table which follows it on contributions from co-financing.

WB 10/25:

We have included the WB co-financing amount in the table. The co-financing information was reported and certified by the financial bureau of the participating cities. The activities financed by the municipal government will go hand in hand with the GEF funding. For example, Chongqing will provide co-financing of US\$ 20million co-financing. The government funding will be used to develop green and low carbon/carbon neutrality industry plans for city, districts and counties (\$9 million), Promote national level green industry infrastructure development (\$4 million), Development of low-carbon urban development design and data monitoring platform (\$5 million). These activities are directed related to the implementation of component 1, which includes the ?development of indicators that promotes ecological/biodiversity conservation and carbon neutrality? Building on the existing work, this subcomponent will support cities to develop a package of mutually reinforcing indicators that focus on high quality green growth toward carbon neutrality? and ?establishing or enhancing data-sharing platforms, including data-sharing platforms that connect the databases of key government departments (e.g. planning, environment, and natural resource management)?.

Also this is to emphasize again that the demonstration sites pilots - NBS type of river rehabilitation and carbon neutrality communities, will be only those that the municipal governments have committed the funding, as specified in the co-financing letters and indicated in table 4.

6. Project Description. Is there a better elaboration on the project?s expected contribution to global environmental benefits or adaptation benefits?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

In the PAD and/or in the CEO ER document, please elaborate on the project?s targeted contributions to global environmental benefits. For example, how the project will achieve the targeted CC and BD benefits and the carbon neutrality is not clear.

9/30/2021 PM:

No. In the GEF Portal version of CEO ER document or in the review sheet with reference to the PAD, please briefly explain how the project will achieve targeted BD and CC benefits from each of the selected districts and cities in an integrated approach.

The following responses is provided by the GEF Agency:

"The new section III C. of the CEO ER document ("GEF Project Scenario", paras 51-57) describes the specific actions supported by the GEF project that will be additional to ongoing activities, will address key barriers to green and carbon neutral growth in cities, and will result in the generation of GEBs related to BD and CC. The baseline section (III D.) includes details of the specific activities to be supported in each city. For example, in Chengdu, to support the city's pathway to carbon neutrality the project will: Undertake studies and modeling work to formulate a roadmap and time frame for Chongqing's visions toward carbon neutrality; Conduct consultations with various agencies as well as public on the roadmap; Develop guidelines on GHG inventory for district/county authorities; and Provide training for local officials and practitioners on climate policies and GHG management capacity. It is expected that each city will set time bound GHG emissions targets and investment priorities toward carbon neutrality in their roadmaps, and will apply these roadmaps to guide their planning and investment. "

However, the GEF expects the Agency to:

(1) Work with the municipal governments of Chen Du, Chong Qing and Ningbo and the national government to develop new biodiversity conservation and carbon neutrality policies and strategies (not just studies and modeling). (2) Formulate roadmaps and time frames for cities' 2050 economic development and environment consecration. (3) Demonstrate the effectiveness of new biodiversity conservation and carbon neutrality policies and strategies, as well as the relevant technologies and business/financial models. (4) Engage the private sector to invest in the integrated areas of biodiversity conservation and carbon-neutrality. (5) Scale-up the GEF project impacts in the three cities and all other cities in China as well.

10/26/2021

OK

Agency Response

WB 9/14:

The new section III C. of the CEO ER document ("GEF Project Scenario", paras 51-57) describes the specific actions supported by the GEF project that will be additional to ongoing activities, will address key barriers to green and carbon neutral growth in cities, and will result in the generation of GEBs related to BD and CC. The baseline section (III D.) includes details of the specific activities to be supported in each city. For example, in Chengdu, to support the city's pathway to carbon neutrality the project will: Undertake studies and modeling work to formulate a roadmap and time frame for Chongqing's visions toward carbon neutrality; Conduct consultations with various agencies as well as public on the roadmap; Develop guidelines on GHG inventory for district/county authorities; and Provide training for local officials and practitioners on climate policies and GHG management capacity. It is expected that each city will set time bound GHG emissions targets and investment priorities toward carbon neutrality in their roadmaps, and will apply these roadmaps to guide their planning and investment.

WB 10/25:

1, 2. The project will support participating cities to develop and utilize mutually reinforcing biodiversity strategies and carbon neutrality roadmaps. These are captured in 2 of the 3 PDO indicators: Indicator 2. Biodiversity strategy promulgated by the responsible local government agency through a relevant local government decree (#) (Number); and Indicator 3. Cities that set time bound GHG emissions targets and investment priorities toward carbon neutrality in their roadmaps (#) (Number)

3. Lessons learned and best practices for urban biodiversity conservation and carbon neutral development will be shared through an array of knowledge activities supported by the project and managed by the China Sustainable Cities Platform. Knowledge sharing is also captured in the project's results framework through several indicators.

4. Please refer to explanation below (section on private sector) on the project's private sector engagement plan.

5. As noted above, the project-financed activities will be integrated into cities' planning, decision-making and monitoring processes and frameworks, thus supporting sustainability as well as scalability. For example, The TA support for carbon neutrality planning will enable cities to lay out the path by which they can achieve the carbon neutrality goal and will guide future planning and investment decisions. Replication beyond the participating cities will be supported through the knowledge sharing activities carried out by the China Platform for Sustainable Cities under CCUD.

7. Project Description. Is there a better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

Based on revised design of the project, please write a paragraph for each of the following three topics: innovation, sustainability and potential for scaling up.

9/30/2021 PM:

No. While the sustainability and scaling up potential is elaborated in the CEO ER main document, the project hasn't clearly articulated the innovative nature of the project. Also, there is limited engagement of private sector in the project which is necessary to enlarge private investments in NBS and zero carbon projects. As such, the project seems to have limited scale-up potential. Please revise the section in the PAD or provide a section in the review sheet to respond innovation, sustainability and scaling-up and integrate these elements more intentionally throughout the project components/outcomes as it is unclear how this project will address and achieve these elements with its current design.

10/26/2021

OK

Agency Response

WB 9/14:

These paragraphs have been added. Please see paragraphs 144 to 150 of the GEF CEO ER document.

WB 10/25:

As explained in the response on the baseline above, this project is premised on the understanding that Chinese cities will not achieve their 2050/2060 carbon neutrality goals and more ambitious efforts for biodiversity conservation without an integrated planning framework, strategy/roadmap with timebound targets, and metrics to measure progress, which are currently not in place. This is precisely the innovation that this GEF-financed project will bring to the three participating cities that will result in the generation of GEBs that would not otherwise be achieved in a BAU scenario.

With respect to private sector, we have included an enhanced private sector engagement plan in the portal and PAD (annex 1-6). Mobilizing the private sector to invest in actions to help reduce GHG emissions or preserve and protect the environment in China is also an overarching goal of the World Bank's current Country Partnership Framework with China. The World Bank is heavily engaged with China in identifying and supporting the use of green financing instruments that would harness private sector investment in sustainable development measures that generate global public goods, hence the inclusion in this project of a sub-component in support of identifying and testing one or more green financing modalities to mobilize private sector investment.

8. Project Map and Coordinates. Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not completed at this time.

The maps shown in the PAD are difficult to read. If possible, please attach maps that are easy to read.

9/30/2021 PM:

Yes.

Agency Response

WB 9/14:

An new map that includes the three participating cities has been added to the CEO ER document and uploaded into the portal. Geo-coordinates for the project sites are included in the portal.

9. Child Project. If this is a child project, an adequate reflection of how it contributes to the overall program impact?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes, it is a Child project and the contribution of the child project to the global S.C. IP is shown on page 19 of the PAD.

9/30/2021 PM:

Yes.

Agency Response

10. Stakeholders. Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not completed at this time.

1. Please elaborate whether this project will benefit or impact any Indigenous or minority Peoples and Local Communities. If so, please show evidence that they have been consulted with the project impacts. Please indicate which stakeholders will be affected by the project on ground and how they have been consulted.

2. Please ensure that the project document should include information about the future roles of stakeholders and proposed means of future engagement. Please check if the future roles of stakeholders have been identified. Please demonstrate how the project keeps engaging stakeholders through adequate means.

9/30/2021 PM:

Yes. comments were addressed.

Agency Response

WB 9/14:

1. Accounting for 2.17% of China's total population, most ethnic minorities live scattered in various villages and communities. The project scope does not involve ethnic minority areas. Therefore, the project is not expected to affect Indigenous Peoples or Local Communities and accordingly the World Bank ESF instruments for Indigenous Peoples have not been triggered. Stakeholder analysis is included in section 2 of the Stakeholder Engagement Plan (SEP). Stakeholder analysis has been carried out for each participating city and for each project component. Section 3 of the SEP includes significant detail about the stakeholder engagement activities that have already been conducted (including the nature of the consultations, stakeholders involved, and key findings).

2. Section 3 of the SEP includes also includes detailed information about the future roles of stakeholders and proposed means of future engagement throughout the duration of the project.

11. Gender equality and women's empowerment. Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time. In the attached document entitled "**China Green and Carbon Neutral Cities: Gender Analysis and Action Plan**", please elaborate how the numbers in Indicator 11 were derived.

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female		1,700,000		
Male		1,700,000		
Total	0	3400000	0	0

9/30/2021 PM:

Yes, The GEF appreciate it if the Agency can add this section into the GEF Portal version of the CEO Endorsement Request or refer it in the review sheet and the PAD.

Agency Response

WB: 9 /14

The female beneficiaries figure has been slightly revised in the portal and CEO ER document (para 161). We estimate the direct beneficiaries to include 3.4 million residents in the project areas of the three participating cities (Chengdu, Chongqing, and Ningbo), of which 48.7% are women (1,655,800). The male/female ratio is based on national-level data for China included in the United Nations Population Division's World Population Prospects: 2019 Revision.

WB 10/25:

The revised para reference is para 159 of the CEO Endorsement Request annex to the PAD.

12. Private sector engagement. If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

The GEF expects the project developer to engage the private sector in participating the project including technology support and financing contribution. Per the information on page 18 of the PAD regarding the engagement of the private sector (see below), the project will only undertake some analysis, which is not sufficient for such an important

project in China. Please engage private investors to invest in Sustainable Cities in BD and CCM.

*Engaging the **Private Sector***

- (a) **Identifying a business model for 'investing in nature'**. This subcomponent includes (i) analytical work on a regulatory framework that supports **private** sector engagement in investing in green infrastructure; (ii) designing a financial modality (one or more) that mobilizes the **private** sector for investing in biodiversity, eco-services, and ecological restoration in select cities and sites; and (iii) developing a set of criteria for facilitating the selection of green urban infrastructure investments.

9/30/2021 PM:

No. We understand the project will develop business models and/or options for green financing modality. Please explain the role the private sector will play in the project activities, and how the project will engage them with their investments in biodiversity conservation and carbon neutrality during and after the project implementation. Also, to ensure the sustainability of the to be proposed business models and green financing modalities, it would be key for the project to further engage with other development and/or local bank. However, local banks/financial institutions have not been mentioned and/or identified as part of the stakeholders of the project. Without engaging the private sector, the project shall not be sustainable.

10/26/2021

OK

Agency Response

WB 9/14:

Section III. B. v (paras 45-50) of the CEO ER document identifies a number of challenges for engaging the private sector in investing in nature in China, which apply to the investments to be supported by the project (nature-based solutions, urban regeneration), hence the lack of private sector co-financing at the outset (which has been consistent since EoI stage and is consistent with the experience across the SCIP). Activities under component 2.2.3, Developing and piloting a business model for "investing in nature", aim to address these challenges and identify mechanisms or incentives for attracting private sector investment in nature-positive solutions. It is the aim of the project that subsequent investments beyond those supported by the project would attract private sector participation.

WB 10/25:

We agree on the importance of engaging the private sector in investments in support of biodiversity conservation and carbon neutrality and fully concur that without private

sector investment progress to shift Chinese cities toward green and carbon neutral development will be limited. At present, private sector participation in NBS/investments in support of biodiversity conservation is quite limited. While the private sector is already investing heavily in GHG-mitigating technologies in China (RE, EE, electric vehicles, etc.), there is still limited investment in urban regeneration actions to improve livability and contribute to net-zero emissions. The private sector engagement plan now included in the portal/CEO Endorsement request annex 1-6 to the PAD presents a framework for how the project will engage with the private sector and create the enabling conditions for more robust private sector investment in the future.

13. Risk. Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

1. Please elaborate risks that are closely related to this project and may prevent this project from achieving its GEBs. In the document of "Climate and Disaster Risk Screening Report for GEF7: Green and Carbon Neutral Cities in China", for example, please elaborate how climate change will likely impact the wetland areas in the three selected cities where the BD and CCM GEBs are expected to deliver for the project. Please propose measures that address and mitigate these risks during project implementation.

2. Please do more analysis on Climate Risk Screening. Specifically, please double check to ensure that climate risks are identified, listed, and described per the guidance of STAP.

See <https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>

This includes but not limited to:

2.1 Outlining the key aspects of the climate change projections/scenarios at the project locations, which are relevant for the type of intervention being financed (e.g. changes in temperatures, rainfalls, increased flooding, sea level rise, saltwater acquirer contamination, increased soil erosion, etc.).

2.2 Showing risks with a time horizon if feasible/data available (e.g. up to 2050 or 2060).

2.3 Listing key potential hazards for the project that are related to the aspects of the climate scenarios listed above. This means elaborating a narrative that describes how the climate scenarios indicated above are likely to affect the project, during 2020-2050.

2.4 Describing plans for climate change risk assessment and climate risk mitigation measures. The STAP guidance shows more details on it.

2.5 The project should also add a section on COVID-19 related risks and opportunities for green recovery.

9/30/2021 PM:

No. ?Section D Climate Risk and Mitigations? on pages 73-74 of the GEF CEO main document MS-version is too general. Please read the STAP document at <https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf> and address the issue accordingly. Please focus on how to mitigate climate risks on the project outputs that are demonstrating integration of biodiversity conservation and carbon neutrality on ground. In addition, the GEF appreciate it if the World Bank can put the information on climate risks and COVID risk in the GEF Portal version of the CEO ER document or in the responses to GEF comments in the review sheet.

10/26/2021

OK

Agency Response

WB 9/14:

Additional information on climate risks and analysis for each city has been included (paras 189-195 of the CEO ER document). A climate risk screening was performed using the World Bank's climate risk screening tools and climate projection data for the period 2040-2059 derived from the World Bank's Climate Change Knowledge Portal.

Additional information on COVID risk and opportunities for green recovery was included. See paragraphs 197 to 199 of the CEO ER document.

WB 10/25:

We acknowledge that climate risks are a very real threat for the participating cities and in fact project activities are explicitly designed to respond to and address climate-related risks. For example, urban heat mitigation is a priority for many cities that are experiencing increasingly intense urban heat island effects due to climate change. As part of the TA and investment support under component 2, the project will identify opportunities for utilizing NBS to mitigate urban heating effects and propose design

options for urban regeneration investments to support urban cooling. Similarly, the project will identify NBS options to support urban flood risk mitigation, also exacerbated by climate change. It is important to note that the specific investments that will be supported by the project co-financing have not yet been selected by the cities. The specific climate risks and mitigation measures relevant for each investment will be identified as part of each project's mandatory environmental impact assessment.

14. Coordination. Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

On pages 23-24 of the PAD regarding project Implementation Arrangements, please add the private sector and other bilateral/multilateral initiatives in the project area.

9/30/2021 PM:

Not completed yet.

1. While the PAD does provide an "Implementation Arrangement" section, this shall be further strengthened to meet GEF requirements, and include more information on the role of each of the institutions involved (including private sector and other potential stakeholders) and the reporting lines among them. Also, please include a brief explanation on the key responsibilities for each of the team members of the Project Management Unit.

2. Please also note the recently approved biodiversity FSP with UNDP to focus on wildlife landscape conservation through increasing habitat connectivity outside and between protected areas including Giant Panda NP. This might be relevant to the Chengdu SCIP site activities. Please review and reach out to UNDP and Ministry contacts as appropriate:

<https://www.thegef.org/project/transformational-wildlife-conservation-management-china>

<https://www.thegef.org/news/safeguarding-iconic-threatened-species-and-their-habitats>

10/26/2021

OK

Agency Response

WB 9/14:

The chart on p. 24 of the PAD refers to the institutional arrangements for the implementation of the project. Coordination with the GEF-6 SCIAP project has been described above. Coordination with other relevant initiatives will be led through the PMO for each participating city and the CCUD at the national level, and will involve the Project Leading Groups for the cities, as appropriate.

WB 10/25:

1. The implementation arrangements detailed in the PAD and included in the detailed project description narrative for each city in section D of the CEO ER annex, explain the formal project management and implementation structure. Each of the cities has established a PMO within their municipal government. In Chongqing and Chengdu the PMO will be housed within the DRC, and in Ningbo within the Housing and Urban Development Bureau. The Chongqing and Chengdu PMOs will also have responsibility for the CCEC project activities. A PMO has also been established within CCUD under the NDRC for the national-level knowledge and capacity building work. The key government institutions within each municipality are identified in the respective org charts in the Implementation Support Annex (now Annex 2) of the PAD. These institutions will be represented in the municipal-level Project Leading Groups that will serve as a steering committee for project activities and provide high-level oversight and ensure inter-agency coordination.

As is standard for World Bank projects, each PMO will be staffed by a project director and technical specialists, including procurement specialists, financial management specialists, environmental and social specialists, M&E specialists. Consultants will be hired to provide input on specific topics as required. PMO staff may also share responsibilities with other World Bank or IFI-financed projects in the municipalities. PMO staff are responsible for day-to-day project management and reporting, including coordination with other relevant activities.

The World Bank will provide implementation supervision and support ? from its country office in Beijing and from specialists in HQ ? and will hire outside experts, as needed, to provide quality control for project implementation, particularly developments of carbon neutral and green spaces. Experienced practitioners of low-carbon development and urban biodiversity will be brought in at key points during implementation.

The private sector is not included in the formal implementation structure, but private sector entities are important project stakeholders and will be engaged as described in the private sector engagement plan in the GEF portal/Annex 1-6.

2. Thank you for this reference. We will coordinate with UNDP and relevant government counterparts to identify any potential linkages with the China SCIP project in Chengdu.

15. Consistency with national priorities. Has the project described the consistency of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

Please elaborate on the consultations with national government regarding alignment of the project activities with China's net-zero carbon economy and biodiversity goals. Specifically, if activities such as development of indicators are of any value -added given that such low carbon indicators already exist in China, and that many ministries, cities and provinces started working on net zero carbon initiatives.

9/30/2021 PM:

No. Also, please add information on existing national strategies and plans (i.e. NDC, national and regional laws, etc.), and do they align with the proposed project.

10/26/2021

OK

Agency Response

WB 9/14:

The project activities were proposed by cities evidenced by their project implementation plan submitted to the World Bank during the project preparation stage. As indicated in the project documents (PAD and CEO ER), indicators play a critical role in China's cascade governance structure and the documents lay out in detail why there is a gap in the ongoing development of the indicator framework at the municipality level. The cities have also contributed substantial co-financing (\$25.7 million) toward the activities related to the development of indicators and data-sharing platforms under component 1.

WB 10/25:

As stated in para 20 of the PAD, the project supports China's commitments under the Paris Climate Agreement and support of the Post-2020 global biodiversity framework. In 2015, China submitted its Nationally Determined Contribution (NDC), which includes the goal to achieve carbon peaking by 2030 or earlier, and support of low

carbon cities. In 2020, China further scaled up its NDC by pledging to peak CO₂ emissions before 2030 and achieve carbon neutrality before 2060 through adopting more vigorous policies. This project will support Chinese cities to build a foundation toward decarbonized urbanization with the ultimate objective of achieving carbon neutrality.

The project supports priorities identified in China's National Biodiversity Conservation Strategy and Action Plan (2011-2030), including Priority Area 2 to incorporate biodiversity conservation into sectoral and regional planning and promote sustainable use, and Priority Area 15, Improve biodiversity conservation outside nature reserves. China's white paper on biodiversity conservation, released in October 2021 ahead of CBD COP 15 (accessible at <http://www.scio.gov.cn/zfbps/32832/Document/1714277/1714277.htm>), confirms the country's aim to strengthen biodiversity conservation in urban areas, optimize the urban ecological spatial configuration, improve urban ecosystems, and enhance the people's sense of gain, happiness and security from the eco-environment.

16. Knowledge management. Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not completed at this time. The PAD and the CEO ER document show a lot of ways for knowledge sharing, but not much in knowledge management. Please write a section on Knowledge Management on the following topics:

1. an overview of existing lessons and best practice that inform the project document
2. plans to learn from relevant projects such as zero-carbon economy project in Meishan a 'port-industry-city' integrated urban development zone in the southeastern part of Ningbo in Zhejiang province
3. proposed processes to capture, assess and document information, lessons, best practice & expertise generated during implementation
4. proposed tools and methods for knowledge exchange, learning & collaboration
5. proposed knowledge outputs to be produced and shared with stakeholders
6. a discussion on how knowledge and learning will contribute to overall project impact and sustainability in China
7. plans for strategic communications

9/30/2021 PM:

Not completed at this time.

1. Please elaborate the Knowledge Management approach per the 7 bullets of requirement by the GEF KM team as shown in the comments dated 6/28/2021.
2. The GEF appreciate it if the Agency could put the KM plan in the GEF Portal version of CEO ER document, or make a clear reference in the portal or in the review sheet regarding the location of the detailed KM plan, given that there are a number of attachments.

10/26/2021

OK

Agency Response

WB 9/14:

A knowledge management plan, responding to the points above, has been added as Annex 5 to the CEO ER document.

WB 10/25:

Please see updated knowledge management plan, Annex 1-5.

17. Monitoring and Evaluation. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes.

The M&E plan is in the CEO ER package.

Agency Response

18. Benefits. Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

In the CEO ER package, please write a section of "Benefits" to sufficiently describe the socioeconomic benefits of the project at the national and local levels. And then, justify or elaborate how these benefits will translate in supporting the achievement of GEBs.

9/30/2021 PM:

The GEF appreciate it if the Agency could put the section of "Benefits" in the GEF Portal version of CEO ER document or in the review sheet with reference to the PAD.

Agency Response

WB 9/14:

Section VII on Economic and Social benefits has been added to the CEO ER document (pp. 66-68).

WB 10/25:

The above reference remains the same.

19. Annexes:

Are all the required annexes attached and adequately responded to?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

1. Annex A needs to be revised after the project has a new design.
2. Please use Annex B to present responses to the comments of the GEF SEC, the Council and STAP.
3. Please provide a clear version of Annex E: Project Budget Table in the CER ER document.

9/30/2021 PM:

Not completed yet.

1. Annex A needs to be further revised after the project has another revised design;
2. Yes, cleared.
3. No, Budget table under Annex E is cannot be read. Please update.

10/26/2021

OK

Agency Response

WB 9/14:

Annex A has been updated. The comments and response matrix for Council and STAP has been included in Annex B. The project budget table is included as Annex 6 to the CEO ER document.

WB 10/25:

1. The results framework has been updated to ensure consistency of language to reflect carbon neutrality ambition.
3. The budget table is included in the portal and Annex 1-7 to the PAD. We have adjusted the font size to make it more readable.

20. Environmental and Social Safeguard (ESS):

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

1. Please include information on any measures to address/mitigate each of the risks and impacts during project implementation. In the section of **Risks of COVID 19 and Response, on page 98 of the PAD for example**, please brief the measures to cope with COVID-19 by responding the following questions:
2. General: Describe briefly how the pandemic overall is addressed in the project, including associated impacts, risks and opportunities. Projects are required to identify and establish likely impacts and risks from COVID-19, and how they will be dealt with

in the context of delivering global environment benefits and climate adaptation and resilience benefits.

3. Risk analysis: Please consider any risks and measures to deal with the risks that are caused by COVID-19 and post-COVID-19. These risks include (1) availability of Technical Expertise and Capacity and Changes in Timelines in the selected provinces; and (2) any expected financing from the government and co-financing from all stakeholders. Please describe further how risks from COVID-19 have been analyzed and mitigation strategies incorporated into the design of this project. The project is expected to include consideration to the risks that COVID-19 poses for all aspects of project design and eventual implementation.

4. Opportunity analysis: Describe further how the project has identified potential opportunities to mitigate impacts (if any) caused by COVID-19 to deliver GEBs and/or climate adaptation and resilience benefits and contribute toward green recovery and building back better.

9/30/2021 PM:

Yes.

Agency Response

WB 9/14:

Please see the section on Risks of COVID 19 and Response, paras 197-199 of the CEO ER document.

Project Results Framework

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Yes, it is included in Annex A. But it needs updating after the design of the project is revised.

Agency Response

WB 9/14:

The project Results Framework has been updated in the PAD and the GEF portal.

GEF Secretariat comments

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

During the project preparation and evaluation meetings, the GEF SEC provided quite a few important comments. Some of them were taken into account by the TTL, but many of them were not. Please look at these comments and take them into account and revise the project accordingly.

9/30/2021 PM:

Yes.

Agency Response

9/14:

Matrices of comments and responses, incorporating GEF comments, from the Bank's PCN, QER and Decision Review stages have been uploaded as separate documents in the GEF portal. The World Bank has appreciated the review comments provided by the GEF throughout the project preparation process and has taken these into account in the project design.

Council comments

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

There were comments from the GEF Council on the PFD for Sustainable Cities Impact Program that apply to this Child Project (review/respond to all as applicable with particular attention to Norway's comment on the China SCIP child project). Please review and respond directly to these comments in turn.

9/30/2021 PM:

Yes.

Agency Response

WB 9/14:

A comments and response matrix including comments received from GEF Council members and STAP at the time of PFD submission has been uploaded into the portal.

STAP comments

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

Please respond to the STAP review on the PFD for Sustainable Cities Impact Program as they apply to this Child Project.

9/30/2021 PM:

Yes.

Agency Response

WB 9/14:

A comments and response matrix including comments received from GEF Council members and STAP at the time of PFD submission has been uploaded into the portal.

Convention Secretariat comments

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

Other Agencies comments

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

CSOs comments

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

Status of PPG utilization

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

Project maps and coordinates

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Maps with higher resolution are needed.

9/30/2021 PM:

Yes.

Agency Response

WB 9/14:

As noted above, an updated map has been provided.

Part III ? Country and Agency Endorsements

1. 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 CEO Endorsement Request

6/28/2021 MY:

Yes, the OFP has endorsed the project.

Agency Response

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

6/28/2021 MY:

N/A

Agency Response

GEFSEC DECISION

1. RECOMMENDATION.

Is CEO endorsement/approval recommended?

Secretariat comment at CEO Endorsement Request

6/28/2021 MY:

Not at this time.

Please address the comments above. In addition, Figure 2. Theory of Change in the PAD is not clear. Please attach a figure that can be readable. Also, under the figure, please write a section to explain the Theory of Change.

9/30/2021 PM:

Not completed yet.

Comment on TOC was cleared.

Please address other comments in the above boxes.

10/26/2021

Please address the comments from the GEF PPO Unit that are shown in Box 1 of this review sheet.

11/3/2021:

Please continue addressing the comments of the GEF PPO.

11/4/2021

Needs clearance from the GEF PPO.

Review Dates

**1SMSP CEO
Approval**

**Response to Secretariat
comments**

	1SMSP CEO Approval	Response to Secretariat comments
First Review	6/28/2021	9/15/2021
Additional Review (as necessary)	10/7/2021	10/25/2021
Additional Review (as necessary)	10/26/2021	11/1/2021
Additional Review (as necessary)	11/3/2021	11/4/2021
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

The objective is to integrate biodiversity conservation in participating cities' urban development and establish their pathway to carbon neutrality. The project consists of three components: (1) Strengthen high-quality indicator framework on 'green' and 'low carbon'; (2) Support integrated solutions to biodiversity and climate change - technical assistance for planning and investing in 'nature' and carbon neutrality, and support integrated solutions to biodiversity and climate change - investing in 'nature' and carbon neutrality; (3) Support knowledge sharing, capacity building and project management. With \$26.9 million GEF grant, this project will mobilize \$300.7 million co-financing, and mitigate 68,219,715 tonnes of CO₂.

Impacts of COVID -19:

Over the past two years, China has successfully controlled or limited the spread of COVID-19. Very small number of cases of COVID -19 have been detected throughout the country over the past two years. There will be very small, if any, negative impacts from COVID-19 on this project.

Opportunities of COVID-19:

COVID -19 has made Chinese people rethink the importance or the significance of protecting the nature and the environment while using them. As such, COVID-19 will facilitate the Chinese government and the Chinese people to incorporate the World Bank while the Bank is implementing the GEF project.

