



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

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|--|---|------------------------------|-----------------------|
| GEF ID: | 5719 | | |
| Country/Region: | Angola | | |
| Project Title: | Promotion of Sustainable Charcoal in Angola through a Value Chain Approach | | |
| GEF Agency: | UNDP | GEF Agency Project ID: | 5331 (UNDP) |
| Type of Trust Fund: | GEF Trust Fund | GEF Focal Area (s): | Climate Change |
| GEF-5 Focal Area/ LDCF/SCCF Objective (s): | CCM-2; | | |
| Anticipated Financing PPG: | \$100,000 | Project Grant: | \$4,620,000 |
| Co-financing: | \$13,164,095 | Total Project Cost: | \$17,884,095 |
| PIF Approval: | | Council Approval/Expected: | May 01, 2014 |
| CEO Endorsement/Approval | | Expected Project Start Date: | |
| Program Manager: | Franck Jesus | Agency Contact Person: | Lucas Black |

| Review Criteria | Questions | Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹ | Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP) |
|------------------------------|---|--|--|
| Eligibility | 1. Is the participating country eligible ? | FJ - 10 March 2014: Yes, Angola ratified the UNFCCC on 17 May, 2000. | |
| | 2. Has the operational focal point endorsed the project? | FJ - 10 March 2014: Yes, by letter dated 5 Nov 2013. | |
| Resource Availability | 3. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply): | | |
| | • the STAR allocation? | | |
| | • the focal area allocation? | FJ - 10 March 2014: Yes. The remaining CCM allocation of Angola is \$5.18 million. The project requests \$5.17 million. | |
| | • the LDCF under the principle of | | |

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

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

FSP/MSP review template: updated January 2013

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| | equitable access | | |
| | <ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? | | |
| | <ul style="list-style-type: none"> the Nagoya Protocol Investment Fund | | |
| | <ul style="list-style-type: none"> focal area set-aside? | | |
| Strategic Alignment | <p>4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF results framework and strategic objectives? <i>For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track progress toward achieving the Aichi target(s).</i></p> | <p>FJ - 10 March 2014: a) Activity 2.7 would qualify as CCM-5. Please revise Table A accordingly. b) Please address Q7 l) regarding the alignment of Component 4 with the GEF CCM strategy. c) The GEF cannot support activities leading to offsetting within the UNFCCC framework. Please clarify what the project intends to do in relation to carbon finance.</p> <p>FJ - 19 March 2014: a) and c) Cleared. b) Cleared. Please see comment under Q7 l).</p> | |
| | <p>5. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?</p> | <p>FJ - 10 March 2014: Yes.</p> | |
| | <p>6. Is (are) the baseline project(s), including problem(s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?</p> | <p>FJ - 10 March 2014: The description of barrier 5 page 17 of the PIF raises important questions on the project justification. Please clarify what is meant by "formalized charcoal products" and provide estimates of what share of the country's charcoal consumption this represents.</p> | |

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| Project Design | | FJ - 19 March 2014: Cleared. Please see comment Q7 1). | |
| | 7. Are the components, outcomes and outputs in the project framework (Table B) clear, sound and appropriately detailed? | <p>FJ - 10 March 2014:</p> <p>a) The PIF is very long (46 pages). Please summarize the extensive description of the biodiversity issues associated with the project.</p> <p>b) Please clarify what is meant by "reducing biomass production" in the project objective.</p> <p>Component 1:</p> <p>c) Please clarify how the project proposes to ensure there will be sustained financing for the biomass energy database updating beyond project completion.</p> <p>d) Please clarify the policies and regulations that the project will target and the rationale for doing so.</p> <p>e) The proposed activities on policies and regulations seem to only aim for an agreement for institutional coordination. Please clarify as one expects more concrete activities targeting the implementation of identified changes in policies and regulations to support mitigation activities.</p> <p>Component 2:</p> <p>f) Please review the design of component 2 to include a strong focus on developing and implementing (financially) sustainable mechanisms aimed at the replication and scaling up of the proposed technologies and practices. Demonstrations of the proposed technologies have already started in the</p> | |

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| | | <p>country and experiences exist from other countries and projects in the region. Besides, the past dynamics of deforestation underline the needs to go beyond regionally located activities for improved biomass use. To avoid leakage risks (i.e. seeing charcoal sourcing shift to other less supported areas) there is a need for mechanisms that can address the issue at the national level.</p> <p>g) The proposed activities for efficient charcoal production may not have appeal to informal, unregistered charcoal producers. Improved kilns require more investment, unknown technology and practices, and accepting extra scrutiny and monitoring. Please clarify how the project will help put in place incentives that would overcome these barriers and outlive the project.</p> <p>h) Please clarify the Agency experience in developing sustainable forest management and in particular the experience of the Agency team being considered for implementing the project in Angola.</p> <p>Component 3:</p> <p>i) Please clarify the rationale for adding briquetting support activities to the project.</p> <p>j) Please clarify what is meant by "charcoal and briquetting platform integrated into INAPEM's PFE program for replication of support services to enterprises post-project".</p> <p>k) Please clarify how the project will ensure sustained financing for the</p> | |

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| | | <p>briquetting development support beyond project completion.</p> <p>Component 4:</p> <p>1) The rationale for supporting a green charcoal certification system does not seem to align with the GEF CCM strategy as it is currently described. Based on the description of barrier 5, the green charcoal market segment already exists but is occupied by imported products from neighboring countries. Developing a certification scheme specific to Angola is likely to compete with the existing imported products without inducing additional GHG benefits. Please clarify and consider reviewing Component 4.</p> <p>FJ - 19 March 2014:</p> <p>a) to c) Cleared.</p> <p>d) and e) The additionality of Output 1.3 compared to similar existing under the GEF SLM project as well as the output's contribution to the project's mitigation impact is expected to be demonstrated and detailed by CEO endorsement.</p> <p>f) and g) By CEO endorsement, details are expected on how the gradually decreasing technology subsidies will work. It is expected that not all the 280 supported kilns will be supported by a 100% subsidy for purchase of the equipment. By CEO endorsement, details are also expected on how the national model scheme for commercial financing for charcoal producing groups will work and on how the use of commercial</p> | |

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| | | <p>banking will be progressively introduced during the project implementation as a tool to enable national level scaling up after on.</p> <p>h) Cleared.</p> <p>i) The CEO endorsement is expected to propose a distribution of means end projects among the different project components that is commensurate to the mitigation benefits associated with each component.</p> <p>j) and k) By CEO endorsement, details are expected on how the gradually decreasing technology subsidies will work. It is expected that not all the 20 supported briquetting enterprises will be supported by a 100% subsidy for purchase of the equipment. By CEO endorsement, details are also expected on how the national model scheme for commercial financing for briquetting will work and on how the use of commercial banking will be progressively introduced during the project implementation as a tool to enable national level scaling up after on.</p> <p>l) Cleared. By CEO endorsement, details are expected on the market demand for certified charcoal and on whether this demand is consistent with the potential size of improved kilns and briquetting systems, and whether the demand will be able to do more than just replacing existing certified charcoal from Namibia to ensure effective mitigation benefits.</p> | |

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| | 8. (a) Are global environmental/adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate? | <p>FJ - 10 March 2014: Global environment benefits are estimated for Component 2 only. Without estimation of the benefits of the other components, it is difficult to understand (i) the rationale for tackling several stages of charcoal production in the same project; (ii) how the results of component 1 will help achieve mitigation benefits; (iii) the rationale for requesting GEF funding for Component 4. Please clarify and adjust the project accordingly.</p> <p>FJ - 19 March 2014: Comment cleared. Please see Q7 1).</p> | |
| | 9. Is there a clear description of: a) the socio-economic benefits , including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits? | | |
| | 10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained? | FJ - 10 March 2014: Yes. | |
| | 11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience) | <p>FJ - 10 March 2014: Please clarify whether the use of briquetted charcoal can have a stronger impact on health than the use of simple charcoal.</p> <p>FJ - 19 March 2014: Cleared.</p> | |

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| | <p>12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</p> | <p>FJ - 10 March 2014: Please clarify the need to support activities on sustainable forest management (Component 2.7) since the PIF acknowledges that this issue is tackled by several existing GEF supported projects.</p> <p>FJ - 19 March 2014: Cleared.</p> | |
| | <p>13. Comment on the project's innovative aspects, sustainability, and potential for scaling up.</p> <ul style="list-style-type: none"> • Assess whether the project is innovative and if so, how, and if not, why not. • Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience. • Assess the potential for scaling up the project's intervention. | <p>FJ - 10 March 2014: The project proposes to reduce GHG emissions associated with charcoal production through (i) sustainable wood production for charcoal; (ii) improved kilns; and (briquetting).</p> <p>a) Please explain the rationale for trying to address the 3 targets at the same time.</p> <p>b) Please clarify in particular how the estimated relative cost-efficiency of each of the three options compares to the others in terms of GHG benefits.</p> <p>c) One may wonder if focusing on one of the three options with a stronger support to the implementation of a sustainable scaling up mechanism would not be more sensible to achieve greater sustainable impact.</p> <p>d) The project's assumption that the uptake of the technologies will continue post-project on a commercial basis seems quite optimistic at this stage. One does not see how commercially based large scale diffusion may directly follow heavily subsidized and supported technology pilots. Please consider designing a scaling up mechanisms and a</p> | |

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| | | <p>transition process with appropriate financing, and adequate partners that will enable the project to extend its impact beyond completion.</p> <p>FJ - 19 March 2014: All comments cleared.</p> | |
| | <p>14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?</p> | | |
| | <p>15. Has the cost-effectiveness of the project been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar benefits?</p> | | |
| Project Financing | <p>16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?</p> | <p>FJ - 10 March 2014: This question will be reviewed once all other comments have been addressed.</p> <p>FJ - 19 March 2014: Cleared.</p> | |
| | <p>17. <u>At PIF</u>: Is the indicated amount and composition of co-financing as indicated in Table C adequate? Is the amount that the Agency bringing to the project in line with its role? <u>At CEO endorsement</u>: Has co-financing been confirmed?</p> | <p>FJ - 10 March 2014: a) The co-financing ratio is rather low for a CCM project (1:2.9). Please increase the co-financing. b) Please note that financing for activities that are not essential for achieving GEF objectives cannot be counted as co-financing. Details on the nature and role of the co-financing are expected by CEO endorsement.</p> <p>FJ - 19 March 2014: Comments cleared. Given the choice to</p> | |

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| | | have a progressively decreasing subsidy level over the implementation of the project and given also the expected progressive involvement of commercial banks to support equipment investment, a more robust co-financing is expected by CEO endorsement. | |
| | 18. Is the funding level for project management cost appropriate? | FJ - 10 March 2014: Yes. | |
| | 19. <u>At PIF</u> , is PPG requested? If the requested amount deviates from the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? <u>At CEO endorsement/ approval</u> , if PPG is completed, did Agency report on the activities using the PPG fund? | FJ - 10 March 2014: The PPG requested is in the norm. | |
| | 20. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included? | FJ - 10 March 2014: n.a. | |
| Project Monitoring and Evaluation | 21. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable? | | |
| | 22. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets? | | |
| Agency Responses | 23. Has the Agency adequately responded to comments from: | | |
| | • STAP? | | |
| | • Convention Secretariat? | | |
| | • The Council? • Other GEF Agencies? | | |

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| Secretariat Recommendation | | | |
| Recommendation at PIF Stage | 24. Is PIF clearance/approval being recommended? | <p>FJ - 10 March 2014: No. Please address the above comments.</p> <p>FJ - 19 March 2014: Yes. The project is technically cleared and will be proposed for work program inclusion.</p> | |
| | 25. Items to consider at CEO endorsement/approval. | <p>FJ - 10 March 2014: Please note that financing for activities that are not essential for achieving GEF objectives cannot be counted as co-financing. Details on the nature and role of the co-financing are expected by CEO endorsement.</p> <p>FJ - 19 March 2014: a) By CEO endorsement, details are expected on how the project will ensure there will be sustained financing for the biomass energy database updating beyond project completion. b) The additionality of Output 1.3 compared to similar existing under the GEF SLM project as well as the output's contribution to the project's mitigation impact is expected to be demonstrated and detailed by CEO endorsement. c) By CEO endorsement, details are expected on how the gradually decreasing technology subsidy will work. It is expected that not all the 280 supported kilns will be supported by a 100% subsidy for purchase of the equipment. By CEO endorsement, details are also expected on how the national model scheme for commercial financing for</p> | |

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| | | <p>charcoal producing groups will work and on how the use of commercial banking will be progressively introduced during the project implementation as a tool to enable national level scaling up after on.</p> <p>d) CEO endorsement, details are expected on how the gradually decreasing technology subsidies will work. It is expected that not all the 20 supported briquetting enterprises will be supported by a 100% subsidy for purchase of the equipment. By CEO endorsement, details are also expected on how the national model scheme for commercial financing for briquetting will work and on how the use of commercial banking will be progressively introduced during the project implementation as a tool to enable national level scaling up after on.</p> <p>e) By CEO endorsement, details are expected on the market demand for certified charcoal and on whether this demand is consistent with the potential size of improved kilns and briquetting systems, and whether the demand will be able to do more than just replacing existing certified charcoal from Namibia to ensure effective mitigation benefits.</p> <p>f) Given the choice to have a progressively decreasing subsidy level over the implementation of the project and given also the expected progressive involvement of commercial banks to support equipment investment, a more robust co-financing is expected by CEO endorsement.</p> <p>g) By CEO endorsement, please endeavor to present higher co-financing from the</p> | |

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| | | Agency. | |
| Recommendation at CEO Endorsement/ Approval | 26. Is CEO endorsement/approval being recommended? | | |
| | First review* | March 10, 2014 | |
| Review Date (s) | Additional review (as necessary) | March 19, 2014 | |
| | Additional review (as necessary) | | |
| | | | |

* **This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**