



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

GEF ID:	4488		
Country/Region:	China		
Project Title:	Green Energy Schemes for Low-Carbon City in Shanghai, China		
GEF Agency:	World Bank	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-1; CCM-2; CCM-3; CCM-4; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$4,345,000
Co-financing:	\$247,230,000	Total Project Cost:	\$251,575,000
PIF Approval:		Council Approval/Expected:	May 01, 2011
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Osamu Mizuno	Agency Contact Person:	Xiaodong Wang,

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?	Yes.	
	2. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?		
	3. Has the operational focal point endorsed the project?	Yes. An endorsement letter as of March 15 attached. The endorsement letter was signed by the OFP, Mr. Jiandi Ye, for a total of \$4,995,000.	
Agency's Comparative Advantage	4. Is the Agency's comparative advantage for this project clearly described and supported?	Yes. Investment and TA. WB has good experiences in the area of the activities of this project in China.	

*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 9-8-2010

	5. Is the co-financing amount that the Agency is bringing to the project in line with its role?	Yes.	
	6. Does the project fit into the Agency's program and staff capacity in the country?	Yes. It is explained.	
Resource Availability	7. Is the proposed GEF/LDCF/SCCF Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	Yes.	
	• the focal area allocation?		
	• the LDCF under the principle of equitable access?		
	• the SCCF (Adaptation or Technology Transfer)?		
	• focal area set-aside?		
Project Consistency	8. Is the project aligned with the focal area/multi-focal area/ LDCF/SCCF results framework?	Yes.	
	9. Are the relevant GEF 5 focal area/ LDCF/SCCF objectives identified?	Yes.	
	10. Is the project consistent with the recipient country's national strategies and plans or reports and assessments	It is explained that the project is consistent with the priorities and plans of the Shanghai municipal and Changning district government. Please mention also that the project is consistent with national strategies and plans in China.	

	under relevant conventions, including NPFE, NAPA, and NCSA?	4/1/2011, The comment was properly addressed.	
	11. Does the proposal clearly articulate how the capacities developed will contribute to the institutional sustainability of project outcomes?	Not clear. Please elaborate. 4/1/2011, The key of this project is the innovative comprehensive multi-sector approaches. Once capacities for such an integrated approach are developed through each component activity, these capacities should be maintained and replicated. Specific outputs and actions for it should be described under Component 4. 4/4/2011, Appropriate explanations were provided.	
Project Design	12. Is (are) the baseline project(s) sufficiently described and based on sound data and assumptions?	The baseline is explained. But it says that "this project can accelerate the speed and enhance the quality and success of this initiative." Then the added value of this project sounds very weak. Does this project just "accelerate the speed etc."? Even without this project, will most of the activities happen anyway by the initiative of Shanghai municipal and Changning district government? Please make it clearer what would be the real added value of this project and elaborate the incremental reasoning of the GEF involvement. 4/1/2011, It was explained.	
	13. Is (are) the problem(s) that the baseline project(s) seek/s to address sufficiently described and based on sound data and assumptions?	No. No data provided on to what extent the problems (CO2 emission reduction) would be addressed by the baseline activities. Please explain. 4/1/2011, It was explained in an aggregated level.	
	14. Is the project framework sound and sufficiently clear?	Basically yes. But there are a few issues which need to be clarified. 1) In the descriptions of the project, it is repeatedly stressed that this project is innovative and will apply integrated approach. However there is no expected outputs and outcomes at the project/integrated level in Table B. The table B looks like just a bundle of 3 different components	

without integration. Please add a component at the aggregated level so that it can be seen as an integrated project as appropriate.

2) It is not clear which activities (Expected OUtputs) will be done only in Changning district and which will be done in the whole Shanghai. Please specify.

3) For the zero-emission building. The initial investment cost difference will be covered by this project. But in the long run, the running cost for the zero-emission building must be much cheaper. Then what will happen for that benefit? Would it just benefit the building owner? What would be the justification for it? Why cannot an ESCO type scheme be used?

4/1/2011,

The responses to the above comments were review as follows;

1) A new Component was inserted. However what will be done as activities and outputs under this component is not clear (except M&V). Once the innovative integrated approach will be implemented and tested through this project, specific actions should be taken to maintain its integrity and capacities built, including institutional arrangements, and to replicate the lessons learned to other cities. Please specify necessary actions for maintaining integration and replication and elaborate Component 4 activities and outputs.

2) Explained.

3) The response provided is not sufficient. If the critical barrier for the construction of the zero-emission buildings is the significant initial investment cost and if part of that cost will be covered directly by the GEF grant to make it happen, it cannot be expected that it will be replicated where there were no such grants. That is why some means need to be identified and implemented to secure replication. One example is establishment of an innovative financial scheme by tapping energy savings of the zero-emission building. The GEF funding can be used for establishing such a scheme rather than directly covering part of the incremental cost. The links below is one of such examples:

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=26580>

Please revisit the approach to fund the construction of the

		zero-emission building with a view to securing replication. 4/4/2011, Appropriate explanations were provided.	
	15. Are the incremental (in the case of GEF TF) or additional (in the case of LDCF/SCCF) activities complementary and appropriate to further address the identified problem?	Please see comments on item 12 4/1/2011, It is OK.	
	16. Are the applied methodology and assumptions for the description of the global environmental benefits/adaptation benefits sound and appropriate?	No data provided on CO2 emission reduction. Please provide it with information on the applied methodology and assumptions. 4/1/2011, Not addressed yet. Please explain. 4/4/2011, Appropriate explanations were provided.	
	17. Has the cost-effectiveness sufficiently been demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?	No. Please see comments on item 16. 4/4/2011, Appropriate explanations were provided.	
	18. Is there a clear description of the socio-economic benefits to be delivered by the project and of how they will support the achievement of environmental/adaptation benefits	If anything can be added, please provide. 4/1/2011, It is OK.	

	(for SCCF/LDCF)?		
	19. Is the role of civil society, including indigenous people and gender issues being taken into consideration and addressed appropriately?	If anything can be added, please provide. 4/1/2011, It is OK.	
	20. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	Yes.	
	21. Is the provided documentation consistent?	<p>The table B and explanations from page 7 are not necessarily consistent. Please make adjustments.</p> <p>1) Component 2 should be both investment and TA in table B. Please divide investment column and TA column in Component 1 and 2 in table B to show how much will be spent respectively.</p> <p>2) Expected outcome in table B is not the same as that of the description from page 7. For example, Component 3 has 4 elements in table B but only 2 in page 8. There is no pilot on retrofit in table B.</p> <p>4/1/2011, A few issues remain that need to be addressed.</p> <p>1) Please divide investment column and TA column in Component 1 and 2 in table B to show how much will be spent respectively.</p> <p>2) The second last paragraph in page 6 is very different from section 3 in page 8. Please check which is correct and make necessary adjustments including table B. It is recommended that both options will be maintained as</p>	

		<p>appropriate. If only section 3 in page 8 stays, please explain why it is meaningful to make the buses electric given the fact that EV, if charged from fossil-fuel dominated power mix, may not necessarily reduce carbon emissions (page 6).</p> <p>4/4/2011, Appropriate explanations were provided.</p>	
	22. Are key stakeholders (government, local authorities, private sector, CSOs, communities) and their respective roles and involvement in the project identified?	<p>Yes. But the distinction of the roles of Shanghai municipal government and Changning district government as Executing Partners is not clear. Please elaborate.</p> <p>4/1/2011, Explained.</p>	
	23. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>It is explained but too general. Please also explain what has been done and achieved exactly in building EE, RE, and transport, in particular "in Shanghai," through the past GEF projects, including their replication efforts, and others. And explain exact lessons learned, how the past efforts formed the bases for this project, etc.</p> <p>It is also mentioned at the meeting between WB EAP and GEF CEO on Feb 24 that ADB is going to engage in transport projects in China as well and coordination is essential. Please provide the results of coordination with ADB and explain how they are reflected in this PIF.</p> <p>4/1/2011, Explanations provided.</p>	
	24. Is the project implementation/ execution arrangement adequate?	<p>Need to be reevaluated upon receiving responses to the comments in the other items.</p> <p>4/1/2011, Yes.</p>	
	25. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	26. If there is a non-grant instrument in the project, is there a reasonable calendar		

	of reflows included?		
Project Financing	27. Is the GEF/LDCF/SCCF funding level for project management cost appropriate?	<p>The cofinancing is too small for project management. The ratio between GEF funding and cofinancing should be comparable between that of total project cost and that of project management.</p> <p>4/1/2011, Explanations provided are not satisfactory. This is a requirement of the GEF projects. The total project management cost should be based on the needs, but its breakdown between the GEF and cofinancing should be based on the rule.</p> <p>4/4/2011, Appropriate explanations were provided.</p>	
	28. Is the GEF/LDCF/SCCF funding per objective appropriate to achieve the expected outcomes and outputs according to the incremental/additional cost reasoning principle?	<p>Need to be reevaluated upon receiving responses to the comments in the other items.</p> <p>4/4/2011, Funding arrangement of PM was revised with explanations, which is acceptable.</p>	
	29. Comment on indicated cofinancing at PIF. At CEO endorsement, indicate if cofinancing is confirmed.	<p>Cofinancing from Shanghai municipal government should be secured as some of the activities will be executed by that government. Grant and in-kind should be separated in the table C. Please note information on confirmation is needed for all the cofinancing at the CEO endorsement stage. (it sometimes becomes an issue with the private sector cofinancing)</p> <p>4/1/2011, Given the explanations provided in the other items, the current arrangement is acceptable.</p>	
	30. Is the budget (GEF/LDCF/SCCF funding and cofinancing) per objective adequate to achieve the	<p>Expected outputs should be elaborated by, for example, to include more quantified targets such as how many building will be retrofitted and how many LED street lighting will be installed etc. to make it possible to assess the appropriateness of funding per each component.</p>	

	expected outcomes and outputs?	4/1/2011, Explanations provided are not satisfactory. Please provide necessary data and/or information to make it possible to answer this question. 4/4/2011, Appropriate explanations were provided.	
Project Monitoring and Evaluation	31. Has the Tracking Tool been included with information for all relevant indicators, as applicable?	n/a	
	32. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	33. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	34. Is PIF clearance/approval being recommended?	Not at this stage. All the issues mentioned above should be addressed before resubmission. 4/1/2011, Not at this stage. All the issues mentioned above should be addressed before resubmission. 4/4/2011, The project has been recommended by the PM for CEO PIF clearance.	

	35. Items to consider at CEO endorsement/approval.		
Recommendation at CEO Endorsement/Approval	36. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	37. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	March 23, 2011	
	Additional review (as necessary)	April 01, 2011	
	Additional review (as necessary)	April 04, 2011	

* 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.

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	
	2. Is itemized budget justified?	
Secretariat Recommendation	3. Is PPG approval being recommended?	
	4. Other comments	
Review Date (s)	First review*	
	Additional review (as necessary)	

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