



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

GEF ID:	4866		
Country/Region:	China		
Project Title:	Promoting energy efficiency in industrial heat systems and high energy-consuming (HEC) equipment		
GEF Agency:	UNIDO	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-2; CCM-2; CCM-2; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	
Co-financing:		Total Project Cost:	
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Ming Yang	Agency Contact Person:	Ms. Bettina Schreck

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?	MY 3/20/2012: Yes.	
	2. Has the operational focal point endorsed the project?	MY 3/20/2012: Yes.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	MY 3/20/2012: Yes.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	MY 3/20/2012: There is no non-grant instrument in the project.	

*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 11-22-2010

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	5. Does the project fit into the Agency's program and staff capacity in the country?	MY 3/20/2012: It does.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	MY 3/20/2012: As of March 20, China has enough STAR remainder funds for the project. See the next Box.	
	• the focal area allocation?	MY 3/20/2012: As of March 20, China has utilized \$66,942,499, 44.7% of its total STAR allocation in Climate Change focal area. The country has a remainder of \$82,657,501 in CC focal area.	
	• the LDCF under the principle of equitable access	MY 3/20/2012: Not applicable.	
	• the SCCF (Adaptation or Technology Transfer)?	MY 3/20/2012: Not applicable.	
	• Nagoya Protocol Investment Fund	MY 3/20/2012: Not applicable.	
	• focal area set-aside?	MY 3/20/2012: Not applicable.	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	MY 3/20/2012: No. a) The reference to CCM-2 in row 1 of Table A should most likely be CCM-1. b) Please follow the guidelines for completing Table A based on the GEF5-Template Reference Guide 9-14-10rev11-18-2010_0 c) Do not include GHG emissions avoided in	

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		<p>Table A.</p> <p>MY 4/10/2012:</p> <p>PIF revised and comments cleared.</p>	
	<p>8. Are the relevant GEF 5 focal/multifocal areas/LDCF/SCCF/NPIF objectives identified?</p>	<p>MY 3/20/2012:</p> <p>Please clarify if this project will be addressing CCM-1, Technology Transfer and CCM-2, Energy Efficiency.</p> <p>MY 4/10/2012:</p> <p>PIF revised and comments cleared.</p>	
	<p>9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?</p>	<p>MY 3/20/2012:</p> <p>Yes.</p>	
	<p>10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?</p>	<p>MY 3/20/2012:</p> <p>Yes, it does.</p>	
	<p>11. 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>MY 3/20/2012:</p> <p>Not at this time.</p> <p>a) The description in section B-1 of the PIF appears to mix baseline activities and incremental activities proposed for the GEF project. Please delineate the baseline activities more clearly.</p> <p>b) Information on incremental activities should be moved from Section B.1 to Section B.2</p>	

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Project Design		MY 4/10/2012: PIF revised and comments cleared.	
	12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?	MY 3/20/2012: Not at this time. Please see box 11. Description of incremental activities proposed for the GEF project should be moved to Section B.2 and clarified. MY 4/10/2012: PIF revised and comments cleared.	
	14. Is the project framework sound and sufficiently clear?	MY 3/20/2012: Not at this time. a) The overall framework appears sound, combining regulatory development, capacity development and investment. b) But, the investment component is not clear. Please explain how the GEF funding will be allocated to the 50 companies adopting energy saving measures and equipment. c) Please explain the role of government and private sector co-financing, especially the national banks, in the investment component.	

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		<p>d) The project framework does not clearly indicate how the Chinese national government stakeholders (AQSIQ and CSEI) will successfully implement in China the national technical regulations that will be developed in this project. For example, on page 7, the PIF reads "As of 2012, AQSIQ is responsible for 3.03 million units of high energy consumption (HEC) special equipment and in this regard has set the target of a total of 70 million tons of coal equivalent reduction in energy consumption by 2015." According to a five-year plan for the coal industry released by the National Energy Administration of China at a briefing in Beijing on March 22, 2012 (http://finance.qq.com/a/20120322/005310.htm in Chinese), coal production and demand in China in 2015 will be approximately 3.9 billion metric tons. The AQSIQ's target of coal consumption reduction (70 million tons) is thus approximately 1.8% of the 3.9 billion tons. It seems that this target is not attractive at all. Please specify:</p> <p>(1) How many units of HEC special equipment were there in total in China in 2012? And how many will there be in 2015?</p> <p>(2) How will AQSIQ and CSEI apply/implement the national technical regulations to all units of HEC special equipment in China by 2015? Please explain steps, key issues, risks, and stakeholders in the application and implementation of the policy regulations that will be developed in the project.</p> <p>MY 4/10/2012:</p>	

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		PIF revised and comments cleared.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	<p>MY 3/20/2012: Not yet at this time. See Boxes 11 and 13. The description of indicative emissions benefits on page 11 is inadequate. Please clarify.</p> <p>MY 4/10/2012: PIF revised and comments cleared.</p>	
	16. 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?	<p>MY 3/20/2012: Yes. There is a description on social-economic benefits.</p>	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	<p>MY 3/20/2012: Yes, it is.</p>	
	18. 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)	<p>MY 3/20/2012: Yes, it does.</p>	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>MY 3/20/2012: Yes, it is.</p>	
	20. Is the project implementation/ execution arrangement adequate?	<p>MY 3/20/2012:</p>	

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		<p>No. The PIF does not show any project implementation and execution arrangements. Please clarify it in Section B5.</p> <p>MY 4/10/2012: PIF revised and comments cleared.</p>	
	<p>21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?</p>		
	<p>22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?</p>		
Project Financing	<p>23. Is funding level for project management cost appropriate?</p>	<p>MY 3/20/2012: Yes. The project management cost is budgeted at \$250,000 from GEF, and the sub-total GEF budget is \$5,125,000. The ratio of these two figures is 4.9%.</p>	
	<p>24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?</p>	<p>MY 3/20/2012: Not at this time. Please clarify how the co-financing levels are determined for each component. We are especially interested in how the co-financing levels for the investment component are estimated.</p> <p>MY 4/10/2012: PIF revised and comments cleared.</p>	
	<p>25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.</p>	<p>MY 3/20/2012: The project is budgeted at \$5,125,000 from GEF, and \$34,000,000 from co-financing. The ratio at this time is 1:6.6.</p>	

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		<p>For this critical effort in a major emerging market in China, we would expect the available co-financing to be higher. Please clarify.</p> <p>MY 4/10/2012: PIF revised and comments cleared. Now, the ratio of GEF funds versus co-financing funds is 1:7.5</p>	
	<p>26. Is the co-financing amount that the Agency is bringing to the project in line with its role?</p>	<p>MY 3/20/2012: Not clear at this time.</p> <p>In Table C on page 3, the PIF shows that UNIDO will bring \$60,000 cash to this project. On page 14, the PIF indicates that UNIDO will bring \$100,000 to the project. Please make this amount consistent.</p> <p>UNIDO's co-financing amount should be raised considering the size and scope of this project.</p> <p>MY 4/10/2012: PIF revised and comments cleared. The UNIDO's co-financing amount has been raised from \$60,000 cash to \$100,000 cash plus \$60,000 in-kind contribution.</p>	
Project Monitoring and Evaluation	<p>27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?</p>		
	<p>28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?</p>		
Agency Responses	<p>29. Has the Agency responded</p>		

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	adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	30. Is PIF clearance/approval being recommended?	MY 3/19/2012: Not at this time. Revisions are needed in Boxes: 7,8,11, 13, 14, 15, 20, 24, and 26. MY 4/10/2012: Comments in Boxes 7,8,11, 13, 14, 15, 20, 24, and 26 have been all cleared.	
	31. Items to consider at CEO endorsement/approval.		
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	33. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*		
	Additional review (as necessary)		
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* **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.**

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
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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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