



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

GEF ID:	<b>6919</b>		
Country/Region:	<b>China</b>		
Project Title:	<b>Upgrading of China SHP Capacity Project</b>		
GEF Agency:	<b>UNIDO</b>	GEF Agency Project ID:	
Type of Trust Fund:	<b>GEF Trust Fund</b>	GEF Focal Area (s):	<b>Climate Change</b>
GEF-5 Focal Area/ LDCF/SCCF Objective (s):			
Anticipated Financing PPG:	<b>\$200,000</b>	Project Grant:	<b>\$8,925,000</b>
Co-financing:	<b>\$60,000,000</b>	Total Project Cost:	<b>\$69,125,000</b>
PIF Approval:		Council Approval/Expected:	<b>October 01, 2014</b>
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	<b>Ming Yang</b>	Agency Contact Person:	<b>Diego Masera</b>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating <b>country eligible</b> ?	MY 8/9/2014 Yes.	
	2. Has the <b>operational focal point</b> endorsed the project?	MY 8/9/2014 Yes. PPG: \$200,000 PPG fee: \$19,000 Project: \$8,925,000 Project fees: \$856,000 Total: \$10,000,000	
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the <b>resources available</b> from (mark all that apply):		

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

<sup>1</sup> 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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	• the STAR allocation?	MY 8/9/2014 Yes.	
	• the focal area allocation?	MY 8/9/2014 Yes.	
	• the LDCF under the principle of equitable access	MY 8/9/2014 Not applicable.	
	• the SCCF (Adaptation or Technology Transfer)?	MY 8/9/2014 Not applicable.	
	• the Nagoya Protocol Investment Fund	MY 8/9/2014 Not applicable.	
	• focal area set-aside?	MY 8/9/2014 Not applicable.	
Strategic Alignment	<p>4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF <b>results framework and strategic objectives</b>?</p> <p><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>MY 8/9/2014</p> <p>Not completed at this time.</p> <p>The project seems to be more related to Program 2 of CC1: Develop and demonstrate innovative policy packages and market initiatives to foster a new range of mitigation actions. Please read pages 49 -70 of GEF-6 PROGRAMMING DIRECTIONS at <a href="http://www.thegef.org/gef/GEF6-Programming-Directions">http://www.thegef.org/gef/GEF6-Programming-Directions</a>. Then, please articulate more clearly the linkages between the project components and GEF-6 climate change mitigation strategic objectives and programs.</p> <p>MY 8/24/2014</p> <p>Comments need to be further addressed at the CEO Endorsement Stage.</p> <p>Please explicitly indicate Program 2 of CC1: Develop and demonstrate innovative policy packages and market</p>	

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Project Design		initiatives to foster a new range of mitigation actions in Table A, and justify it in the text of the CEO Endorsement.	
	5. Is the project consistent with the recipient <b>country's national strategies and plans</b> or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?	MY 8/9/2014 Yes.	
	6. Is (are) the <b>baseline project(s)</b> , including problem(s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	MY 8/9/2014 Not at this time.  On page 4, the PIF reads: "The first refurbishment of 733 SHPs (867 MW) led to efficiency increases of 32% of installed capacity and 51% of generation, improving the ecological conditions of 383 rivers." As such, the baseline shows that refurbishment of small hydro power plants will be cost effective or financially viable.  But the PIF does not address the fundamental issue: why owners of the small hydro power plants, (many are collectively owned by rural and local communities) do not retrofit their power plants? Why does the GEF need to finance such projects which the private sector can finance alone? There must be some barriers.  MY 8/24/2014 Cleared.	
	7. Are the components, outcomes and outputs in the <b>project framework</b> (Table B) clear, sound and appropriately detailed?	MY 8/9/2014 Not at this time.  Please indicate the number of SHP plants	

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		to be refurbished, and articulate how the GEF US\$5.5 million will be used.  MY 8/24/2014 Cleared.	
	8. (a) Are global environmental/ adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?	MY 8/9/2014 Yes.	
	9. Is there a clear description of: a) the <b>socio-economic benefits</b> , 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?	MY 8/9/2014  Not at this time.  Please address how this project will help local community residents including indigenous peoples in remote and rural areas to adapt new and more efficient hydro power technologies equipped with smart grid and information technologies.  MY 8/24/2014 Cleared.	
	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)	MY 8/9/2014 Yes.	

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	12. Is the <b>project consistent and properly coordinated</b> with other related initiatives in the country or in the region?	MY 8/9/2014 Not at this time. The World Bank CRESP Phase II project has been dropped (cancelled). Please remove CRESP Phase II project in the list.  MY 8/24/2014 Cleared.	
	13. Comment on the project's <b>innovative aspects, sustainability, and potential for scaling up.</b> <ul style="list-style-type: none"> <li>Assess whether the project is innovative and if so, how, and if not, why not.</li> <li>Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience.</li> <li>Assess the potential for scaling up the project's intervention.</li> </ul>	MY 8/9/2014 Not at this time. Please write one paragraph for each of the following topics: innovation; sustainability, and potential for scaling up.  MY 8/24/2014 Cleared.	
	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		
	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?		
	16. Is the GEF funding and co-financing as indicated in Table B	MY 8/9/2014	

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Project Financing	appropriate and adequate to achieve the expected outcomes and outputs?	<p>Not at this time.</p> <p>The ratio of overall co-financing is 1: 5.77 and the ratio of co- financing for the INV component is 1: 6.18. None of them is attractive.</p> <p>Please consider enlarging co-financing ratio by refurbishing more power plants.</p> <p>Another approach to increasing co-financing is to engage the local banks to convince banks to lend soft loans (\$50 to \$100 million) to owners of the power plants for refurbishment.</p> <p>Please elaborate how the GEF \$ 5.5 million will be used in refurbishing SHP plants, improving operations, management and safety standard in the INV component. Why do such activities need so much capital?</p> <p>MY 8/24/2014 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?</p> <p><u>At CEO endorsement</u>: Has co-financing been confirmed?</p>	<p>MY 8/9/2014 Not at this time.</p> <p>Please consider increasing the overall co-financing amount.</p> <p>This project will last for 5 years and the agency only put \$150,000 in-kind and \$75,000 cash. Please raise the amount of Agency co-financing in both in-kind and cash.</p> <p>Please change the "Appropriation" in Table C into a standard GEF word for co-</p>	

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		financing.  MY 8/24/2014 Comments are addressed. But the Agency co-financing needs to be cleared at the CEO Endorsement Stage.  In the CEO Endorsement Stage, please articulate how the Agency will be able to manage the project with \$150,000 in-kind and \$75,000 cash for the project.	
	18. Is the funding level for <b>project management cost</b> appropriate?	MY 8/9/2014 Yes. It is 5% of GEF subtotal cost.	
	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?	MY 8/9/2014 The requested PPG amount does not deviate from the norm.	
	20. If there is a <b>non-grant instrument</b> in the project, is there a reasonable calendar of reflows included?	MY 8/9/2014 Not applicable.	
Project Monitoring and Evaluation	21. Have the appropriate <b>Tracking Tools</b> been included with information for all relevant indicators, as applicable?		
	22. Does the proposal include a <b>budgeted M&amp;E Plan</b> that monitors and measures results with indicators and targets?		
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		

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	• Convention Secretariat?		
	• The Council?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	<b>24. Is PIF clearance/approval being recommended?</b>	<p>MY 8/9/2014 Not at this time.</p> <p>Please address comments in Boxes: 4, 6, 7, 10, 12, 13, 16, and 17. Please contact the GEF Secretariat if the agency has any questions.</p> <p>MY 8/24/2014</p> <p>Comments have all been addressed. But the Agency needs to (1) explicitly indicate how this project is aligned with Program 2 of CC1; and (2) consider increasing cash co-financing for the project at the CEO endorsement stage.</p> <p>MY 9/8/2014</p> <p>Comments have been addressed.</p>	
	25. Items to consider at CEO endorsement/approval.	<p>MY 8/24/2014</p> <p>MY 8/24/2014</p> <p>Please explicitly indicate Program 2 of CC1: Develop and demonstrate innovative policy packages and market initiatives to foster a new range of mitigation actions in Table A, and justify it in the text of the CEO Endorsement.</p>	



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		<p>The Agency needs to consider increasing cash co-financing for the project at the CEO endorsement stage. See comment in Box 17.</p> <p>Please contact the GEF Secretariat if the agency has any questions.</p>	
Recommendation at CEO Endorsement/ Approval	<b>26. Is CEO endorsement/approval being recommended?</b>		
	First review*	August 09, 2014	
Review Date (s)	Additional review (as necessary)	August 24, 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.**