



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

GEF ID:	4747		
Country/Region:	Dominican Republic		
Project Title:	Stimulating Industrial Competitiveness Through Biomass-based, Grid-connected Electricity Generation		
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-3; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$1,300,000
Co-financing:	\$7,483,000	Total Project Cost:	\$8,783,000
PIF Approval:		Council Approval/Expected:	February 01, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Dimitrios Zevgolis	Agency Contact Person:	Diego Masera

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 country eligible?	HX/DZ, Dec 15, 2011: Yes.	
	2. Has the operational focal point endorsed the project?	HX/DZ, Dec 15, 2011: Yes. The OFP has endorsed the project on June 10, 2011.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	HX/DZ, Dec 15, 2011: Yes.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	HX/DZ, Dec 15, 2011: The financial instrument under the component 2 could be a non-grant one. Please provide additional info.  HX/DZ, Jan 10, 2011: Comment cleared. Please refer to "31. Items to	

\*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 11-22-2010

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		consider at CEO endorsement/approval" in preparation for CEO endorsement.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	HX/DZ, Dec 15, 2011: Yes.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	HX/DZ, Dec 15, 2011: Yes. Dominican Republic has \$2,580,000 in its GEF-5 STAR allocation.	
	• the focal area allocation?	HX/DZ, Dec 15, 2011: Yes.	
	• the LDCF under the principle of equitable access	HX/DZ, Dec 15, 2011: NA	
	• the SCCF (Adaptation or Technology Transfer)?	HX/DZ, Dec 15, 2011: NA	
	• Nagoya Protocol Investment Fund	HX/DZ, Dec 15, 2011: NA	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	HX/DZ, Dec 15, 2011: Yes. Please analyze the financing per outcome.  HX/DZ, Jan 10, 2011: Comment cleared.	
	8. Are the relevant GEF 5 focal/multifocal areas/LDCF/SCCF/NPIF objectives identified?	HX/DZ, Dec 15, 2011: Yes. Objective CCM-3 Promote investment in renewable energy technologies.	
	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?	HX/DZ, Dec 15, 2011: Yes. It's consistent with national plans and the second national communication. No NPFE has been done in Dominican Republic.	
	10. Does the proposal clearly articulate how the capacities developed, if any,	HX/DZ, Dec 15, 2011: Yes. Key personnel from industries and free zone	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
	will contribute to the sustainability of project outcomes?	operators trained through this project will take on the renewable energy investments in the future.	
Project Design	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>HX/DZ, Dec 15, 2011:</p> <ol style="list-style-type: none"> <li>1. Please provide an analysis of the baseline activities under the first component.</li> <li>2. Regarding component 2, is the cofinancing or baseline financing the portion that the various stakeholders will invest in the trust fund? Since the trust fund is considered a baseline activity, please provide information about its administration.</li> <li>3. Also, the policy barrier mentioned that renewable energy has to compete with alternatives such as energy conservation. Why can this be considered a barrier and what is the policy implication?</li> <li>4. Finally, please provide a clear analysis of the electricity needs of the Santiago IFZ.</li> </ol> <p>HX/DZ, Jan 10, 2011: Comments cleared. Please refer to "31. Items to consider at CEO endorsement/approval" in preparation for CEO endorsement.</p>	
	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?		

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
	<p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?</p>	<p>HX/DZ, Dec 15, 2011: The incremental value of component 1 is not convincing. The on-going deregulation of the electricity market has already provided support to decentralized electricity generation. Please specify the incremental value of component 1. If it focuses more on replication than policy improvement, please consider revising the component title.</p> <p>According to the problem analysis, incremental costs for the production of biomass-based electricity do not occur, so the GEF financing for component 2 cannot be considered incremental. In these cases, GEF financing can be provided to cover initial capital costs. But it should be returned back to a revolving fund with an EE/RE objective.</p> <p>HX/DZ, Jan 10, 2011: Comments cleared. Please refer to "31. Items to consider at CEO endorsement/approval" in preparation for CEO endorsement.</p>	
	<p>14. Is the project framework sound and sufficiently clear?</p>	<p>HX/DZ, Dec 15, 2011: Component 1 is mixed with policy support and business development. Output 1 "establish a joint task force" should be done at PPG. Output 2 "review present mechanisms to deliver electricity services" should have been done as PIF preparation. Output 3 "a work program to promote RE technologies in industrial free zones has been implemented" is more of describing what the whole project aims to do; it cannot be considered as a</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>project output. Output 4 "business cases development" shouldn't be limited to Santiago Industrial Free Zone. Please consider evaluating the replication potential for other industrial free zones as well.</p> <p>Moreover, the issue of sustainable biomass feedstock is not addressed by the project.</p> <p>Component 2: Would the 2.5MWe plant adopt a special purpose vehicle's structure? Also provide information about the ownership of the trust fund. Is there a risk that the trust fund will not get enough resources for investments? How many energy projects does the fund aim to invest in the same industrial zone? Is the 2.5MW enough to cover the total energy needs of the Santiago IFZ? If not the sizing of the trust fund should be relevant to the actual need in RE. Also explain how the government will manage the GEF funding; will it set up a national trust fund for the replenishment of the Santiago trust fund or it will pass the funding directly to Santiago? Which will be the use of GEF funding for the trust fund? Please consider the operating of the trust fund as a revolving fund.</p> <p>Component 3: Cofinancing is low for this component. Promotional campaign should target the other industrial zones instead of the general public.</p> <p>HX/DZ, Jan 10, 2011: Comments</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		cleared. Please refer to "31. Items to consider at CEO endorsement/approval" in preparation for CEO endorsement.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	HX/DZ, Dec 15, 2011: The 1.26 Mtons CO2eq emission reductions as calculated are lifetime emission reductions. Please revise the text on page 11 which currently says "1.26 Mtons CO2eq per year".  HX/DZ, Jan 10, 2011: Comments cleared.	
	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?	HX/DZ, Dec 15, 2011: Yes.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	HX/DZ, Dec 15, 2011: Yes.	
	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)	HX/DZ, Dec 15, 2011: Please discuss about and identify mitigation measures for 1) the risks on sustainable feedstock for the biomass power plant and 2) the risks that the trust fund will not attract enough resources for investment.  HX/DZ, Jan 10, 2011: Comments cleared.	
19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	HX/DZ, Dec 15, 2011: Yes.		

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
	20. Is the project implementation/ execution arrangement adequate?	HX/DZ, Dec 15, 2011: Yes.	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	HX/DZ, Dec 15, 2011: Yes.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	HX/DZ, Dec 15, 2011: The size of the indicative cofinancing amount for each component is not justified.  HX/DZ, Jan 10, 2011: Comments cleared. Please refer to "31. Items to consider at CEO endorsement/approval" in preparation for CEO endorsement.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	HX/DZ, Dec 15, 2011: As the hard loan consists a major portion of total co-financing, please actively identify measures to secure the loan.  HX/DZ, Jan 10, 2011: Comment cleared.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	HX/DZ, Dec 15, 2011: Yes.	
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
Secretariat Recommendation			
Recommendation at PIF Stage	<b>30. Is PIF clearance/approval being recommended?</b>	<p>HX/DZ, Dec 15, 2011: No. Please address the comments above.</p> <p>HX/DZ, Jan 10, 2011: PIF clearance is recommended. Please refer to "31. Items to consider at CEO endorsement/approval" in preparation for CEO endorsement.</p>	
	31. Items to consider at CEO endorsement/approval.	<p>HX/DZ, Jan 10, 2011:</p> <ol style="list-style-type: none"> <li>1. Please consider targeting a higher capacity for the demonstration plant so that the industrial free zone can be self-sufficient on energy supply. The possibility for a higher capacity has to be evaluated based on the availability of financing and biomass feedstock.</li> <li>2. Since biomass-based generation is considered a cost-effective technology, GEF investment funding (under component 2) may be more appropriate to be provided in the form of non-grant funding. Please evaluate this option based on the incremental cost principle. Please consider the development of a scheme according to which the national executing partner will establish and manage a fund that will provide such concessional financing directly to industrial free zone operators in order to</li> </ol>	



Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		develop exclusively renewable energy projects. GEF funding could help establish and provide part of the initial capital for this fund, while the proposed investment in the Santiago Free Zone can be the first demonstration of the operation of the fund. In such a case the operators of the industrial free zones could use that concessional funding to cover any part of investment costs (including feasibility studies).	
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?		
	<b>33. Is CEO endorsement/approval being recommended?</b>		
Review Date (s)	First review*	December 16, 2011	
	Additional review (as necessary)	January 10, 2012	
	Additional review (as necessary)		
	Additional review (as necessary)		
	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.**

#### REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	HX/DZ, Dec 15, 2011: Some activities in project component 1 should be moved to the stage of project preparation. Also PPG activity 2 should have been undertaken during PIF preparation. PPG activity 5, "Supervision of PPG implementation" is a responsibility of the agency and financed by the agency fee. "Preparation and delivery of project documentation" should be the result of the activities 1-4 and should not be a

		<p>separate component. Please resubmit PPG after adjusting the components.</p> <p>HX/DZ, Jan 10, 2011: Comments cleared.</p>
	2. Is itemized budget justified?	<p>HX/DZ, Dec 15, 2011: Component 5 is not justified.</p> <p>HX/DZ, Jan 10, 2011: Comments cleared.</p>
Secretariat Recommendation	<b>3. Is PPG approval being recommended?</b>	<p>HX/DZ, Dec 15, 2011: Not now.</p> <p>HX/DZ, Jan 10, 2011: PPG approval is recommended.</p>
	4. Other comments	
Review Date (s)	First review*	December 15, 2011
	Additional review (as necessary)	January 10, 2012

\* 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.