



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

GEF ID:	4927		
Country/Region:	India		
Project Title:	Facility for Low Carbon Technology Deployment		
GEF Agency:	World Bank	GEF Agency Project ID:	128921 (World Bank)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-1; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$9,000,000
Co-financing:	\$59,300,000	Total Project Cost:	\$68,300,000
PIF Approval:	April 23, 2012	Council Approval/Expected:	June 01, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Franck Jesus	Agency Contact Person:	Ashish Khanna

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?	FJ - Apr 4, 2012: Yes, India ratified the UNFCCC on Aug 26, 2002.	
	2. Has the operational focal point endorsed the project?	FJ - Apr 4, 2012: Yes, by letter dated March 28, 2012.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	<p>FJ - Apr 4, 2012: Yes, but no agency co-financing is proposed for this project. Please clarify the financial model that is envisioned for the facility and present the experience of the agency on similar facilities' set up.</p> <p>April 13, 2012. a) The response reports that no World Bank, Government of India, or private sector funding would be available as co-</p>	

\*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

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		<p>financing to help launch the proposed facility and support the project implementation and the performance-linked grants. We do not believe this model is defensible. Please re-design the project to incorporate co-financing.</p> <p>b) Please clarify the financial model that is envisioned for the facility and present the experience of the agency on similar facilities' set up.</p> <p>April 18, 2012.</p> <p>a) Additional co-financing has been identified. Comment cleared.</p> <p>b) Additional details on the financial model have been provided that demonstrate likely success. Comment cleared.</p>	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	<p>FJ - Apr 4, 2012: Please clarify the type of support the facility will provide that may qualify as investment to assess its nature.</p> <p>April 13, 2012. Based on the response, it appears the GEF grant will be used to launch and support the facility and provide performance-linked grants, also called innovation prizes. Of these only the innovation prizes qualify as investment, however, it will not be in the form of a non-grant instrument. Comment cleared.</p>	
	5. Does the project fit into the Agency's program and staff capacity in the country?	<p>FJ - Apr 4, 2012: The justification provided in chapter C2 is very broad. Please provide justifications that inform better on the agency's involvement in environmental innovation in India.</p>	

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		<p>April 13, 2012. The response documents a strong World Bank presence on policy engagement. The PIF includes the following statement: "Given the innovative nature of the project, the World Bank will provide project management and supervisory assistance for the Network during its implementation." The value of this in-kind support should be documented in Table B of the PIF and described more fully in the co-financing section of the PIF.</p> <p>April 18, 2012. Additional co-financing from the Government of India. At the time of CEO endorsement we expect a more clear description of the World Bank support for the project. Comment cleared.</p>	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	FJ - Apr 4, 2012: yes	
	• the focal area allocation?	FJ - Apr 4, 2012: yes	
	• the LDCF under the principle of equitable access		
	• the SCCF (Adaptation or Technology Transfer)?		
	• Nagoya Protocol Investment Fund		
	• focal area set-aside?		
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	FJ - Apr 4, 2012: Yes.	

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	8. Are the relevant GEF 5 focal/multifocal areas/LDCF/SCCF/NPIF objectives identified?	FJ - Apr 4, 2012: Yes.	
	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?	FJ - Apr 4, 2012: Please clarify the project's consistency with India's National Communication (June 22, 2004).  April 13, 2012. Please insert the response provided into part A2 of the PIF.  April 18, 2012. Done. Comment cleared.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	FJ - Apr 4, 2012: Please clear Q14 to address this issue.  April 18, 2012. Done. Comment cleared.	
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?	FJ - Apr 4, 2012: No. The PIF identifies some barriers to innovations and some activities or initiatives trying/managing to overcome the identified market failures but the baseline presentation should be more structured. Please present more clearly (i) the existing activities or initiatives that are currently supporting low carbon technology deployment in India, and then (ii) the barriers that remain because these existing initiatives do not manage to overcome them (these should be the barriers the project will try to overcome).  April 13, 2012. The response and PIF provide theoretical answers to the	

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		<p>generic issue of the "valley of death." We are requesting specific information regarding the barriers to development of the identified energy efficiency technologies relative to the baseline, especially as the Government of India has established strong regulatory targets for minimum energy performance for several of the technologies. Please summarize the existing baseline efforts on these four technologies and the barriers that remain. For example, what specific barriers for high efficiency refrigeration are applicable in India that are not already addressed by refrigeration technology that is commercially available?</p> <p>Also, as indicated earlier, the GEF cannot support basic research. Please ensure that the PIF descriptions are consistently reflecting this point. For instance, the first sentence in the "Competitive Awards" section in page 7 states that "the targeted investments for these identified technology gaps will focus around â€ pre-competitive researchâ€" There are other sections that seem to imply that the GEF will support research. Please modify the text.</p> <p>While the three sectoral focus and their justifications are provided, there is no sector-specific descriptions or targets on how the project will foster technology deployment in waste heat recovery, air</p>	

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		<p>conditioning, and refrigeration. Please provide additional descriptions on proposed activities per each sector and provide preliminary outputs/outcomes and targets.</p> <p>April 18, 2012. Additional details were provided on the baseline efforts. A strong example illustrating the current baseline performance for air conditioners compared to the target helps document that performance targets will be inclusive and sensitive to global environmental concerns and consumer needs. The PIF documents that GEF project will not fund basic research. At CEO endorsement we expect clear documentation on how the project activities will steer clear of basic research. Comment cleared.</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?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?	FJ - Apr 4, 2012: Not fully. In relation with the comment of Q11, the incremental reasoning needs to be strengthened. Please explain why, without GEF funding, the project proponent and existing initiatives would not have managed to achieve the project's goal and how the project's activities will manage to overcome the remaining barriers identified following the clearance of Q11.	

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		<p>April 13, 2012. Based on the improved response to question 11, please explain how the innovation prizes will be of sufficient size, scope, and duration to help close the identified gaps.</p> <p>April 18, 2012. The explanation provides some clarity. At CEO endorsement we expect additional design elements of the innovation prizes to be more clearly described. Comment cleared.</p>	
	14. Is the project framework sound and sufficiently clear?	<p>FJ - Apr 4, 2012: No. Please address the following:</p> <p>a) As explained in part B5 page 11, the incentive systems to reward targeted innovation may involve activities that qualify as investment. Please clarify and separate investment outcomes, outputs and funding in a different row in table B.</p> <p>b) The project focuses on supporting specific innovations to be identified but does not include activities that would try to modify the policy or regulatory environment to remove existing barriers or to provide a more enabling environment for these innovations. Please explain.</p> <p>c) Please transfer the description of the facility's organizational structure from part B5 to part B1 to avoid reference being made in the text to entities that have not yet been defined.</p> <p>d) Please briefly explain how the GEF grant will be used to identify technology</p>	

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		<p>gaps that can be addressed through networks of innovation. One option may be to further clarifying the project linkage to the climate technology centre and network efforts based on the COP 16/17 decisions.</p> <p>e) Please clarify what would be the IT-enabled system to promote virtual collaboration and cooperation amongst several kinds of research institutes and innovators, how it would function and with what kind of outputs.</p> <p>f) Please explain what will be the incentives used to have deployment groups help deploy chosen technologies in participating institutions.</p> <p>g) Please briefly detail the activities that the Technology Transfer Support Cell will implement and how it will do so.</p> <p>h) Part B1 mentions 4 different technology areas while only one (waste heat recovery) is mentioned again in part B2. Please justify or modify.</p> <p>i) Please separate the two expected outcomes into two separate rows, with corresponding financial figures. Also, please consider classifying the financing for the adoption of technologies as investment, rather than TA.</p> <p>April 13, 2012.</p> <p>a) Based on the response, it appears the GEF grant will be used to launch and support the facility and provide performance-linked grants, also called innovation prizes. Of these only the innovation prizes qualify as investment.</p>	



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		<p>Please clarify if our understanding is correct and provide a clear delineation of the requested funding divided between TA and INV. Even if you propose to classify the prizes as TA, we still insist on a delineation of funding estimated for the prizes and the other sub-components. Also, please describe the project sub-components more clearly and delineate what each sub-component would achieve. They should be reflected as sub-components in the project framework, and also described in more concrete detail. The current description of all activities falling under the umbrella of the "competitive awards" is insufficient.</p> <p>b) The response is fair as far as it goes, but please address the issue of barriers to deployment. Will the GEF funded project include components that identify barriers to deployment, such as IPR or local procurement requirements?</p> <p>c) Comment cleared.</p> <p>d) The response reports that "the Hub may eventually be linked to climate technology centres and networks based on COP 16/17 decisions." Comment cleared.</p> <p>e) The response to our comment is not a response. Please address the comment</p> <p>f) The response does not directly address the question. The question clearly asks what incentives will be used to ensure that industry partners actually move to deployment? The response seems to imply that simply by</p>	

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		<p>participating the industry's will automatically accept the innovative technology and begin deployment. This is simplistic assumption is not consistent with the PIF's own presentation on the second valley of death. Please clarify.</p> <p>g) The response is helpful and reinforces the need for the PIF to present an indicative budget of the costs for supporting the hub, the deployment groups, and the support cells. Please supply.</p> <p>h) Comment cleared.</p> <p>i) The response reinforces the point made in point a). We believe the prizes can qualify as investment. Even if you propose to classify the prizes as TA, we still insist on a delineation of funding estimated for the prizes and the other sub-components as mentioned in comment a) and comment g).</p> <p>j) Please modify the objective title in table B to better reflect the current proposal's aim, which moved away from R&amp;D and network support as an end in itself.</p> <p>April 18, 2012.</p> <p>a) Done. Comment cleared.</p> <p>b) Done. Comment cleared.</p> <p>e) Some additional detail is provided. At the time of CEO endorsement, we expect clear description of the barriers the IT system will be designed to address. Comment cleared.</p> <p>f) Some additional detail is provided on how industry partners with</p>	

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		responsibility for deployment will be engaged. Comment cleared. i) Done. Comment cleared. j) Done. Comment cleared.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	<p>FJ - Apr 4, 2012: No. Please provide an estimation of the incremental environment benefits the project is expected to provided, along with the rationale explaining how this estimation has been achieved (or how it will be achieved if only rough estimates are available at PIF stage). You may want to look at the GEF-ADB/UNEP project PMIS ID 4512 along with the last comments provided for this project on the same question.</p> <p>If addressing the "Valley of Death" merits public sector financing such as the GEF support, the project merits financing from the Indian government.</p> <p>April 13, 2012. An indicative estimate of GHG benefits is requested. Please supply.</p> <p>Without any initial estimation of the global environmental benefits (i.e., CO2 emission reduction), with no World Bank co-financing, and minimal government engagement, and without any quantifiable outcomes/outputs, it is unclear how the proposed GEF financing \$9.9 million could be justified.</p> <p>Regarding Government of India co-</p>	

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		<p>financing, please address the comments in boxes 3 and 24.</p> <p>Regarding the Government of India's proposal to establish a USD 1 billion facility, please describe further how in reality a linkage between this proposed project and the facility could be made. As this point does not seem to be reflected in the revised PIF, it is unclear whether such linkage is even envisaged within the Government of India at this point.</p> <p>April 18, 2012. The revised PIF proposes that the project will support indirect emissions reductions of 7 million tCO<sub>2</sub>e annually at the end of ten years. This estimate was based on a top-down approach that attributes 10% of the savings from achievement of the "all-out" scenario to the contributions of the facility for low-carbon technology deployment. At the time of CEO endorsement we would expect to see improved estimates and rationale for both direct and indirect emission reductions. Comment cleared.</p> <p>Government of India co-financing has been identified. Comment cleared.</p> <p>The proposed 1 billion effort is still in the development stage. This proposed project may influence the development of that effort. Comment cleared.</p>	

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	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?	FJ - Apr 4, 2012: Yes.	
	17. Is public participation, including CSOs and indigenous people, taken into consideration, their role identified and addressed properly?	<p>FJ - Apr 4, 2012:</p> <p>a) The main stakeholders identified for the project are academia and private sector representatives. However some of the technologies on which the proposed facility will focus are likely to target households as users (air-conditioning, refrigeration, and lighting), while these stakeholders are not considered for any involvement in the project. Please justify or modify accordingly.</p> <p>b) No CSO involvement is planned by the project. Please modify</p> <p>April 13, 2012.</p> <p>a) The response is inconsistent with the PIF, in which 3 of the 4 technologies identified are consumer technologies; and of the need for innovators to constantly keep the customer in mind. Please describe a stronger role for assessing consumer behavior and needs in the project design.</p> <p>b) CSO involvement should not be optional, though it the depth of involvement may be different for different technology gaps. Please clarify.</p> <p>April 18, 2012. A stronger role for</p>	

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		consumer representatives and CSO in the Hub and Spoke design has been included. Further details will be expected for CEO endorsement. Comment cleared.	
	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>FJ - Apr 4, 2012: Not fully. Since household technology users are not involved in the project at this stage, the mitigation measures proposed to reduce the risk of inadequate uptake of innovation may not be fully addressed.</p> <p>April 13, 2012. The response is not reassuring. What if the project fosters a high-performance refrigerator that no consumer wants to buy? Please address how consumer needs will be included in the identification of technology gaps, and how this project will promote deployment of its successful technologies.</p> <p>April 18, 2012. See box 17. Comment cleared.</p>	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>FJ - Apr 4, 2012: Please clear Q11 to address this question.</p> <p>April 13, 2012. The response to Q11 and the PIF do not adequately explain the coordination with InfoDev and the potential duplication of effort since both projects are fostering innovation. Specifically the section on InfoDev in section B.6 appears to contradict other parts of the PIF. Please clarify.</p> <p>April 18, 2012. Comment cleared.</p>	

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	20. Is the project implementation/ execution arrangement adequate?	FJ - Apr 4, 2012: Please clarify the project implementation/execution arrangements and the role of the main identified proponent.  April 13, 2012. Comment cleared.	
	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?	FJ - Apr 4, 2012: No. Please reduce project management cost below 5% since the project requests more than \$2 million of GEF TF grant.  April 13, 2012. Comment cleared.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	FJ - Apr 4, 2012: a) Please clarify the financing model to be used to provide for operational costs. b) Please also clarify for which activity the GEF grant will be used since it will not be used to support the operational costs of the facility. c) Please include co-financing from the World Bank and the Government of India.  April 13, 2012. a, b, and c) These questions are all closely related and have not been addressed adequately in the response. The response reports that no World Bank, Government of India, or private	

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		<p>sector funding would be available as co-financing to help launch the proposed facility and support the project implementation and the performance-linked grants. We do not believe this model is defensible. Please re-design the project to incorporate co-financing. Please explain who will pay operational costs, and the delineation of launch costs and prize amounts as requested in box 14.</p> <p>April 18, 2012. Adequate co-financing has been identified and a concept for a sustainable business model has been proposed. Comment cleared.</p>	
	<p>25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.</p>	<p>FJ - Apr 4, 2012: In part C1 page 13, the possibility of co-financing by the government of India is mentioned but does not appear in Table C. As indicated in Box 15, please include public sector co-financing. It is reminded that all co-financing will need to be confirmed before CEO-endorsement request. Specifically, confirmed co-financing contributions from private-sector partners, including individual companies or industry associations, must be documented at the time of CEO endorsement and not just estimated as future investments.</p> <p>April 13, 2012. Please address our concerns as noted in box 3, 14 and 24.</p> <p>April 18, 2012. Comments have been addressed. Cleared.</p>	



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	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	<p>FJ - Apr 4, 2012: The agency is not providing any co-financing.</p> <p>April 13, 2012. No. Please address our concerns as noted in box 3, 14 and 24.</p> <p>April 18, 2012. Comments have been addressed. At CEO endorsement, we expect a more clear description of the World Bank support for the project in cash or in-kind. Comment cleared.</p>	
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?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?	FJ - Apr 4, 2012: n.a.	
	• Convention Secretariat?	FJ - Apr 4, 2012: n.a.	
	• Council comments?		FJ - Apr 4, 2012: n.a.
	• Other GEF Agencies?	FJ - Apr 4, 2012: n.a.	
Secretariat Recommendation			
Recommendation at PIF Stage	<b>30. Is PIF clearance/approval being recommended?</b>	<p>FJ - Apr 4, 2012: No. Please address the above comments.</p> <p>April 13, 2012. Some comments have been addressed but the major issues still remain. Please see un-answered comments in boxes: 3, 5, 9, 10, 11, 13, 14, 15, 17, 18, 19, 24, 25, 26.</p> <p>We support the concept behind this project but are strongly concerned about</p>	

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		the viability of the model as proposed unless the questions can be adequately addressed.  April 18, 2012. Comments have been addressed. PIF is ready for clearance.	
	31. Items to consider at CEO endorsement/approval.	April 18, 2012. a) We expect a more clear description of the World Bank support for the project in cash or in-kind. b) We expect clear documentation on how the project activities will steer clear of basic research. c) We expect additional design elements of the innovation prizes to be more clearly described. d) We expect clear description of the barriers the IT system will be designed to address. e) We expect a detailed description of consumer representatives and CSO involvement in the Hub and Spoke design. Comment cleared.	
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*	April 04, 2012	
	Additional review (as necessary)	April 13, 2012	
	Additional review (as necessary)	April 18, 2012	
	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?	
	2. Is itemized budget justified?	
Secretariat Recommendation	<b>3. Is PPG approval being recommended?</b>	
	4. Other comments	
Review Date (s)	First review*	
	Additional review (as necessary)	

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