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

GEF ID:	**4899**		
Country/Region:	**Indonesia**		
Project Title:	**Promoting Energy Efficiency for Non-HCFC Refrigeration and Air Conditioning (PENHRA)**		
GEF Agency:	**UNDP**	GEF Agency Project ID:	**4945 (UNDP)**
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; Project Mana;**	
Anticipated Financing PPG:	**$0**	Project Grant:	**$5,020,822**
Co-financing:	**$25,000,000**	Total Project Cost:	**$30,020,822**
PIF Approval:		Council Approval/Expected:	**April 01, 2013**
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**David Elrie Rodgers**	Agency Contact Person:	**Butchaiah Gadde**

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	DER, April 9, 2012. Yes.	
	2. Has the operational focal point endorsed the project?	DER, April 9, 2012. Yes.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	DER, April 9, 2012. No. The scope of the project as proposed is an ODS phase-out project more appropriately implemented under the MLF. The comparative advantage of UNDP is not described. DER, July 19, 2012. The response and revised PIF does a better job of explaining the incremental reasoning for the energy efficiency components of this project and distinguishes it from an MLF project while demonstrating comparative advantage. Comment cleared.	

	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DER, April 9, 2012. No non-grant instrument.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	DER, April 9, 2012. Not clear. DER, September 17, 2012. The earlier response provided adequate documentation. Comment cleared.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DER, April 9, 2012. Yes.	
	• the focal area allocation?	DER, April 9, 2012. Yes.	
	• the LDCF under the principle of equitable access	DER, April 9, 2012. NA	
	• the SCCF (Adaptation or Technology Transfer)?	DER, April 9, 2012. NA	
	• Nagoya Protocol Investment Fund	DER, April 9, 2012. NA	DER, April 9, 2012. NA
	• focal area set-aside?	DER, April 9, 2012. NA	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	DER, April 9, 2012. The project is currently focused on CCM-2, Energy efficiency, but the project activities are not clearly aligned with the results framework. DER, July 19, 2012. See box 8 on results framework and box 14 for comments on project design. DER, September 17, 2012. The project activities are better aligned with the results framework. No further comments here. See box 8 and 14.	
	8. Are the relevant GEF 5 focal/	DER, April 9, 2012. Table A is not	

		is, outcomes 2.1 and 2.2. Each should show grant amount and indicative co-financing separately. As this project needs to be redesigned, please apply the same guidance to any future submission. DER, July 19, 2012. Table A was revised appropriately.The response and revised PIF does a better job of explaining the incremental reasoning for the energy efficiency components of this project. Clearly the project goal aligns with CCM-2, Energy Efficiency. However, the linkage of project activities for Outcome 2.2 - Sustainable financing and delivery mechanisms established and operational are not clearly articulated. See comments in box 14. DER, September 17, 2012. No further comments here. See box 14.	
	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?	DER, April 9, 2012. There is some consistency noted. However, please clarify if the project is consistent with Indonesia National Communications. DER, July 19, 2012. Provided. Comment cleared.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	DER, April 9, 2012. No. The project design does not show how manufacturers who are upgrading to non-ODS production will be continue to manufacture energy efficiency appliances in the future. The role for imported appliances, which are 50% of all appliance sales, is not covered. DER, July 19, 2012. The response	

		effective policies and regulations will be put in place that will require manufacturers to continue manufacture of energy efficient equipment in the future. 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?	DER, April 9, 2012. The baseline project is fully dependent on an MLF supported effort to phase-out HCFCs as required for Indonesia. The baseline project is strongly supported by existing GEF efforts (BRESL) and multi-lateral efforts. However, the description of the project does not clearly explain the expected energy efficiency gains that are expected under the business as usual baseline. In all likelihood during the phase out of HCFCs the energy efficiency of appliances will refrigerators and air conditioners will increase significantly as modern compressor technology and blowing techniques are adopted. DER, July 19, 2012. The response provides some additional clarification to distinguish the MLF funded activities and BRESL activities. However, there is a lack of clarity on exactly what types of EE equipment will be covered. The definition of Refrigerators and Air conditioning (RAC) supplied in footnote 6 on page 3 is somewhat vague. The description of what is covered by BRESL and what is not is vague. The description of what types of AC will be covered by the project and what types of AC will be covered by the MEPDS for ACs which was finalized and submitted in early 2012 is vague. Please provide additional clarity on the definition of	

		descriptions, equipment types, sizes, and common refrigerants used. It may be useful to stop using the term RACs which lumps together refrigerator and freezer units with air conditioners, because each may have different policy baselines and market penetration trajectories. A separate table showing the types of appliances covered under BRESL that which are the same or different should be provided. An explanation of which RACs are covered under existing Government regulations and which would be addressed through the proposed project should be provided. DER, September 17, 2012. The response describes the types of equipment to be covered under this project as Refrigeration: includes commercial (< 12 HP) units such as retail food service and kitchen equipment, walk-in coolers/freezers and small commercial cold rooms. Air conditioning: includes those used in residential air conditioning (up to 3 HP), light commercial air conditioning (5 - 30 HP), and commercial air conditioning (35 HP and above). The only overlap with BRESL is small room air-conditioners. The response includes the following sentence: "The proposed PENHRA project will facilitate the development, approval and enforcement of MEPS for ACs." Is this correctly referring to "ACs" or was it meant to say "RACs"? Comment cleared. At the time of CEO endorsement, we expect a much clearer	

		equipment and how policies will be developed to address efficiency MEPs.	
	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?	DER, April 9, 2012. No. a) The development and promotion of non-HCFC products to curb HCFC consumption clearly falls under the MLF jurisdiction. As currently designed, this portion of the project does not qualify for GEF funding. b) The incremental activities proposed for the project are not clearly linked with global environmental benefits above and beyond the baseline. There is no energy efficiency target or clear description of increasing market share for energy efficient appliances. c) Supposed benefits based on "the utilization of locally manufactured EE RAC's" indicates no understanding of the global market for appliances or the import share of Indonesia appliances. Unless the market penetration of efficient appliances changes, no amount of local manufacturing will have an impact. d) Avoidance of high GWP refrigerants is in the baseline and cannot be counted for the incremental project when the MLF funded project is already encouraging low GWP products. DER, July 19, 2012. a) MLF funded activities have been	

		some overlap in certain project components such as outputs 2.1 and 4.1 b) The revised document provides a better description of the planned activities in component 1 that will result in policies and MEPS for RACs. However there is no clarity on the proposed stringency of the policies or the schedule. More clarity is needed in these areas. c) The response does a better job of explaining that market penetration will come from the policy mandates for both local and imports. Comment cleared. d) The response indicates the GHG benefits from the MLF work are not counted in the GEF incremental benefits. Comment cleared. DER, September 17, 2012. a) The overlapping activities were removed. Comment cleared. b) The covered equipment and schedule has been clarified. At CEO endorsement, we expect more clarity on the stringency levels that will be pursued in the policy development. Comment cleared. c) Cleared prior. d) Cleared prior.	
	14. Is the project framework sound and sufficiently clear?	DER, April 9, 2012. No. There are numerous issues in each component. Component 1 a) This component appears to be a duplication of effort with an existing GEF project, BRESL. There is no clear description of where BRESL ends and this project's activities begin. The BRESL project description includes refrigerators contrary to the claim in the	

		b) The component does not describe a clear regulatory and policy development for energy efficiency standards, but instead focuses on manufacturers. The description of the component does not make clear if the Indonesian government will implement mandatory energy efficiency performance standards for refrigerators and air conditioners, and if so, at what levels of performance, and whether the standards will be applied to imports and domestic appliances. c) There is significant duplication of effort with other components. Component 2 d) This component includes activities that will have to be conducted during the baseline MLF project and are not eligible for GEF funding, such as health and safety for new refrigerants. e) The market development concept is not articulated. Who is the audience? Is the focus on consumer markets? Is this an "Energy Star" style education and outreach effort? Is the marketing for the appliance manufacturers? Who are the procurement guidelines for? f) There is duplication of efforts with BRESL. g) This component fails to demonstrate a contribution towards greater market penetration of energy efficient appliances. Component 3 h) This component does show how it will contribute to greater market uptake of energy efficiency appliances, but	

		for domestic manufacturers who already have to phase out ODS under the baseline project. i) There is no logical relationship between educating financial institutions on energy efficiency and the provision of financial resources to manufacturers who have to upgrade equipment anyway. The costs of implementing ODS phase-out are not linked in anyway with the efficiency profile of the manufacturers product slate. In fact, some lower-cost ODS phase-out technologies lead to higher efficiency performance. Component 4 j) This component duplicates efforts under the baseline HPMP project. k) This component describes a technology transfer objective, and does so poorly. There is mention of research and development, which is ineligible for GEF funding. There is little mention of improving technology transfer through the sharing of intellectual property (North-south or South-south) even though this is already part of the baseline project. l) This component fails to demonstrate an understanding that manufacturing for refrigerators and appliances is a global effort with leading technology companies producing inefficient and efficient appliances at manufacturing facilities across the globe. These industry leaders, both appliance manufacturers and refrigerant suppliers, have active programs to promote technologies for energy efficient	

		where there is demand. By focusing on training of local refrigerant manufacturers, this component misses the more concrete opportunity for Indonesia to explore true technology transfer. DER, July 19, 2012 Some comments have been addressed. Please see below Component 1 a) More clarification on potential overlap with BRESL is still needed. Please see suggestion in Box 11. b) See box 13. More detail is needed on stringency and schedule. c) We do not understand the incentive program proposed under 1.3 If MEPS are mandatory, then why would an incentive program be needed? Activities 1.5 and 1.6 appear to duplicate activities in component 2 and 4. Component 2 d) Activity 2.1 appears to be baseline. Please modify or remove. e) More information is needed on who the "consumers" of RAC are? Are they grocery stores and meat plants that need big freezers? Or for AC do they include residential and commercial building owners. This changes the approach. f) As mentioned, please better explain BRESL. g) Some additional explanation was provided. We expect much more explanation at CEO endorsement stage. Comment cleared. Component 3	

		fundamental concern. First, MLF is providing funding for certain conversions/upgrades. These are not eligible for GEF funding. Second, the project proposes to establish and promote financing for manufactures to invest in technologies and equipment to make more efficient RACs. The response explains that MLF will not fund EE related activities. However, the response does not explain why local financial institutions would be or could be interested in making these investments until the MEPs are in force. Once the MEPs are in force (or scheduled to be in force) all manufacturers must upgrade and therefore financial institutions will know that future sales will cover the loan. But in the absence of MEPs, no manufacturer can make a business case for EE RACs, and thus cannot justify a loan. We do not believe any co-financing from local financial institutions can be counted for manufacturer incentives. A different type of incentive program could be designed. Consider a "golden carrot" type program where manufacturers are encouraged to upgrade with promises of government procurement. For example, the government could put out a tender for several hundred or thousand EE RAC to encourage manufacturer bids. Consider completely redesigning component 3 to focus on financial incentives for consumers to purchase EE	

		become available, even prior to the MEPs, local banks could be enticed to make loans to consumers to purchase the EE RAC because they know that energy savings will help pay off the loan. Manufacturers willing to make upgrades can market themselves as "green" and sell EE RAC at premium prices knowing that financing is available. These types of incentives will work best before the MEPs are in force and everyone has to buy the EE RAC. However, this is an approach being considered by the IBRD/GEF project #4217 and has faced some complexities. Issues with all incentive schemes should be reviewed now at the PIF stage before the next submission. We remain concerned about the timing of the project in relation to the HPMP implementation, development of MEPs and natural evolution in manufacturer's product lines. What are the risks that HPMP upgrades funded by MLF will already be well under way before the UNDP project design is ready for CEO endorsement; or before the project can be implemented? What are the risks that government rules/regulations on MEPs will be out of sync (either too early or too late) for the project to have its intended benefits? Please think on these issues very carefully and present a detailed timetable covering the major events of the next 3-5 years. i) See point h) Component 4	

		HPMP project. Please modify or remove. k) The response argues that this project is not about technology transfer (as if that was a bad thing.) Yet the project document describes several efforts designed to get local manufacturers to adopt improved technology. So this issue needs to better thought through during project design. Comment cleared for now but please address at CEO endorsement. l) Same as above. We would like to see component 4 much better designed and described, and to justify the high cost of $1.3M of GEF grant. More clarity is needed now at the PIF stage; and significant work will be needed at CEO endorsement. DER, September 17, 2012. Component 1 a) Answered in box 11. Comment cleared. b) Answered in box 13. comment cleared. c) Output 1.3 deleted. Duplication eliminated. Comment cleared. At CEO endorsement we expect more details on policy stringency levels and priority RAC coverage. Component 2 d) Activity duplicating MLF funding is deleted. Comment cleared. e) Response provides documentation. Comment cleared. f) Answered. Comment cleared.	

		At CEO endorsement we expect a stronger explanation on how activities will lead to greater market penetration. Component 3 h) Support for manufacturers is redesigned to a grant - removing the complexity and risk of trying to attract local financial institutions. The project activities have been redesigned. The timetable provided is very helpful. Comment cleared. i) Comment cleared. At CEO endorsement, we expect a clear explanation for the competitive selection process that will be used to allocate the limited grant funding to prospective manufacturers. Component 4 j) Output 4.1 is removed. Comment cleared. k) Cleared prior. l) Cost is reduced with more funding to component 3. Comment cleared. At CEO endorsement, we expect to see strong documentation on the options for technology adoption by the manufacturers and opportunities for North/South and South/South technology transfer.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	DER, April 9, 2012. No. There is no clear linkage of proposed project activities with greater market penetration of energy efficiency appliances, and thus no linkage with GHG benefits.	

		DER, July 19, 2012. The revised submission more clearly explains that major benefits will come from policy/regulatory development of MEPs. However the linkage of project components with this result is not fully justified. See box 14. DER, September 17, 2012. The linkage of project activities with benefits is more clearly articulated. The benefits estimate is clearly stated. Comment 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?	DER, April 9, 2012. No. DER, July 19, 2012. The response provides some vague justifications. We are looking for more detailed description of consumer benefits, including gender benefits. An encyclopedia is not needed, just an explanation that the design team has addressed this issue. DER, September 17, 2012. Thank you for the clarification. Please consider the economic benefits of cost-savings due to energy efficient equipment during project design. Comment cleared.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	DER, April 9, 2012. Unclear. There is very little discussion of the role for CSOs, consumer organizations and the general consumer market. DER, July 19, 2012. CSOs are involved. Comment cleared.	
	18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation	DER, April 9, 2012. No. The project focuses predominantly on local manufacturers with an under-emphasis on creating the proper policy and	

		and growing market for energy efficient appliances. DER, July 19, 2012. There is more clarity on the importance of MEPs, but please address the risk issues identified in box 14. DER, September 17, 2012. Risk is noted. Comment cleared.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	DER, April 9, 2012. No. There is little understanding presented in the project of global and regional initiatives, such as those sponsored by the Clean Energy Ministerial, IPEEC, SEAD, Clasp, and Climate Works. DER, July 19, 2012. Some evidence of coordination has been provided. However, there is potentially significant overlap with the evolving World Bank/GEF chiller project #4217. The recent CEO endorsement request submitted by the Bank indicates a project design that focuses on similar incentive schemes and similar target businesses. We recommend a discussion with the OFP on their vision for this new GEF-5 project with UNDP in light of the on-going efforts with the Bank on Project 4217. Further, we recommend a discussion with the IBRD project design team to understand barriers they have faced in project design that could adversely impact the proposed UNDP project. Please document these discussions in the next submission. DER, September 17, 2012. We appreciate the careful side-by-side	

		project design phase, please coordinate with any future IBRD activities, if any, under project #4217. At CEO endorsement, we expect a clear description of any overlap in the area of chillers which appear to fit into the RACs by this project. Overlap has the potential to occur in component 2 and 4; therefore these should be addressed in the project design. Comment cleared.	
	20. Is the project implementation/ execution arrangement adequate?	DER, April 9, 2012. No. We do not understand who has the lead for this project. DER, July 19, 2012. Thank you for the clarification. 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?	DER, April 9, 2012. Yes.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	DER, April 9, 2012. This cannot be determined because the project activities are not linked with clear outcomes and outputs. DER, July 19, 2012. See comments in box 14. Please think carefully about the allocation of co-financing for each of the project components. We are especially dubious about the potential	

		co-financing for voluntary manufacturer upgrades. DER, September 17, 2012. As described in the response to box 14, finding loans for manufacturers was considered and removed from the project. Comment cleared.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	DER, April 9, 2012. See box 24. DER, July 19, 2012. See box 14 and 24. DER, September 17, 2012. Responses to box 14 and 24 were cleared.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	DER, April 9, 2012. Difficult to determine. DER, July 19, 2012. Comment cleared.	
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?	DER, April 9, 2012. NA	
	• Convention Secretariat?	DER, April 9, 2012. NA DER, September 28, 2012. At the GEF request, the PIF was circulated to our colleagues at the MLF Secretariat. They provided the following comments in a September 28, 2012 email. Please address these comments at CEO endorsement. Â· One thing that had been noted is that	

		implementation HPMP/project; under the schedule (p.14) , implementation for the GEF project starts January 2014, implementation for HPMP finishes in June. Obviously even minor delays in project approval can derail the concept to have synergies. The GEF will certainly be in the best position to assess how high the probability for a delay is. Â· The Indonesia HPMP shows that there are multinational RAC manufacturers in Indonesia. While the project document mentions that the partners are essentially the same as under the HPMP (where this is taken into account), there is no clear information. The Executive Committee has specific guidelines about funding multinational manufacturers (i.e. assistance is provided using the percentage of local ownership only). The GEF has possibly different policies for these cases, and it might be important to ensure that there is consistency in the guidelines being used for assistance, or at the very least, a recognition of this, and a clarifications or assurances related to foreign owned/multinational companies and their participation and benefits. Â· With regards to double funding, while it is not very easy to determine whether this is a potential issue because of the minimum information in the document, it seems that the project concept clearly shows a differentiation of activities related to the MLF (conversion to non-HCFC, low GWP	

		GEF (energy efficiency) funding as seen in page 4. Â· From the activities, it would seem that considerations to avoid double funding could be taken to ensure the following: o That for policy work, the activities covered in this project are those that are in addition to what is already covered in the HPMP, possibly to ensure this, a table listing what is included in the HPMP and what this will cover might help in further review. o The same concern is raised for awareness activities, that there should be an assurance of the clear linkage between the awareness activities to be undertaken in the HPMP and in this project; Â· However, on the operational side, some clarity needs to be provided. For instance, while the MLF is providing funding related to the need to test new heat exchangers, will the GEF fund heat exchanger conversion efforts? These could well run clearly separate, or overlap â€“ it is not possible to identify that clearly from the PIM, since such very specific detail will be contained only in the more detailed project submission. This would be an area to look out for, for instance. Â· We also want to bring to your attention the fact that the RAC equipment is largely imported into	

		addition to the MNC ownership issue of the largest producer there. This reduces the impact of manufacturer-based initiatives, since the competition might continue to import cheap, low EE equipment. Success in the sense of improvement of EE of ACs is largely dependent on the impact of the awareness campaign and the ability of the government to force manufacturers/importers to provide EE data accurately.	
	• Council comments?		
	• Other GEF Agencies?	DER, April 9, 2012. NA	
Secretariat Recommendation			
Recommendation at PIF Stage	**30. Is PIF clearance/approval being recommended?**	DER, April 9, 2012. No. See comments in boxes: 3, 5, 7, 8, 9, 10, 11,13,14,15, 16, 17, 18, 19, 20, 24, 25, 26. This project is not recommended for further development as currently designed. a) If the project remains focused on energy efficiency appliances, the efforts must be clearly redesigned to focus on regulatory and policy reform and to distinguish activities from existing GEF projects (i.e., BRESL). Further the project must clearly address all aspects of energy efficiency regulation, covering minimum energy performance standards that would apply to imports and domestic products. b) If the project is redesigned as a technology transfer project, the existing components must be dropped and replaced with appropriate technology transfer components and clear outcomes that are linked with GHG benefits. The	

		under baseline ODS phase-out funded by the MLF are not eligible. c) For any project to be approved, there must be a clear firewall between MLF funded activities which cannot be part of the GEF project. Before further project development, a teleconference between the project designers and the GEFSEC is recommended. DER, July 19, 2012. No. Comments were cleared in boxes 3, 9, 10, 17, 19, 20, and 26. There are still significant comments in boxes: 5, 7, 8, 11, 13, 14, 15, 16, 18, 19, 24, and 25. A meeting and discussion on the project was held. There is strong potential in this project to address the dilemma regarding the MLF funding for ODS phase-outs and the strong need for energy efficiency which cannot be funded by MLF. We are encouraged by the revisions made to the project design so far, but request additional more extensive thinking about the nature of the project design. Its not clear that the issues of coordination with UNDP discussed in the meeting are fully reflected in the design. Some duplication with MLF funded activities still appears. More clarity on BRESL is needed. The regulatory components (MEPs) need to strengthened and carefully designed to have the right timing relative to the HPMP implementation. The investment components need to be redesigned (see	

		approaches for attracting private sector investment. Please note the GEFSEC recently granted a milestone extension to the GEF-4 project 4217 (IBRD). Before this PIF can proceed a discussion of differences with 4217 must be provided. We look forward to working with the agency on the next revision. Submission of this review to the agency was delayed due to GEFSEC discussions on IBRD project 4217 and GEFSEC/UNDP discussions on this PIF. DER, September 17, 2012. Comments have been addressed. The PIF has been technically cleared and may be included in an upcoming Work Program. DER, September 28, 2012. Comments from the MLF Secretariat were received and logged into PMIS. Please address them at CEO endorsement.	
	31. Items to consider at CEO endorsement/approval.	As this project provides unique synergy between climate and chemical focal areas, we look forward to coordinating with the agency during project design. As noted in the boxes above, please address the following issues during project design: 1) Please provide more details on policy stringency levels and priority RAC coverage. 2) Please provide a stronger explanation on how activities in Component 2 on communication will lead to greater market penetration. 3) For Component 3, please provide a clear explanation for the competitive	

		allocate the limited grant funding to prospective manufacturers. 4) Please provide a clear description of any overlap with GEFID #4217 (World Bank) in the area of chillers which appear to fit into the RACs covered by this project. Overlap has the potential to occur in Components 2 and 4; therefore these should be addressed in the project design. 5) Please carefully address the issues identified in the September 28, 2012 email from the UNMFS.	
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*	April 09, 2012	
	Additional review (as necessary)	July 19, 2012	
	Additional review (as necessary)	September 17, 2012	
	Additional review (as necessary)	September 28, 2012	
	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?	DER, November 19, 2012. Yes. a) Please ensure that coordination and stakeholder discussions include representatives for the World Bank funded chiller project as noted in box 31.
	2. Is itemized budget justified?	DER, November 19, 2012. Yes
Secretariat Recommendation	**3. Is PPG approval being recommended?**	DER, November 19, 2012. Yes. The PPG has been technically cleared and may be funded after the PIF is included in an upcoming Work Program.

		Please take any and all steps to complete the PPG and submit the project for CEO endorsement as soon as possible after inclusion in a work program.
	4. Other comments	
Review Date (s)	First review*	November 19, 2012
	Additional review (as necessary)	

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