



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

GEF ID:	5339		
Country/Region:	Indonesia		
Project Title:	Market Transformation through Design and Implementation of Appropriate Mitigation Actions in Energy Sector		
GEF Agency:	UNDP	GEF Agency Project ID:	4673 (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-3; CCM-6;	
Anticipated Financing PPG:	\$175,000	Project Grant:	\$8,025,000
Co-financing:	\$48,350,000	Total Project Cost:	\$56,550,000
PIF Approval:		Council Approval/Expected:	November 01, 2013
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	David Elrie Rodgers	Agency Contact Person:	

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 ?	DER/KC, April 03, 2013. Yes.	
	2. Has the operational focal point endorsed the project?	DER/KC, April 03, 2013. Yes. OFP Dana A. Kartakusuma, Assistant Minister, Global Environment Affairs endorsed the project on February, 28, 2013.	
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DER/KC, April 03, 2013. Yes. Indonesia has \$17,633,000 left in its climate change STAR allocation.	
	• the focal area allocation?	DER/KC, April 03, 2013. Yes. Indonesia	

*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 January 2013

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		has \$17,633,000 left in its climate change STAR allocation.	
	• the LDCF under the principle of equitable access	DER/KC, April 03, 2013. NA	
	• the SCCF (Adaptation or Technology Transfer)?	DER/KC, April 03, 2013. NA	
	• the Nagoya Protocol Investment Fund	DER/KC, April 03, 2013. NA	
	• focal area set-aside?	DER/KC, April 03, 2013. NA	
Strategic Alignment	<p>4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF results framework and strategic objectives?</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>DER/KC, April 03, 2013. Not quite. The current proposal targets energy generation and end-use sectors and has four pilot project components (two each) that includes CCM-2 and CCM-3 FA objectives. It is advisable to reallocate sectoral and sub-sectoral GHG inventories and MRV system activities to CCM-6 as those components go beyond the RE and EE FA objectives. Please clarify.</p> <p>DER/KC, May 28, 2013. Unclear. It is still not clear how MRV and GHG activities will be developed and coordinated amongst various activities listed. The response clarification suggests, "it should be noted that the sectors being targeted by the project are not those that are covered by the GHG inventories in the National Communication to the UNFCCC". In this case, how are these sectors addressed. Please clarify. If this project does propose to carry out such activities, those could be designed as CCM-6 component. Please elaborate further on any companion project that address the same and/or coordinate.</p>	

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		DER/KC August 22, 2013. Comments cleared.	
	5. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?	DER/KC, April 03, 2013. Yes.	
Project Design	6. 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>DER/KC, April 03, 2013. Please explain further how the proposed four pilot projects shall be of incremental nature and contribute to the national emission reduction targets. Please also elaborate on the types of support systems that will be in place to monitor future off-grid, mini-grid and energy efficiency projects in identified provinces.</p> <p>DER/KC, May 28, 2013. The explanation provided does not sufficiently justify incrementality. Better articulation is requested. Further details are sought on sustainable financing mechanism for appropriate mitigation actions. Also, improvement in the 88 MW of planned installations by crafting better baseline, standardized methodologies and MRV systems does not address incremental objectives. Please illustrate more on the newness and incrementality of pilot projects.</p> <p>DER/KC August 22, 2013. Comments cleared.</p> <p>Please note that more detailed illustration of identified funding mechanism is expected during CEO endorsement stage.</p>	

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	7. Are the components, outcomes and outputs in the project framework (Table B) clear, sound and appropriately detailed?	<p>DER/KC, April 03, 2013.</p> <p>a) Component 1 has one of the outcomes to design and establish sectoral and sub-sectoral baselines in representative provinces. But the section A.1. on Baseline Scenarios and Projects proposes to expand the baseline across all provinces and sectors. Please clarify. Please also refer to the Second National Communication for potential energy intensive sector and corresponding baselines.</p> <p>b) Component 2 has two RE and two EE pilot NAMAs. Please clarify if these four projects are those designed in component 1. Please explain what are the types of four pilot projects, as in the section A.1. GEB, all four potential projects are RE. Also please justify why only commercial buildings are targeted without any sub-sectoral emission reductions potential.</p> <p>c) Component 2 has four pilot projects of 88 MW of total capacity which is an ambitious preliminary project activity with very little data validation. Please provide sufficient evidence on the baseline project activities and government's support for these pilot projects that may assure its successful implementation.</p> <p>d) Please also consider reallocating GEF resources on the following: 1) To clarify the difference in FA activities between CCM-2 and -3. They</p>	

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		<p>appear to be randomly allocated. There is no mention of number of activities that are targeted under CCM-2 FA outcomes. The investment component details on energy generation sector and nowhere except in Section A.1. GEB there is any mention on EE end-use sector.</p> <p>2) To consider setting up support mechanisms at provincial level to assure robust monitoring, and coordination with the national level agencies and national registry by strengthening local/provincial institutional capacities to follow MRV guidelines and utilize MRV systems. This will help in maintaining difference and rationale of conducting additional NAMA related analyses that could otherwise be the part of National Communications and BURs.</p> <p>e) There should be an emphasis on timeliness of planning process and regulatory implementation. The Agency is requested to discuss the general timeline for NAMA planning and implementation with the GEF Secretariat.</p> <p>DER/KC, May 28, 2013.</p> <p>a) Still unclear. Please explain/discuss the complementarity, and how this project will be coordinated and differentiated from other ongoing activities. Please articulate definite scope of work that will be undertaken within this project.</p> <p>b) Kindly please explain the difference between baseline and pilot projects. Furthermore, how is the baseline project designed under component 1. Please</p>	

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		<p>clarify.</p> <p>c) The response to the comments made suggest no incremental reasoning that undergoes within 88MW projects and has no illustration on distinction made on baseline activities from incremental as, "the 88 MW consists of the subsumed baseline activities, and private sector investments such as the pilot demonstrations of the proposed project that are expected to materialize....". Please clarify.</p> <p>d) 1) Comment cleared.</p> <p>2) The comment does not address GEF concerns. Please clarify.</p> <p>e) Further clarification is requested to adequately address the comments and clarify the timeliness of priority NAMAs.</p> <p>DER/KC August 22, 2013. Comments sufficiently addressed.</p>	
	8. (a) Are global environmental/adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?	<p>DER/KC, April 03, 2013. The PIF includes a rough top-down estimation of total 2,655,379 tCO₂ achieved emission reduction. Please refer to the methodology followed by UNDP NAMA projects in Azerbaijan and Kazakhstan for GHG emission reduction early estimates considering latest baseline and countries target from the latest National Communication.</p> <p>During the project implementation stage, the calculations on referred baseline (third national communication) and incremental benefits needs to be substantiated once the NAMA sub-sectors are identified based on evaluated</p>	

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		<p>GHG inventories.</p> <p>DER/KC, May 28, 2013. The responses, as mentioned in box 6 and 7, suggests that the emission reductions estimate includes baseline activities. The estimation does not justify the incremental nature. Please revise.</p> <p>DER/KC August 22, 2013. Comments cleared.</p> <p>The projects will be identified, with more detailed illustration on emission reductions and scale of work, and submitted at the PPG stage. Please apply appropriate GEF/STAP methodologies for emissions estimates, including use of the GEF/STAP energy efficiency methodology for energy efficiency components.</p>	
	9. 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?		
	10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?	DER/KC, April 03, 2013. Yes.	
	11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g.,	DER/KC, April 03, 2013. Yes.	

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	measures to enhance climate resilience)		
	12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>DER/KC, April 03, 2013. Please ensure that all references and data are consistent with the Second National Communication of Indonesia to UNFCCC. Please submit the detailed illustration of how the proposed NAMA project will be coordinated with the Third National Communication and BUR efforts at the endorsement stage.</p> <p>DER/KC, May 28, 2013. More details are required on timeline related to NAMA and coordination with Third National Communication project. Please also see comments in box -7 (e).</p> <p>DER/KC August 22, 2013. Comments cleared.</p>	
	<p>13. Comment on the project's innovative aspects, sustainability, and potential for scaling up.</p> <ul style="list-style-type: none"> Assess whether the project is innovative and if so, how, and if not, why not. Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience. Assess the potential for scaling up the project's intervention. 	<p>DER/KC, April 03, 2013.</p> <p>Innovativeness: The proposed project will produce and establish national eligibility requirements for effective implementation of nationally appropriate mitigation actions in Indonesia.</p> <p>Sustainability: The project will support setting-up and operationalizing national registry mechanism, MRV guidelines and standard methodologies for the identified end-use sectors and sub-sectors.</p> <p>Scaling up: The proposed project aims to enable de-risking of investments in renewable energy and energy efficiency through actions that would facilitate or influence the provision of financial</p>	

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		<p>incentives to subsequently achieving market transformation.</p> <p>Please clarify how the NAMA approach differs from previous RE and EE projects.</p> <p>DER/KC, May 28, 2013. Further discussion is advised.</p> <p>DER/KC August 22, 2013. Sufficiently described. Comments cleared.</p>	
	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?		
Project Financing	16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?	<p>DER/KC, April 03, 2013. To be determined. Please see comments in Box 4, 7 and 8.</p> <p>DER/KC, May 28, 2013. Unclear. Please see comments in box 4, 7 and 8.</p> <p>DER/KC August 22, 2013. Comments cleared.</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?	DER/KC, April 03, 2013. No. While Table C indicates the UNDP co-financing is grant, page 13 indicates the UNDP financing is in-kind towards the personnel cost in monitoring and supervising the project only. Please	

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	<u>At CEO endorsement</u> : Has co-financing been confirmed?	increase the overall UNDP co-financing amount, particularly in grant. Please describe UNDP's expertise and experiences in NAMA development and implementation in general and for the Indonesian context. DER/KC, May 28, 2013. Comment cleared.	
	18. Is the funding level for project management cost appropriate?	DER/KC, April 03, 2013. No. It exceeds the 5% threshold. Please revise the PMC. DER/KC, May 28, 2013. Comment cleared. PMC revised within 5%.	
	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?	DER/KC, April 03, 2013. Not yet. The output of the PPG activities should be readily available for the upcoming national reports and identified prioritized NAMAs in end-use sectors. DER/KC, May 28, 2013. Not yet. Please also see comments in boxes 7 and 12. DER/KC August 22, 2013. Yes. Comments cleared.	
	20. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?	DER/KC, April 03, 2013. NA	
Project Monitoring and Evaluation	21. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	22. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		

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Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• The Council?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	24. Is PIF clearance/approval being recommended?	<p>DER/KC, April 03, 2013. Please address the above mentioned comments in boxes 4, 6, 7, 8, 12, 16, 17, 18 and 24. Please elaborate further on the rationale for GEF investment and support activities for NAMAs to be determined later. The GEF will be providing an additional guidance document to help with project design for NAMA related projects.</p> <p>DER/KC, May 28, 2013. Not yet. Please address the above mentioned comments in boxes 4, 6, 7, 8, 12, 13, 16, and 24. Additionally, the agency's response further suggest that the project includes CCM-6 components in the way that, "this framework, including all enabling features that will be established and put into effect by the project will help in the development, financing and implementation of future NAMA projects". Please clarify.</p> <p>DER/KC August 22, 2013. Yes. Comments cleared. This project is technically cleared and can be considered for a future work program.</p>	
	25. Items to consider at CEO endorsement/approval.		

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Recommendation at CEO Endorsement/ Approval	26. Is CEO endorsement/approval being recommended?		
	First review*	April 03, 2013	
Review Date (s)	Additional review (as necessary)	May 28, 2013	
	Additional review (as necessary)	August 22, 2013	

* **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.**