



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

GEF ID:	4749		
Country/Region:	Lebanon		
Project Title:	Small Decentralized Renewable Energy Power Generation		
GEF Agency:	UNDP	GEF Agency Project ID:	4695 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-3; CCM-3; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$1,450,000
Co-financing:	\$9,725,000	Total Project Cost:	\$11,175,000
PIF Approval:		Council Approval/Expected:	February 01, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Hiroaki Takiguchi	Agency Contact Person:	Robert Kelly

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?	HT/DZ, DEC 15, 2011: Yes.	
	2. Has the operational focal point endorsed the project?	HT/DZ, DEC 15, 2011: The letter dated on January 19, 2011 was signed by the political focal point. Please submit the letter signed by the operational focal point. HT/DZ, JAN 4, 2012: The endorsement letter signed by the operational focal point has been submitted. Comment cleared.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	HT/DZ, DEC 15, 2011: Yes, UNDP has comparative advantage of technical assistance in renewable energy projects.	

*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 11-22-2010

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	<p>4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?</p>	<p>HT/DZ, DEC 15, 2011: Not clear. It is proposed that the GEF financing is used more as co-financing to leverage funding from NEEREA (page 11). Does that mean the GEF financing is mingled with the resources of the NEEREA which is a non-grant instrument? If yes, does UNDP have a capacity to manage such a non-grant instrument? How is UNDP involved in the management of NEEREA? Please explain it.</p> <p>HT/DZ, JAN 4, 2012: According to the revised PIF GEF funding will be used for a grant instrument. Please take into account that in this case the GEF-funded grant instrument and the existing instrument (under the NEEREA) are expected to be managed and administered by the same authority.</p> <p>HT/DZ, JAN 10, 2012: Comment cleared. Please refer to "31. Items to consider at CEO Endorsement/approval" in preparation for CEO endorsement.</p>	
	<p>5. Does the project fit into the Agency's program and staff capacity in the country?</p>	<p>HT/DZ, DEC 15, 2011: Yes.</p>	
Resource Availability	<p>6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):</p>		
	<ul style="list-style-type: none"> • the STAR allocation? 	<p>HT/DZ, DEC 15, 2011: Yes. Lebanon has a CC STAR allocation of US\$ 2,000,000.</p>	

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	<ul style="list-style-type: none"> the focal area allocation? 	HT/DZ, DEC 15, 2011: Yes.	
	<ul style="list-style-type: none"> the LDCF under the principle of equitable access 	n/a	
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 	n/a	
	<ul style="list-style-type: none"> Nagoya Protocol Investment Fund 	n/a	
	<ul style="list-style-type: none"> focal area set-aside? 	n/a	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	HT/DZ, DEC 15, 2011: Yes.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	HT/DZ, DEC 15, 2011: Yes, the project contributes to the FA objective CCM-3.	
	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?	HT/DZ, DEC 15, 2011: Yes.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	HT/DZ, DEC 15, 2011: Yes.	
	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?	HT/DZ, DEC 15, 2011: Not clear. Please address the following comments. a) Please explain the exact status of the implementation of the NEEREA project. Are the financial resources mentioned as co-financing used for the NEEREA after the PIF is approved? HT/DZ, JAN 4, 2012: Regarding the added explanation on	

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Project Design		<p>NEEREA (revised PIF, p.8), what are the early experiences and lessons learnt by NEEREA? Why does NEEREA have problems in attracting significant investor interest? Has it been active long enough for reaching a sound conclusion that it cannot be attractive enough? Please clarify and provide a specific financial analysis on targeted RE products and installations to justify the need for grant financing on top of the concessional financing available. Another issue is that according to the evaluation of the previous GEF/UNDP project in Lebanon (regarding the establishment of the Lebanese Center for Energy Conservation), \$500,000 of remaining GEF funding was proposed to be used for the replenishment of the NEEREA. Please clarify the use of those funds and their relationship with the co-financing of this proposal.</p> <p>HT/DZ, DEC 15, 2011:</p> <p>b) Regarding the Component #2 (Enabling policies) and Component #3 (Market monitoring and quality control), please describe what activities are, or planned to be, implemented in the baseline project and how much of the co-financing is allocated to those activities.</p> <p>c) It is explained that the part of the CEDRO project budget is presented as co-financing to the GEF project. Which activities and co-financing involve the CEDRO project? What about co-</p>	

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		<p>financing from the MEW Policy Paper and the NEEREA? Please describe it.</p> <p>HT/DZ, JAN 4, 2012: Although the baseline projects have been described, their outputs (relevant to the co-financing of the GEF project) are not clearly mentioned in the project framework. Please revise accordingly. Also, please clarify the relevance of the CEDRO project with the main objective of this proposal, since the CEDRO project involves grant financing of very small installations only in public buildings, while the proposed project will focus on providing GEF financing private-sector investments that are also supported by the NEEREA. However, if GEF funding is also considered to finance public installations, then please revise the project design so as to reflect that. Finally, please include only those baseline activities (and their co-financing) that are expected to be implemented after the approval of the PIF.</p> <p>HT/DZ, JAN 10, 2012: Comments cleared. Please refer to "31. Items to consider at CEO Endorsement/approval" in preparation for CEO endorsement.</p>	
	<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</p>		

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	similar benefits?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?	<p>HT/DZ, DEC 15, 2011: No. Please address the following comments. a) Regarding the Component #1 (Financing for decentralized RE power generation), will the GEF financing be used for the replenishment of the NEEREA? How is the baseline project differentiated from the GEF financing? Please explain it. b) Since the baseline project has not been described in an appropriate form, it is difficult to judge the incremental reasoning of the proposed activities. After addressing box 11, please revise the incremental and additional cost reasoning in B.2 in the PIF.</p> <p>HT/DZ, JAN 4, 2012: The revised PIF has not explained the incremental/additional reasoning. It is claimed that GEF financing is required for the NEEREA concessional financing to become attractive to investors. Please present a specific financial analysis on targeted RE products and installations to support this claim. Also, since there is no explanation on why and how the GEF financing will facilitate a transition to a more sustainable financing model, the proposed GEF financing seems to be a one-time finance infusion. Please justify it.</p>	

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		<p>Finally, the leveraging ratio presented in p.13 is not consistent with the financing figures presented under component 1; please clarify.</p> <p>HT/DZ, JAN 10, 2012: 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>HT/DZ, DEC 15, 2011: No. Please address the following comments.</p> <p>(Project Component #1: Financing for decentralized RE power generation)</p> <p>a) Please address the comment in box 11 and 13.</p> <p>b) Since this component includes technical assistance, the component should be separated into TA and Inv.</p> <p>c) Output 1.2: What kind of financing scheme is envisaged? Will a new financing scheme be established? Please describe it.</p> <p>d) Output 1.3: Please specify what kind of complementary support beyond the financing scheme will be developed. Will the outcome be an additional financing window (with specific resources) or just a study of a possible design?</p> <p>HT/DZ, JAN 4, 2012: Please address the comments in boxes 11 and 13. Moreover, the revised PIF has explained</p>	

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		<p>there is no TA part in component 1. However, output 1.3 seems like an action plan that is not linked with concrete investment during the project implementation period. Please clarify. Also, the revised PIF has explained output 1.2. It should be noted that output 1.1 is then an output of this financing scheme, so the two outputs can be merged. Finally, the coordination between the concessional financing under NEEREA and the grant financing from the proposed project should be further developed. Since the NEEREA instrument already has a grant element, the GEF grant financing could be administered and managed by the same authority with the proper modifications of the NEEREA scheme.</p> <p>(Project Component: Enabling policies) HT/DZ, DEC 15, 2011: e) The title of the component should represent its specific contents.</p> <p>HT/DZ, JAN 4, 2012: The title has been improved. However, please note that according to the revised PIF, net-metering is now applicable in Lebanon. That given, please clarify the specific need for output 2.3.</p> <p>HT/DZ, DEC 15, 2011: f) It is difficult to regard "analysis" as output. Output should be something gained after "analysis."</p>	

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		<p>HT/DZ, JAN 4, 2012: The output has been revised to the report of the analysis. Please take note that the report itself is a deliverable, but it is not a concrete output for the GEF project. Outputs must be directly linked with outcomes and impacts.</p> <p>HT/DZ, DEC 15, 2011: g) Output 2.4: Regarding "updated analysis," is there an existing analysis? Why should it be updated?</p> <p>HT/DZ, JAN 4, 2012: The revised PIF has explained the updated analysis. Comment cleared.</p> <p>HT/DZ, DEC 15, 2011: h) Output 2.5: The adoption of complementary incentives is too generic, since the Component #1 outputs are also such incentives. Please specify them.</p> <p>HT/DZ, JAN 4, 2012: Output 2.5 in the initial PIF has been removed. Comment cleared.</p> <p>(Project Component: Market monitoring and quality control)</p> <p>HT/DZ, DEC 15, 2011: i) Output 3.2: What is the quality control</p>	

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		<p>scheme like? How will the scheme be operated during and after the GEF project? In addition, the Outcomes 3.2 and 3.4 are overlapping. Please explain it.</p> <p>HT/DZ, JAN 4, 2012: The contents of the outputs have been explained. Comment cleared.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>HT/DZ, DEC 15, 2011: No. Please address the following comments.</p> <p>a) Please provide the applied methodology and assumptions for estimating GHG emission reductions and the total cost of investments.</p> <p>HT/DZ, DEC 30, 2011: The revised PIF has explained the GHG reduction estimates. This should be elaborated by the CEO endorsement stage if the PIF is cleared.</p> <p>HT/DZ, DEC 15, 2011: b) Please explain why the indirect impact is so low. That means the project will not have a sustainable impact.</p> <p>HT/DZ, DEC 30, 2011: The revised PIF has corrected the indirect emission reduction. This should be elaborated by the CEO endorsement stage if the PIF is 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?	HT/DZ, DEC 15, 2011: Yes.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	HT/DZ, DEC 15, 2011: Please describe how to coordinate the key stakeholders in the project. In particular, how will the adoption of the final legal and regulatory package be discussed and agreed among the stakeholders? HT/DZ, JAN 4, 2012: The revised PIF has explained the coordination among the stakeholders, however it remains to present the management scheme for the GEF grant financing in order to operate seamlessly with the existing scheme under NEEREA. HT/DZ, JAN 10, 2012: Comment cleared. Please refer to "31. Items to consider at CEO Endorsement/approval" in preparation for CEO endorsement.	
	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)	HT/DZ, DEC 15, 2011: Yes.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the	HT/DZ, DEC 15, 2011: Please address the comment in box 11 and 13.	

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	region?	<p>HT/DZ, JAN 4, 2012: Please address the comments in boxes 11 and 13.</p> <p>HT/DZ, JAN 10, 2012: Comments cleared. Please refer to "31. Items to consider at CEO Endorsement/approval" in preparation for CEO endorsement.</p>	
	20. Is the project implementation/ execution arrangement adequate?	<p>HT/DZ, DEC 15, 2011: Please address the comment in box 4 and 17.</p> <p>HT/DZ, JAN 4, 2012: The comment remains.</p> <p>HT/DZ, JAN 10, 2012: Comment cleared. Please refer to "31. Items to consider at CEO Endorsement/approval" in preparation for CEO endorsement.</p>	
	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?	<p>HT/DZ, DEC 15, 2011: Yes. As for the GEF financing, the percentage of the Project Management Cost (PMC) before PMC is 5.2% (= 72,500/1,377,500). This number is below the threshold percentage (10% for projects with less than \$2 million GEF</p>	

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	<p>24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?</p>	<p>financing).</p> <p>HT/DZ, DEC 15, 2011: This will be examined after receiving responses to the comments for other items.</p> <p>HT/DZ, JAN 4, 2012: Please address the comments in boxes 11 and 13.</p> <p>HT/DZ, JAN 10, 2012: Comments cleared. Please refer to "31. Items to consider at CEO Endorsement/approval" in preparation for CEO endorsement.</p>	
	<p>25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.</p>	<p>HT/DZ, DEC 15, 2011: Please address the comment in box 11 and 13.</p> <p>HT/DZ, JAN 4, 2012: Please address the comments in boxes 11 and 13.</p> <p>HT/DZ, JAN 10, 2012: Comments cleared. Please refer to "31. Items to consider at CEO Endorsement/approval" in preparation for CEO endorsement.</p>	
	<p>26. Is the co-financing amount that the Agency is bringing to the project in line with its role?</p>	<p>HT/DZ, DEC 15, 2011: 125,000 USD is provided as co-financing by UNDP which seems to be low considering the fact that UNDP is involved in some of the baseline activities (i.e. CEDRO Project).</p> <p>HT/DZ, JAN 4, 2012: The co-financing by UNDP has been</p>	

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		explained. 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?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	30. Is PIF clearance/approval being recommended?	<p>HT/DZ, DEC 15, 2011: Not at this stage. Please address the comments and submit the endorsement letter signed by the operational focal point.</p> <p>HT/DZ, JAN 4, 2012: While the PIF has been improved, some critical issues remain. Please address the remaining comments.</p> <p>HT/DZ, JAN 10, 2012: 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>HT/DZ, JAN 10, 2012: Please address the following items at the CEO Endorsement Stage:</p> <p>1. Modalities for management and</p>	

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		administration of the GEF financing under Component 1; 2. An analysis on NEEREA for reflection into the activities under Component 1; 3. A clear description on how the GEF financing will facilitate a transition to a more sustainable financing model and catalyze private sector investments; 4. Coordination with other initiatives such as the CEDRO project.	
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*	December 15, 2011	
	Additional review (as necessary)	January 04, 2012	
	Additional review (as necessary)	January 10, 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?	HT/DZ, JAN 4, 2012: Given the existence of baseline projects and a recently completed GEF-funded project in the same field, project preparation activities such as the detailed market analysis and the stakeholder exercise seem redundant. Also, under these circumstance one year of project preparation is too long, especially considering that the specified consulting assignments do not require more than 2-3 months to

		be completed. HT/DZ, JAN 10, 2012: Comment cleared.
	2. Is itemized budget justified?	HT/DZ, JAN 4, 2012: No. Please address the above comments. HT/DZ, JAN 10, 2012: Comment cleared.
Secretariat Recommendation	3. Is PPG approval being recommended?	HT/DZ, DEC 15, 2011: PPG will not be recommended before PIF recommendation. HT/DZ, JAN 4, 2012: PPG approval is not recommended before PIF recommendation. HT/DZ, JAN 10, 2012: PPG approval is recommended.
	4. Other comments	
Review Date (s)	First review*	December 30, 2011
	Additional review (as necessary)	January 10, 2012

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