



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

GEF ID:	5742		
Country/Region:	Lesotho		
Project Title:	Development of Cornerstone Public Policies and Institutional Capacities to Accelerate Sustainable Energy for All (SE4A) Progress		
GEF Agency:	UNDP	GEF Agency Project ID:	5367 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-3;		
Anticipated Financing PPG:	\$100,000	Project Grant:	\$3,500,000
Co-financing:	\$9,435,912	Total Project Cost:	\$13,035,912
PIF Approval:		Council Approval/Expected:	May 01, 2014
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	David Elrie Rodgers	Agency Contact Person:	Lucas Black

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, Mar 14, 2014. Yes.	
	2. Has the operational focal point endorsed the project?	DER, Mar 18, 2014. Yes. A letter dated February 18, 2014 in the amount of \$3,942,000, inclusive of project preparation and fees is attached.	
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DER, Mar 14, 2014. Yes.	
	• the focal area allocation?	DER, Mar 18, 2014. Yes. The remaining CCM allocation is \$3,965,051 after accounting for other pending 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 January 2013

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		leaving sufficient funds to cover this project.	
	• the LDCF under the principle of equitable access	NA	
	• the SCCF (Adaptation or Technology Transfer)?	NA	
	• the Nagoya Protocol Investment Fund	NA	
	• focal area set-aside?	NA	
Strategic Alignment	4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF results framework and strategic objectives ? <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>	DER, Mar 18, 2014. Yes. The project is aligned with CCM3, Promote Investment in Renewable Energy Technologies.	
	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, Mar 14, 2014. Yes.	
	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?	DER, Mar 18, 2014: The baseline project description is quite strong; indeed, it appears that most of the project activities are going to happen without the GEF project. However, we cannot tell the specific objectives of the baseline programs relative to the GEF project. That is, we cannot tell the contribution of the baseline projects to	DER, Mar 14, 2014. Yes.

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Project Design		<p>the problems the baseline projects seek to address. Please clarify.</p> <p>DER, Mar 28, 2014. The PIF was revised to clarify and distinguish between the baseline project and the incremental GEF funding. Comment cleared.</p>	
	7. Are the components, outcomes and outputs in the project framework (Table B) clear, sound and appropriately detailed?	<p>DER, Mar 18, 2014: Please address the following comments:</p> <p>a) The alternative scenario does not clearly describe what will happen in the baseline versus what will happen with the GEF component. The baseline is very strong. Please clarify the alternative scenario.</p> <p>b) The project activities seem better suited to a medium sized project in scope. The amount of GEF funding allocated for each component appears to be very large compared to the expected outputs.</p> <p>c) Component 1. The amount of funding for the database collection and modeling is not justified. Please clarify.</p> <p>d) Component 1.4 clearinghouse for mini-grids might better be organized with the component that is promoting mini-grids. A clearinghouse is not justified – please clarify why this will lead to sustainable replication.</p> <p>e) Component 2. This appears to combine TA and INV. Please separate</p> <p>f) Component 2. The amount requested for the TA is not justified. The activities are extensive, but should not be so expensive.</p> <p>g) Component 2.4. This sub-component</p>	

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		<p>might better be organized as a separate component, along with component 1.4. Please clarify how much GEF funding is for this component. Please clarify if the 60 villages will be operational during the project period, or after the project period due to the leverage funding from Table C. If the 60 villages will be after the project period, then a different performance indicator must be supplied. We cannot credit the project with 60 villages if the funding is leveraged. Consider a different project design where the funding can be confirmed co-financing.</p> <p>h) The project design is not focused. It appears to be a "kitchen-sink" approach to sustainable energy policy, doing a little bit of everything. The project design would be better served to focus on specific activities in an alternative scenario and justify how the activities are contributing to benefits. For example, the entire project could be focused on the mini-grids, spending at least \$3m on project pipeline development, feasibility studies, low-interest loans, supply chain development, and private sector engagement. Or the project could focus on achieving clear regulatory reform for the mini-grid sector, and provide financial incentives for private sector to build the mini-grids.</p> <p>DER, Mar 28, 2014 a) Comment cleared b-h) The PIF has been completely redesigned to respond to the comments.</p>	

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		<p>Comments cleared.</p> <p>Please address the following at CEO endorsement</p> <p>a) Component 1. Please further explicate the types of TA and INV for this component. There may be types of INV that GEF funding cannot support.</p> <p>b) Component 2. Please coordinate with other SE4All countries undertaking similar efforts</p> <p>c) Component 3. The emphasis on business model and supply chain is valuable. At CEO endorsement we look forward to more detail on the types of financial mechanisms. Consider coordinating with solar energy access schemes being developed under the BNEF FIRE initiative.</p> <p>d) Please indicate TA and INV on separate rows in Table B with appropriate co-financing indicated.</p> <p>e) As the providers will be selected competitively, it will be possible to estimate the amount of co-financing that will be provided by each successful bidder. If the amount is a requirement for the RFP and competitive process, these estimated amounts can be counted as confirmed co-financing at CEO endorsement stage.</p>	
	8. (a) Are global environmental/adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?	<p>DER, Mar 18, 2014:</p> <p>No.</p> <p>a) The writeup on pages 22 and 23 provides a lot of information, but it is not clear on which emission reductions are due to the GEF alternative scenario. For example, what does the number of \$285,400 in bold mean for the GEF</p>	

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		<p>project? Please clarify.</p> <p>b) The project activities are not linked with the emissions benefits. Please clarify which project activities contribute to the benefits. From the activity description, a logical interpretation is that the project would have no direct emissions benefits, only indirect. Please clarify.</p> <p>c) The claim for 60 villages cannot be made using the leveraged funding as currently described. Either 60 villages are paid for with co-financing, or the project has to justify a lower target that can be paid for with co-financing.</p> <p>DER, Mar 28, 2014.</p> <p>a) Corrected.</p> <p>b) The response has justified the benefits through incremental reasoning. Comment cleared.</p> <p>c) The revised direct emissions benefit is approximately 90,000 tons CO₂e annually.</p> <p>At CEO endorsement, please revise and update the emissions benefits based on the lifetime of the investments and add estimated indirect benefits.</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	DER, Mar 18, 2014: Please provide more clarity on the role for CSOs.	

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	and explicit means for their engagement explained?	DER, Mar 28, 2014. CSOs will be actively consulted and are also eligible for the competitive selection. Comment cleared.	
	11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience)	DER, Mar 14, 2014. Yes.	
	12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	DER, Mar 18, 2014: a) The participation in the SE4All initiative is laudable. However, the project description does not indicate alignment with SE4All goals. For example, please clarify how the project will help Lesotho meet the goals to double renewable energy by 2020? DER, Mar 28, 2014. Aligned. Comment cleared.	
	13. Comment on the project's innovative aspects, sustainability, and potential for scaling up. <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 	DER, Mar 18, 2014: The project does not seem innovative, but instead, a collection of unaligned technical assistance without focus. Please rationalize and clarify which of the activities have the potential for sustainability and replication. DER, Mar 28, 2014. The revised PIF states: Sustainability and scale-up are central to the design and rationale for this project. The huge potential for national scale-up of the rural energization schemes has already been	

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	intervention.	mentioned. An enabling environment of coherent policy, accurate data, supportive legislation, investment frameworks and effective governance setting the 'rules of the game' is critical to achieving the objectives of the national energy targets and SE4ALL Action Agendas. Conditions for post-project sustainability will be closely considered as part of the design of all project outputs. The financing schemes supported under Component #3 will continue to operate post-project ensuring further replication and scale-up. Comment cleared.	
	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?	DER, Mar 18, 2014. No. The GEF funding seems very high compared to the proposed outcomes. Please justify. DER, Mar 28, 2014. The revised PIF justifies the incremental funding. Comment cleared.	
	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	DER, Mar 18, 2014. As mentioned earlier, we do not understand the leveraged co-financing as it relates to the 60 village target. This has to be clarified.	

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	with its role? <u>At CEO endorsement</u> : Has co-financing been confirmed?	DER, Mar 28, 2014. The reference to leveraged funding is dropped and the co-financing is justified. Comment cleared.	
	18. Is the funding level for project management cost appropriate?	DER, Mar 18, 2014. Yes. GEF Project Management Cost (PMC) is about 5% of the GEF grant without PMC.	
	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, Mar 18, 2014. Yes, the amount requested is in the norm.	
	20. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?	DER, Mar 18, 2014. There is no non-grant instrument.	
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?		
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• The Council?		
	• Other GEF Agencies?		
Secretariat Recommendation			
	24. Is PIF clearance/approval	DER, Mar 18, 2014.	

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Recommendation at PIF Stage	being recommended?	<p>Not at this stage. Please address the comments in boxes 6,7,8,10,12,13,16,17.</p> <p>DER, Mar 28, 2014. All comments cleared. This project is technically cleared and can be included in a future work program.</p>	
	25. Items to consider at CEO endorsement/approval.	<p>Please address the following at CEO endorsement</p> <p>a) Component 1. Please further explicate the types of TA and INV for this component. There may be types of INV that GEF funding cannot support.</p> <p>b) Component 2. Please coordinate with other SE4All countries undertaking similar efforts</p> <p>c) Component 3. The emphasis on business model and supply chain is valuable. At CEO endorsement we look forward to more detail on the types of financial mechanisms. Consider coordinating with solar energy access schemes being developed under the BNEF FIRE initiative.</p> <p>d) Please indicate TA and INV on separate rows in Table B with appropriate co-financing indicated.</p> <p>e) As the providers will be selected competitively, it will be possible to estimate the amount of co-financing that will be provided by each successful bidder. If the amount is a requirement for the RFP and competitive process, these estimated amounts can be counted as confirmed co-financing at CEO endorsement stage.</p> <p>f) Please revise and update the emissions benefits based on the lifetime of the</p>	

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		investments and add estimated indirect benefits.	
Recommendation at CEO Endorsement/ Approval	26. Is CEO endorsement/approval being recommended?		
	First review*	March 18, 2014	
Review Date (s)	Additional review (as necessary)	March 28, 2014	
	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.**