



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

GEF ID:	4878		
Country/Region:	Malaysia		
Project Title:	GHG Emissions Reductions In Targeted Industrial Sub-Sectors Through EE And Application Of Solar Thermal Systems		
GEF Agency:	UNIDO	GEF Agency Project ID:	
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-2; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$4,000,000
Co-financing:	\$20,000,000	Total Project Cost:	\$24,000,000
PIF Approval:		Council Approval/Expected:	June 01, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Dimitrios Zevgolis	Agency Contact Person:	Khac-Tiep NGUYEN

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?	DZ, Mar 29, 2012: Yes.	
	2. Has the operational focal point endorsed the project?	DZ, Mar 29, 2012: Yes. However, the endorsement letter by the OFP is not fully consistent to the template provided by the GEFSEC, and the amount of funding concerns the whole amount of the remaining STAR CC allocation. Please clarify. DZ, Apr 12, 2012: Revised letter of endorsement by the OFP has been provided. Comment cleared.	

*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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Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	DZ, Mar 29, 2012: Yes.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DZ, Mar 29, 2012: The proposed financing instrument for investment support concerns grant financing, however the proposal does not justify the use of a grant instrument based on the incremental cost principle. Please consider the development and application of a non-grant instrument in case the estimated incremental costs justify it. DZ, Apr 12, 2012: Comment addressed at this stage.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	DZ, Mar 29, 2012: Yes.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DZ, Mar 29, 2012: Yes.	
	• the focal area allocation?	DZ, Mar 29, 2012: Yes; the total GEF resources requested (\$4.48M) are less than the GEF5 CC STAR resources remaining to be programmed for Malaysia (\$12.7M).	
	• the LDCF under the principle of equitable access	DZ, Mar 29, 2012: N/A	
	• the SCCF (Adaptation or Technology Transfer)?	DZ, Mar 29, 2012: N/A	
	• Nagoya Protocol Investment Fund	DZ, Mar 29, 2012: N/A	
	• focal area set-aside?	DZ, Mar 29, 2012: N/A	

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Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	DZ, Mar 29, 2012: Yes.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	DZ, Mar 29, 2012: Yes. However, please refer to the project design comments regarding the selected focal area objectives. DZ, Apr 12, 2012: Comment addressed at this stage.	
	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?	DZ, Mar 29, 2012: Yes, the project is consistent with the objectives identified in the country's Second National Communication to the UNFCCC and the national strategic documents.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	DZ, Mar 29, 2012: No. Capacity building activities are limited to the training of a small number of experts and investment activities are limited to a small number of industries. Given the proposed budget, please explore the development of more ambitious targets so as to sustain the impact of the project. DZ, Apr 12, 2012: Outputs have been enhanced. Comment addressed at this stage.	
	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?	DZ, Mar 29, 2012: The baseline projects and the problem that they seek to address coincide, at least on the industrial EE part of the project, with the on-going GEF/UNIDO project on industrial EE in Malaysia. Please consider the project design comments in order to address this issue.	

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Project Design		DZ, Apr 12, 2012: Clarifications have been provided regarding the distinct features of this project in comparison to the existing project. Comment addressed at this stage.	
	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?	DZ, Mar 29, 2012: Not clearly. The project is a combination of two sets of activities, one concerning thermal energy efficiency in the industrial sector and one concerning the application of solar thermal technologies. In the past decade there have been two GEF project on industrial EE in the country, one completed with UNDP and one on-going with UNIDO. Please consider that the on-going project concerns the application of energy efficiency standards and the support of energy efficiency measures in the industrial sector. That given there is no compelling reason provided for supporting specific measures for thermal energy efficiency, since thermal energy efficiency has also been addressed by the existing projects. Regarding the application of solar thermal technologies in the industrial sector, please justify the use of non-grant or grant instruments for the investments. In the case of the application of non-grant instruments,	

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		<p>such as revolving loan programs or risk guarantee programs, or other types of instruments, please describe in the PIF how they will increase availability of financing for solar investments and enhance the supply chain.</p> <p>DZ, Apr 12, 2012: Clarifications have been provided. Comment addressed at this stage.</p>	
	<p>14. Is the project framework sound and sufficiently clear?</p>	<p>DZ, Mar 29, 2012: The project framework is clear, however there are concerns regarding the combination of two different sets of activities in the same project, and the overlap with existing GEF projects, as expressed in box#13. Please consider to focus the proposal on the application of solar thermal technologies through the implementation of a non-grant instrument, if applicable. The resulting reallocation of funds could benefit the upscale of investment activities so as to achieve a sustainable impact in the sector.</p> <p>DZ, Apr 12, 2012: Part of the GEF funding has been reallocated from the TA activities to the investment activities. Comment addressed at this stage.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>DZ, Mar 29, 2012: There is no justification provided regarding the estimated benefits. Please consider that the thermal energy efficiency potential has already been considered under the total energy efficiency potential of the</p>	

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		<p>industrial sector for the on-going GEF/UNIDO project.</p> <p>DZ, Apr 12, 2012: Comment addressed at this stage.</p>	
	<p>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?</p>	<p>DZ, Mar 29, 2012: A general description is provided.</p>	
	<p>17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?</p>	<p>DZ, Mar 29, 2012: Public authorities and industry associations are expected to participate in the project.</p>	
	<p>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>	<p>DZ, Mar 29, 2012: Major risks and mitigation measures are identified, however the risk of insufficient funding mechanisms is not clearly addressed. Please consider the redesign of the project in order to address this risk.</p> <p>DZ, Apr 12, 2012: The project is expected to support specific financial mechanisms. Comment addressed at this stage.</p>	
	<p>19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</p>	<p>DZ, Mar 29, 2012: The project is consistent with other related initiatives, however please clarify the coordination with governmental initiatives that are mentioned under the baseline project description. Also, please address the overlaps with the on-going GEF/UNIDO project on industrial EE in Malaysia.</p>	

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		DZ, Apr 12, 2012: Comment addressed at this stage.	
	20. Is the project implementation/ execution arrangement adequate?	<p>DZ, Mar 29, 2012: Please clarify the implementation/execution arrangement. A long list of executing partners is provided, but only a few of them seem to have a clear role in the execution of the project according to the table under section B.5. Also, please clarify the arrangement for the management of GEF and public funding that will be directed to investments. Finally, please explain why the Sustainable Energy Authority is not involved in the project; its Renewable Energy Fund could potentially be used as the vehicle for the financing of the solar thermal investments promoted by this proposal.</p> <p>DZ, Apr 12, 2012: The execution arrangement has been clarified. Comment cleared.</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?		
	23. Is funding level for project management cost appropriate?	DZ, Mar 29, 2012: GEF PM funding is 5% of the GEF grant, PM costs excluded.	

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Project Financing	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	<p>DZ, Mar 29, 2012: The GEF funding and cofinancing assigned to the TA outputs is more than adequate to achieve the expected outputs. Please consider the reallocation of GEF funding and cofinancing from the TA components to the investment component in order to bring the cost of the AT components down to realistic levels, and enhance the investment outputs of the project.</p> <p>DZ, Apr 12, 2012: Funding from the first TA compoinent is reallocated to the investment component. Comment addressed at this stage.</p>	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	<p>DZ, Mar 29, 2012: Please see box#24.</p> <p>DZ, Apr 12, 2012: Comment cleared.</p>	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	<p>DZ, Mar 29, 2012: The agency cofinancing is limited to \$60,000 of in-kind contribution. Given the size of the project budget and the comparative advantage of the agency for this type of project, a higher contribution would be desirable.</p> <p>DZ, Apr 12, 2012: The agency's contribution has increased. 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?		

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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?	DZ, Mar 29, 2012: Not at this stage. Please address the above comments. DZ, Apr 12, 2012: PIF clearance is being recommended.	
	31. Items to consider at CEO endorsement/approval.	Please consider the following items to be addressed for the submission of the CEO Endorsement Request: i. The scope (grant or non-grant) and the level of the GEF funding for investment activities should be clearly justified based on the incremental cost principle. ii. Specific reference should be provided regarding the outcomes, outputs, and direct/indirect benefits of the existing EE project and how their overlap with those of the proposed project will be avoided. iii. Specific commitments of resources from the existing Malaysian funding instruments that will be supplemented by the GEF resources should be documented.	
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?		

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Review Date (s)	First review*	March 29, 2012	
	Additional review (as necessary)	April 12, 2012	
	Additional review (as necessary)		
	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?	DZ, Mar 29, 2012: Please revise the project preparation activities according to the project design comments. DZ, Apr 12, 2012: Comment cleared.
	2. Is itemized budget justified?	DZ, Mar 29, 2012: This will be assessed after the project revision. DZ, Apr 12, 2012: The budget is justified.
Secretariat Recommendation	3. Is PPG approval being recommended?	DZ, Mar 29, 2012: No. DZ, Apr 12, 2012: PPG will be recommended after the submission of the appropriate OFP endorsement letter regarding the PPG amount.
	4. Other comments	
Review Date (s)	First review*	March 29, 2012
	Additional review (as necessary)	

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