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

GEF ID:	**4753**		
Country/Region:	**Pakistan**		
Project Title:	**Sustainable Energy Initiative for Industries**		
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-2; CCM-3; CCM-3; Project Mana;**	
Anticipated Financing PPG:	**$0**	Project Grant:	**$3,550,000**
Co-financing:	**$32,700,000**	Total Project Cost:	**$36,250,000**
PIF Approval:		Council Approval/Expected:	**February 01, 2012**
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**David Elrie Rodgers**	Agency Contact Person:	**Rana Ghoneim**

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, December 15, 2011. Yes.	
	2. Has the operational focal point endorsed the project?	DER, December 15, 2011. Yes. Mr. Kamran Ali Quershi endorsed the project on February 14, 2011, for $4.0 M inclusive of PPG and agency fee.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	DER, December 15, 2011. Yes.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DER, December 15, 2011. No non-grant instrument included in the PIF. During project design, we encourage the implementing agency explore concepts for non-grant instruments to catalyze additional private sector investment.	

*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.

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		DER, January 5, 2012. Non-grant instrument will be explored during the project design phase. Comment cleared.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	DER, December 15, 2011. Yes.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DER, December 15, 2011. Yes.	
	• the focal area allocation?	DER, December 15, 2011. Yes. The $4M request is within the CC focal area allocation.	
	• the LDCF under the principle of equitable access	DER, December 15, 2011. NA	
	• the SCCF (Adaptation or Technology Transfer)?	DER, December 15, 2011. NA	
	• Nagoya Protocol Investment Fund	DER, December 15, 2011. NA	
	• focal area set-aside?	DER, December 15, 2011. NA	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	DER, December 15, 2011. Yes, the project is focused on CCM-2 and CCM-3	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	DER, December 15, 2011. Table A is not properly filled out. Please use the outcomes and outputs as specified in the focal area strategy template as found in GEF document GEF5-Template Reference Guide 9-14-10rev11-18-2010_0. Please fix table. DER, January 5, 2012. Table A is not yet fixed. Each focal area outcome must be on a separate row and include the GEF funding and co-financing recorded	

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		separately for each row. The outcomes should be numbered per the template. Do not record separate funding levels for GHG emissions reductions. DER, January 5, 2012. Revised Table A has been included. Comment cleared.	
	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, December 15, 2011. Yes.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	DER, December 15, 2011.	
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, December 15, 2011. Please clarify the Government of Pakistan baseline plans for EE and RE policy frameworks. DER, January 5, 2012. The policy frameworks in the baseline are described in section B.1. Comment cleared.	
	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, December 15, 2011. Yes.	
	14. Is the project framework sound and sufficiently clear?	DER, December 15, 2011. Please clarify the following:	

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		a) Table B provides the only description of the components. Please add detailed description of the components to Section B.2 b) On page 9, the statement "No loan or revolving fund mechanisms are considered appropriate" is not supported. Please clarify if a non-grant instrument can be considered during project design. c) On component 1, please clarify what types of policies and regulations will be considered. d) On component 2, please delineate in Table B if the GEF contribution is TA or Investment. It appears to be TA. It is appropriate to divide component 2 into two rows, showing how much of the GEF funding and the co-financing is for TA and how much is for the investment elements of this component. e) Please consider leaving the option open to add a non-grant instrument for the GEF investment contribution to complement the technical assistance. f) Please clarify if elements 2.4 and 2.5 are properly located in component 2 or more properly belong to component 3 g) On component 3, please specify if the co-financing is from the Government of Pakistan or the bilateral aid agency, or a mixture. DER, January 5, 2012. a) Detail added. Comment cleared. b) The document was revised and non-grant instruments are now included	

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		under outcome 2.4. Non-grant instruments will be explored during the project design phase. Comment cleared. c) Specific policies were described; adoption of the policies is proposed. Comment cleared. d) The revised PIF explains that component 2 is all investment and that any TA elements are moved to other components. But please update Table B to reflect this. e) A non-grant instrument has been added as 2.4 and will be explored during the project design phase. Comment cleared. f) The agency response indicates that items 2.4 and 2.5 are re-allocated to component 3, but Table B is not updated. It appears that 2.4 should stay in component 2 and 2.5 should be moved to component 3. Please clarify. g) The co-financing is a mix of government and bilateral aid agency funding. Comment cleared.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	DER, December 15, 2011. Please clarify the types of policies and regulations that will be considered. DER, January 5, 2012. Description of the types added in section B.2. 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/	DER, December 15, 2011. Yes.	

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	additional benefits?		
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	DER, December 15, 2011. Yes.	
	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)	DER, December 15, 2011. Yes.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	DER, December 15, 2011. There appears to be some overlap between the existing efforts by ADB and GIZ. Please clarify. DER, January 5, 2012. The revised PIF explains that the GIZ project is a baseline project that sets the action plans to help the Government achieve energy efficeincy plans. The proposed project is provides added value with specific best practices and investment vehicles. Comment cleared.	
	20. Is the project implementation/ execution arrangement adequate?	DER, December 15, 2011. Not clear. Please clarify. DER, January 5, 2012. The revised PIF explains the relationship with the government ministries and the establishment of a PMU. Comment cleared.	

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	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, December 15, 2011. The requested funding for project management is slightly above 5% of the GEF requested amount of $3,375,000. Please reduce to 5% or justify the amount over 5%. DER, January 5, 2012. Project management costs have been reduced to less than 5% of the GEF amount. Comment cleared.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	DER, December 15, 2011. a) It is appropriate that substantial portions of the co-financing are for the investment component. Please clarify what is meant by "soft-loans" by the Private Sector local banks as shown in Table C. We would expect to see "hard-loans." b) Please clarify the reference to bilateral aid agencies shown as "to be identified" in Table C. If the no bilateral aid agency is forthcoming, with the co-financing deficit be made up from other sources. DER, January 5, 2012. a) Soft-loans are justified because of the mixture of public and private funding.	

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		Comment cleared. b) Bilateral aid agencies have expressed interest but firm commitments will not be obtained until during the project design phase. Comment cleared.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	DER, December 15, 2011. The overall co-financing ratio of 4:1 is too low. We would expect to see a higher ratio for this type of clean energy project. Please explore additional co-financing options. DER, January 5, 2012. According to the revised PIF: "Given the current condition of the financial sector and investment scenario in Pakistan, it is difficult to commit to a higher level of co-financing at this stage. However, the possibility to mobilize additional co-financing will be explored and firmed up during the PPG stage." This explanation appears reasonable. Comment cleared.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	DER, December 15, 2011. Yes.	
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, December 15, 2011. NA	
	• Convention Secretariat?	DER, December 15, 2011. NA	
	• Council comments?		

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	• Other GEF Agencies?	DER, December 15, 2011. NA	
Secretariat Recommendation			
Recommendation at PIF Stage	**30. Is PIF clearance/approval being recommended?**	DER, December 15, 2011. Not at this time. Please address comments in boxes 4, 8, 11, 14, 15, 19, 20, 23, 24, and 25. January 5, 2012. Yes. All comments cleared.	
	31. Items to consider at CEO endorsement/approval.	DER, January 5, 2012. a) During project design, non-grant instruments for the investment component to catalyze additional private sector financing for EE and RE investments will be analyzed. b) At CEO endorsement, we would expect to see commitment letters for co-financing from local banks and other co-financiers. c) Incentives are mentioned; please clarify during project design what type of commitments from the Government of Pakistan for sustainable funding stream for incentives can be confirmed.	
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 05, 2012	
	Additional review (as necessary)		
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* **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, December 15, 2011. Yes.
	2. Is itemized budget justified?	DER, December 15, 2011. Yes.
Secretariat Recommendation	**3. Is PPG approval being recommended?**	DER, December 15, 2011. Yes.
	4. Other comments	The list of policies to be studied during the PPG phase as shown on page 1 of the PPG should be expanded and included in the PIF in response to the question in PIF review box 15. DER, January 5, 2012. The policies are clarified in the PIF under section B.2. Comment cleared.
Review Date (s)	First review*	December 15, 2011
	Additional review (as necessary)	January 05, 2012

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