



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

GEF ID:	4884		
Country/Region:	Peru		
Project Title:	Nationally Appropriate Mitigation Actions in the Energy Generation and End-Use Sectors		
GEF Agency:	UNDP	GEF Agency Project ID:	4679 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-2; Project Mana; CCM-3; CCM-6;		
Anticipated Financing PPG:	\$0	Project Grant:	\$4,500,000
Co-financing:	\$29,450,000	Total Project Cost:	\$33,950,000
PIF Approval:		Council Approval/Expected:	June 01, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	David Elrie Rodgers	Agency Contact Person:	Mr. Oliver Page, Climate Change Regional Advisor

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?	April 6, 2012. Yes.	
	2. Has the operational focal point endorsed the project?	April 6, 2012. Yes. OFP Jose Norris endorsed the project on March 12, 2012.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	April 6, 2012. Yes. UNDP has experience and capacity to implement enabling activities and capacity development activities related to climate change mitigation. In Peru, UNDP has supported the country in developing its First and Second National Climate Change Communication to the UNFCCC and is currently supporting the MINAM for the preparation of Peru's Third National Climate Change	

*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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		Communication.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	April 6, 2012. No non-grant instrument.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	April 6, 2012. UNDP Country Office in Peru has a climate change mitigation portfolio consisting of the following initiatives: UNDP Low Emission Capacity Building Global Programme (LECB) in Peru (2012-2015), UNDP Sub-National Green Low Emission, Climate Resilient Development Strategy (Sub National Green LECRDS) programme in Piura and Tumbes Region (2012-2016), UNDP Sectoral Market Mechanisms Initiative (SMMI-LAC) (2012-2015), UNDP-GEF Energy Efficiency Standards and Labels in Peru; and a dedicated climate change team.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	April 6, 2012. Yes. Peru has \$8.11 million left in its climate change STAR allocation.	
	• the focal area allocation?	April 6, 2012. Yes. Peru has \$8.11 million left in its climate change STAR allocation.	
	• the LDCF under the principle of equitable access	n/a	
	• the SCCF (Adaptation or Technology Transfer)?	n/a	
	• Nagoya Protocol Investment Fund	n/a	

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	<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?	<p>April 6, 2012. Please consider including CCM-2 and CCM-3, since the project targets the energy sector and has pilot components.</p> <p>April 11, 2012. The expected focal area outputs in table A do not reflect the key outputs for the proposed project. Please tailor the expected FA outputs for the project.</p> <p>April 12, 2012. Comments cleared.</p>	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	<p>April 6, 2012. Please consider including CCM-2 and CCM-3, since the project targets the energy sector and has pilot components.</p> <p>April 11, 2012. The expected focal area outputs in table A do not reflect the key outputs for the proposed project. Please tailor the expected FA outputs for the project.</p> <p>April 12, 2012. Comments cleared.</p>	
	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?	April 6, 2012. Yes.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	April 6, 2012. Yes.	

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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?	<p>April 6, 2012. Please clarify whether the co-financing from IADB and Swiss Agency for Development and Cooperation are new for the proposed project or it is actually from the baseline project "CCPlan" and "NUMES".</p> <p>April 10, 2012. The baseline project and main cofinancing is a 25 million loan from IDB to Peru government for NUMES III in 2011. Please confirm the loan was not listed as co-financing in other GEF projects. A co-financing letter will be expected from the government at endorsement stage.</p> <p>April 12, 2012. Comments cleared.</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 similar benefits?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?	<p>April 6, 2012. Component 1 and 2 share similar elements with the national communications and may also have some overlap with the to-be-submitted BUR. Please clarify the difference and rationale for conducting additional NAMA-related analysis that are different from the National Communication and the BURs. Please reallocate most of the funding for components 1 and 2 into components 3 and 4. Also, please clarify how this NAMA project is going to be different from normal GEF projects in the energy</p>	

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		<p>generation and end-use sectors in Peru.</p> <p>April 12, 2012. Comments cleared.</p>	
	<p>14. Is the project framework sound and sufficiently clear?</p>	<p>April 6, 2012.</p> <p>Component 1 and 2 have similar components with national communications and to-be-submitted BUR. Spending 3 million in these two components may not justify the incremental reasoning. Please reallocate most of the funding into components 3 and 4. See also comments in box 13.</p> <p>Component 3. Please clarify how much of the co-financing for this component will be spent on the one demonstration NAMA and the additional four NAMAs. Please also estimate to what extent these demonstrations will contribute to the national target. Would the co-financing come from the New Sustainable Energy Matrix (NUMES) initiative? If these co-financing are actually investments (rather than technical assistance), please separate the funding of this component into two lines: one line for TA and the other for Investment. Please be more specific on the demonstration NAMA sub-sectors at endorsement stage.</p> <p>Component 4. In order for the national registry mechanism to be populated with</p>	

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		<p>consistent input, expected outputs of component 4 need to include national MRV guideline and standard methodologies for the selected sub-sectors. Since MRV is crucial for NAMAs, please consider further enhancing this component. On the registry and guidelines, please ensure the project is in line with UNFCCC's NAMAs registry and MRV guidelines as they progress.</p> <p>Component 5. Most outputs in this component are natural outputs of components 1-4, and therefore may not merit being separated out as a component. Please consider integrating the activities under this component into components 1-4 and reallocate the funding to component 1-4. For example, MRV capacity building should be under component 4.</p> <p>April 11, 2012. Please separate activities in this component into TA and Investment and put them in separate rows. 2.45 million of GEF funding should be partially allocated to investment. The component will aim to demonstrate one NAMA utilizing carbon market mechanisms. Please provide evidence of government's commitment for such mechanisms by the CEO endorsement. Without government's buy-in, domestic cap-and-</p>	

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		<p>trade, supported NAMAs or crediting NAMAs are not likely to happen.</p> <p>April 12, 2012. Comments cleared. 1.45 million of GEF funding will be put into investment. Please be more specific on how this 1.45 million will be spent at the endorsement stage. Peru government has participated the UNDP sectoral market mechanisms initiative which demonstrated the government's interests to prepare for the new carbon market mechanisms.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>April 6, 2012. Currently, the PIF include a rough estimation of 7 million tons per year. Please specify from which year to which year. At endorsement stage, the calculation on baseline and incremental benefits need to be substantiated once the NAMAs sub-sectors are selected.</p> <p>April 11, 2012. Peru's communication to UNFCCC states the target of reducing 7 million tons in total by 2021, it is not annual emission reductions in 2021. Please revise. Also, if the demonstrations in this project are estimated to contribute 30% to the target in the energy generation and end-use sector, only 30% of this 7 million target can be counted. Please revise.</p> <p>April 12, 2012. Comments 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?	April 6, 2012. Yes.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	April 6, 2012. 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)	April 6, 2012. Yes.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>April 6, 2012. Please specify how the proposed project will be coordinated with National Communication and BUR efforts. Also, please clarify how the NAMA project relates to other energy related GEF and non-GEF projects.</p> <p>April 11, 2012. Please clarify in Section B6 how the project will be coordinated with IADB on the to-be-demonstrated NAMA, since the main cofinancing for this component is an IADB loan.</p> <p>April 12, 2012. Comments cleared. IADB will be on the project steering committee to guarantee a close coordination.</p>	
	20. Is the project implementation/ execution arrangement adequate?	April 6, 2012. Yes.	

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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?	<p>April 6, 2012. Yes. It is under 5%. Please also ensure that the ratio of GEF and co-financing is also reflected in the project management cost ratio.</p> <p>April 11, 2012. Comments cleared. The ratio is 1:5.</p>	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	<p>April 6, 2012. To be decided. Please see comments in box 14.</p> <p>April 11, 2012. To be decided. Please see comments in box 14.</p> <p>April 12, 2012. Comments cleared.</p>	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	<p>April 6, 2012. The 24 million co-financing will come from the government, but the specifics are unknown at this stage. This makes the project vulnerable. Please indicate where this budget could come from. Please also clarify whether the funding from Swiss agency and IADB are the funding for the baseline projects or they are new for the proposed project.</p> <p>April 11, 2012. Comments cleared. 24 million co-financing will come mainly from the NUMES program which is</p>	

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		funded by an IADB loan.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	April 6, 2012. Yes. UNDP will contribute 1.55 million from its own programs, namely, US\$500,000 from UNDP Sectoral Market Mechanisms Initiative (SMMI-LAC), US\$600,000 from UNDP Low Emission Capacity Building Global Programme (LECB) in Peru and US\$450,000 from UNDP Sub-National Green Low Emission, Climate Resilient Development Strategy.	
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?	April 6, 2012, Please address the comments above and resubmit. April 11, 2012. Please address the comments above and resubmit. April 12, 2012. Comments cleared.	
	31. Items to consider at CEO endorsement/approval.	April 12, 2012. 1. The estimates for GHG emissions	

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		<p>reductions is based on a claim that the GEF project will contribute to 30% achievement of the Peru target for 2021. At the time of CEO endorsement we expect a very strong justification linking project deliverables with adoption of Government policies and financial investments that can deliver on this promise. We expect a clear application of appropriate methodologies and a distinction between direct and indirect benefits. The output of studies alone will not justify direct benefits.</p> <p>2. The proposed use of GEF funding as investment in Component 3 is not well defined. At the time of CEO endorsement we expect clear definition of the application of GEF funding for investments that can be directly linked to implementation of the selected NAMAs. Investment funding cannot be used as technical assistance.</p> <p>3. The project will produce a variety of studies and reports. At CEO endorsement we expect to see a clear description in the project components for actual implementation by the Government of the recommendations in the studies and reports for selected NAMAs.</p> <p>4. Confirmed co-financing letters with clear delineation of cash, in-kind, and loans will be required.</p> <p>5. Should there be decisions and guidance from the UNFCCC on MRV during the project preparatory and implementation phase, the project is</p>	

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		expected to follow them. We expect this to be clarified in the CEO endorsement document.	
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*	April 06, 2012	
	Additional review (as necessary)	April 11, 2012	
	Additional review (as necessary)	April 12, 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?	April 6, 2012 Yes
	2. Is itemized budget justified?	April 6, 2012 output of the PPG activities under component 1 should be readily available in the national communications. Please reduce the grant amount for this component. April 11, 2012. Comments cleared.
	3. Is PPG approval being recommended?	April 6, 2012 Please address the comments. April 11, 2012. Comments cleared.
Secretariat Recommendation	4. Other comments	
Review Date (s)	First review*	April 06, 2012
	Additional review (as necessary)	April 12, 2012

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