



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

GEF ID:	4683		
Country/Region:	Russian Federation		
Project Title:	Targeted Support for Energy Efficiency and Renewable Energy in the Russian Arctic		
GEF Agency:	EBRD	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:	\$6,100,917
Co-financing:	\$56,000,000	Total Project Cost:	\$62,100,917
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	David Elrie Rodgers	Agency Contact Person:	Peter Hobson

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, September 20, 2011. Yes.	
	2. Has the operational focal point endorsed the project?	DER, September 20, 2011. Yes. Rinat Gizatuln, GEF OFP and Deputy Minister, signed the letter of endorsement for \$7M on September 2, 2011, inclusive of \$321K for PPG.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	DER, September 20, 2011. Yes.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DER, September 20, 2011. A non-grant instrument is not currently proposed. However, a non-grant instrument could be integrated into the project proposal and provide added	

*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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		value. EBRD is capable of managing it. DER, September 23, 2011. The revised PIF includes proposed non-grant instrument for the investment component. Comment cleared.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	DER, September 20, 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, September 20, 2011. Yes. The Russian Federation has a STAR allocation of \$119.57M	
	• the focal area allocation?	DER, September 20, 2011. Yes. The Russian Federation has a Climate Change allocation of \$87.01M. Of that amount, \$25M has already been utilized in GEF-5. Therefore this project request of \$7M is within the balance remaining.	
	• the LDCF under the principle of equitable access	N/A	
	• the SCCF (Adaptation or Technology Transfer)?	N/A	
	• Nagoya Protocol Investment Fund	N/A	N/A
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	DER, September 20, 2011. Yes. CCM-2 Energy Efficiency and CCM-3 Renewable Energy.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	DER, September 20, 2011. Yes. Table A is properly filled out.	
	9. Is the project consistent with the recipient country's national	DER, September 20, 2011. Yes.	

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	strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?		
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	DER, September 20, 2011. More information is needed on the sustainability of the funding facility. Please clarify. DER, September 23, 2011. Additional information is helpful. More detail is expected at CEO Endorsement.	
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, September 20, 2011. Yes.	
	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, September 20, 2011. Yes.	
	14. Is the project framework sound and sufficiently clear?	DER, September 20, 2011. The proposed project includes three components: 1) Legislation, restructuring and governance support to municipalities and service companies to address legal and structural barriers to investments 2) Market and pipeline development to support investment identification and sound development, and activities to	

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		<p>communicate lessons and experiences and so increase the chances of replication; and</p> <p>3) Facilitation for financing of GHG-reduction projects in energy efficiency and renewable energy through pilot investments in the region using non-grant instruments.</p> <p>Please address the following comments:</p> <p>a) Component 1. The expected outcomes and outputs should clearly articulate that municipal and regional legislation will be considered and adopted. Please clarify.</p> <p>DER, September 23, 2011. Comment cleared.</p> <p>b) Component 2. There appears to be some overlap between the pipeline development aspects of this component and the "pre-investment and investment cycle support" in component 3. For example, Output 2.1 uses the same language as component 3. Please clarify.</p> <p>DER, September 23, 2011. Comment cleared.</p> <p>c) Component 2. Please justify the high-level of funding for pipeline development. The GEF funding level should be reduced and added to the investment portion of component 3.</p>	

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		<p>DER, September 23, 2011. Adjustments have been made. Comment cleared.</p> <p>d) Component 3. Please clarify if this entire component is properly counted as investment. Is any of the pre-investment cycle support properly counted as TA? Is the GEF funding proposed for the feasibility studies or for investment?</p> <p>e) Component 3. This investment facility is a perfect opportunity for the use of a non-grant instrument. The GEF funding can be used in the form of a non-grant instrument to provide concessional financing, risk guarantee, loan guarantee, or other financial support, as mentioned on page 6. This would generate reflows. If possible, we would like to see \$5M of the GEF funding directed to investment in this manner. Please evaluate the application of this type of instrument to this project and clarify if it will be included.</p> <p>DER, September 23, 2011. Comment cleared.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>DER, September 20, 2011.</p> <p>a) The types of technologies and the sectors for investment are only briefly highlighted. Please clarify the expectation for the scope of project development - will most of the projects be in industrial concerns; or in municipal buildings? What percentage of the projects are expected to focus on flare gas capture?</p>	

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		<p>DER, September 23, 2011. The response indicates a small portion will be on flaring. Comment cleared.</p> <p>b) For assessing the incremental benefits it will be important to understand baseline rules and regulations as they relate to each technology, such as flare gas utilization. Thank you for footnote 6 on page 9. Is the Municipal exemption for gas flaring to cease by a certain date? Also, please clarify the environmental benefits of fuel switching from existing boiler fuels to captured flare gas. There is some question an investment in flare gas utilization is eligible under CCM-2 or CCM-3.</p> <p>DER, September 23, 2011. Comment cleared.</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>DER, September 20, 2011. Yes.</p>	
	<p>17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?</p>	<p>DER, September 20, 2011. Yes.</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>DER, September 20, 2011. Yes, but not sufficiently addressed. As the environment in the Arctic region is changing rapidly, there could be significant impacts on the availability of</p>	

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		<p>certain renewable resources (e.g., biomass, hydropower). Payback calculations on energy efficiency investments may change as temperatures change. Please add some clarifying comments.</p> <p>DER, September 23, 2011. Clarifications added. Comment cleared.</p>	
	<p>19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</p>	<p>DER, September 20, 2011. As explained in section B.6 of the PIF, EBRD has extensive operations and the GEF is supporting projects focusing on objectives similar to this project in the Russian Federation. Therefore, please describe the provisions the project management will take to avoid duplicative funding for the same project.</p> <p>DER, September 23, 2011. Coordination is documented. Comment cleared.</p>	
	<p>20. Is the project implementation/ execution arrangement adequate?</p>	<p>DER, September 20, 2011. Yes.</p>	
	<p>21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?</p>		
	<p>22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?</p>		
	<p>23. Is funding level for project management cost appropriate?</p>	<p>DER, September 20, 2011. Project management cost not specified. Please clarify.</p> <p>DER, September 23, 2011. Project</p>	

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Project Financing		management cost requested from GEF is zero. Comment cleared.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	DER, September 20, 2011. Please justify the high-level of spending on component 2, or as we suggest, move to the investment component. DER, September 23, 2011. Component 2 has been reduced. Comment cleared.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	DER, September 20, 2011. Please supply additional information on the local government co-financing and how it will be used. DER, September 23, 2011. Comment cleared.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	DER, September 20, 2011. a) Please clarify the expected project pipeline scope (number of projects, scale of projects) given the EBRD investment plans. DER, September 23, 2011. Details provided. Comment cleared. b) Please clarify if the EBRD co-financing is \$50M or \$51M? DER, September 23, 2011. Co-financing has been increased substantially. 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		

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	and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?	N/A	
	• Convention Secretariat?	N/A	
	• Council comments?		
	• Other GEF Agencies?	N/A	
Secretariat Recommendation			
Recommendation at PIF Stage	30. Is PIF clearance/approval being recommended?	DER, September 20, 2011. Not at this time. Please address the comments. DER, September 23, 2011. Yes, PIF is recommended. All comment cleared.	
	31. Items to consider at CEO endorsement/approval.	1) Please provide additional details on the non-grant instrument. 2) Please provide information on the sustainability of the financial mechanisms after completion of the project. 3) Please provide additional descriptions of the types of EE&RE investments that will be candidates for the funding facility. 3) Additional analysis is needed to document the scope of GHG emissions reductions from the potential EE&RE investments, and an appropriate methodology for GHG emissions reduction benefits from flare gas utilization investments. We would expect the analysis to reflect data and priorities of the Russian Federation National Communications.	

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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*		September 20, 2011
	Additional review (as necessary)		September 23, 2011
	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, September 23, 2011. Yes. a) The three proposed activities are appropriate for the project design. b) Within the proposed activities attention needs to be given to alignment of GHG emissions reduction efforts with the Russian Federation National Communications and the design of the non-grant instrument in support of the financial facility. c) Activity 4, preparation of the project document, should not be funded by the GEF. Please remove this activity.
	2. Is itemized budget justified?	DER, September 23, 2011. There is insufficient justification for the high costs of the PPG. Please supply additional justification or reduce costs.
Secretariat Recommendation	3. Is PPG approval being recommended?	DER, September 23, 2011. Not at this time. Please respond to the above comments.
	4. Other comments	
Review Date (s)	First review*	September 23, 2011
	Additional review (as necessary)	

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