



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

GEF ID:	5072		
Country/Region:	Russian Federation		
Project Title:	Transfer of Environmentally Sound Technologies for Industrial Climate Change Mitigation in the Republic of Tatarstan, Russian Federation		
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-5;		
Anticipated Financing PPG:	\$0	Project Grant:	\$10,292,500
Co-financing:	\$57,046,250	Total Project Cost:	\$67,338,750
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Franck Jesus	Agency Contact Person:	Christian Susan

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	FJ/MB - Aug 27, 2012: Yes, the Russian Federation ratified the UNFCCC on Dec 28, 1994.	
	2. Has the operational focal point endorsed the project?	FJ/MB - Aug 27, 2012: Yes, by letter dated Aug 8, 2012.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	FJ/MB - Aug 27, 2012: To be assessed once the other questions have been cleared.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	FJ/MB - Aug 27, 2012: This is a grant.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	FJ/MB - Aug 27, 2012: Yes. With its Centre for International Industrial Cooperation in the Russian Federation UNIDO can contribute the expertise of 8 highly qualified staff members to follow-up on project implementation.	
	6. Is the proposed Grant (including the		

Resource Availability	available from (mark all that apply):		
	<ul style="list-style-type: none"> the STAR allocation? 		
	<ul style="list-style-type: none"> the focal area allocation? 	FJ/MB - Aug 27, 2012: Yes. The remaining CCM allocation of the Russian Federation is \$48.8 million.	
	<ul style="list-style-type: none"> the LDCF under the principle of equitable access 		
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 		
	<ul style="list-style-type: none"> Nagoya Protocol Investment Fund 		
	<ul style="list-style-type: none"> focal area set-aside? 		
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	FJ/MB - Aug 27, 2012: Yes, however many of the project objectives seem to target focal areas beyond climate change mitigation (regulating water flows and quality, increasing climate change resilience, reduction of industrial pollution) and therefore may not justify funding by the GEF CCM allocation only. Please clarify and revise accordingly. FJ - 09 Apr 2013: Comment cleared.	
	8. Are the relevant GEF 5 focal/multifocal areas/LDCF/SCCF/NPIF objectives identified?	FJ/MB - Aug 27, 2012: Please provide greater detail in the PIF for Outcome CCM 5.2â€“ that is, hectares of forest and non-forested area restored. FJ - 09 Apr 2013: Comment cleared.	
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant	FJ/MB - Aug 27, 2012: Yes.	

	NAPA, NCSA, or NAP?		
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	FJ/MB - Aug 27, 2012: To be assessed once the other questions have been cleared.	
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>FJ/MB - Aug 27, 2012: No.</p> <p>a) For component 1, please explain why, currently, industries do not invest to improve the efficiency of their resource use. Please especially provide elements of rationale dealing with the costs and profits of considered resources (those to be used more efficiently) and investments.</p> <p>b) Since Russian Federation is an annex I country, has a GHG inventory and detailed regulation on industrial pollutions, please reconsider the necessity of output 1.1.</p> <p>c) Please clarify what type of areas will be targeted for the use of the seedlings coming from Component 2. Please also clarify the type of land use that would occur in these areas without the project and the carbon stock dynamic associated with such land use in a scenario without GEF involvement.</p> <p>d) The baseline projects seem focused on water quality, and there is only a weak link with the proposed CCM project and not enough clarity as to how these projects serve as baseline. Please make a stronger linkage and/or consider aligning the proposed project more closely with environment objectives that are different from CCM (with associated relevant funding sources).</p> <p>FI - 09 Apr 2013</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?	FJ/MB - Aug 27, 2012: To be assessed once the other questions have been cleared.	
	14. Is the project framework sound and sufficiently clear?	FJ/MB - Aug 27, 2012: No. a) The link between the two main components of the project (1 and 2) is not justified, the first focusing on improving industrial resource use efficiency and the second focusing on multiplying tree seedling annual production by 10. Please consider separating the two in two different projects or restructuring the project to ensure the implementation of each component will support and complement the other. b) Since most of Component 1 activities seem to be devoted to prioritization and training, please justify the amount of funding allocated. c) Several elements seem to indicate that Component 1 may target pollution beyond green house gases: most of the baseline co-financing listed in part II.B.1 focus on water management and pollution; the TEST method has been designed and used to deal with water pollution; the description of Component 1 considers a wide range of pollution. Although working on all these pollution issues in a single project may make sense, it would not be entirely relevant to the CCM objectives and would not	

non-climate related issues. Please consider either (i) strictly focusing the project's implementation of the TEST method on those activities that can induce clear GHG benefits, or (ii) revising the project to include other non-climate environmental objectives to be funded by other sources (if relevant, a multi-focal GEF project involving reduction of POP or mercury pollutions could be considered).

d) As presented, the success of Component 1 strictly relies on convincing industry investors that they can achieve high rates of return when investing in resource efficiency improvements and expecting them to invest based on this. However, this assumption may not be true when the cost of the considered resources (e.g. energy) is low or when more profitable investment alternatives exist. Please provide more elements of economics on these issues for the situation of Tatarstan. Please also provide justification of the achievability (in Tatarstan) of the expected "higher than 20%" return on investment.

e) Component 1, as presently designed, runs the risk of having a limited impact because of lack of economic incentives. Please consider adding activities aimed at designing and implementing an incentive scheme (e.g. pollution taxation combined with depollution subsidies) or a financial mechanism to ensure stronger sustainability of Component 1's impacts.

f) Please clarify the activities considered in output 2.3 for what is labeled

Technology". Please also explain the technical issues associated with industrial scale production of tree seedlings that require technology transfer to the state owned nurseries.

g) The aim of Component 2 is to multiply the annual tree seedlings production capacity of Tatarstan by factor of ten. Please clarify why the targeted state owned nurseries are not able, today, to increase their existing production capacity. Please also clarify what would happen to such increased production capacity once the Forest Plan objective has been achieved.

h) The method of identifying plants adapted to climate change is not explained nor is the future climate to which they need to be adapted. Please explain how adapted plants will be identified and used.

i) Please add indicators of project expected impacts for each output in the project framework table B part I.

j) Please explain the meaning of and need to identify climate-change relevant hot spots.

k) Please define the baseline Carbon content on which the Carbon storage increment estimate is based.

FJ - 09 Apr 2013:

a) Please shorten the project objective in table B to the first sentence.

b) The PIF needs either (i)to add activities supporting the implementation of adapted financial instruments for industries to access more easily funding for their resource efficiency improvements (in which case you would

instrument, its functioning, its sources of funding and those funding elements should appear in table B), or (ii) to clearly identify already existing funding sources for this type of financial support AND clarify why they are not used AND add activities to remove the barriers that impeded the use of the identified funding sources. Please revise the PIF accordingly.

c) Options of laws and regulations that the project intends to support need to be identified in the PIF and then be clearly defined and detailed at CEO endorsement stage. The current presentation is too vague.

d) The PIF indicates page 11 that the lack of experience with foreign markets due to central planning management was the main barrier for the transfer of state of the art technology to the Russian Federation especially in the agro-forestry sector. However, the business model that the project intends to support for planting material production is still based on centralized government management and procurement. This may be seen as a barrier for proper and efficient management, maintenance and upgrade of the seedling production investment the project proposes to support. This, in turn, would reduce the sustainability of the project results. A possible response to the issue could be to work on a clear separation between the state owned nurseries and the Tatarstan government, and support the design of procurement procedure open to competition with clear quality and environmental criteria.

		<p>training needs delivery institutional capacities of the Volga International Cleaner Production Centre will be strengthened to fully enable the Centre to provide these trainings. Please clarify how the identified center will cover the costs associated with the provision of the needed training once the project is completed (e.g. you may set in place a fee for stakeholders taking part in the training). Please then clarify how the project will help put in place a mechanism to ensure these costs are covered in the future.</p> <p>FJ - 11 Apr 2013: Comments cleared.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>FJ/MB - Aug 27, 2012: No. a) Please provide an approximate first estimation of the emission reduction expected by the activities of Component 1. b) Please address Q11 c) and 14 k) and take into account the carbon balance of the scenario without GEF funding when estimating the CO2 impact of Component 2. Please also provide, for this purpose, baseline information and assumptions for the CO2 e calculations.</p> <p>FJ - 09 Apr 2013: Comments 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>FJ/MB - Aug 27, 2012: Yes, The socio-economic benefits at national and local levels are described and include improved energy efficiency, reduced emissions. Also, the benefit to both genders is explained and the attention to impact of the project on gender relations was provided.</p>	

		endorsement stage.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	<p>FJ/MB - Aug 27, 2012: No. Please clarify how, when and for what the Civil society, national and international NGOs will be involved.</p> <p>FJ - 09 Apr 2013: Comments cleared.</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>FJ/MB - Aug 27, 2012:</p> <p>a) The mitigation strategy in the PIF includes adjusting the industrial scale production of planting material to "drastically changed climatic conditions". Please clarify how this will be accomplished and consider describing possible scenarios depending on climatic outcome.</p> <p>b) This question will be assessed further once the other questions have been cleared.</p> <p>c) Please evaluate the risks associated with seedling production and planting (e.g. mortality) and the means to mitigate them.</p> <p>FJ - 09 Apr 2013: Comments cleared.</p>	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>FJ/MB - Aug 27, 2012: The complementarity of the project with the various projects listed in part II.B.6 is not explained or demonstrated. Please clarify.</p> <p>FJ - 09 Apr 2013: Thank you for the clarifications. a) Please delete references to the</p>	

		<p>Technology Transfer in the Russian Federation. This project has yet to go over the GEF review and approval process and no assumptions can be made on its link with the current PIF.</p> <p>b) It is expected that, at CEO endorsement stage, details will be provided on how the project will avoid redundancy and maximize complementarity with the projects listed part II A.4.</p> <p>FJ - 11 Apr 2013: Comments cleared.</p>	
	20. Is the project implementation/ execution arrangement adequate?	FJ/MB - Aug 27, 2012: To be assessed once the other questions have been cleared.	
	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?	FJ/MB - Aug 27, 2012: Yes. The management cost represents less than 5% of project funding.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	<p>FJ/MB - Aug 27, 2012:</p> <p>a) Please fill in table D.</p> <p>b) The cofinancing for CCM5 does not appear to be clearly related to the proposed CCM5 funding. Please clarify how the baseline and co-financing relate to the project. Please then consider adjusting funding level or align outcomes and outputs more</p>	

		<p>FJ - 09 Apr 2013: a) Once Q14 b) is addressed, please review whether the row of component 3 needs to be divided in INV and TA as for component 2. b) The sum of all the co-financing listed in table C is \$6.05 million. This is not consistent with the \$57 million figure in the other tables. Please revise to ensure consistency.</p> <p>FJ - 11 Apr 2013: Comments cleared.</p>	
	<p>25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.</p>	<p>FJ/MB - Aug 27, 2012: The co-financing ratio is 1: 5.5.</p> <p>Please clarify the use of the various co-financing amounts presented since most of the baseline co-financing listed in part II.B.1 focus on water management and pollution and not GHG emission reductions.</p> <p>FJ - 09 Apr 2013: Comment cleared.</p>	
	<p>26. Is the co-financing amount that the Agency is bringing to the project in line with its role?</p>	<p>FJ/MB - Aug 27, 2012: To be assessed once the other questions have been cleared.</p>	
Project Monitoring and Evaluation	<p>27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?</p>		
	<p>28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?</p>		
Agency Responses	<p>29. Has the Agency responded adequately to comments from:</p> <ul style="list-style-type: none"> • STAP? 		
	<ul style="list-style-type: none"> - Convention Secretariat? 		

	<ul style="list-style-type: none"> • Council comments? 		
	<ul style="list-style-type: none"> • Other GEF Agencies? 		
Secretariat Recommendation			
Recommendation at PIF Stage	30. Is PIF clearance/approval being recommended?	<p>FJ/MB - Aug 27, 2012: No. Please address the above comments and restructure the project accordingly.</p> <p>FJ - 09 Apr 2013: No. Please address the above comments.</p> <p>FJ - 11 Apr 2013: Yes. The PIF has been technically cleared and may be included in an upcoming Work Program, subject to availability of resources in the GEF Trust Fund.</p>	
	31. Items to consider at CEO endorsement/approval.	<p>FJ - 11 Apr 2013:</p> <p>a) It is expected that at CEO endorsement stage, details will be provided on the laws, economic instruments and regulations whose implementation the project intends to support.</p> <p>b) It is expected that, at CEO endorsement stage, details will be provided on (i) the financial resources available for Tatarstan's industries willing to invest in resource efficiency improvement, (ii) the existing barriers limiting their access to these financial resources, and (iii) the activities the project will implement to remove these barriers and support a better access to these financial resources.</p> <p>c) At CEO endorsement stage, details are expected as to how the project will support a business model for the state-owned nurseries that is conducive to guarantee the sustainability of the</p>	

		<p>resource efficient and sustainable operation.</p> <p>d) It is expected that, at CEO endorsement stage, details will be provided on the sustainable training needs delivery systems to be set up by the project.</p> <p>e) It is expected that, at CEO endorsement stage, details will be provided on how the project will avoid redundancy and maximize complementarity with the projects listed part II A.4.</p> <p>f) At CEO endorsement stage, it is expected that the Volga International Cleaner Production will provide in-kind support as an executing agency.</p> <p>g) The CEO endorsement stage should also clarify that GEF financing will not be used for the testing of the UNIDO TEST methodology but to support the actual transfer of ESTs (testing of the UNIDO TEST methodology should be financed by UNIDO's own resources).</p>	
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*	August 27, 2012	
	Additional review (as necessary)	April 11, 2013	
	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?	FJ/MB - Aug 27, 2012: Since a major project restructuring is expected to address the above PIF comments, the PPG will have to be modified accordingly. Consequently the PPG will be reviewed after such modifications are made to the PIF.
	2. Is itemized budget justified?	FJ/MB - Aug 27, 2012: Since a major project restructuring is expected to address the above PIF comments, the PPG will have to be modified accordingly. Consequently the PPG will be reviewed after such modifications are made to the PIF.
Secretariat Recommendation	3. Is PPG approval being recommended?	FJ/MB - Aug 27, 2012: Since a major project restructuring is expected to address the above PIF comments, the PPG will have to be modified accordingly. Consequently the PPG will be reviewed after such modifications are made to the PIF.
	4. Other comments	
Review Date (s)	First review*	
	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.