



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

GEF ID:	4517		
Country/Region:	Serbia		
Project Title:	Reducing Barriers to Accelerate the Development of Biomass Markets in Serbia		
GEF Agency:	UNDP	GEF Agency Project ID:	4382 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-3; CCM-3; CCM-3; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$2,845,000
Co-financing:	\$14,000,000	Total Project Cost:	\$16,845,000
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Dimitrios Zevgolis	Agency Contact Person:	John O'Brien

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, April 26, 2011: Yes.	
	2. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	DZ, April 26, 2011: This is a grant.	
	3. Has the operational focal point endorsed the project?	DZ, April 26, 2011: Yes, by letter dated February 18, 2011.	
Agency's Comparative Advantage	4. Is the Agency's comparative advantage for this project clearly described and supported?	DZ, April 26, 2011: Yes.	
	5. Is the co-financing amount that the Agency is bringing to the project in line with its role?	DZ, April 26, 2011: UNDP is bringing 250kUSD of cash financing and 250kUSD of in-kind financing. However, the baseline project activities linked with UNDP (under Table 1) concern two activities with only 120kUSD total financing. Please clarify the discrepancy.	

*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.

		DZ, Dec 19, 2011: The UNDP cofinancing figures are updated. Comment cleared.	
	6. Does the project fit into the Agency's program and staff capacity in the country?	DZ, April 26, 2011: Yes.	
Resource Availability	7. Is the proposed GEF/LDCF/SCCF Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	DZ, April 26, 2011: Yes.	
	• the focal area allocation?	DZ, April 26, 2011: Yes.	
	• the LDCF under the principle of equitable access?	n/a	
	• the SCCF (Adaptation or Technology Transfer)?	n/a	
	• focal area set-aside?	n/a	
Project Consistency	8. Is the project aligned with the focal area/multi-focal area/ LDCF/SCCF results framework?	DZ, April 26, 2011: No. The table A outputs don't align with the CC results framework. DZ, Dec 19, 2011: Table A is updated. Comment cleared, but at CEO Endorsement stage please update the section A.1.1 according to the GEF5 strategic framework for CC.	
	9. Are the relevant GEF 5 focal area/ LDCF/SCCF objectives identified?	DZ, April 26, 2011: Yes. DZ,	
	10. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, and NCSA?	DZ, April 26, 2011: Yes.	
	11. Does the proposal clearly articulate how the capacities developed will contribute to the institutional sustainability of project outcomes?	DZ, April 26, 2011: It is not clear whether the developed capacities are expected by the baseline activities or the incremental (GEF-funded) activities. DZ, Dec 19, 2011: Comment cleared.	
	12. Is (are) the baseline project(s) sufficiently described and based on sound data and assumptions?	DZ, April 26, 2011: A lot of baseline projects, either EU-funded or current governmental activities, are mentioned, however their contribution to each	

Project Design		<p>component do not match the component descriptions. Also, the baseline projects' outputs seem so broad that it is not clear what are the remaining gaps that the incremental activities should cover.</p> <p>DZ, Dec 19, 2011: The UNDP cofinancing figures are updated. Comment cleared.</p>	
	13. Is (are) the problem(s) that the baseline project(s) seek/s to address sufficiently described and based on sound data and assumptions?	<p>DZ, April 26, 2011: Please refer to the above comment.</p> <p>DZ, Dec 19, 2011: Comment cleared.</p>	
	14. Is the project framework sound and sufficiently clear?	<p>DZ, April 26, 2011: Please refer to the following comment.</p> <p>DZ, Dec 19, 2011: Comment cleared.</p>	
	15. Are the incremental (in the case of GEF TF) or additional (in the case of LDCF/SCCF) activities complementary and appropriate to further address the identified problem?	<p>DZ, April 26, 2011: No. It is not clear at what level the baseline activities address the identified barriers and what is remaining to be covered by the incremental activities. In general, Serbia receives significant financing by the EU IPA to address the legislative, regulatory, and information barriers. Also, significant financial incentives (feed in tariffs) are in place.</p> <p>DZ, Dec 19, 2011: Clarifications are provided. GEF funding will address remaining gaps beyond the baseline activities. Comment cleared.</p>	
	16. Are the applied methodology and assumptions for the description of the global environmental benefits/adaptation benefits sound and appropriate?	<p>DZ, April 26, 2011: Direct benefits are not estimated. Indirect benefits concern the total biomass potential, but cannot be attributed to the GEF incremental activities.</p> <p>DZ, Dec 19, 2011: 40,000 tonnes of CO2e per annum is the estimated direct benefit due to the installation of 4MW RE capacity. Comment cleared.</p>	
	17. Has the cost-effectiveness sufficiently been demonstrated, including the cost-effectiveness of	<p>DZ, April 26, 2011: No. GEF funding for TA activities seems excessive, while the number of investments that are expected</p>	

	<p>the project design approach as compared to alternative approaches to achieve similar benefits?</p>	<p>to be directly supported through the component 4 is very small. In fact the grant type for component 4 is presented as TA, which creates concerns about the relevance of the funding to the investments. Finally, a lot of business plans and feasibility studies are going to be financed by the GEF, but the funding is not linked with the actual implementation of the investments, so the delivery of benefits is not secure.</p> <p>DZ, Dec 19, 2011: The project design is revised significantly in response to the above comments. Comments cleared.</p>	
	<p>18. Is there a clear description of the socio-economic benefits to be delivered by the project and of how they will support the achievement of environmental/ adaptation benefits (for SCCF/LDCF)?</p>	<p>DZ, April 26, 2011: A generic description is provided.</p>	
	<p>19. Is the role of civil society, including indigenous people and gender issues being taken into consideration and addressed appropriately?</p>	<p>DZ, April 26, 2011: Yes.</p>	
	<p>20. 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, April 26, 2011: The first three identified risks are closely related. Aren't there any financial risks that the project should address?</p> <p>DZ, Dec 19, 2011: Financial risks are identified. Comment cleared.</p>	
	<p>21. Is the provided documentation consistent?</p>	<p>DZ, April 26, 2011: Yes.</p>	
	<p>22. Are key stakeholders (government, local authorities, private sector, CSOs, communities) and their respective roles and involvement in the project identified?</p>	<p>DZ, April 26, 2011: Yes.</p>	
	<p>23. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</p>	<p>DZ, April 26, 2011: Unclear link between the project and the other ongoing projects.</p> <p>DZ, Dec 19, 2011: Comment cleared.</p>	

	24. Is the project implementation/ execution arrangement adequate?	DZ, April 26, 2011: 60 months is too long to deliver a TA focused project on awareness and promoting biomass markets, especially for a potential candidate country for EU accession. DZ, Dec 19, 2011: The focus of the project has included investments and its duration has decreased. Comment cleared.	
	25. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	26. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	27. Is the GEF/LDCF/SCCF funding level for project management cost appropriate?	DZ, April 26, 2011: No, it is too high. DZ, Dec 19, 2011: GEF PM funding is 5% of the GEF grant, net of the GEF PM funding. Comment cleared.	
	28. Is the GEF/LDCF/SCCF funding per objective appropriate to achieve the expected outcomes and outputs according to the incremental/additional cost reasoning principle?	DZ, April 26, 2011: No, it is too high. Please see comments above on design, baseline, project length, etc. DZ, Dec 19, 2011: Comment cleared.	
	29. Comment on indicated cofinancing at PIF. At CEO endorsement, indicate if cofinancing is confirmed.	DZ, April 26, 2011: The cofinancing from the baseline activities is unclear. DZ, Dec 19, 2011: Comment cleared.	
	30. Is the budget (GEF/LDCF/SCCF funding and co-financing) per objective adequate to achieve the expected outcomes and outputs?	DZ, April 26, 2011: No, it is too high. Please see comments above on design, baseline, project length, etc. DZ, Dec 19, 2011: Comment cleared.	
	31. Has the Tracking Tool been included with information for all relevant indicators, as applicable?	n/a	
Project Monitoring and Evaluation	32. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		

Agency Responses	33. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	34. Is PIF clearance/approval being recommended?	<p>DZ, April 26, 2011: Not in the current form. The proposal needs major redesign. It would be more efficient and cost -effective to link the GEF funding directly with the implementation of specific investments, maybe through an investment grant mechanism. Please take note of the comments that have been provided for other biomass proposals for Eastern European countries and the relevant discussions with the GEFSEC.</p> <p>DZ, Dec 19, 2011: PIF clearance is recommended. At CEO Endorsement please consider the items under Box 35.</p>	
	35. Items to consider at CEO endorsement/approval.	<p>(i) An evaluation of the reasons why the existing activities have not managed to address the barriers to the development of the market should be provided.</p> <p>(ii) The supply chain activities of the demonstration should be clearly analyzed based on existing input, techniques, means of collection and transportation, and their costs.</p> <p>(iii) During the project preparation please involve all the relevant ministries and authorities (not only the Ministry of Environment) in order to reach an agreement of which is the most appropriate agency to promote the use of renewables, including biomass, and to manage relevant funding. Since Serbia is a potential candidate state for accession to the EU, it should consider a scheme that is compatible with the European experience and acquis.</p> <p>(iv) The reasoning for the form of GEF</p>	

		<p>financing is expected to be enhanced through the PPG process. At this stage the GEF funding for biomass power plants in the form of a non-grant instrument cannot be excluded (for the reasons already discussed: the development of good feasibility studies and technical designs can be addressed with targeted TA, while the provision of grants to address equity gaps is not a sustainable solution). At the CEO Endorsement stage, we expect to see the incremental cost analysis that justifies the form and the level of the GEF funding for the investment activities (grant or non-grant), based on the foreseen costs (supported by market data) for the selected biomass plants.</p> <p>(v) Replication activities are expected to involve specific sustainable instruments for investment support.</p>	
Recommendation at CEO Endorsement/ Approval	36. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	37. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	April 26, 2011	
	Additional review (as necessary)	December 19, 2011	
	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.

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	DZ, Dec 19, 2011: Please revise the project preparation activities according to the comments under Box 35.
	2. Is itemized budget justified?	DZ, Dec 19, 2011: Total PPG budget seems reasonable, however it will be reassessed after the redesign of the project preparation activities.
Secretariat Recommendation	3. Is PPG approval being recommended?	
	4. Other comments	
Review Date (s)	First review*	December 19, 2011
	Additional review (as necessary)	

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