

GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS¹

Country/Region: Sierra Leone
 Project Title: Sierra Leone: SPWA-CC Promoting Mini Grids Based on Small Hydropower for Productive Uses in Sierra Leone
 GEFSEC Project ID: **3937**
 GEF Agency Project ID: GEF Agency: UNIDO
 GEF Focal Area (s): Climate Change
 GEF-4 Strategic Program (s): CC-3;
 Anticipated Project Financing (\$): PPG:\$60,000 GEF Project Allocation: \$1,758,182 Co-financing:\$29,992,068 Total Project Cost:\$31,810,250
 PIF Approval Date: April 24, 2009 Anticipated Work Program Inclusion: June 24, 2009
 Program Manager: Dimitrios Zevgolis GEF Agency Contact Person: Mr. Rana P. Singh

Review Criteria	Questions	Secretariat Comment at PIF/Work Program Inclusion ²	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes, Sierra Leone signed the Climate Change Convention on 11 February 1993.	DZ, March 31, 2011. Yes
	2. If there is a non-grant instrument in the project, check if project document includes a calendar of reflows and provide comments, if any.		DZ, March 31, 2011. No non-grant instrument.
	3. Has the operational focal point endorsed the project?	Yes, by letter on 9 February 2009.	DZ, March 31, 2011. The original endorsement letter was signed by Stephen Syril James Jusu, Director of Environment, on February 9, 2009.
	4. Which GEF Strategic Objective/ Program does the project fit into?	It fits into the Strategic Program in Promoting Market Approaches for Renewable Energy.	DZ, March 31, 2011. CC-SP3, Renewable Energy
	5. Does the Agency have a comparative advantage for the project?	This is a TA/investment project and UNIDO has a comparative advantage for TA/Capacity Building interventions for market approaches for renewable energy.	DZ, March 31, 2011. Yes.
Resource Availability	6. Is the proposed GEF Grant (including the Agency fee) within the resources available for (if appropriate):		

¹ Some questions here are to be answered only at PIF or CEO endorsement. Please do not answer if the field is blocked with gray.

² Work Program Inclusion (WPI) applies to FSPs only. Submission of PIF of FSPs will simultaneously be considered for WPI. For MSPs, once the PIF is approved by CEO, next step will be to continue project preparation until the project is ready for CEO approval.

	• The RAF allocation?	Yes, Sierra Leone is a country in the group and cannot access more than US\$3.50m in GEF4. So far no other CC project in the country during GEF4 has been approved.	DZ, March 31, 2011. Yes. The request of \$1,758,182, plus PPG of \$60,000, plus agency fees of \$175,818 and \$6,000, for a total of \$2M is included in the RAF-4 utilization allocation for Sierra Leone.
	• The focal areas?	Yes.	DZ, March 31, 2011. Yes.
	• Strategic objectives?	N/A	DZ, March 31, 2011. N/A
	• Strategic program?	N/A	March 31, 2011. N/A
Project Design	7. Will the project deliver tangible global environmental benefits?	The project will deliver direct benefits linked with the implementation of a 2MW small-hydro plant. Also it will have indirect benefits due to its replication effect.	
	8. Is the global environmental benefit measurable?		DZ, March 31, 2011. Yes. The project will help construct a 10 MW small hydro power plant which will yield annual emission reductions of approximately 35 kton CO ₂ e. The cumulative reductions will be approximately 500 ktons CO ₂ e over the 15 year life of the equipment. The figures in Annex C, for direct emissions match the writeup on page 14. But the figures on page 11 appear to have a typo and seem to mix direct and indirect emissions claims. Neither writeup on page 11 or page 14 includes a figure for indirect emissions. Please summarize the direct and indirect emissions calculations from Annex C on page 18-19 in Section H. Please correct any other use of the figures on pages 11 and 14 or consolidate. AL, Aug 29, 2011: Indirect emission reductions are presented to 770 720 tCO ₂ during the 15 years life time of the technology. Comment addressed.
	9. Is the project design sound, its framework consistent & sufficiently clear (in particular for the outputs)?	The project consists of an investment component and 3 TA components. The outputs of these components concern the building of capacity in the country for the development of SHP mini-grids and the	Please take care that the GEF funding is linked to investments with global environment benefits. DZ, March 31, 2011. Please address these

		<p>demonstration of an application of this technology.</p>	<p>questions about the project design.</p> <p>a) Component 2. This is the bulk of the project and combines TA and Investment. Please clarify the size and the use of GEF funding for each of the project activities. The size of the unit (10 MW) has changed from the PIF. Please explain how the size of the unit was set and whether this size of unit is appropriate for replication.</p> <p>AL, Aug 29, 2011: The INV part of component 2 is specified to 1,377,982. Comment addressed.</p> <p>b) Components 1, 3, 4. These components are logical and important. The expected outputs from each component are quite extensive considering the small amount of financing. There is some overlap of outputs. For example 1.4 duplicates 4.3. 1.2 seems similar to 3.3. Both components 3 and 4 describe "financing mechanisms," but there is no clarity about what would be the format of these expected financial mechanisms and how they will be financed and sustainable. Please clarify if all of these expected outputs can really be achieved and consolidate if needed.</p> <p>Under Component 1, international traveling of "selected stakeholders" is not eligible for GEF funding.</p> <p>AL, Aug 29, 2011: 3.5 and 4.4 are still a bit similar but overall, comment is addressed.</p> <p>c) Component 3. What kind of support programme is planned in 3.5? Will there be sustainable government funding for the financial assistance portion of this</p>
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		<p>programme? Please clarify. Please explain how the support programme is linked with the assumptions in Annex C for indirect benefits. Please note that training for development of industrial operations is not eligible for GEF funding.</p> <p>AL, Aug 29, 2011: Comment addressed.</p> <p>d) Component 4: The review of policy documents should have been completed during project preparation. Also, please clarify whether the activities of this component concern the construction and the operation of the direct investment of the project.</p> <p>AL, Aug 29, 2011: Comment addressed.</p>
10. Is the project consistent with the recipient country's national priorities and policies?	Yes, it is consistent with medium-term energy plan drawn by the government.	DZ, March 31, 2011. Yes.
11. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	Yes, the project is consistent with other RE-based mini-grids projects proposed for other countries in West Africa, and it will liaise with these specific activities under the coordination mechanism of the GEF Programmatic Approach for West Africa led by UNIDO.	DZ, March 31, 2011. Yes.
12. Is the proposed project likely to be cost-effective?	As long as the project will catalyze the development of SHP plants in the country, then it will be cost-effective.	
13. Has the cost-effectiveness sufficiently been demonstrated in project design?		DZ, March 31, 2011. Yes.
14. Is the project structure sufficiently close to what was presented at PIF?		<p>DZ, March 31, 2011. Yes, it is close.</p> <p>a) We remain concerned that new outputs, 3.5 and 4.4, have been added but the budgets for components 3 and 4 are level or reduced from the PIF. Please explain how all these outputs can be accomplished.</p> <p>b) At the PIF stage, a 2 MW SHP pilot</p>

			<p>project required \$4.5M in financing; at this stage, a 10 MW SHP pilot project requires \$30M in financing. Please explain how the cost estimate was developed and how the co-financing matches the budget estimate in Chapter Eight of the feasibility report. On page 37 of the project document, a cost of \$21M is shown for the equipment and structure. Another entry on that page uses \$31.75M. Please explain the full cost of the facility and compare to other 10 MW facilities under the SPWA. See box 22 for a similar question.</p> <p>DZ, Jan 13, 2012: Clarification provided. Comment cleared.</p>
	15.Does the project take into account potential major risks, including the consequences of climate change and includes sufficient risk mitigation measures?	Yes, major risks are identified and the project design is adapted to them.	DZ, March 31, 2011. Yes.
Justification for GEF Grant	16.Is the value-added of GEF involvement in the project clearly demonstrated through incremental reasoning?	GEF involvement will facilitate the demonstration of the small hydropower technology in the rural areas of the country and it will address the barriers to more widespread use of it.	<p>DZ, March 31, 2011. Not clearly. Please address the project design comments.</p> <p>AL, Aug 29, 2011: Comment addressed.</p>
	17.Is the type of financing provided by GEF, as well as its level of concessionality, appropriate?		DZ, March 31, 2011. This is a grant.
	18.How would the proposed project outcomes and global environmental benefits be affected if GEF does not invest?		DZ, March 31, 2011. Without the GEF investment, development of small hydro-power installations would be delayed due to lack of institutional and regulatory structures. This would result in greater reliance on fossil fuels for electrification leading to greater emissions of GHG.
	19.Is the GEF funding level of project management budget appropriate?	PM GEF funding is equal to 8.5% of the total GEF funding, and 30% of the total PM budget.	DZ, March 31, 2011. Yes. GEF Project management funding is \$49,000, which is 2.7% of the total GEF funding and 9% of the total program management budget.

	<p>20. Is the GEF funding level of other cost items (consultants, travel, etc.) appropriate?</p>		<p>March 31, 2011. Local consultant rates are very reasonable. International consultant rates are \$3,500 per week. Please include documentation that these rates are consistent with UN Rates for Sierra Leone.</p> <p>AL, Aug 29, 2011: No documentation is provided.</p> <p>DZ, Jan 13, 2012: Comment cleared.</p>
	<p>21. Is the indicative co-financing adequate for the project?</p>	<p>It seems adequate for a 2MW small-hydro plant and mini-grid. A detailed financial plan with confirmed co-financing from all sources is expected at the CEO endorsement stage.</p>	
	<p>22. Are the confirmed co-financing amounts adequate for each project component?</p>		<p>DZ, March 31, 2011. To be confirmed. Please specify the level of in-kind and cash cofinancing for each source.</p> <p>a) Consistent with the comments in box 8, please clarify if each components 1, 3, and 4 have adequate co-financing. AL, Aug 29, 2011: Comment addressed.</p> <p>b) Please clarify the investment needs for the 10 MW pilot facility and relate that to each of the co-financing commitments. AL, Aug 29, 2011: Comment addressed.</p> <p>c) The EU co-financing letter for \$16.4M is missing, only the EBID letter for \$10M is included. The Ministry of EWR and WP co-financing letters are missing. The private sector co-financing not supported by any co-financing letters.</p> <p>AL, Aug 29, 2011: Only Minister Davidson's letter is attached. In his letter he confirms EU co-financing commitment and states that efforts will be made to secure further (private sector?) co-financing.</p>

			DZ, Jan 13, 2012: Cofinancing letters are provided. Comment cleared.
	23.Has the Tracking Tool ³ been included with information for all relevant indicators?		DZ, March 31, 2011. Yes, however some things need to be explained. Also, resubmit in excel format. a) Please justify the cumulative co-financing realized and additional resources mobilized on page 1. b) On page 3, please make a note of the lifetime estimate used for the GHG emissions. c) The targets for the TA components do not comply with the ambitious targets expressed in the description of the project components. AL, Sept 6, 2011: Comment addressed.
	24.Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		DZ, March 31, 2011. Yes.
Secretariat's Response to various comments from:	STAP		DZ, March 31, 2011. The comments at the PIF stage were adequately addressed.
	Convention Secretariat		N/A
	Agencies' response to GEFSEC comments		DZ, March 31, 2011. The comments at the PIF stage were adequately addressed.
	Agencies' response to Council comments		DZ, March 31, 2011. The comments at the PIF stage were adequately addressed.
Secretariat Decisions			
Recommendation at PIF	25. Is PIF clearance being recommended?	PIF clearance is recommended.	
	26.Items worth noting at CEO Endorsement.		
Recommendation at CEO Endorsement	27. Is CEO Endorsement being recommended?		DZ, March 31, 2011. Not yet. Please address the review comments. We

³ At present, Tracking Tools apply to Biodiversity projects only. Tracking Tools for other focal areas are currently being developed.

			<p>recommend to consult with the GEFSEC before resubmitting the CEO Endorsement Request.</p> <p>AL, Sept 6, 2011: Not yet. Please review comment under #22 and provide documentation to justify consultancy rates.</p> <p>DZ, Jan 13, 2012: CEO Endorsement is being recommended.</p>
Review Date	1 st review		March 31, 2011
	2 nd review		September 06, 2011
	3 rd review		January 13, 2012

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	Yes.
	2. Is itemized budget justified?	The budget per activity is rational.
	3. Is the proposed GEF PPG Grant (including the Agency fee) within the resources available under the RAF/Focal Area allocation?	xxPPGResorcesxx
	4. Is the consultant cost reasonable?	Yes.
Recommendation	5. Is PPG being recommended?	PPG is recommended.
Other comments		
Review Date	1 st review	
	2 nd review	
	3 rd review	