

## GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS<sup>1</sup>

Country/Region: Solomon Islands  
 Project Title: Solomon Islands: SB Development of Community-based Renewable Energy Mini-Grids  
 GEFSEC Project ID: **4284**  
 GEF Agency Project ID: 122937 (World Bank) GEF Agency: World Bank  
 GEF Focal Area (s): Climate Change  
 GEF-4 Strategic Program (s): CC-3;CC-4;  
 Anticipated Project Financing (\$): PPG:\$0 GEF Project Allocation:\$946,750 Co-financing:\$5,864,288 Total Project Cost:\$6,811,038  
 PIF Approval Date: July 08, 2010 Anticipated Work Program Inclusion:  
 Program Manager: Ming Yang GEF Agency Contact Person: Mr. Tendai GREGAN

Review Criteria	Questions	Secretariat Comment at PIF/Work Program Inclusion <sup>2</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Solomon Islands ratified the UNFCCC on 28/12/94.	MY 7/24/2013 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.		MY 7/24/2013 Not applicable.
	3. Has the operational focal point endorsed the project?	Yes. Rence Sore, OFP, Ministry of Environment, Conservation & Meterology, \$ 1 Million incl. PPG and Fees, March 10, 2010.	MY 7/24/2013 Yes.
	4. Which GEF Strategic Objective/ Program does the project fit into?	This project fits into the "CC-3 - Promoting market approaches for renewable energy" program of GEF-4 and not CC-2 as mentioned in Part II. Section C of the PIF.	MY 7/24/2013 Not at this time. In Table A on page 1 of the CEO Endorsement, please revise the focal area objectives into CCM-3 and CCM-4.  For more information on the focal area objectives in GEF-4 Climate

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

<sup>2</sup> 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.

		<p>Please state the GEF-4 Strategic Program on the cover of the PIF. Please include the name of the Parent Program/Umbrella Project (GPAS) at the foreseen place of the PIF template.</p> <p>[3rd review] comments addressed. CC-3 and CC-4</p>	<p>Change focal area, please see the council document: GEF/C.31/10 "Focal Area Strategies and Strategic Programing for GEF-4".</p> <p>MY 11/14/2013 Cleared.</p>
	5. Does the Agency have a comparative advantage for the project?	Yes.	<p>MY 7/24/2013 Yes.</p>
Resource Availability	6. Is the proposed GEF Grant (including the Agency fee) within the resources available for (if appropriate):		
	• The RAF allocation?	Climate Change allocation \$3,300,000, utilization \$891,000, pipeline \$0, Available \$2,409,000	<p>MY 7/24/2013 Yes.</p> <p>Solomon Islands : Climate Change Maximum allocation in RAF: \$3,300,000, utilization \$891,000, pipeline \$0, Available \$2,409,000, P.M. Recommended \$0, Net available including "P.M. Recommended" PIFs \$2,409,000</p>
	• The focal areas?	Yes.	<p>MY 7/24/2013 Yes.</p>
	• Strategic objectives?	n/a	<p>MY 7/24/2013 Not at this time.</p> <p>Table A on page 1 is not consistent with Table B, Table C and the text of the CEO endorsement. The Focal Area Objectives appear to be a mix of GEF-4 and GEF-5. Please revise Table A in line with GEF-4 objectives.</p> <p>MY 11/14/2013 Cleared.</p>
	• Strategic program?	n/a	<p>MY 7/24/2013 n/a</p>

Project Design	7. Will the project deliver tangible global environmental benefits?	Indirect GHG emission reductions are estimated to be 40 tCO <sub>2</sub> e/a. [3rd review] No specific background information is provided. Full calculation of direct and indirect GEB according to GEF rules is expected as CEO endorsement.	
	8. Is the global environmental benefit measurable?		MY 7/24/2013  Yes, because renewable power generation assets will be installed to replace fossil fuel power generation assets.  The project is estimated to mitigate 1 million tonnes of CO <sub>2</sub> equivalent (CO <sub>2</sub> e).
	9. Is the project design sound, its framework consistent & sufficiently clear (in particular for the outputs)?	As described by the document, the gap of the SEFP is limited access to technical services for communities to develop financially viable projects. This can be translated into a gap of financial support for additional TA. It is not clear why this project proposal requests additional financing for investments under component 1 as the financial mechanisms are already in place under the SEFP.  The project framework mentions that at least two communities will be trained and that the capacity and knowledge barriers to rural RE systems will be reduced. Further, the document specifies the TA provided to the at least	MY 7/24/2013 Not at this time.  Please see comments in Box 4.  In addition, please put quantitative targets in Table B. Examples include the number of connection agreement templates and policies that will be developed through the project, and the length of 415 V of power distribution network that the project will achieve. These numbers are in the text (for example, the length of the network is shown on page 33) but do not appear in Table B.  MY 11/14/2013 Cleared.

		<p>two selected communities.</p> <p>It is unclear how the intensive capacity building activities provided to the at least two selected communities served by the project solve the lack of technical capacity (including O&amp;M) and know-how on financially viable project development in other communities of the country.</p> <p>The project document states, that CBSI will receive training that will enable them to identify and assist communities to finance and implement community-based projects. Yet, according to the PAD, the SEFP is already supposed to provide TA to the financial institutions to "strengthen the capacity of local financial institutions to service clients borrowing to purchase Solar PVs, pico-hydros or fuel switching equipment." Please specify how any kind of double financing will be prevented.</p> <p>[3rd review] The project framework and reasoning have been revised. The project seems well designed and addresses the issues stated.</p>	
	10.Is the project consistent with the recipient country's national	Yes.	MY 7/24/2013 Yes.

	priorities and policies?		
	11. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	Yes. Ongoing GEF-funded projects (SEFP) and others (SISEP, Tina River Hydro Project) will be taken into account. The WBG chaired mechanism of the Pacific Energy Development Partner Working Group is supposed to share information with the explicit aims of avoiding duplication of effort and developing synergies.	MY 7/24/2013 Yes.
	12. Is the proposed project likely to be cost-effective?	The mini-grids will represent the least-cost electricity supply systems for the communities in which they will be built.	
	13. Has the cost-effectiveness sufficiently been demonstrated in project design?		MY 7/24/2013 Yes.
	14. Is the project structure sufficiently close to what was presented at PIF?		MY 7/24/2013 Yes.
	15. Does the project take into account potential major risks, including the consequences of climate change and includes sufficient risk mitigation measures?	Risks such as rising sea levels, tsunamis, equipment failure, financial losses etc. have been addressed.	MY 7/24/2013 Not at this time. Please take into account project risks from climate change. Climate change will affect water flow volumes in rivers where hydropower plants will be built. In addition, extreme weather caused by climate change may affect wind power facilities on the islands. Please address these risks.  MY 11/14/2013  The issue was addressed but it was not recorded in the agency response sheet. Next time, please list all revisions in the sheet which responses to GEF SEC's comments.

			<p>MY 3/10/2014 Cleared</p>
<p>Justification for GEF Grant</p>	<p>16. Is the value-added of GEF involvement in the project clearly demonstrated through incremental reasoning?</p>	<p>The value-added of the GEF funding is to quickly respond to clearly-defined barriers so as to make the most out of opportunities for communities to get financing available with the support of the SEFP project for mini-grid renewable energy investments. This "just-in-time" barrier removal is expected to significantly increase the likelihood of achieving increased adoption and use of renewable energy technologies.</p>	<p>MY 7/24/2013 Not at this time. The project baseline assumed that "near 100% of power generation in country sourced from diesel fuel oil". This might no longer be accurate. The following are a few information sources showing that Solomon Island will quickly develop renewable power for its residents in the forthcoming years without GEF funding. The baseline assumption may cause over-estimation of the value-added by the GEF's incremental cost. Please take into account renewable power development naturally without GEF intervention when setting up the project baseline.</p> <p>Information sources on renewable development in Solomon Islands: Solomon Islands could go near 100% renewable with geothermal <a href="http://reneweconomy.com.au/2013/solomon-islands-could-go-near-100-renewable-with-geothermal-25317">http://reneweconomy.com.au/2013/solomon-islands-could-go-near-100-renewable-with-geothermal-25317</a></p> <p>Solomon Islands Solar Power Project For rural Solomon Island villages reliant on kerosene lamps, a solar power project was just the thing to light their way. By Robert Freling August/September 1998</p> <p>Read more: <a href="http://www.motherearthnews.com/renewable-energy/solar-power-project-zmaz98aszraw.aspx#ixzz2a0Ai0Tn9">http://www.motherearthnews.com/renewable-energy/solar-power-project-zmaz98aszraw.aspx#ixzz2a0Ai0Tn9</a></p> <p>International Renewable Energy Agency's Projection TARGETS: 50% of electricity generation from renewables by 2015 <a href="http://www.irena.org/REmaps/countryprofiles/pacific/SolomonIslands.pdf">http://www.irena.org/REmaps/countryprofiles/pacific/SolomonIslands.pdf</a></p> <p>MY 11/14/2013 Not at this time. Comments were not addressed and responded. Please revise the baseline and GEF financing scenarios, and incremental reasoning (page 9 in the MSP Approval Request document) to address the above point.</p> <p>MY 3/10/2014 Cleared</p>

	17. Is the type of financing provided by GEF, as well as its level of concessionality, appropriate?	In general grant financing for TA and investment support to demonstration projects is deemed appropriate.	MY 7/24/2013 Yes.
	18. How would the proposed project outcomes and global environmental benefits be affected if GEF does not invest?		MY 7/24/2013 Without the GEF/WB project, the achievement of global environmental benefits will be delayed since the country does not have appropriate policy and regulatory arrangements to speed up the development of renewable power.
	19. Is the GEF funding level of project management budget appropriate?	PM share is 6.5% for GEF funding. Overall PM is 3.7%.	MY 7/24/2013 Yes.  The project management cost is budgeted at \$46,750, 5.2% of the subtotal GEF funding, which is acceptable.
	20. Is the GEF funding level of other cost items (consultants, travel, etc.) appropriate?		MY 7/24/2013 Yes.
	21. Is the indicative co-financing adequate for the project?	Ratio GEF:Co-financing is 1:2.25. Indicative co-financing stems mainly from private sector, further details unknown.	
	22. Are the confirmed co-financing amounts adequate for each project component?		MY 7/24/2013 Yes. Also, the total co-financing amount is \$6,004,000, including \$ 5,504,000 cash and \$500,000 in-kind. The ratio of GEF\$:Co-financing\$ is 1:6.34.
	23. Has the Tracking Tool <sup>3</sup> been included with information for all relevant indicators?		MY 7/24/2013 Yes.
	24. Does the proposal include a budgeted M&E Plan that monitors and measures results with		MY 7/24/2013 Yes.

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

	indicators and targets?		
Secretariat's Response to various comments from:	STAP		MY 3/10/2014 Not applicable.
	Convention Secretariat		MY 3/10/2014 Not applicable.
	Agencies' response to GEFSEC comments		MY 3/10/2014 All comments were addressed.
	Agencies' response to Council comments		MY 3/10/2014 Not applicable.
<b>Secretariat Decisions</b>			
Recommendation at PIF	<b>25. Is PIF clearance being recommended?</b>	<p>Project is not recommended in its current form. Please address comments above.</p> <p>[2nd review] As the title says, the project aims to provide additional financing to an existing GEF-funded WB/IFC project: the Sustainable Energy Financing Project (SEFP), approved since 2007 with GEF funding of \$9.48mn. According to the latest PIR of the initial project, its status is in general unsatisfactory, but is said to have some progress in Solomon Islands. The cost of \$0.9mn for TA only seems inappropriate high.</p> <p>PIF not recommended for further development.</p> <p>[3rd review] The project has been revised</p>	



		<p>significantly and the comments by GEF Sec have been addressed. PIF approval is recommended by PM.</p> <p>MY 7/24/2013</p> <p>Please revise comments in Box 4 and revise the PIF accordingly.</p>	
	<p>26.Items worth noting at CEO Endorsement.</p>	<p>[3rd review] Please define "community" in the context of Solomon Islands and elaborate on the selection criteria for the participating communities.</p> <p>Please specify the sources of co-financing and how communities will have access to the financial support from SEFP and other donors.</p> <p>Please elaborate on the role of CBSI as recipient and provider of training. Please elaborate on the institutions or bodies that will provide the capacity building to the communities and how it is envisaged that this capacity building will be available to other communities outside the scope of this particular project, e.g. under the SEFP.</p> <p>The project concept indicated 3 possible technologies for demonstration (PV, hydro,</p>	

		<p>biomass), please include feasibility studies and cost-benefit-analysis for these technologies.</p> <p>We assume that the "at least 2 communities" approach is a very conservative one and expect concrete numbers at CEO endorsement. Further we would like to see a clear, sustainable replication plan for the rest of the communities of the islands.</p> <p>Please clearly split components between INV and TA and the according budget.</p> <p>MY 7/24/2013: Please provide more detailed calculation of CO2 emission mitigation in CEO endorsement.</p>	
<p>Recommendation at CEO Endorsement</p>	<p><b>27. Is CEO Endorsement being recommended?</b></p>		<p>MY 7/24/2013 Not at this time.</p> <p>Please address comments in Boxes: 4, 6, 9, 15, and 16.</p> <p>MY 11/14/2013</p> <p>Not at this time. Please address comments in Box 16.</p> <p>Please read the comments in Box 15 for future actions. In the next submission, please respond to each of the comments in the review sheet with clear indication of Box numbers.</p> <p>Please revise the title in the MSP Approval request document to "development of Community-based Renewable Energy Mini-Grids".</p>

			<p>Please get a formal letter from the AusAID (the letter signed by AusAID) for the US\$1 million co-financing. An email text message is not acceptable.</p> <p>Please recall that the co-financing amount from IDA was SDR2.5 million according to its letter in 2008. Per the exchange rate of the IMF on November 14, 2013, SDR2.5 million was equivalent to approximately US\$3.8 million, not US\$4.0 million. If the IDA's co-financing is still SDR2.5 million in 2013, the Agency needs to change the co-financing amount and revise the project tasks accordingly.</p> <p>Please ask the Agency Coordinator to sign and date in the MSP Approval Request document (page 44).</p> <p>MY 3/10/2014 All comments were addressed.</p>
Review Date	1 <sup>st</sup> review	June 16, 2010	July 24, 2013
	2 <sup>nd</sup> review	June 22, 2010	November 14, 2013
	3 <sup>rd</sup> review	June 25, 2010	March 10, 2014

### REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	MY 3/10/2014 Not applicable.
	2. Is itemized budget justified?	MY 3/10/2014 Not applicable.
	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?	MY 3/10/2014 Not applicable.
Recommendation	<b>5. Is PPG being recommended?</b>	MY 3/10/2014

		Not applicable.
Other comments		
Review Date	1 <sup>st</sup> review	
	2 <sup>nd</sup> review	
	3 <sup>rd</sup> review	

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