



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

GEF ID:	<b>4344</b>		
Country/Region:	<b>Timor Leste</b>		
Project Title:	<b>Promoting Sustainable Bio-energy Production from Biomass</b>		
GEF Agency:	<b>UNDP</b>	GEF Agency Project ID:	<b>4250 (UNDP)</b>
Type of Trust Fund:	<b>GEF Trust Fund</b>	GEF Focal Area (s):	<b>Climate Change</b>
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	<b>CCM-3; CCM-3; CCM-3; Project Mana;</b>		
Anticipated Financing PPG:	<b>\$0</b>	Project Grant:	<b>\$1,743,000</b>
Co-financing:	<b>\$7,020,000</b>	Total Project Cost:	<b>\$8,763,000</b>
PIF Approval:	<b>March 13, 2012</b>	Council Approval/Expected:	<b>June 01, 2012</b>
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	<b>Dimitrios Zevgolis</b>	Agency Contact Person:	<b>Faris Khader</b>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes, Timor Leste is a NAI party of the UNFCCC.	
	2. Has the operational focal point endorsed the project?	Yes, by letter dated August 27, 2010.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	The project is identified as a set of TA and capacity building interventions and UNDP is acknowledged to have a comparative advantage for such interventions.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	No non-grant instrument in the project.	

\*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

<sup>1</sup> Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated 11-22-2010

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	<p>5. Does the project fit into the Agency's program and staff capacity in the country?</p>	<p>The project fits into the Agency's program for the country. The project will be managed by the UNDP-TL's Poverty Reduction and Environment Unit. The agency should provide specific details for the capacity of the staff of this unit to follow up the implementation of the project.</p> <p>AL/DZ, 13 April, 2011: Comment addressed. Since the UNDP Timor Leste operates in a DEX modality, please clarify whether there is going to be a fee paid by the GEF project grant for the services of the UNDP CO.</p> <p>AL/DZ, 19 Dec, 2011: Will the project be executed directly by UNDP (DEX modality)? If so, please remove any GEF funding for project management and resubmit the PIF.</p> <p>DZ, Dec 27, 2011: According to the resubmission the project will be executed directly by UNDP (DEX modality). Please remove any GEF funding for project management and resubmit the PIF.</p> <p>DZ, Jan 10, 2012: Comment cleared.</p>	
Resource Availability	<p>6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):</p>		
	<ul style="list-style-type: none"> <li>• the STAR allocation?</li> </ul>	<p>Yes. This proposal concerns the whole CC allocation for the country.</p>	
	<ul style="list-style-type: none"> <li>• the focal area allocation?</li> </ul>	<p>Yes.</p>	

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	<ul style="list-style-type: none"> <li>the LDCF under the principle of equitable access</li> </ul>	N/A	
	<ul style="list-style-type: none"> <li>the SCCF (Adaptation or Technology Transfer)?</li> </ul>	N/A	
	<ul style="list-style-type: none"> <li>Nagoya Protocol Investment Fund</li> </ul>		
	<ul style="list-style-type: none"> <li>focal area set-aside?</li> </ul>	N/A	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	Yes, the results framework is aligned with the CC focal area results framework. Regarding the specific CC objectives, please refer to the next comment.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	<p>The CCM-1 and CCM-3 objectives are identified as relevant. The CCM-1 objective cannot be considered as relevant since the technologies to be supported are proven and available and the project aims their wide-scale dissemination. Also, the project does not identify a mechanism of technology cooperation and transfer.</p> <p>AL/DZ, 13 April, 2011: Comment is addressed and appropriate FA objectives specified.</p>	
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	Yes.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	Capacity building activities for the relevant institutions are identified under the Component 3, however it is not clearly described how these activities	

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		<p>will be linked with the policy making activities, so as to enhance the ownership by the relevant institutions, and how these capacities are additional to those already developed or expected to be developed by other parallel projects in the country. In this case, please link these activities of other parallel projects with the baseline project.</p> <p>AL/DZ, 13 April, 2011: Comment addressed. Regarding the level of capacities developed, please refer to the relevant project design comment.</p>	
Project Design	<p>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>	<p>We expect a clear description of the project that would take place without GEF funding. If there are activities that are supported by other parallel projects, please provide a clear description of their outcomes, so as to support the justification of the incremental activities to be supported by the GEF (please see comment 15).</p> <p>AL/DZ, 13 April, 2011: Five projects are identified "as constituting the baseline projects that will be subsumed into the proposed project." Firstly, it is not clear whether the financing for these five projects is included in the cofinancing plan; only the NGO Haburas financing is mentioned - will the first pilot briquette manufacturing unit in the country mentioned as output</p>	

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		<p>of this NGO project is the same with the expected output of Component 3?  Secondly, if these are the baseline projects, why aren't the PV project outputs included in the GEF project outputs?  Also, the cofinancing for the components 1 is 600,000 USD and according to the response it concerns activities "on BET development which will be financed primarily through micro-finance schemes, including a UNDP/UNCDF program implemented with the Ministry of Economy and Development." Please clarify; are these UNCDF project and the micro-finance schemes investment activities? If so, then they should merge with the baseline investment activities under component 2.</p> <p>AL/DZ, 19 Dec, 2011: We note changes in the project design and deem comments addressed.</p>	
	<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?</p>		
	<p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?</p>	<p>The section B.2 should present the incremental activities funded by the GEF, whose mandate is to fund "the full cost of incremental activities". This should be based on a description of activities/outputs of the project and of their itemized cost. Specifically:</p>	

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		<p>1. Project component 1: Outputs 1.1 and 1.2 seem too general; doesn't the project focus on biomass technologies? Also, there is no follow-up activity linked with output 1.1; a review of tech transfer regulations should be input for some action. Also, output 1.4 and 2.5 are similar; they should merge. Please, also specify how the project will financially support these mechanisms and incentives (GEF funding and baseline funding), and clarify how financial institutions are involved, since they are not included in the cofinancing and implementation scheme.</p> <p>2. Project component 2: Outputs 2.6 and 3.1 are similar; they should merge. Also, this component is characterized as a TA component, but it refers clearly to the implementation of investments; please describe the investment activities as a separate project component.</p> <p>3. Project component 3: According to the description of the just completed "Participatory Rural Energy Development Programme," the aim of that program was "to build capabilities for planning, implementing and managing rural energy systems... create a favorable atmosphere for rural energy development and planning by supporting the establishment of an institution and supporting structures at various levels." Since the GEF project will build on that program, please provide a clear description of the level of the achievements of that project in</p>	

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		<p>relevance to its planned outcomes (regarding the policy development and capacity building), in order to justify the incremental activities to be funded by the GEF.</p> <p>AL/DZ, 13 April, 2011: Regarding component 2, please break it down to two separate components, the one with the TA activities, and the other with the investment activities (as permitted by the GEF PIF template). Also, according to the agency's response the GEF funding will be directed only to TA and capacity building activities. This is not acceptable; already a lot of GEF funding is earmarked for TA and capacity building activities under the other two components. The bulk of the GEF funding can be utilized more cost-effective to develop extra investments, beyond those provided by the baseline projects that have been shared.</p> <p>Regarding component 3, it is not clear who are the other targeted stakeholders (of the "wider marketplace") of the output 3.1, beyond those of the output 2.6 (FIs, business entrepreneurs). It should be noted that entrepreneurs are also targeted by the output 3.5. In any case, it is more cost-effective to merge all the capacity building activities in one project component.</p> <p>It should be noted that the according to the agency response the PREDP project had limited impact in capacity building</p>	

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		<p>and the development of relevant policies, however its original description was much more ambitious, and in fact it coincided with the expected outcomes by the proposed project. Given that, the proposed project fails to explain why the previous project didn't manage to achieve its ambitions, and how the proposed project will mitigate the reasons for the limited achievements of the previous project.</p> <p>AL/DZ, 19 Dec, 2011: We note changes in the project design, components are adjusted to recommendations. Comments addressed.</p>	
	14. Is the project framework sound and sufficiently clear?	AL/DZ, 19 Dec, 2011: Yes	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	<p>There is no information on how the expected benefits (170,000 tonnes of CO2 emissions to be avoided directly) are linked with the actual investment on technologies.</p> <p>AL/DZ, 13 April, 2011: Comment not addressed. Even indicative estimates should be based on a methodology and assumptions; please provide them.</p> <p>AL/DZ, 19 Dec, 2011: Comments addressed. We expect the CEO endorsement request to provide clear and explicit calculations and estimations.</p>	



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	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>Socio-economic benefits are definitely expected due to the nature of the project and the current situation in the country, however the analysis provided is very general.</p> <p>AL/DZ, 13 April, 2011: Comment addressed.</p>	
	17. Is public participation, including CSOs and indigenous people, taken into consideration, their role identified and addressed properly?	<p>Two NGOs, one local and one international, will have a role in the project.</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>Risks are identified, and their mitigation relies on strong emphasis on management, capacity development of project staff, and the M&amp;E plan. It should be noted that it is dubious how good management can be expected when the project recognizes the need for capacity development at the level of project staff.</p> <p>AL/DZ, 13 April, 2011: Haven't the same risks and mitigation measures applied for the past UNDP project (PREDP)? How are the lessons learned from the implementation of that project reflected in the design and the risk mitigation activities of the proposed project?</p> <p>AL/DZ, 19 Dec, 2011: Comment addressed. We note that the proposed project will build upon the PREDP and hopefully ensure a more sustainable project implementation.</p>	

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	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>This is not clear. Please, clarify which activities under the section B.6 are part of the baseline project or part of the cofinancing plan, and how they are part of the project.</p> <p>AL/DZ, 13 April, 2011: Comment addressed.</p>	
	20. Is the project implementation/ execution arrangement adequate?	<p>This is not clear. There are three executing partners, led by the State Secretariat for Energy Policy. Please clarify the execution arrangement for each component.</p> <p>AL/DZ, 13 April, 2011: Will the project be executed directly by UNDP (DEX modality)? Please clarify.</p> <p>DZ, Dec 27, 2011: Clarified; the project will be executed by UNDP.</p>	
	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?	<p>Yes.</p> <p>AL/DZ, 19 Dec, 2011: If the project is executed directly by UNDP (DEX modality), project management costs cannot be funded by the GEF. If so, please remove any GEF funding for project management and resubmit the PIF.</p>	

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		<p>DZ, Dec 27, 2011: Since the project will be executed directly by the the GEF Agency, please comply with the guidance received by the GEFSEC, remove any GEF funding for project management and resubmit the PIF.</p> <p>DZ, Jan 10, 2012: Comment cleared.</p>	
	<p>24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?</p>	<p>The level of GEF funding is not justified. Since this is a TA project, and other initiatives in parallel contribute to the same objectives.</p> <p>AL/DZ, 13 April, 2011: Such high funding only for TA activities is not justified. Please redesign the project according to the project design comments.</p> <p>AL/DZ, 19 Dec, 2011: We note changes in the project design and deem comments addressed.</p>	
	<p>25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.</p>	<p>No. Government co-financing should be justified in relevance to the governmental budget forecasts. Also, clarify whether and how the private sector financing is linked with the investments to be implemented by the project.</p> <p>AL/DZ, 13 April, 2011: Comment partially addressed; please clarify the cofinancing from the baseline projects listed in page 4 of the PIF.</p> <p>AL/DZ, 19 Dec, 2011: We note changes</p>	

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		in the project design and deem comments addressed.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	UNDP is bringing a grant of 350k and in-kind contribution of 220k. It is unclear how this money is used in the project. Please explain how this amount is linked with activities described under the section C.2.  AL/DZ, 13 April, 2011: Comment addressed.	
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 and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	<b>30. Is PIF clearance/approval being recommended?</b>	AL/DZ, 13 April, 2011: No.  AL/DZ, 19 Dec, 2011: PIF clearance will be recommended after clarifying the issue of the executing modality and the relevant adjustment in project management funding.  DZ, Dec 27, 2011: PIF clearance will be recommended after the adjustment in project management funding according	

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		to the GEFSEC guidance.  DZ, Jan 10, 2012: PIF clearance is recommended.	
	31. Items to consider at CEO endorsement/approval.	AL/DZ, 19 Dec, 2011: At CEO Endorsement please also address the following issues: a. The sustainability of the project activities (i.e. the operation of BET full-scale model beyond the end of the project). b. The provision of analytical data and assumptions to justify the incremental cost of the project activities. c. The analytical estimation of the global environment benefits of the project.	
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?		
	<b>33. Is CEO endorsement/approval being recommended?</b>		
Review Date (s)	First review*	September 21, 2010	
	Additional review (as necessary)	April 13, 2011	
	Additional review (as necessary)	December 19, 2011	
	Additional review (as necessary)	January 10, 2012	
	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?	AL/DZ, 19 Dec, 2011: The first PPG activity involves issues that should have been addressed at PIF preparation; capacity and gap analysis and evaluation of lessons learned is required before proposing such a project, while the agency has significant experience in the country and must have this information available.  DZ, Mar 15, 2012: Clarifications have been provided. Comment cleared.
	2. Is itemized budget justified?	AL/DZ, 19 Dec, 2011: The high number of international consultancy weeks seem unjustified given the available capacity of the agency in Timor Leste. Please decrease the amount of the requested PPG.  DZ, Mar 15, 2012: The amount of the PPG has been decreased. Comment cleared.
Secretariat Recommendation	<b>3. Is PPG approval being recommended?</b>	AL/DZ, 19 Dec, 2011: PPG approval is not recommended.  DZ, Mar 15, 2012: PPG approval is being recommended.
	4. Other comments	
Review Date (s)	First review*	December 19, 2011
	Additional review (as necessary)	March 15, 2012

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