



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

GEF ID:	5536		
Country/Region:	Turkmenistan		
Project Title:	Energy Efficiency and Renewable Energy for Sustainable Water Management in Turkmenistan		
GEF Agency:	UNDP	GEF Agency Project ID:	4947 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Multi Focal Area
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-1; CCM-2; LD-1;		
Anticipated Financing PPG:	\$150,000	Project Grant:	\$6,185,000
Co-financing:	\$29,300,000	Total Project Cost:	\$35,635,000
PIF Approval:		Council Approval/Expected:	November 01, 2013
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Franck Jesus	Agency Contact Person:	Marina Olshanskaya

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 ?	FJ/CCM - 19 Aug 2013: Yes. Turkmenistan ratified the UNFCCC on 5 June 1995. UA/LD - Yes.	
	2. Has the operational focal point endorsed the project?	FJ - 19 Aug 2013: Yes, by letter dated 4 April 2013.	
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	<ul style="list-style-type: none"> • the STAR allocation? • the focal area allocation? 	FJ/CCM - 19 Aug 2013: Yes. The remaining GEF CCM allocation	

*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.

FSP/MSP review template: updated January 2013

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		<p>is \$5.4 million. The project proposes to use \$5.35 million of this allocation.</p> <p>UA/LD - Yes for LD STAR resources.</p>	
	<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"> • the Nagoya Protocol Investment Fund 		
	<ul style="list-style-type: none"> • focal area set-aside? 		
Strategic Alignment	<p>4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF results framework and strategic objectives? <i>For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track progress toward achieving the Aichi target(s).</i></p>	<p>FJ/CCM - 19 Aug 2013: Yes.</p> <p>UA/LD - Yes.</p>	
	<p>5. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?</p>	<p>FJ/CCM - 19 Aug 2013: a) Please address the consistency and complementarity of the project with Turkmenistan's Technology Needs Assessment (TNA). b) Please also clarify how the project will avoid overlapping with the planned UNEP supported new TNA (approved GEF project #4948).</p> <p>UA/LD - Yes for UNCCD NAP alignment.</p> <p>FJ - 28 Aug 2013:</p>	

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		Cleared	
Project Design	6. 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/CCM - 19 Aug 2013:</p> <p>a) The baseline project involves significant investment by the Ministry of Water Resources in new and necessarily upgraded irrigation systems. By their nature, these investments will be much more energy efficient than the old replaced equipment. Therefore, the PIF must do a better job of explaining the problems to be addressed beyond the baseline in order to justify incremental reasoning. See box 7.</p> <p>b) Please clarify why the PIF indicates paragraph 9 that water is wasted for power generation (since water used by power generation is usually not considered as "consumed").</p> <p>FJ - 28 Aug 2013: Cleared</p>	
	7. Are the components, outcomes and outputs in the project framework (Table B) clear, sound and appropriately detailed?	<p>FJ/CCM - 19 Aug 2013:</p> <p>a) Please clarify whether the project includes activities to secure the financing of sub-sectoral TNA recommendations or consider adding activities to do so.</p> <p>b) The project proposes to support the development of university level educational curricula. Please clarify why GEF financial support is needed for that activity and how this activity will contribute to the expected GHG emissions reduction. The inclusion of this activity in the project may have to be reconsidered.</p> <p>c) Please note that the preparation of feasibility studies and business plans for</p>	

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		<p>investments is usually accounted as Investment in Table B.</p> <p>d) Please clarify what is meant by "complex modernization" for the first outcome of Component 2.</p> <p>e) Please clarify how the project will ensure the replicability of its approach to EE improvement in Turkmenistan's irrigation systems. Please clarify in particular how the continuation and replication of the following activities will be ensured beyond project implementation: energy audits, energy efficiency baseline setting, financing of EE&RE measures, development and implementation of O&M plans, establishment of 'Know your irrigation system' programs, and the various associated trainings.</p> <p>f) Please clarify what is meant by EMS in paragraph 22.</p> <p>g) Please clarify and/or strengthen the link of component 3 with the rest of the project.</p> <p>h) Please clarify whether the zones considered for component 3 and the same as those for component 2.</p> <p>i) Please clarify how the project will ensure the continuation and replication of the proposed RE investments beyond project implementation, in particular in terms of financing.</p> <p>j) As indicated in the initial informal review, agricultural non-CO2 emissions are likely much more important in terms of GHG emissions than energy related emissions. Please consider including activities that can reduce such emissions</p>	

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		<p>(e.g. by improving nitrogen fertilization thus reducing its use and the related N2O emissions).</p> <p>k) Please also clarify how the project will ensure that its supported activities leading to increased agricultural and livestock productivity do not lead to increased CH4 or N2O emissions.</p> <p>l) Please clarify what is meant by "national program for integrated energy/water/land management" under component 4. What would be the content of such program? What would be its aim? Would the project support include the implementation and enforcement of the program?</p> <p>m) Please clarify what is the current situation for the enforcement of energy use standards.</p> <p>n) Please clarify the type of state financial support scheme the project will design for de-centralized RE-solutions. Please make sure that the project will support its implementation and not only its design. Please also clarify how activities of component 3 will make use of such scheme.</p> <p>o) In component 2, the description of incremental reasoning for the investment component is inadequate. The PIF must describe clearly what the GEF \$2 million of grant funding will buy compared to the planned co-financing by the Ministry of Water Resources which can be presumed as baseline. There is no investment in new irrigation equipment that will not already be more energy efficient than its replacement, so the idea of "Prioritized</p>	

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		<p>EE/RE irrigation technologies demonstrated at selected large-scale pump scheme (cca 6,000 ha of irrigated lands)" does not pass the incremental reasoning test. Please identify a better use of the GEF investment resources of \$2M that will deliver energy efficiency benefits beyond what can be achieved through the baseline investment alone, and justify the incremental reasoning. For example, the GEF funding could be used as a performance incentive to be awarded to one of several plants that achieves the highest improvement in energy savings.</p> <p>UA/LD - Please clarify whether the new technologies mentioned in component 3 (such as solar powered wells) will have negative effects on the water source, in particular groundwater management.</p> <p>FJ/CCM - 28 Aug 2013: a) to d) Cleared e) Please clarify how the project will support sustained resources devoted to improving EE in main irrigation systems beyond project duration. The proposed activities on standards and audit, enforcement are clear, but the PIF would need clarifications on the financing sustainability for the activities on EE improvement in the main irrigation systems. f) Cleared g) In search of sustainable financial means supporting changes in agricultural</p>	

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		<p>practices, please check if there are agricultural subsidies (or subsidies on fertilizers) since modifying those subsidies may prove very effective to get sustained incentives to further deploy low-GHG practices in agriculture.</p> <p>h) Cleared</p> <p>i) The proposal of a prototype for RE incentive scheme under component 3 is very interesting. Please consider including something similar for the support provided to EE improvement in irrigation and N2O emission reduction in the main irrigation areas.</p> <p>j) to o) Cleared</p> <p>p) Please clarify how the project will sustain the activities enabling to take into consideration water resources issues after project completion.</p> <p>FJ - 29 Aug 2013: All comments cleared.</p>	
	<p>8. (a) Are global environmental/adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?</p>	<p>FJ/CCM - 19 Aug 2013: No. Please address see Q7 o) and revise the GHG benefits calculation accordingly.</p> <p>UA/LD - GEBs for LD have been identified in general terms but will need to be specified and quantified latest at CEO endorsement (in the document as well as through the tracking tools).</p> <p>FJ/CCM - 28 Aug 2013: Thanks for the revisions. You may want to check the emission factor. 1.8tCO2/MWh seems way too high for</p>	

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		<p>electricity production. The IEA figure may include blast furnace gas emissions from industries that produce their own electricity. This may not than go on the grid.</p> <p>FJ - 29 Aug 2013: Comment cleared.</p>	
	<p>9. 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>10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?</p>	<p>FJ/CCM - 19 Aug 2013: Yes.</p>	
	<p>11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience)</p>	<p>FJ/CCM - 19 Aug 2013: a) Please clarify how the project will avoid situations where the early involvement of Grundfos in the project could limit access to alternative competitive technology and service providers. b) Please clarify how Chevron, as co-financer, is planning to communicate on the project and whether they would communicate on GEF involvement.</p> <p>FJ - 29 Aug 2013: Comments cleared.</p>	
	<p>12. Is the project consistent and properly coordinated with other related initiatives in the country</p>	<p>FJ/CCM - 19 Aug 2013: a) The PIF mentions that the investment sub-component of component 2 will be</p>	

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	or in the region?	<p>co-financed by, among others, the Adaptation Fund. Please clarify since (i) the Adaptation is usually covering the full cost of its project activities and (ii) there could be an overlapping in this case.</p> <p>b) Please clarify the complementarity of the PIF compared to the other considered co-financers.</p> <p>FJ/CCM - 28 Aug 2013: a) Cleared b) To be detailed at CEO endorsement stage, especially regarding the complementarity and non-redundancy with EU financing.</p>	
	<p>13. Comment on the project's innovative aspects, sustainability, and potential for scaling up.</p> <ul style="list-style-type: none"> • Assess whether the project is innovative and if so, how, and if not, why not. • Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience. • Assess the potential for scaling up the project's intervention. 	<p>FJ/CCM - 19 Aug 2013: Please clarify the project's innovative aspects, sustainability, and potential for scaling up.</p> <p>FJ - 29 Aug 2013: Comment cleared.</p>	
	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		

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	15. Has the cost-effectiveness of the project been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar benefits?		
Project Financing	16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?	<p>FJ - 19 Aug 2013: The co-financing of Component 4 is very low. This may be interpreted as the expression of a low commitment of the Turkmenistan's government to the policy, regulatory modifications and financial mechanism considered in component 4. Please clarify and adjust.</p> <p>FJ - 29 Aug 2013: Comment cleared.</p>	
	17. <u>At PIF</u> : Is the indicated amount and composition of co-financing as indicated in Table C adequate? Is the amount that the Agency bringing to the project in line with its role? <u>At CEO endorsement</u> : Has co-financing been confirmed?	<p>FJ - 19 Aug 2013: Please address Q16.</p> <p>FJ - 29 Aug 2013: Comment cleared.</p>	
	18. Is the funding level for project management cost appropriate?	<p>FJ - 19 Aug 2013: a) The level of GEF requested project management cost funding is 5.1 %, above the 5% limit for project above \$2 million. Please adjust. b) The co-financing level of the project management cost is much lower than the overall co-financing ratio of the project. Please increase the co-financing for project management cost.</p> <p>FJ/CCM - 28 Aug 2013:</p>	

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	19. <u>At PIF</u> , is PPG requested? If the requested amount deviates from the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? <u>At CEO endorsement/ approval</u> , if PPG is completed, did Agency report on the activities using the PPG fund?	FJ - 19 Aug 2013: The PPG requested amount is in line with the norm and project design needs.	
	20. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?	FJ - 19 Aug 2013: The project is a grant	
Project Monitoring and Evaluation	21. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	22. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• The Council?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	24. Is PIF clearance/approval being recommended?	FJ - 19 Aug 2013: No. Please address the above comments. FJ - 29 Aug 2013: The project is technically cleared and	

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		may be considered for inclusion in a future work program.	
	25. Items to consider at CEO endorsement/approval.		
Recommendation at CEO Endorsement/ Approval	26. Is CEO endorsement/approval being recommended?		
	First review*	August 19, 2013	
Review Date (s)	Additional review (as necessary)	August 28, 2013	
	Additional review (as necessary)	August 29, 2013	

* **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.**