



GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS THE GEF/LDCF/SCCF TRUST FUND

GEF ID:	9752		
Country/Region:	Niue		
Project Title:	Accelerating Renewable Energy and Energy Efficiency Applications in Niue (AREAN)		
GEF Agency:	UNDP	GEF Agency Project ID:	6037 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-6 Focal Area/ LDCF/SCCF Objective (s):	CCM-1 Program 1;		
Anticipated Financing PPG:	\$150,000	Project Grant:	\$3,321,563
Co-financing:	\$16,400,000	Total Project Cost:	\$19,721,563
PIF Approval:		Council Approval/Expected:	November 01, 2017
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Masako Ogawa	Agency Contact Person:	Manuel L. Soriano

PIF Review			
Review Criteria	Questions	Secretariat Comment	Agency Response
Project Consistency	1. Is the project aligned with the relevant GEF strategic objectives and results framework? ¹	MO March 6 2017 Yes. The proposed project is aligned with CCM1 Program 1.	
	2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	MO March 6, 2016 Please include the following information in the PIF: a) How does the project propose to align with and contribute to implementation of the INDC, including reference to specific measures or activities in the INDC that will be addressed by the project	a. The project, which will enable the achievement of the energy access, sustainable energy, and green growth targets of Niue, builds on the country's NDC and the Niue Strategic Energy Road Map (NiSERM), which is also the main basis of the country's Nationally Determined Contributions (NDC). This GEF project, which is expected to bring

¹ 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 the project's contribution toward achieving the Aichi Target(s)?

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		<p>activities? b) When was the INDC submitted to the UNFCCC?</p> <p>MO April 6 2017 Comments cleared.</p>	<p>about an alternative scenario of increased share of RE in the country's power generation mix, includes actions that will contribute to the eventual implementation of relevant sustainable energy initiatives identified and promoted in the country's NiSERM and NDC.</p> <p>The country's main mitigation contribution, as per its NDC and in line with its climate resilience approach to reduce dependence on imported fossil fuels, is by increasing the % RE electricity generation to 38% by 2020, and 80% by 2025. The facilitation of the achievement of these targets is part and parcel of the objective of this proposed GEF project. To realize this objective, the project will address the current barriers/problems that hinder the achievement of the NiSERM/NDC targets. Among the proposed actions to facilitate this is addressing the present grid instability problems in the country inasmuch as the %RE electricity target is premised on the resolution of the current grid instability stability problems that are experienced when grid-connected RE-based power generation units come online. To assist in the achievement of the %RE electricity target, the proposed project will also facilitate the increased application of energy efficiency</p>

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			<p>technologies and techniques in the energy end-use sectors of the country (residential, commercial and government) to bring about reduced electricity demand. As stated in the PIF, each project component (with their respective specific outcome, outputs and indicative activities) is intended to bridge the current gaps (due to barriers) in achieving the NISERM and NDC targets.</p> <p>b. Niue submitted its INDC to the UNFCCC on 28 October 2016, which is also the same date the country ratified the Paris Agreement. Its INDC is now referred to as its NDC.</p>
Project Design	<p>3. Does the PIF sufficiently indicate the drivers² of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?</p>	<p>MO March 6 2017 Yes. Niue has he target to achieve 80% renewable energy (RE) generation by 2025. However, it needs to address the current instability problems on the utility grid with the integration on RE-based power generation. There are also policy, institutional, financing and technology barriers to overcome. The proposed project will address these barriers and develop financial instruments with the Niue</p>	

² Need not apply to LDCF/SCCF projects.

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		Development Bank.	
	4. Is the project designed with sound incremental reasoning?	<p>MO March 6, 2017 Niue is participating in the regional project by UNEP (GEF ID 4000) on policies and financial schemes on energy efficiency and renewable energy . Please provide incremental and additional cost reasoning in addition to this current GEF project. Please also explain how this proposed project will coordinate with the UNEP regional project.</p> <p>MO April 6 2017 Comments cleared.</p>	<p>The relevant activity in Niue under this regional project is the establishment and operationalization of a US\$ 80k Low Carbon Fund (LCF) to promote renewable energy and energy efficiency in Niue targeting private sector. The fund is operated by the Niue Development Bank (NDB). The Treasury administers and disburses the funds for the LCF. The LCF operation is still ongoing. The proposed GEF project will build on the experiences gained and lessons learned from this LCF. The financing schemes that will be developed will take into account the experiences of the NDB in its operation of the LCF and from its other lending schemes for businesses and private individuals. The design of the financing schemes in Component 3 activities will be in collaboration with the NDB.</p>
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	<p>MO March 6 2017 (1) Please explain how component 1 and 2 are implemented in integrated manner. Appropriate institutional arrangement and coordination should be planned as an important of part of policy and regulatory implementation. (2) Please explain if enough local entrepreneurial activities and businesses are available in Niue to support component 2. (3) Please articulate if the applicable</p>	<p>(1) The energy planning, energy policy making and implementation activities under Component 1 of the project will be carried out by specific entities in the Niuean government. Since this is on energy, the lead agency will be the Department of Utilities, of the Ministry of Infrastructures – the designated implementing partner for this project. All energy matters in the country have been under this government department. Currently, the energy planning and</p>

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		<p>and feasible low carbon technologies in component 3 will be supported by the financial scheme developed through component 2.</p> <p>(4) Please move dissemination activities (3) and (4) from component 4 to component 5, as they are duplicating component 5 activities (3).</p> <p>(4) Please consider to moving (1) energy audit system and (2) database system from component 5 to component 1, as they support energy policy implementation and its improvement.</p> <p>(5) Please improve the cost-efficiency of the proposed project. The current expected GEBs is very low.</p> <p>(6) This proposed project is the 5th UNDP project in the Pacific SIDS on RE and EE. This has also very similar components with the previous projects (e.g. Vanuatu). Please articulate how this project will be benefited from the other SIDS projects and vice versa.</p> <p>MO April 6 2017 (1)-(4) and (6) comment cleared. (5) comment cleared. During PPG phase, please improve cost-efficiency and increase GEBs.</p>	<p>energy project implementation activities in the country are within their purview, but not fully coordinated with other sectoral agencies. Since policy making and policy implementation have to go hand in hand, establishing the appropriate institutional framework for energy matters will improve cooperation and collaboration in the achievement of the NiSERM targets. The current institutional arrangement in regards energy is currently not conducive to promoting and enforcing sustainable energy and low carbon development in the country. It used to be the Department of Utilities that is responsible for electricity generation and distribution, since the Niue Power Corporation (NPC) was under them. Now NPC is a separate private sector entity whose business is the commercial generation and distribution of electricity in the country. NPC may, as a corporate policy, still continue generating electricity using the existing diesel engines, and may not consider increasing their RE-based power generation assets.</p> <p>For the proposed GEF project to adequately address these two inter-related issues, the implementation of the relevant activities of Components 1 and 2 will have to be carried out in parallel to ensure a well-coordinated and integrated</p>

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			<p>tackling of the policy and regulatory barriers, and to come up with the appropriate institutional arrangements to implement and enforce the policies and regulations. For example, the assessments of the existing energy policies and regulations can be done together with the review of the institutional arrangements for the implementation of energy and infrastructure plans and programs. Discussions on the proposed policies and regulations shall involve all the relevant entities in the government, as well as in the private sector and civil society. The energy-integrated development planning will be done after the policies and regulations concerning energy development and utilization have been put in place and the designated institutional framework for such exercise have been established. Basically, the approach is to set up the necessary policies and regulations; then the implementation framework and mechanisms are established; and the actual enforcement of the policies/regulations is carried out by those entities designated in the institutional arrangements. The entities responsible for the policing, monitoring and impact assessment of the implementation of the policies/regulations are also delineated in</p>

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			<p>the institutional arrangements. Findings and recommendations from these entities are then used in either maintaining or revising/enhancing the policies/regulations.</p> <p>(2) Component 2 is on addressing institutional barriers and will focus more on setting up the appropriate arrangements/mechanisms for the implementation of energy-related policies, regulations and projects/programs in the country. It will involve all the entities in the country (government and non-government) that have concerns in the supply, production, distribution and consumption of energy. Local entrepreneurial activities and businesses to support the activities in Component 2 would be more on consultancy services in the area of energy planning, policy making and management. This capacity is something that resides within the government although such capacity presently need further enhancements to be able to support the drive towards achieving the NiSERM targets. It is actually not clear if the comment of the reviewer really refers to Component 2. Perhaps the comment actually refers to Component 3. The recent initiative towards supporting public-private-partnerships (PPP) in the country somehow manifest</p>

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			<p>that there are competencies/capabilities in the private sector that the government is tapping in the provision of its services to the citizenry. Such latent capacities in the private sector may be developed to enable the provision of outsourced services from the private sector to the GON in the operation, repair and maintenance installed RE-based energy systems, as well as EE infrastructures.</p> <p>(3)The plan, based on the discussions with consumers and the Niue Development Bank (NDB), is to support the financing of RE-based equipment and EE appliances. These are among those mentioned in the initial list of low carbon technologies in Component 3. Hence, part of the proposed activities in Component 3 will be the design, setting-up and operationalization of a suitable financing scheme for the purchase (and possibly installation) of such technologies. While there are consumers that are aware of the benefits of utilizing these technologies, the first cost involved is something that prevents consumer investments in the application of such technologies. Also, the local appliance suppliers carry limited stock of EE appliances and RE-based equipment (e.g., solar home systems, solar water heaters) due to concerns about sales of these items. The main apprehension is</p>

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			<p>that no one or only very few people will buy them. The planned financing scheme, which will build on the current consumer lending scheme of the NDB, will encourage consumers to buy such appliances/equipment. In that case, the local suppliers has expressed interest in bringing in and stocking such appliances and equipment in the local market.</p> <p>(4)The publications and information dissemination in Component 4 are on the energy performance and impact assessments of the demonstrations that will be implemented under the project. Those in Component 5 are on the results and outputs of the capacity development activities and other project outputs. Considering the suggestion to merge these activities, then the development, operationalization and maintenance of an energy technology database, which will be a repository of data and information on low carbon technology applications in the country, will be proposed as an activity under Component 5. This database will supplement the established and operational information exchange network for the promotion and dissemination of knowledge on sustainable energy and LC development. As replacement, the piloting of the energy supply and consumption monitoring and reporting will be</p>

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			<p>implemented under Component 4.</p> <p>Since Component 5 is mainly for addressing the capacity development and information needs of the country on sustainable energy and low carbon development, it would be better to have this component comprise of activities that will deliver the tools/systems and information sources that will be used for the purposes of energy policymaking, energy planning, and energy project design and development. Hence, it would be logical to have the energy audit system, and energy supply and consumption database be developed under this component. Together with the energy technology system, and the information exchange network, these tools/systems and databases can then be used by the Department of Utilities and the other designated entities in the established institutional framework in Component 2 in national energy policymaking, energy-integrated development planning, energy management and energy project design and development.</p> <p>(5)It actually depends on the attribution of the resulting CO2 emission reductions. The country's NDC estimated an average annual GHG emission reduction of 1,200 tons CO2e if by 2020</p>

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			<p>the RE electricity share is 38%. Based on a trend analysis of historical annual power generation data from the NPC, this assumes about 5% annual power generation growth in the country. The historical data shows about an average of 2.4% increase in annual power generation. At 5% annual growth and 38% RE electricity share in 2020, the GHG emission reduction is about 110,200 tons CO₂ (direct and consequential). To be conservative, a 50% attribution to the GEF project was assumed. Hence, the 55,100 tons indicated in the PIF. The country's ongoing program on encouraging Niue citizens living abroad to return to the country is expected to result in an increase in the number of building constructions and consequently electricity demand. With these potential development situation in the country, and the % EE improvement and resulting energy savings that will be facilitated by the proposed GEF project, it is possible that a higher magnitude of potential GHG emission reductions can be attributed to the GEF project. For the sake of informing on the potential GHG emission reductions, the stated amount in the PIF has been changed to 110,200 tons CO₂.</p> <p>Furthermore, if the low carbon and EE</p>

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			<p>technology capacity building and awareness raising interventions of the project will also influence the residential, commercial and government sectors to carry out energy conservation and energy efficiency initiatives in the use of transport vehicles, GHG emission reductions from such initiatives can perhaps also be partly attributed to the GEF project.</p> <p>(6) This somehow reflects the similar circumstances that many of the SIDS in the Pacific region are in, and the common issues that they have, in their efforts to develop and utilize their RE resources and efficiently use the energy they need for their sustainable development. As in the other RE/EE projects in the Pacific Island Countries, this project also includes the setting up of an information exchange network for the promotion and dissemination of knowledge on sustainable energy and LC development. As in those other projects, the purpose of such network is for knowledge sharing, not only within the country but also with other Pacific Island Countries and other SIDS. With such network, data/information on lessons learned and best practices in the application of low carbon development techniques and practices, as well as implementation of sustainable energy</p>

PIF Review

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			and low carbon technologies specifically in small island settings, can be obtained from other PICs and SIDS, and applied to specific situations and localities in the country.
	6. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered?	MO March 6, 2017 Yes.	
Availability of Resources	7. 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? 	MO March 6 2017 The remaining STAR of Niue are \$500,000 for BD, \$2,000,000 for CC and \$1,301,361 for LD. This proposed project requests \$500,000 from BD, \$2,000,000 from CC and \$1,300,000 from LD, and still \$1,361 is remaining. Please use all STAR for this project. MO April 6 2017 Comment cleared.	The total GEF contribution to the project has been adjusted to include the additional US\$ 1,361 from the country's LD STAR allocation.
	<ul style="list-style-type: none"> • The focal area allocation? 	NA	
	<ul style="list-style-type: none"> • The LDCF under the principle of equitable access 	NA	
	<ul style="list-style-type: none"> • The SCCF (Adaptation or Technology Transfer)? 	NA	
	<ul style="list-style-type: none"> • Focal area set-aside? 	NA	
Recommendations	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	MO March 6 2017 Not at this time. Please address the comments in box 2, 4, 5 and 7.	

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		MO April 6, 2017 All comments cleared. The Program Manager recommends PIF clearance. During PPG phase, please improve cost-efficiency and increase GEBs.	
Review Date	Review	March 06, 2017	
	Additional Review (as necessary)	April 06, 2017	
	Additional Review (as necessary)		

CEO endorsement Review			
Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
Project Design and Financing	1. If there are any changes from that presented in the PIF, have justifications been provided?		
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?		
	3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?		

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
	4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)		
	5. Is co-financing confirmed and evidence provided?		
	6. Are relevant tracking tools completed?		
	7. <i>Only for Non-Grant Instrument:</i> Has a reflow calendar been presented?		
	8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?		
	9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
	10. Does the project have descriptions of a knowledge management plan?		
Agency Responses	11. Has the Agency adequately responded to comments at the PIF ³ stage from:		
	• GEFSEC		
	• STAP		

³ If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
	<ul style="list-style-type: none"> • GEF Council • Convention Secretariat 		
Recommendation	12. Is CEO endorsement recommended?		
Review Date	Review		
	Additional Review (as necessary)		
	Additional Review (as necessary)		