Terminal Evaluation Review form, GEF Independent Evaluation Office, APR 2015

1. Project Data

Summary project data			
GEF project ID		2624	
GEF Agency project ID		523295	
GEF Replenishment Phase		GEF-3	
Lead GEF Agency (include all for joint projects)		World Bank/International Finance Corporation (IFC)	
Project name		China Utility-Based Energy Efficiency Finance Project (CHUEE)	
Country/Countries		China	
Region		Asia	
Focal area		Climate Change	
Operational Program or Strategic Priorities/Objectives		OP 5, SP CC1, and SP CC-2	
Executing agencies involved		Not given	
NGOs/CBOs involvement		None provided	
Private sector involvement		Financial institution partners: Bank of Beijing, Industrial Bank, Shanghai Pudong Development Bank, ABC	
CEO Endorsement (FSP) /Approval date (MSP)		March 10, 2006	
Effectiveness date / project start		December 2006	
Expected date of project completion (at start)		December 31, 2012	
Actual date of project completion		December 31, 2012	
Project Financing			
		At Endorsement (US $M)	**At Completion (US $M)[1]**
Project Preparation Grant	GEF funding		
	Co-financing		
GEF Project Grant		16.5	NA
Co-financing	IA own	41.5[2]	NA
	Government		
	Other multi- /bi-laterals	3	NA
	Private sector		
	NGOs/CSOs		
Total GEF funding		16.5	NA
Total Co-financing		44.5	NA
Total project funding (GEF grant(s) + co-financing)		61	NA
Terminal evaluation/review information			
TE completion date		December 19, 2012	
Author of TE		Not given	
TER completion date		1/5/2016	
TER prepared by		Laura Nissley	
TER peer review by (if GEF IEO review)		Molly Watts	

[1] Unable to decipher GEF financing and co-financing at completion from the table provided in the TE (pgs. 9-10).
[2] $40 million investment in the Risk Sharing Facility (RSF) was expected to be committed by the IFC (in addition to contributions for technical assistance and project management) (PD pg. 84).

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF IEO Review
Project Outcomes	NR	S	--	MS
Sustainability of Outcomes	NR	NR	--	L
M&E Design	NR	NR	--	MS
M&E Implementation	NR	NR	--	MU
Quality of Implementation	NR	S	--	UA
Quality of Execution	NR	NR	--	UA
Quality of the Terminal Evaluation Report	--	--	--	U

3. Project Objectives

3.1 Global Environmental Objectives of the project:

The Global Environmental Objectives of the project are not explicitly stated as such in the Project Document (PD) or Terminal Evaluation (TE). However, the PD indicates that the overall goal of the project is to "reduce emissions of GHGs in the delivery of energy services in China" (PD pg. 7).

3.2 Development Objectives of the project:

The Development Objectives of the project were to "create effective, commercially sustainable delivery mechanisms for systematically developing, implementing and financing EE [energy efficiency] projects, via partnerships with: (i) private sector energy utilities to act as the lead marketing partners, facilitators and aggregators for EE projects; (ii) FIs [financial institutions] to provide the local financing to EE projects; (iii) EE Suppliers to supply equipment and engineering services; (iv) end-users to purchase EE equipment and services. An additional objective of the Project is to develop the capacities of these key market actors—utilities, EE Suppliers; and FIs—to develop, implement and finance EE projects and replicate Project methods on an on-going commercially sustainable basis" (TE pg. 1).

3.3 Were there any **changes** in the Global Environmental Objectives, Development Objectives, or other activities during implementation?

Neither the Global Environmental Objectives nor Development Objectives were formally changed during implementation. However, the project moved away from working with private sector energy utilities as envisioned in the program design. The impact evaluation of the project, conducted in 2009, cites two reasons for this shift: (1) the gas utility and the participating banks had different client bases, and (2) the gas utility did not have a strong incentive to partner with the participating banks, and the parties could not agree on the banks collecting utility fees in addition to the loan repayments (Impact Evaluation pg. 14). Instead of partnering with utilities, the project was implemented through the financial institutions who provided loans to the end users.

4. GEF IEO assessment of Outcomes and Sustainability

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings.

Relevance can receive either a Satisfactory or Unsatisfactory rating. For Effectiveness and Cost efficiency, a six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess. Sustainability ratings are assessed on a four-point scale: Likely=no or negligible risk; Moderately Likely=low risk; Moderately Unlikely=substantial risks; Unlikely=high risk. In assessing a Sustainability rating please note if, and to what degree, sustainability of project outcomes is threatened by financial, sociopolitical, institutional/governance, or environmental factors.

Please justify ratings in the space below each box.

4.1 **Relevance**	Rating: **Satisfactory**

The TE provides a rating of **Satisfactory** for the project's strategic relevance, and this TE concurs. The project is consistent with GEF-3 Operational Program 5, *Removal of Barriers to Energy Efficiency and Energy Conservation*. The project also directly contributes to Strategic Priority Climate Change 1, *Transformation of Markets for High Volume Products and Processes*, and Climate Change 2*, Increased Access to Local Sources of Financing for Renewable Energy and Energy Efficiency* (PD pg. 13).

Additionally, the project is consistent with the Chinese government's priorities for energy and the environment, including the 10th and 11th Five-Year Plans which set goals for increasing the share of energy provided by natural gas and reducing coal use through energy conservation and efficiency. The project is also in line with China's Energy Conservation Law (1997) which states that energy-using entities must "strengthen energy management, and formulate and implement technical measures for energy savings" (PD pg. 14). As a signatory to the United Nations Framework Convention on Climate Change (UNFCCC), China has also committed to reducing energy consumption, improving the utilization and efficient use of energy, promoting cleaner production, and preventing and controlling industrial pollution (PD pg. 14).

4.2 **Effectiveness**	Rating: **Moderately Satisfactory**

The TE provides a rating of "successful" for development effectiveness. This TER, which uses a different scale, provides a rating of **Moderately Satisfactory**. The project's objective was to support the development, implementation, and financing of energy efficiency (EE) projects in China. In each target market (medium to large cities), the project was to partner with a gas or heat utility to (1) identify customers in the industrial and commercial sectors, (2) market the project and offer support services to develop EE projects, (3) work cooperatively with EE suppliers to offer equipment and services, and (4) partner with financial institutions to offer loans to customers to finance projects (PD pg. 23). The project moved away from its initial strategy of partnering with utilities, however the project still achieved many

of its key outcomes, such as establishing a network of EE suppliers and increasing the value of loans disbursed for EE projects. However, the project falls short of some of its targets, including the number of EE projects financed and number of loans disbursed.

It should be noted that the TE does not report on some of the expected outcomes outlined in the PD. It is also difficult to ascertain whether the project achieved some of its targets, as the indicator data provided is aggregated by 'entity' and not disaggregated by end-user/customer, EE equipment and service supplier, utility, or financial institution.

A summary of the project's achievements, by output, is provided below:

- **Output 1: Directly support development, implementation, and financing of Energy Efficient (EE) projects with energy end-users:**
  Expected results under this outcome included an increase in the number of qualifying end-users/customers (i.e. industrial, commercial, small and medium-sized enterprises, municipal/institutional, or multi-family residential sector customers) who successfully apply for loans for EE projects from IFC-supported financial institutions. In support of this result, IFC engineers provided 2917 hours (out of a targeted 1500) of technical review of EE projects. In addition, 652 'entities' (out of a targeted 400) received advisory services and 19 (out of a targeted 30) entities received in-depth advisory services which included site visits (TE pgs. 3-4). 564 entities (out of the targeted 300) implemented the recommended changes. Ultimately, 50 out of the 105 EE projects recommended by the Technical Specialist Parties (TSPs) were financed (TE pgs. 4-5).

- **Output 2: Develop capacities of EE equipment and service suppliers to develop, implement, and finance EE projects and replicate program methods on an on-going market-basis:**
  Expected results under this outcome included (1) the establishment of an EE equipment and service supplier network and (2) a sales volume increase of EE projects and services by EE suppliers directly attributed to participating in the network. The TE does not directly assess the results under this outcome. However, the PIRs note that a market channels network of 384 international and national energy services companies (ESCOs), EE equipment suppliers, and industrial associations was established (2008 PIR pg. 2 and 2010 PIR pg. 6). It is unclear from the data how many projects were financed and implemented as a direct result of participation in the network.

- **Output 3: Develop capacities of utilities to develop, implement, and finance EE projects and replicate program methods on an on-going market basis:**
  Expected results under this outcome included (1) establishing customer service centers (CSCs) within utilities to act as "hubs" for developing EE projects, (2) generating EE projects through utilities, and (3) training utilities in project tools and methods. The project moved away from partnering with utilities during implementation and worked directly with financial institutions. The TE and PIRs do not indicate that any CSCs were established or any projects were developed through the utilities mechanism.

- **Output 4: Develop capacities of Financial Institutions to finance EE projects and replicate program methods on an on-going market-basis:**
  Expected results under this outcome included increasing the number and value of loans disbursed for EE projects. By project end, 178 of the targeted 260 loans were disbursed. The TE notes that the project did not hit its target due to a change in the IFC Risk Sharing Facility (RSF) mechanism, namely that no new loans could be added to the RSF once the ramp-up period was over or the RSF was filled up. This meant that the size of the loan portfolios that the financial institutions could service was significantly reduced. However, the value of the loans disbursed was $783.3 million, well over the targeted $465 million. In addition, the value of total investments was $1.77 billion (TE pg. 5).

- **Output 5: Disseminate knowledge and information on program experience and methods; support demonstration and replication of program methods inside and outside China:**
  Expected results under this outcome included (1) increase in the number of utilities and financial institutions adopting project methods without direct support, (2) increase in the number of EE suppliers financing their equipment without direct support, (3) replication of the project model in other counties, and (4) adaptation of this model to other market segments in China. The TE does not directly assess the results under this outcome. The TE does note that the project was scheduled to be replicated in Mongolia (pg. 8).

4.3 **Efficiency**	Rating: **Moderately Satisfactory**

The TE provides a rating of "excellent" for project efficiency. This TER, which uses a different scale, adjusts this rating to **Moderately Satisfactory**. The 2008 PIR notes some delays with initial project activities due to a "mismatch in expectations" between Xinao, the gas utility, and Industrial Bank, the lending institution (2008 PIR pgs. 7-8). The project eventually decided to abandon the utility business model and work directly with the financial institutions instead. The project proceeded under the new model and was completed within the scheduled six-year timeframe. The TE reports that the project was cost-effective, noting that for every dollar spent on the project facilitated $112 of sustainable energy financing through the Risk Sharing Facility (RSF) mechanism. The TE also estimates that every dollar spent resulted in the avoidance of 2.78 metric tons CO_2 equivalent per year (TE pg. 6).

4.4 **Sustainability**	Rating: **Likely**

The TE does not provide a rating for project sustainability. This TER provides a rating of **Likely**.

Financial Resources

This TER finds the sustainability of financial resources to be **Likely**. The TE notes that the project's financial institution partners have adopted the business model and built new portfolios in Sustainable Energy Finance (SEF) (TE pg. 3). The TE also notes that the Energy Efficiency/Renewable Energy (EE/RE) market in China has grown significantly. The 2011 Annual Report of China's Energy-Saving Service Industry noted that the number of energy service companies (ESCOs) had grown from 76 in 2005 to 3,900 in 2011 (TE pg. 6). Additionally, two follow-up investment projects have been developed in China using in the project model, providing Risk Sharing Facilities (RSFs) to help financial institutions build an EE/RE portfolio (TE pg. 8).

Sociopolitical

This TER finds the sociopolitical sustainability to be **Likely**. The project's key stakeholders, the financial institutions, have demonstrated a clear commitment to building their EE/RE portfolios. The EE equipment and service supplier network will also provide an entry point for increased market access. The TE does not note any social or political risks that could undermine the project's sustainability.

Institutional Framework and Governance

The TE does not provide sufficient information to assess the sustainability of the institutional framework and governance. The TE does note that in general, national and local environmental policies for reducing air pollution provide an incentive for EE sales (pg. 8).

Environmental

There is insufficient information in the TE to assess environmental sustainability.

5. Processes and factors affecting attainment of project outcomes

5.1 Co-financing. To what extent was the reported co-financing essential to the achievement of GEF objectives? If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

This TER is unable to decipher actual co-financing from the information provided in the TE.

5.2 Project extensions and/or delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

As mentioned above, the project experienced moderate delays at start-up due to a conflict between Xinao, the gas utility, and Industrial Bank, the lending institution. The project decided to abandon the utility business model and work directly with the financial institutions instead. The project proceeded under the new model and was completed on time, largely achieving its expected outcomes.

5.3 Country ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability, highlighting the causal links:

The level of country ownership over the project is not clearly presented in the TE. The Ministry of Finance was to chair the Program Advisory Committee, and generally provide advice regarding policy and regulatory issues (TE pgs. 40-41). It appears that the Committee met every year, but it is unclear what role the Ministry of Finance performed. The TE does note that while the IFC provided risk sharing, financial institution partners made credit decisions and delivered the EE project loans (TE pg. 7). This indicates a degree of ownership over the project.

6. Assessment of project's Monitoring and Evaluation system

Ratings are assessed on a six point scale: Highly Satisfactory=no shortcomings in this M&E component; Satisfactory=minor shortcomings in this M&E component; Moderately Satisfactory=moderate shortcomings in this M&E component; Moderately Unsatisfactory=significant shortcomings in this M&E component; Unsatisfactory=major shortcomings in this M&E component; Highly Unsatisfactory=there were no project M&E systems.

Please justify ratings in the space below each box.

6.1 **M&E Design at entry**	Rating: **Moderately Satisfactory**

The TE does not provide a rating for M&E design at entry. Overall, the M&E plan had moderate shortcomings, particularly regarding the results framework which was not logical and hierarchical. Although the framework outlined the project's expected outputs, it did not clearly indicate the higher level results of the project. Instead, the project equated outcomes and impacts with indicators. In

general however, the indicators provided are SMART (specific, measurable, achievable, relevant, and timely). Baseline values and targets are not included in the results framework.

The M&E plan does outline the key M&E activities (establishing a baseline for energy savings and GHG emissions, collecting and verifying data, reporting, midterm review, and final evaluation), although a timeframe is not provided. The M&E plan also indicates that a final impact evaluation will be conducted (PD Annex pgs. 87-93). The TE further indicates that a control group will be established to compare the rate of EE equipment loans and resulting GHG emissions reductions in cities where the project did not operate (TE pg. 11).

The M&E plan does clearly defines the roles and responsibilities of the M&E team, including an independent M&E contractor who will be responsible for designing the data collection instruments. A dedicated budget for M&E ($400,000) is also included, however it is relatively low for a project of this size (PD Annex pg. 84).

6.2 **M&E Implementation**	Rating: **Moderately Unsatisfactory**

The TE does not assess M&E implementation. The Impact Evaluation conducted in 2009 found the project had been operating without an M&E system. There were multiple data entry systems for different indicators. Staff turnover in the project management unit meant that data was tracked in an inconsistent manner. In late 2008, an investment portfolio officer began to fix the records (Impact Evaluation pg. 8). Later PIRs indicate that an M&E officer was hired and that data was regularly collected and reported on for key indicators. As noted in the effectiveness section of this TER however, the data was not disaggregated making it difficult to determine whether certain targets were achieved. For example, “number of entities receiving advisory services” or “number of entities that implemented recommended changes” could refer to end-users/customers, EE service suppliers or utilities. The indicators defined at the design stage of the project were much more specific, and it is unclear why they were discarded or changed.

7. Assessment of project implementation and execution

Quality of Implementation includes the quality of project design, as well as the quality of supervision and assistance provided by implementing agency(s) to execution agencies throughout project implementation. Quality of Execution covers the effectiveness of the executing agency(s) in performing its roles and responsibilities. In both instances, the focus is upon factors that are largely within the control of the respective implementing and executing agency(s). A six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess.

Please justify ratings in the space below each box.

7.1 **Quality of Project Implementation**	Rating: **Unable to Assess**

There is insufficient evidence provided in the TE and other project documents to adequately assess the quality of project implementation. The TE provides a rating of "Satisfactory" for IFC's "role and contribution," however this is self-reported. It should be noted that the project design did not clearly articulate the project's expected outcomes. The project did effectively change its strategy when it became clear that partnering with utility companies was impractical. However, the project did not clearly document its change in strategy, and project documentation was generally incomplete (Executive Summary of the Terminal Evaluation pg. 6).

7.2 **Quality of Project Execution**	Rating: **Unable to Assess**

The TE does not provide any information on the project executing agency.

8. Assessment of Project Impacts

Note - In instances where information on any impact related topic is not provided in the terminal evaluations, the reviewer should indicate in the relevant sections below that this is indeed the case and identify the information gaps. When providing information on topics related to impact, please cite the page number of the terminal evaluation from where the information is sourced.

8.1 Environmental Change. Describe the changes in environmental stress and environmental status that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

> The TE estimates that the Energy Efficiency (EE) projects financed resulted in a reduction of GHG emissions by 19.33 million tons, in addition to 44.2 megawatt hour per year in energy savings (TE pg. 5).

8.2 Socioeconomic change. Describe any changes in human well-being (income, education, health, community relationships, etc.) that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

> The TE does not cite any socioeconomic changes that occurred by the end of the project.

8.3 Capacity and governance changes. Describe notable changes in capacities and governance that can lead to large-scale action (both mass and legislative) bringing about positive environmental change. "Capacities" include awareness, knowledge, skills, infrastructure, and environmental monitoring systems, among others. "Governance" refers to decision-making processes, structures and systems, including access to and use of information, and thus would include laws, administrative bodies, trust-building and conflict resolution processes, information-sharing systems, etc. Indicate how project activities contributed to/ hindered these changes, as well as how contextual factors have influenced these changes.

a) Capacities

By the end of the project, the TE notes that participating financial institutions have increased their capacity to finance EE projects and replicate the methods promoted by the project. Four participating banks have stated their intention to continue "green lending" beyond the life of the project. Additionally, two banks have established stand-alone business units dedicated to the energy efficiency market (TE pg. 5).

The TE also notes that the energy efficiency/renewable market in China has grown significantly. The 2011 Annual Report of China's Energy-Saving Service Industry found that the number of energy-service companies (ESCOs) had grown from 76 in 2005 to 3900 in 2011. Additionally, the total value of China's ESCO industry increased by 2,500% during this time period, reaching $20 billion (TE pg. 6). The project's outcomes are in line with this trend. It should be noted here also that the Chinese government was very active in promoting energy efficiency in China during this time period. State-owned banks provided direct loans to large state-owned enterprises for energy efficiency investments. The government also banned loans to steel and cement industries unless the loans were for energy efficiency or pollution reduction (Impact Evaluation pg. 31). Overall, the Impact Evaluation found that the project was a "small actor, or even a niche player, in the context of China's energy efficiency and emission reduction fields" (pg. 39)

b) Governance

The TE does not cite any changes in governance that occurred by the end of the project.

8.4 Unintended impacts. Describe any impacts not targeted by the project, whether positive or negative, affecting either ecological or social aspects. Indicate the factors that contributed to these unintended impacts occurring.

The TE does not cite any unintended impacts that occurred by the end of the project.

8.5 Adoption of GEF initiatives at scale. Identify any initiatives (e.g. technologies, approaches, financing instruments, implementing bodies, legal frameworks, information systems) that have been mainstreamed, replicated and/or scaled up by government and other stakeholders by project end. Include the extent to which this broader adoption has taken place, e.g. if plans and resources have been established but no actual adoption has taken place, or if market change and large-scale environmental

benefits have begun to occur. Indicate how project activities and other contextual factors contributed to these taking place. If broader adoption has not taken place as expected, indicate which factors (both project-related and contextual) have hindered this from happening.

> By project end, a follow-up project, CHUEE III SME AS (585507) had been developed, as well as a similar project in Mongolia. Additionally, two follow-up investment projects have been developed in China using in the project model, providing Risk Sharing Facilities (RSFs) to help financial institutions build an EE/RE portfolio (TE pg. 8).

9. Lessons and recommendations

9.1 Briefly describe the key lessons, good practices, or approaches mentioned in the terminal evaluation report that could have application for other GEF projects.

The TE provides the following lessons learned (pgs. 11-13):

Financial Resources:

- The commitment of consulting resources to Xinao Gas [utility] made during the project design was, in hindsight, something that IFC would not do again or at least in a more flexible manner.

Design/Planning:

- IFC should be involved in building clients' new business. We have rich and rare experience that can support them. However, IFC should move swiftly from demonstration to support. While IFC works with a client directly to provide a small number of examples, IFC should develop a plan for the client to build its own network of technical support either internally or externally. IFC can, if needed, help the client to implement but the client should not be leveraging IFC for this technical support beyond the initial engagement.

- In the future, when accompanying more banks participating in CHUEE [the project], IFC should have an AS [advisory services] agreement in place with each bank partner, to formalize and document advisory services to be provided by IFC and help ensure the partner banks to achieve goals with a clear roadmap with IFC.

- The rules of the RSF [risk sharing facility] are IS [investment services] determined. While we may have greater development impact if they can be refreshed with new loans, there are obviously risk implications. Regardless of the detailed structure of the IS engagement, IFC should establish with client FIs [financial institutions] a system that allows for tracking all qualified loans and their relevant metrics. This would allow IFC to not only capture direct impact of our engagement but also more accurately capture our indirect impact as well as help client FIs better understand the benefits this new business brings to their corporation.

Pricing:

- In the future pricing and payment structure needs to be part of the very first conversation teams have with banks, and the difference between fees for financial products and fees for advisory services products clearly stated.

Implementation/Delivery:

- Training is important for bank loan officers, but learning by doing is more critical. For a new signed CHUEE bank who is new to SEF [sustainable energy finance], it is essential for the bank and IFC jointly to work for the first 5 deals, for instance, to train bankers in a practical way. Moreover, helping client banks to build up an EE/RE [energy efficiency/renewable energy] consultant network is also important to strengthen bank's internal capability and make bank's EE/RE business sustainable.

Others:

- During an advisory services contract period, after every half year of banks' lending, banks should review the technical data of their SEF [Sustainable Energy Finance] projects and loan disbursed. IFC could teach banks on how to periodically review technical data, and work together with banks to get the lessons learnt during the lending period, and may give a training upon the reviewing result.

Development Results:

- IFC is a catalytic institution. We need to have clear guidelines that help us understand how we can monitor how successful we are in catalyzing change. This has to include looking at how the market has changed beyond our direct intervention. We need clear guidelines that help us monitor this in a clear, fair and uniform way.

9.2 Briefly describe the recommendations given in the terminal evaluation.

The Project Completion Report, or TE as it is referred to in this TER, does not provide any separate recommendations. However, the executive summary of the Terminal Evaluation conducted in 2013 was available online and provided the following lessons learned/recommendations (pgs. 5-7).

Lesson Learned 1: Although CHUEE [the project] had many objectives and targets, the CHUEE program team chose to strategically prioritize GHG reductions and loan volume over specifically allowing SMEs [small and medium enterprises] access to finance. This early decision was an important tradeoff that resulted in the large GHG reductions and loan volume that made the program so successful.
Recommendation 1: Program design should have a specific, well-aligned objectives and clear expectations.

Lesson Learned 2: ESCOs [energy service companies] are important market partners to address finance barriers and impact sustainability for SMEs.
Recommendation 2: Include ESCOs as main project channel partners in future program design to facilitate the participation of SMEs.

Lesson Learned 3: The issue identified in the original program concept regarding SMEs' lack of access to funding due to traditional lending criteria was not fully addressed.
Recommendation 3: Take more financial risk to increase additionality by adjusting the lending criteria used for CHUEE I and II in future program design.

Lesson Learned 4: EE market transformation was an important program impact, but it was difficult to measure because FIs [financial institutions] did not want to share details on their non-CHUEE loans.
Recommendation 4: A clearer definition of transformational impact is required, with more rigorous M&E resources and more effective performance indicators.

Lesson Learned 5: Communication and record-keeping improves market development effectiveness.
Recommendation 5: Improve communication lines and record-keeping both internally and with channel partners including EE equipment suppliers, ESCOs, and end-users.

Lesson Learned 6: A rule change during the course of the program significantly reduced the potential size of the SEF loan portfolio compared to the original project design.
Recommendation 6: Avoid making mid-program rule changes that reduce the program's ability to meet its targets, or adjust targets as required.

Lesson Learned 7: Modifying the original program design to allow for more diverse end-users resulted in greater program outreach than would have occurred by working with a utility as the key market partner, which has different objectives than the CHUEE program.
Recommendation 7: Future programs should avoid designating loan end-users in advance using a set model and instead focus on developing a more diversified end-user base with the help of channel partners that share similar objectives.

Lesson Learned 8: The flexibility of the CHUEE strategy, structure, and target segments allowed for FIs to gain confidence in the SEF business model with existing clients.
Recommendation 8: Maintain some flexibility in program strategy and structure to allow FIs to test the SEF business models with existing clients before pushing FIs to focus on priority target sectors.

Lesson Learned 9: The RSF alone did not convince participating FIs to increase risk tolerance or lend to non-traditional borrow groups. AS [advisory services] was instead the key factor allowing participating FIs to initiate or expand their SEF businesses.
Recommendation 9: RSF [risk sharing facility] requirements should include expanding to non-traditional borrower groups or other criteria if this is a key program target.

10. Quality of the Terminal Evaluation Report

A six point rating scale is used for each sub-criteria and overall rating of the terminal evaluation report (Highly Satisfactory to Highly Unsatisfactory)

Criteria	**GEF IEO comments**	Rating
To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	The report does not assess some of the outcomes outlined in the PD, and provides a minimal assessment of others (i.e. knowledge dissemination).	**U**
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report provides evidence of progress toward objectives in the form of "indicator tables." However the ratings for effectiveness and efficiency are moderately inflated based on the evidence provided. Additionally, it reports some information on the size of "green loan portfolios" that was reported to the press and not necessarily accurate.	**MU**
To what extent does the report properly assess project sustainability and/or project exit strategy?	The report did not directly assess sustainability but did provide some indication of the financial and sociopolitical situation.	**MU**
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	Some lessons learned are not supported by evidence/explained in the report (i.e. not committing consulting resources to the gas utility).	**MU**
Does the report include the actual project costs (total and per activity) and actual co-financing used?	The table provided in the report is convoluted and it's difficult to ascertain the source of the funding, expected levels of funding, and actual funding.	**HU**
Assess the quality of the report's evaluation of project M&E systems:	The report outlines components of the M&E design but does not provide any information on M&E implementation.	**U**
Overall TE Rating		**U**

11. Note any additional sources of information used in the preparation of the terminal evaluation report (excluding PIRs, TEs, and PADs).

Impact Evaluation (2009) and the Executive Summary of the Terminal Evaluation (2013)