Advisory Services Completion

(Including final supervision)

Data populated
Data Entry

Project Information: [By clicking on (i) you will get additional information for associated section/field. Some information in this document is populated from iDESK, AS PDS Approval & AS - Supervisions.]

Region: Europe and Central Asia	*Country:* Central Europe Region	*Frontier Regions:* (i)	*% in Frontier Region:* (i)
Sector: O - Finance & Insurance	*IDA status:* (i) No	*% in IDA Countries:* (i)	
Owning Dept/Division: CSBSE - Sustainable Business Advisory Dept/Sustainable Energy	*Implementing Dept/Division:*	*Project/Transaction Leader:* Pavol Vajda	
Project ID: 506396	*Project Short Name:* SEGEF CEEF	*Project Long Name:* GEF SE Commercializing Energy Efficiency Finance (CEEF)	
Original Approval Date: Mar. 2, 2007	*Total Funding:* 4,350,000	*Actual Project Duration:* 105 months	
	Original (i)	Revised (i)	Actual (i)
Project Implementation Start	Oct. 24, 2003	Oct. 24, 2001	Oct. 24, 2001
Project Completion	Oct. 24, 2015	Oct. 24, 2015	Jun. 30, 2010

Project Categorization (automatically populated from the Business Lines tab in iDesk):

Business Line(s)		***Product(s)***	***Type***	
Access To Finance	100%	Sustainable Energy Finance	D	100%

Relationship to IFC Project(s)	*Relationship Type*	*Project ID*	*Project Long Name*
IFC AS Project	Component of an existing AS project	530041	EE financing TA
IFC Investment Project	Link to an existing IFC investment	11431	CommEnEff Finance
	Recipients		*Beneficiary Type* (i): Large Company; SME Company
Stakeholder Type (i): Financial Intermediary; SME Company	*Main Client* (i): Raiffeisen BUD (535278) *Other Client(s)* (i):		

Objective	Original (Mar 02, 2007) - The Project's primary objective is to reduce emissions of greenhouse gases through implementation of EE projects directly supported by the guarantee and TA programs. Parallel objectives are to: a) promotes entry of domestic FIs into the EE financing market; b) build greater experience and capacity of domestic FIs to provide EE project finance; c) provide more favorable credit conditions to borrowers; d) promote financial innovation in this market to stablish a range of financial products responsive to the structuring requirements of several different sectors, including municipalities, cogeneration, multi-unit residential buildings, institutions (including hospitals), industrial, commercial and SMEs; e) build capacities of the commercial EE/ESCO industry to market, structure, and finance EE projects, and to accelerate development of the EE market generally; f) expand deployment of non-grant contigent finance tools for the GEF, thus achieving greater leverage of GEF funds while mainstreaming EE finance within IFC; g)refine and streamline administrative and management procedures develop under HEECP,

	including credit review and project preparation procedures used in administrering the guarantee facility and TA program, in other regions through IFC's mainstream investment operations. Most recent update - N/A

Key Highlights (i) *Summarize key project highlights*	Entire Project: History. This PCR reports on two projects that were merged. The Hungarian Energy Efficiency Co-financing Program was conducted in two phases (HEECP 1, 1997-2000, HEECP 2001-2005). Based on the experience gained, the Commercializing Energy Efficiency Finance (CEEF) program was developed and implemented 2003-2008. The HEECP was merged with CEEF in 2005. Whereas HEECP focused on Hungary only, CEEF covered six countries in Central Europe. The results of these two different projects have been separated as best possible.. This PCR will focus as far as possible on CEEF and the period 2003-2008 only. Only where necessary for data purposes, will reference be made to the HEECP project.. CEEF – the approach. The Commercializing Energy Efficiency Finance (CEEF) program was the first IFC project with a programmatic approach to promote sustainable energy finance (SEF) through financial intermediaries. As integrated investment and advisory project (a joint venture between by then CGF and CES departments) the program has developed and combined innovative financial guarantee products with and diverse approaches to advisory services to develop sustainable energy markets in six countries of the Central Europe (Hungary, Czech Republic, Slovakia, Latvia, Lithuania, and Estonia). As such, results at outcome level refer both to the use of the guarantees as well as to advisory services. CEEF – Impact. CEEF achieved a total annual reduction of 310,543 metric ton of GHG (CO2e) emissions. This was achieved by issuance of $49.5 m IFC guarantees and targeted advisory services supporting projects with the total value of $329.5 m. The HEECF impacts were: Total annual reduction of 216,085 metric ton of GHG (CO2e) emissions was achieved by issuance of $4.2 m IFC guarantees and targeted advisory services supporting projects with the total value of $216 m. The total annual GHG reductions of the combined programs amount to 526,630 metric tons of GHG emmissions. This compares to the original targets from the GEF approval documents to achieve annual reduction of GHG emissions of minimum 420,000 metric ton of CO2e and $260 m of financed project. Until now IFC did not suffer any financial losses or guarantee call. It is expected that $18.45 m of GEF funding used in the first loss position would be returned to GEF at the end of the program unless any default would take place. These figures resulted from an external evaluation prepared by the Danish Management Group (DMG). It concluded: “The program has achieved significant progress relative to the objective of expanding the availability of commercial financing for energy efficiency projects in the target markets.” CEEF – Outcomes . 14 local financial intermediaries (FIs), commercial banks and leasing companies, took part in the program providing financing for EE/RE projects under and outside of the guarantee facility. 526 FI staff was trained in SE finance which represents more than 25% of FIs investment related staff. In addition to FIs, the advisory services were provided to 600 project developers/ESCOs. 2,319 persons participated in training events, seminars, workshops and conferences. DMG: “The program has provided substantial TA to FIs and ESCOs and they appear to have benefited from this TA.” Replication effect - The following projects were developed based on experience in CEEF: SEFP in Russia(521184), CHUEE in China(529295), SEFP in the Philippines (549585), RE mezzanine finance in Lithuania (558985), RSF with CS in the Czech Republic (29025), as also many other projects in the Balkans (see below). DMG: “CEEF has provided many important lessons that have helped shape similar IFC programs in other countries.” M&E data – CEFF and HEECP. The project covers period of (1997-)2003-2008. Presenting the results as per the current M&E methodology is quite challenging, as in some cases, targets were not set for some non-key indicators. However, the project was compliant with all standards and guidelines at the respective stages of approval. For clarity, a separate table called 'CEEF HEECP data overview' has been uploaded into iDesk summarizing the results achieved by the CEEF and the HEECP in aggregated form as well as in the country by country format.

	Reporting period since last supervision: all included in the above section

Lessons Learned:

Delete Row (i)	Lesson Area (i)	Comments and Suggestions (e.g. What worked well? What would you have done differently?) ☐ **Add Additional Lessons Learned Row**
	Design/planning	1.Because of complexity of SEF market a country/market specific approach is a must for regional SEF programs. Despite the fact that the 6 country markets seemed to be very similar from macroeconomic and sustainable energy point of view (all countries were undergoing a processes of harmonization and accession to the EU) and therefore similar type/level of activities were expected it turned out that there were very different demands and therefore also results of the program country by country ranging from 61% of total guaranteeded portfolio in Hungary to no guaranee issued in Estonia. 2. Because of rapid changes in market demand a plan for changes in product offering, structure, and staffing is necessary to react properly. Due to the different market demands (namely much lower demand in the Baltic states than in other countries) the management structure, staffing and staff roles were reconsidered in the course of implementation moving from country/sub-regions-centered functions to more centralized regional function. The major aim of change was to respond to actual market demand determined by interest of local FIs as investment partners and by existing investment opportunities. Moreover it seems that especially in smaller markets it is difficult to justify full-fledge staffing and therefore a regional approach with ad-hoc assignments according to different market opportunities is more efficient.
	Pricing	1.Pricing of advisory services should be determined by level of maturity and competition in individual markets. AS pricing was undergoing development from lump sum grant to FIs introduced in the pilot project in Hungary (with $20 k grant per partner FI to cover direct cost of program start up, promotion, and development) to 50/50 cost sharing arrangement as new IFC pricing guidelines for AS were implemented but only in the form of in-kind contributions from FIs. AS provided on 50/50 cost-shared basis were replaced towards the end of program by AS "purchased" by partner FIs in the market at full price. The lesson suggests that a full-cost recovery of AS is possible and should be required as a test of SEF sustainability . On the other hand if market distortions (governmental or donors' subsidies) exist in the market it is quite difficult to apply the above principle. 2.Pricing of the guarantee product must be even more responsive to the market and therefore should have built-in a mechanism of price-adjsutment with changing market conditions. The original approach was to base guarantee pricing on the financial market conditions for different countries except of Hungary with a history of a flat guarantee fee since the inception of the pilot project. Over the time the pricing of guarantee was unified (decreased) to level of Hungarian pricing of 1% p.a. to boost the demand and also to respond to improved macroeconomic/pricing conditions in the target markets. Unfortunately the changes in guarantee product pricing were done ad hoc since they were not envisioned at the original project design. Therefore it took a while to introduce them which led to project implementation delays and lost opportunities.

Delete Row (i)	Lesson Area (i)	Comments and Suggestions (e.g. What worked well? What would you have done differently?) ☐ **Add Additional Lessons Learned Row**
	Implementation/delivery	1.Moving decision making closer to the client and delegating project approval authority to FIs is a must for an impactful SEF project. Although this lesson seems as obvious in the current times when decentralization of decions making in IFC progressed substantially the implementation of the CEEF project and delivery of services was pioneering the approach undergoing substantial adjustments in the course of implmentation. Major reason for such changes was very slow start of the project which would not allow to achieve its planned impact. In comparison with the originally design guarantee approval procedures with the central approval authority of the Supervisory Committee based in Washington in the mid of implementation period the approval authority was delegated to the field in order to streamline and speed up the process. Later on proven FI partners with sufficient track record were given authority to assess credit quality on their own and to include individual or portfolio projects in the guaranteed pool without an additional approval from IFC (in the case of portfolio projects) and with technical feasibility approval from regional manager. In AS there was a shift from AS delivered by external consultants to a mixed approach combining local staff and consultants. The described changes has substantially streamlined approval and delivery processes and resulted in faster guarantee portfolio growth. Without a substantial delegation of approval authority to reliable FIs it is impossible to apply a wholesale approach in sustainable energy finance to access market with relatively small size projects.
	Development Results	
	Project team	1.Local presence and mixture of technical and financial backgrounds is a precondition for a succesful SEF project. The above conclusion is important especially now when new distinctive business lines (IS and AS) were introduced and need for coordination and communication increased. It is difficult if impossible to achieve an impact only by financial product or only by advisory services. A composition of the team should be designed purposefully to blend local staff with regional and global resource persons, financial and technical specialists . Moreover the team composition and staff roles should not be viewed within market/country boundary constraints since there are very few markets where permamnet SEF specialist presence would be jsutified. Staff should be deployed at regional level to be ready as opportunities in different market arise. This would lead to certain specialization and exposure to different markets and finally to a creation of opportunities for development and future deployment of the staff after a program completion.
	Consultant work	
	Client commitment/satisfaction	1. Only products and services customized to a concrete market and a concrete partner strategy delivered in timely manner could generate a strong client commitment and result in client satisfaction. The program was based on an assumption that financial product (partial credit guarantee) in combination with targeted advisory services would meet needs of market participants, i.e. FIs, ESCOs, developers, and end users. This happened only partially for different internal and external reasons. For instance the program could not compete with subsidized guarantee schemes (Estonia) or project grant funding (EU accession funds), or even EBRD subsidized commercial funding (Slovakia) ,etc. On the other hand, IFC was not able to react promptly on the clients' request to offer equity/quasi-equity financial products to address the market gap. The result is that full client commitment and satisfaction was recorded only in several cases (Raiffeisen, OTP, Erste in Hungary, Ceska Sporitelna and GE Money in CR, and Dexia in Slovakia). The examples of

Delete Row (i)	Lesson Area (i)	Comments and Suggestions (e.g. What worked well? What would you have done differently?) ☐ **Add Additional Lessons Learned Row**
		actvities, which led to higher client satisfactions include: •Streamlining of the guarantee approval process •Delegation of authority and responsibility to the field to facilitate responsiveness to market needs •Development of customized financial products targeted at specific markets •Modification of guarantee agreements (GFA) to meet some of the needs required by participating FIs •Structuring and providing customized TA to increase the knowledge and understanding of stakeholders and to help develop new products. On the other hand the program was able to achieve results and satisfactions also in the least favorable market environment in Estonia where IFC guarantee product was not feasible. The targeted technical assistance with partner FI (which did not use RSF) and local stakeholders led to development of second mortgage guarantee product which enabled to increase financing for energy efficiency improvements in housing sector. Since it is quite difficult to estimate a market development several years in advance, flexibility in use of different advisory and financial tools should be kept as an option in order to respond to market development. This would lead also to higher client satisfaction. A video clip was developed in Hungary on the experience of clients (including banks, ESCOs, and end-users). It can be downloaded from 'youtube', using the following link: http://www.youtube.com/watch?v=iZNSZUPsTIY
	Funding leverage	While HEECP 1 was fully donor-funded facility with the GEF contribution of $5.0 m, HEECP 2 started in 2001 was matching GEF contribution with $12 m IFC investment in the risk sharing facility (RSF). The CEEF program was replicating HEECP in 5 countries of Central Europe with $15 m GEF funding and $45m to $75 m IFC commitment to RSF. When in 2005 HEECP was merged with the CEEF total amount of GEF contributions reached $18.45 m matched by IFC commitment up to $87 to RSF.
	Experience with replicating	(is commented on in the development results section).
	Link with IFC Investment	

Lessons learned would be easy and valuable to translate into a SmartLesson. Please consider writing a short SmartLesson based on your experience.

Follow up opportunities:

	AS	Investment
Are there new business development or replication opportunities?	No	Yes
If yes, *1. Describe opportunity*		As described above there are several follow-up investment opportunities. The most developed is IFC investment #29025 with Ceska Sporitelna signed in July 2010 and in the pipeline # 27284 with RB in Hungary and #29026 with Dexia in Slovakia.
2. Recommended follow up action		Undergoing mainstream project processing

Summary of Supervision Performance Ratings:

<table>
<tr><th colspan="5">Performance Category (i)</th></tr>
<tr><th>Supervision Reporting Period</th><th>Development Results</th><th>Financial</th><th>Timeline</th><th>Overall</th></tr>
<tr><td rowspan="2">#1[As of Jun. 30, 2007]</td><td>A - On or Above Targets</td><td>A - On or Under Budget</td><td>A - On or Ahead of Plan</td><td>A - On Track with all Performance Categories</td></tr>
<tr><td colspan="4">Rationale for overall performance rating assigned Advisory services are leading banks to develop sustainable energy projects and financial products. This has been confirmed by an independent evaluation</td></tr>
<tr><td rowspan="2">#2[As of Dec. 31, 2007]</td><td>B - Slightly Below Targets</td><td>A - On or Under Budget</td><td>A - On or Ahead of Plan</td><td>A - On Track with all Performance Categories</td></tr>
<tr><td colspan="4">Rationale for overall performance rating assigned Project is running on budget for program management and advisory work. Emissions reductions are below projections but total investment leveraged is now approaching target. NUmber of individual transactions exceeds original target</td></tr>
<tr><td rowspan="2">#3[As of Jun. 30, 2008]</td><td>B - Slightly Below Targets</td><td>A - On or Under Budget</td><td>A - On or Ahead of Plan</td><td>B - Some Areas of Underperformance</td></tr>
<tr><td colspan="4">Rationale for overall performance rating assigned As the pioneers of sustainable energy finance through IFC partner FIs the CEEF team has led the way to IFC establishing a new $500m/year investment business of its own. The specific investment targets for the CEEF project itself may not have reached original volumes anticipated by CGF but the lessons learnt, investment leveraged (FI lending for projects that do not require guarantees) and sustainable capacity built in banking partners are extremely significant. The emissions reductions are also below targeted results for projects associated directly with funds used for guarantees but this reflects the fact that the actual portfolio has a different project composition than originally anticipated (a much larger housing portfolio where the CO2 reduction per $ invested is much lower than for industrial or renewable energy projects). The performance of the program (in terms of guarantees issued) also varies by country with Czech Republic and Hungary being ver y successful but others less so. The fact that not all countries have been successful leads to an overall lower performance rating.

However, the leveraged impact (total projects completed through replication or which can be indirectly attributed to the program are likely to be extremely significant (based on the preliminary assessment carried out during the CEEF mid-term review). In the next PSR cycle we should have the preliminary analysis from the final evaluation and we will be able to provide a country by country breakdown.</td></tr>
<tr><td rowspan="2">#4[As of Dec. 31, 2008]</td><td>A - On or Above Targets</td><td>A - On or Under Budget</td><td>A - On or Ahead of Plan</td><td>A - On Track with all Performance Categories</td></tr>
<tr><td colspan="4">Rationale for overall performance rating assigned The final financial results of the CEEF program
The total volume of loans and issued guarantees is ?115 m and ?45 m respectively while supporting 130 individual and 707 portfolio projects with total value of ?200 m and avoiding over 2 million ton of GHG emissions. The major success is higher leverage of private finance inflows for the projects: in other words less IFC investment ($87 m guarantees expected vs. ?45 m disbursed) attracted more commercial lending than expected in the best case scenario ($260 m expected vs. ?200m achieved). On the other hand 2.1 m ton of avoided GHG emissions is less than expected 4.2 - 7.4 m caused by the fact that housing portfolio with limited GHG emissions avoidance potential represents more than a half of the total portfolio.</td></tr>
<tr><td rowspan="2">#5[As of Jun. 30, 2009]</td><td>B - Slightly Below Targets</td><td>A - On or Under Budget</td><td>A - On or Ahead of Plan</td><td>B - Some Areas of Underperformance</td></tr>
<tr><td colspan="4">Rationale for overall performance rating assigned The final financial results of the CEEF program
The total volume of loans and issued guarantees is ?110 m and ?44 m respectively while supporting 130 individual and 707 portfolio projects with total value of ?196 m and avoiding over 2 million ton of GHG emissions. The major success is higher leverage of private finance inflows for the projects: in other words less IFC investment ($87 m guarantees expected vs. $61 m disbursed) supported more commercial financing than expected in the best case scenario ($260 m expected vs. $274m achieved). On the other hand 2.1 m ton of avoided GHG emissions is less than expected range 4.2 - 7.4 m caused by the fact that housing portfolio with limited GHG emissions avoidance potential represents more than a half of the total portfolio.</td></tr>
<tr><td rowspan="2">#6[As of Dec. 31, 2009]</td><td>B - Slightly Below Targets</td><td>A - On or Under Budget</td><td>A - On or Ahead of Plan</td><td>B - Some Areas of Underperformance</td></tr>
<tr><td colspan="4">Rationale for overall performance rating assigned The final results of the CEEF program
The total volume of loans and issued guarantees is ?108.9 m (US$151.6 m) and ?43.4 m (US$60.4</td></tr>
</table>

Performance Category (i)				
Supervision Reporting Period	Development Results	Financial	Timeline	Overall
	m)respectively while supporting 130 individual and 707 portfolio projects with total value of ?195.5 m (US$272.0 m) and avoiding over 2.2 million ton of GHG emissions during 10 years lifetime starting in 2005 when substantial increase of booked volume has begun and continued until December 2008. For calculation of the project lifetime avoided GHG emission a cumulative annual GHG avoidance number of all projects was summed up and multiplied by 10 years. The guaranteed portfolio is denominated in ? since 2006 when IFC management has decided to convert the GEF counter-guarantee fund originally denominated in US$ into ? to prevent further deteriorating of the fund due to a weakening US$. This makes any comparison with original financial program targets stated in US$ more challenging since a selection of US$/? exchange rate which fluctuated substantially has an impact on the results interpretation. The spot exchange rate at the end of the program (December 31, 2008) was used for the calculations. The major success is higher leverage of private finance inflows for the projects: in other words less IFC investment (US$87 m guarantees expected vs. US$60.4 m disbursed) supported more commercial financing than expected in the best case scenario ($260 m expected vs. $272m achieved). On the other hand 2.2 million ton of avoided GHG emissions is less than expected range: 4.2 - 7.4 million and was caused by the fact that housing portfolio with limited GHG emissions avoidance potential represents more than a half of the total portfolio. Missing the GHG emission reduction targets is the main reason for the assigned Overall performance rating B. In the housing portfolio the ex ante CO2 emission reductions calculations were based on estimated impacts of different EE measures on the total heat energy consumption. Ex post verification was based on actual decrease in energy consumption monitored on a representative sample of the portfolio.			
#7 [As of Jun. 30, 2010]	B - Slightly Below Current Targets	A - On or Under Budget	A - On or Ahead of Plan	B - Some Areas of Underperformance
	Rationale for overall performance rating assigned The independent evaluator's final report was delivered in May 2010 and serves as the primary source of date for this PCR. The independent evaluator data has confirmed excellent program performance in the most monitored areas. The contributions of individual countries vary significantly from high performing programs in Hungary and the Czech Republic up to the least performing program in Estonia without any CEEF guarantee issued. Therefore, the overall program performance is B.			

Development Effectiveness: [Click on respective (i) for guidance on rating.]

	Highly Unsuccessful	Unsuccessful	Mostly Unsuccessful	Mostly Successful	Successful	Highly Successful	Not Applicable
Development Effectiveness- Synthesis Rating *(Based on criterion 1-5)* (i)	☐	☐	☐	☒	☐	☐	☐
Rationale	The assigned "Successful" rating reflects the fact that the project has achieved all main objectives. This was a highly innovative program addressing economic and environmental concerns in the respective markets in a comprehensive and efficient manner. The project has supported market transformation and facilitated commercial funding with value of $329.5 m compare to $ 260 m as a target. The catalytic role of the project was strong in Hungary, and the Czech Republic where the investment volumes exceeded expectations multiple times which compensated for less than expected investment volumes in the Baltic countries. The experience of the project has been used globally to establish many other programs and projects. Strategic relevance. The strategic relevance of the program is supported by its alignment with the CAS, by its impact on direct recipients, as well as their commitment to contribute towards the project costs in the form of guarantee fees paid and cost sharing arrangements for advisory services. Outputs. The following key output indicators were met and exceeded: 600 (vs. 15 as target) project developers and other stakeholders received AS; 340 (vs. 15 target) entities obtained						

	directly financing (via participating FIs with IFC guarantee) for sustainable energy projects. The substantial overreaching of the two targets was caused by the fact that the original target number was counting only number of FIs while the achieved number counts all entities receiving AS including non FIs, i.e. project developers. The same is valid also for the number of entities receiving concessional investment which was originally interpreted as number of FIs but now includes also final beneficiaries, i.e. borrowers. Outcome results. In total 1,210 loans (versus a target of 300) were provided for a total of $188 m ($180 m target) for financing of sustainable energy projects. 73 (vs. 20 target) entities including FIs and ESCOs adopted sustainable energy practices based on advisory services. This includes 14 partner FIs as listed in the Evaluation Report (p.5) and 59 project developers/ESCOs as documented at p.56 The country breakdown of number loans; loan volumes; number of entities is following: Impacts results - the CEEF program has contributed to the annual reduction of 310,545 metric tons of GHG emissions (with HEECF: annually reduction of 526,630 metric tons of GHG). This compares to a target of 420,000 MT/year target. This has had a strong demonstration impact in the markets. This was made possible by enabling sustainable energy projects with total value of $329.5 m ($405.7 m with HEECF) (vs. $260 m target). Annual electricity production from RES achieved 286 GWh (no target) and total annual energy savings 543 GWh (no target). The knowledge management component of the project led to design and implementing of minimum 5 similar IFC mainstream projects in Russia, China, the Philippines, and Eastern Europe. Efficiency. The high efficiency of the project is evident from the cost benefit ratio of 1:61 and cost per 1 metric ton of avoided CO_2e of $1.71. Moreover the major part of GEF funding used for guarantee facility would be with high probability returned to the GEF since the performance of the guaranteed portfolio is excellent.

	Unsatisfactory	Partly Unsatisfactory	Satisfactory	Excellent	Not Yet Achieved	Meets Exclusion Criteria (i)
1. Strategic Relevance (i)	☐	☐	☒	☐		
Rationale	The assigned “Satisfactory” rating reflects the fact that while major priority issues were properly addressed having substantial impact on the direct recipients and local communities and relying on contribution from clients. Stimulation of sustainable energy market transformation in the respective countries was well-aligned with the countries’ strategic orientation to increase their global economic competitiveness as well as with orientation on low carbon development .Decreased energy intensity as a result of project interventions led to a decrease of energy costs at the company and household levels. Avoided energy generation from fossil fuels and supported generation from renewable energy sources decreased GHG emissions. Applying of commercial approach to investment and advisory services was in line with the level of maturity of financial intermediaries with a dominant role of private sector. The program was strategically relevant also for IFC with its strategic goal to test mainstreaming of sustainable energy finance through FIs. The goal was successfully accomplished by replication of the CEEF model in several countries and projects in Russia, China, and the Philippines. The above strategic priorities were reflected also in the WB CAS including IFC strategy to support only selected investments including climate change related projects. The program was addressing a market gap in capacity of FIs and other markets players to develop and finance the SE projects on commercial basis. From the project approval document: “IFC’s strategy in the five CEEF countries is highly selective and focuses on projects that will foster the countries’ transition to fully functioning market economies for eventual EU accession. The proposed project is consistent with the

<table>
<tr><td></td><td colspan="6">IBRD and IFC strategies, as CEEF is needed to help overcome a number o f market barriers to EE investments and i s likely to provide important local, regional, national and global environmental benefits and will contribute to the countries’ preparedness for EU accession.”

Impact on direct recipients was registered at the level of FIs, project developers, and ESCOs. In total 73 entities including 14 FIs obtained in-depth advisory services and implemented sustainable energy practice in their businesses. Several partner FIs and ESCOs in Hungary, Czech Republic, and Slovakia has established themselves as a market leaders in sustainable energy business and has substantially contributed the market transformations towards commercial financing of the projects. Examples are Raiffeisen bank, OTP bank, and Erste Bank in Hungary, Ceska Sporitelna bank, and GE Money bank in the Czech Republic, and Dexia bank in Slovakia. The most successful project developers were Caminus and Lagross in Hungary, Siemens in the Czech Republic, and Tenergo in Slovakia.

The receptivity and interest of the key clients (FIs and project developers) was expressed in their readiness to pay the guarantee fees and to co-pay advisory fees and later on to rely fully on commercial providers of advisory services (for instance outsourcing technical feasibility studies). Agreements on sharing costs of TA and market development activities were signed with the PFIs. Unfortunately the methodology applied to M&E in the time of the project implementation did not track all amounts of clients’ contributions. For illustration a Euro 20,000 agreement was signed with Raiffeisen Bank in Hungary in 2007 to share on 50/50 basis costs of 18 seminars focused on development of housing portfolio in the country.</td></tr>
<tr><td>2. Output Achievement (i)</td><td>☐</td><td>☐</td><td>☒</td><td>☐</td><td></td><td></td></tr>
<tr><td>Rationale</td><td colspan="6">The assigned “Satisfactory” rating reflects the fact that all key deliverables were achieved and had satisfactory quality based on client feedback.

The following key output indicators were met and exceeded: 600 (vs. 15 as target) project developers and other stakeholders received AS; 340 (vs. 15 target) entities obtained directly financing (via participating FIs with IFC guarantee) for sustainable energy projects. The substantial overreaching of the two targets was caused by the fact that the original target number was counting only number of FIs while the achieved number counts all entities receiving AS including non FIs, i.e. project developers. The same is valid also for the number of entities receiving concessional investment which was originally interpreted as number of FIs but now includes also final beneficiaries, i.e. borrowers.

The following two non-key indicators were lower than intended targets: 53 (vs. 60 target) seminars, workshops, trainings, and conferences were organized, 12 (vs.18 target) new products were developed and deployed. Two non-key indicators were added in line with the new methodology which was not in place at the beginning of the project: number of entities receiving in depth AS -73 (no target), and number of participants in training and seminars - 2,319 (no target). The purpose of adding the indicators was to capture the number of FIs undergoing capacity building as well as number of in-depth consultancies provided to project developers.

The client satisfaction is recorded in the independent evaluation report:

“We have contact with IFC staff depending on need. Sometimes every day. The IFC staff’s high technical expertise forms a useful combination with our well educated risk analysts.” (p.50)
Ladislav Dvorak, Head of Business development department, Česká spořitelna

”The training provided on risks of renewable energy projects, legislation, case studies got a very good feedback; on a 5 point scale with 1 as the best the average was 1.2” (p.50)
Eva Dubovska, Ecoenergy Sector Manager, GE Money Bank</td></tr>
</table>

	Individual country contributions to the output targets is following (# of entities which received AS vs target; # of new financial products vs target; # of workshops and trainings): Hungary(90 vs 90; 2 vs 3; 0) Czech Republic(240 vs 90; 3 vs 3; 23) Slovak Republic(120 vs 90; 1 vs 3; 16) Lithuania(90 vs 90; 3 vs 3; 8) Latvia(60 vs 90; 2 vs 3; 6) Estonia (0 vs 90; 1 vs 3; 0) Individual country contributions to another output targets is following (# of entities which received concessional funding; # of entities obtaining in-depth advisory services; # of participants in workshops and trainings): Hungary(306; 31; 0) Czech Republic(19; 25; 985) Slovak Republic(5; 4; 1,300) Lithuania(4; 3; 34) Latvia(6; 10; 0) Estonia (0; 0; 0) In addition to the outputs indicators captured in the iDesk following output objectives were outlined in the project approval document: Objective: Promoting entry of domestic FIs into the EE financing market. 14 local FIs (mostly commercial banks and to lesser extend leasing companies) took an active participation in the program providing financing for EE/RE projects. The market penetration differed from country to country. Number of FIs per country with country share was following: Hungary - 6 (43%) Czech Republic – 3 (21%) Slovak Republic - 2 (15%) Lithuania – 2 (15%) Latvia – 1 (6%) Estonia – 0 The majority of the banks (6) were involved in Hungary, where the program built on the previous pilot activities and 73% of the banking sector (of total assets) has participated in the scheme. The limited number of FIs was participating in the Baltics (3) due to a limited market size, availability of subsidized support schemes, and less developed ESCO sector. Overall, the program has increase an interest of FIs to finance SE projects on commercial terms and to develop it as profitable, commercially sustainable business line Objective : Building greater experience and capacity of domestic FIs to provide EE project finance. Depending on the level of commitment and existing SE capacity different type and amount of know-how transfer was delivered to partner FIs ranging from a simple advise on technical and financial aspects of SE projects through general or in-depth training of managers, relationship officers, credit risk officers, etc. up to helping with creating a dedicated SE units. 526 staff was trained in SE finance in total which represents more than 25% of PFIs investment related staff. The country breakdown is below. Data for Hungary are not available since the training for FIs was implemented under HEECP in early 2000s: Czech Republic – 210 Slovak Republic – 100 Lithuania – 130 Latvia – 86 The above interventions led to a substantial increase of FIs capacity to finance SE projects even without a third party guarantee. The best evidence of the sustainability is the fact that partner FIs continue in SE lending also after the program completion and in several cases play a role of the market leader.

	Objective : Promoting financial innovation in the market to establish a range of financial products to meet the market demand. The product innovation was achieved on the side of partner FIs extending 12 new financial products to their SE clients for instance in the renewable energy projects or block-house EE upgrades as well as on the side of IFC offering individual and portfolio guarantees customized to project type/FI needs. The country breakdown with relative share of new products is following: Hungary - 2 (17%) Lithuania – 3 (25%) Czech Republic – 3 (25%) Latvia – 2 (17%) Slovak Republic - 1(8%) Estonia – 1(8%) The newly developed financial product with the largest investment impact was portfolio pari passu guarantee with the first loss component. The renewable energy projects were successfully financed by long-term investment loans with individual pari passu guarantees. On the other hand, forfeiting product with partial guarantee had only limited use. Objective : Building capacities of the commercial EE/ESCO industry to market, structure, and finance EE projects, and to accelerate development of the EE market generally. In average more than two companies per months were provided with external or internal consulting services in each country resulting in 600 consultations in total. It includes energy audits, training seminars, project development support, marketing; workshops and conferences, market surveys, end user seminars, and individual consultations. Furthermore, the objective was achieved also working through FIs, which were imposing their requirements (meeting IFC criteria), and transferring the project specific knowledge to the project developers/investors/end users in the process of project appraisal, structuring, and financing. The country breakdown is following: Hungary – 120 Czech Republic – 300 Slovak Republic – 240 Lithuania – 120 Latvia – 120 Estonia – 0

3. Outcome Achievement (i)	☐	☐	☒	☐	☐	☐

Rationale	The assigned “Satisfactory” rating reflects the fact that all outcomes were achieved and all partner FIs became interested and willing to finance sustainable energy projects. Outcome results. In total 1,210 loans (versus a target of 300) were provided for a total of $188 m ($180 m target) for financing of sustainable energy projects. 73 (vs. 20 target) entities including FIs and ESCOs adopted sustainable energy practices based on advisory services. This includes 14 partner FIs as listed in the Evaluation Report (p.5) and 59 project developers/ESCOs as documented at p.56 The country breakdown of number loans; loan volumes; number of entities is following: Hungary – (1,029; $100.0 m; 31) Czech Republic – (28; $52.2 m; 25) Slovak Republic – (9; $12.5 m; 4) Lithuania – (14; $6.7 m; 3) Latvia – (20; $3.5 m; 10) Estonia – (110; $13.2 m; 0) A substantially higher number of loan than the target was achieved in Hungary, where the majority of loans were very small housing renovation loans.

	Behavior change. The advisory team was able to observe long-term behavioral change at the partner Financial Institutions that resulted in new financial and advisory products development, for instance commercial loans to finance block-house energy efficiency retrofits, or investment loans for small and mid-size renewable energy projects, ESCO-type financial structures or forfeiting with IFC guarantee. From the Evaluation Report: "It is good to have the technical support from IFC – IFC stimulated the provision of loans to housing corporations", (p.53) Mr. Kestutis Nénius Director, "Renew the City", Vilnius City Municipality, Lithuania Positive outcomes beyond direct recipients. Several banks were offering advisory services to their potential clients via their advisory arms on commercial basis to develop bankable projects including feasibility studies and business plans. Another banks established a specialized unit focused on sustainable energy business. All the above changes were achieved by the targeted AS provided by the program. Without AS the changes would not happen so quickly or would happen in a limited scale. The important factor was that AS were coupled with appropriate IS creating a strong commercial incentive for FIs to focus and to commit their resources to the project. Some of them became market leaders in the respective/countries or market segments like Raiffeisen, OTP, and Erste Bank in Hungary, Ceska Sporitelna and GE Money bank in the Czech Republic, and Dexia Bank in Slovakia.					
4. Impact Achievement (i)	☐	☐	☒	☐	☐	☐
Rationale	The assigned "Satisfactory" rating reflects the fact that impacts on direct beneficiaries were achieved and are strongly attributed to the project as it is documented in the evaluation report. The CEEF programe has contributed to the annual reduction of 310,545 metric tons of GHG emmissions (with HEECF :annually reduction of 526,630 metric tons of GHG). This compares to a target of 420,000 MT/year target. This was made possible by enabling sustainable energy projects with total value of $329.5 m ($405.7 m with HEECF) (vs. $260 m target). Annual electricity production form RES achieved 286 GWh (no target) and total annual energy savings 543 GWh (no target). These figures resulted from the external evaluation prepared by the Danish Management Group. It concluded: "The program has achieved significant progress relative to the objective of expanding the availability of commercial financing for energy efficiency projects in the target markets." The methodology of impact attribution from projects which were not guaranteed under the risk sharing facility is explained on page 37 of the Evaluation Report. Only projects implemented between 2004 and 2006 were counted while none leveraged project was considered in Hungary because of long history of the program there. Impacts beyond direct beneficiaries. In some countries the program had sector-wide national impact (in Hungary the partner bank retains 50-60% market share in block-house renovations) or had a catalytic role to support first of its kind investment in the respective markets like the first commercial wind and solar power generation in the Czech Republic, the first district heating conversion from natural gas to biomass in Slovakia, or the first second mortgage financial product for housing EE retrofits in Estonia. Replication effect – At a later stage, an additional indicator was added: Number of follow-on IFC projects that benefited from the KM project and utilized experience acquired by the project. A target of minimum 5 programs was set. As it stands, minimum 5 projects benefitted from the experience of the CEEF project: 1) SEFP (Sustainable Energy Finance project) in Russia (#521184), 2) CHUEE in China(#529295), 3) SEFP in the Philippines (#549585), 4) RE (Renewable Energy) mezzanine finance project in Lithuania, Czech					

Republic, and Bosnia and Herzegovina (#558985), and 5) RSF (Risk Sharing Facility) with Ceska Sporitelna Bank in the Czech Republic (#29025). The experience of the CEEF project also helped to shape other energy efficiency projects in the Balkans, such as for ProCredit in Serbia (#554825), EKI Microfinance organisation in Bosnia (#548625), or the Albania Residential Energy Efficiency project (#568367). From the Evaluation Report: "CEEF has provided many important lessons that have helped shape similar IFC programs in other countries."

For the interested reader, two breakdowns are provided on a country basis:

Volume GHG emissions in MT of CO2e avoided vs target; energy avoided/saved is following:
Hungary – (34,736 MT vs 90,000 MT; 172 GWh)
Czech Republic – (162,228MT vs 329,000 MT; 228 GWh)
Slovak Republic – (50,546 MT vs 203,300 MT; 48 GWh)
Lithuania – (37,747 MT vs 239,000 MT; 46 GWh)
Latvia – (13,502 MT vs 103,000 MT; 30 GWh)
Estonia – (11,766 MT vs 301,000 MT; 21 GWh)

Volume of financing facilitated vs target; volume of IFC loan guarantee:
Hungary – ($183.1 m vs $10.4 m; $28.5 m)
Czech Republic – ($79.9 m vs $33.7 m; $16.7 m)
Slovak Republic – ($20.4 m vs $27.0 m; $2.9 m)
Lithuania – ($14.1 m vs $30.4 m; $0.1 m)
Latvia – ($5.6 m vs $30.4 m; $1.3 m)
Estonia – ($26.4 m vs $30.4 m; 0)

5. Efficiency (i) ☐ ☐ ☐ ☒

Rationale

The assigned "Excellent" rating reflects the fact that the project achieved high positive cost-benefit ratio, the resources were used highly economically and were reasonable in comparison with other alternatives.

When comparing total program delivery costs ($5.33m, which includes $3.65 m GEF funding and $1.68m TATF funding) with the value of supported SE projects($329.5 m) and avoided GHG emissions of 3.11 million metric ton during the project life the AS were delivered in efficient manner creating relatively high impact. Cost benefit ratio is over 1:61 and cost per 1 metric ton of avoided CO2e is $1.71. An evidence of efficient use of the resources is also the fact that the program was extended by 2 years beyond its planned timeframe within the original budget.

Unlike in previous GEF-funded SE initiatives the deployment of GEF resources was based on an assumption that unspent GEF funding for guarantee fund would be returned to GEF depending on the project portfolio performance. The GEF first loss funding of $18.42 m was leveraged by IFC investment up to 5 times or up to $87 m and this led to further leverage from private sector in the form of equity and private commercial financing up to 17.9 times or $329.5 m in value of guaranteed and leveraged projects. Since the performance of the portfolio is excellent (without any default up to now), it is expected that the majority of $18.42 m GEF first loss guarantee would be returned back to the GEF. As already mentioned no other more efficient alternative in the market existed. All other programs/projects were using donor funding primarily to subsidize sponsors or FIs directly in the form of grants. Therefore the idea "to recycle" donor funding used for guarantee fund was the least costly alternative.

6. IFC Role and Contribution (i) ☐ ☐ ☐ ☒

Rationale

The assigned "Excellent" rating reflects the fact that IFC role was essential and made major contribution making the project innovative, catalytic and developmental.

IFC has developed a new commercial approach to the SEF relying fully on private sector

	role in the area which was traditionally viewed as target of different subsidized financial schemes. This was the first known attempt to finance sustainable energy projects in the target markets on commercial terms while utilizing synergy of parallel investment and advisory services. In the case that only one of the components is deployed the majority of investment would not probably happen. If only AS would be provided FIs would not finance the projects in larger scale due to perceived project risks. This barrier was efficiently addressed by the guarantee scheme. On the other hand if guarantee product is available without adequate AS it would not be probably sufficient instrument to overcome reluctance of FIs to finance the projects. This was confirmed for instance in Estonia where AS provided by program enabled expansion of state guarantees for housing improvements. IFC role was therefore innovative and catalytic in filling a gap in the market providing integrated advisory and investment incentives for attracting private financing to the SE sector.

Post completion monitoring recommendation [Based on outcome and impact indicator level recommendation within Development Results section that follows]	
Recommended	No
Recommended duration for annual post completion monitoring	
Approach for post project completion monitoring (including estimated level of effort, resources and funding source)	The post completion monitoring of outstanding guarantee portfolio is done under investment project #11431 until expiration of the respective guarantee agreements. The supervison and monitoring of the project is done by portfolio unit out of the IFC Moscow office. On February 28, 2015 the availability of GEF funding and IFC guarantee t would expire.

Development Results

Double-click here to get the list of mandatory indicators for each Business Line and Product.

Outputs (i)									☐ Add Outputs Row
				Targets (i)		Results (i)			
Delete Row (i)	**Component /Activities (i)**	**Discontinued (i)**		**Indicators (i)**	Cumulative		Changes during prior periods	Change during this Period	Cumulative
					Original	Revised			
☐	Support development of projects	☐	Select reason	Number of entities receiving advisory services	15.00		17.00	583.00	600.00
☐	Support development of projects	☒	Other	Number of consultative workshops, training events, seminars, conferences, etc.	60.00		70.00	0.00	70.00
☐	Advice to banks and leasing companies	☒	Dropped	Number of hours of advisory services provided	1,000.00		915.00	0.00	915.00
☐	Support development of projects	☐	Select reason	Number of workshops, training events, seminars, conferences, etc.	60.00		70.00	0.00	70.00
☐	Support development of projects	☐	Select reason	Number of entities receiving concessional investment	15.00		16.00	324.00	340.00
☐	Support development of projects1	☒	Data N/A	Number of entities receiving advisory services	15.00		0.00	0.00	0.00
☐	Support in development of new financial products	☐	Select reason	Number new financial products designed	18.00		0.00	19.00	19.00
☐	Support devlopment of projects	☐	Select reason	Number of entities receiving in-depth advisory services	15.00		0.00	73.00	73.00
☐	Support devlopment of projects	☐	Select reason	Number of participants in workshops, training events, seminars, conferences, etc.	1,000.00		0.00	2,319.00	2,319.00

Delete Row (i)	Component /Activities (i)	Discontinued (i)	Indicators (i)	Baseline (i) Original A	Baseline Revised B	Targets (i) Cumulative Original	Targets Revised	Targets Expect to achieve by	Results (i) Changes during prior periods C	Results Change during this Period D	Results Cumulat -ive E=(A,B) +C+D	Is post project completion monitoring by unit outstanding?	If yes, annually for how many years?
☐	Support development of EE projects	☐Select reason	Number of loans disbursed	0.00		300.00		Project comp	837.00	-8.00	829.00	No	Select one
☐	Support development of EE projects	☒Other	Value of all loans disbursed	0.00		180,000,000.00		Project comp	103,707,649.00	0.00	103,707,649.00	Select one	Select one
☐	Advice to banks and leasing companies	☒Other	Number of firms/FIs adopting sustainable practices based on advisory services	0.00		20.00		Project comp	12.00	0.00	12.00	Select one	Select one
☐	Support development of EE projects	☐Select reason	Value of loans disbursed (US$)	0.00		180,000,000.00		Project comp	151,600,732.00	76,399,268.00	228,000,000.00	As part of Inve	Select one
☐	Advice to banks and leasing companies	☐Select reason	Number of entities adopting sustainable practices based on advisory services	0.00		20.00		Project comp	12.00	61.00	73.00	No	Select one
☐	Support development of EE projects1	☒Data N/A	Number of loans disbursed	0.00		300.00		Project comp	0.00	0.00	0.00	Select one	Select one
☐	SEF program design	☐Select reason	KM project: Number of follow-on IFC projects that benefited from the KM project	0.00		5.00		Project comp	0.00	5.00	5.00	No	Select one

Outcome (i) ☐ Add Outcome Row

Impacts (i) ☐ Add Impacts Row

				Targets (i)	Results (i)		

Delete Row (i)	Component /Activities (i)	Discontinued (i)	Indicators (i)	Baseline (i)		Cumulative			Changes during prior periods	Change during this Period	Cumulat-ive	Is post project completion monitoring by unit outstanding?	If yes, annually for how many years?
				Original A	Revised B	Original	Revised	Expect to achieve by	C	D	E=(A,B) +C+D		
☐	Support development of EE projects	☒Other	GHG emissions reduced (tons/year) (direct & indirect only)	0.00		1,330,000.00		4-5 yrs post	151,165.00	0.00	151,165.00	Select one	Select one
☐	Advice to banks and leasing companies	☐Select reason	Value of financing facilitated (US$)	0.00		152,000,000.00	280,000,000.00	4-5 yrs post	422,800,589.00	-16,800,589.00	406,000,000.00	As part of Inve	Select one
☐	Support development of EE projects	☒Dropped	Energy saved (MWh)(direct)	0.00		0.00		Project com	180,722.00	0.00	180,722.00	Select one	Select one
☐	Support development of EE projects	☐Select reason	Renewable energy produced (MWh)	0.00		0.00		Project com	67,936.00	218,634.00	286,570.00	As part of Inve	Select one
☐	Support development of EE projects	☒Dropped	Renewable energy produced (MWh)(through replication)	0.00		0.00		Project com	0.00	0.00	0.00	Select one	Select one
☐	Support development of EE projects)	☒Dropped	Energy saved (MWh)(through replication)	0.00		0.00		Project com	0.00	0.00	0.00	Select one	Select one
☐	Environmental impact	☒Dropped	GHG Emissions reduced (tons/year)(direct)	0.00		1,330,000.00		4-5 yrs post	210,787.00	0.00	210,787.00	Select one	Select one
☐	Environmental Impact	☒Dropped	GHG Emissions reduced (tons/year)(through replication)	0.00		0.00		Project com	0.00	0.00	0.00	Select one	Select one
☐	Support development of EE projects	☐Select reason	Energy use expected to be avoided (MWh/year)	0.00		0.00		Project com	233,072.00	4,420,115.00	4,653,187.00	No	Select one
☐	Environmental Impact	☐Select reason	GHG emissions expected to be avoided (metric tons/year)	0.00		1,330,000.00	420,000.00	4-5 yrs post	218,317.00	308,314.00	526,631.00	No	Select one
☐	Support financing of SE projects	☐Select reason	Value of IFC financing facilitated (US$)	0.00		50,000,000.00		Project com	0.00	53,723,529.00	53,723,529.00	No	Select one

Comments on development results achieved

Entire Project (including additional relevant results (positive and negative) other than those planned)	Because of relatively long history of the project (CEEF was implemented between 2003 and 2008 but in 2005 was merged with the HEECP implemented from 1997 to 2005), developmental impact indicators used in this section were introduced to the project "retroactively" when it was created in the iDesk in 2007. Some of the indicators were changed since that to better track project results and were updated to comply with the last set of standard indicators developed for SEF A2F advisory projects. Some of them do not have target data since it was not defined at the beginning of project. We have used the GEF PAD document as the benchmark where major project targets for the program are outlined. It should be noted that it does not include program in Hungary, which was merged with the CEEF in 2005 only a year before the original end date of the project (2006) and therefore no revision of CEEF targets was made. The major source of data in this report is an independent evaluations of CEEF and HEECP (2010) prepared by the Danish Management Group. The major discrepancy between the independent evaluator's methodology and the current IFC methodology is in a definition of "direct" and "indirect" impacts of the project. Evaluator is limiting "direct impact" only to projects which used IFC guarantee facility. This excludes from impacts all projects, which were implemented due to IFC advisory services but did not use financing supported by IFC guarantee. For purpose of this report we have included also the latter projects in impacts in accordance with the current IFC methodology where attribution to IFC AS was evident. Some data in the above tables track also HEECP results merged with the CEEF in 2005. The summary table available in the iDesk disaggregates the results between the HEECP and the CEEF in detail. Outputs Following results of Output indicators were tracked: (Achieved vs. Target) -Number of entities receiving advisory services: (600 vs. 15) -Number of consultative workshops, trainings events, seminars, and conferences: (60 vs. 70) -Number of entities receiving concessional investment: (340 vs. 15) -Number new financial products designed: (18 vs 18) – 19 is error in the tbale -Number of entities receiving in-depth advisory services (73 vs NA) -Number of participants in workshops, trainings events, seminars, and conferences: (2,319 vs. NA) (a fictive target of 1,000 was entered to allow for validation) Substantial difference between some reported numbers and relatively low targets is due to interpretation of the indicators. While the most original target indicators focused just on the PFIs, the project has delivered AS to much broader group of recipients including project developers, ESCOs, and end-users. Three indicators were added in line with the new methodology which was not in place at the beginning of the project – number of entities receiving in depth AS. The purpose of adding the indicator was to capture of number of FIs undergoing capacity building. Therefore the number of entities receiving AS indicator was revised to include also non FIs. The same applies also to the number of entities receiving concessional investment which was originally limited to FIs but now includes also final beneficiaries (borrowers). In addition to the outputs indicators captured in the iDesk following output objectives were outlined the project approval document. Objective: Promoting entry of domestic FIs into the EE financing market. 14 local FIs (mostly commercial banks and to lesser extend leasing companies) took an active participation in the program providing financing for EE/RE projects. The market penetration differed from country to country. Number of FIs per country with country share was following: Hungary - 6 (43%)

	Czech Republic – 3 (21%) Slovak Republic - 2 (15%) Lithuania – 2 (15%) Latvia – 1 (6%) Estonia – 0 The majority of the banks (6) were involved in Hungary, where the program built on the previous pilot activities and 73% of the banking sector (of total assets) has participated in the scheme. The limited number of FIs was participating in the Baltic countries (3) due to a limited market size, availability of subsidized support schemes, and less developed ESCO sector. Overall, the program has increase an interest of FIs to finance SE projects on commercial terms and to develop it as profitable, commercially sustainable business line Objective : Building greater experience and capacity of domestic FIs to provide EE project finance. Depending on the level of commitment and existing SE capacity different type and amount of know-how transfer was delivered to partner FIs ranging from a simple advise on technical and financial aspects of SE projects through general or in-depth training of managers, relationship officers, credit risk officers, etc. up to helping with creating a dedicated SE units. 526 staff was trained in SE finance in total which represents more than 25% of PFIs investment related staff. The country breakdown is bellow. Data for Hungary are not available since the training for FIs was implemented under HEECP in early 2000s: Czech Republic – 210 Slovak Republic – 100 Lithuania – 130 Latvia – 86 The above interventions led to a substantial increase of FIs capacity to finance SE projects even without a third party guarantee. The best evidence of the sustainability is the fact that partner FIs continue in SE lending also after the program completion and in several cases play a role of the market leader. Objective : Promoting financial innovation in the market to establish a range of financial products to meet the market demand. The product innovation was achieved on the side of partner FIs extending 12 new financial products to their SE clients for instance in the renewable energy projects or block-house EE upgrades as well as on the side of IFC offering individual and portfolio guarantees customized to project type/FI needs. The country breakdown with relative share of new products is following: Hungary - 2 (17%) Lithuania – 3 (25%) Czech Republic – 3 (25%) Latvia – 2 (17%) Slovak Republic - 1(8%) Estonia – 1(8%) The newly developed financial product with the largest investment impact was portfolio pari passu guarantee with the first loss component. The renewable energy projects were successfully financed by long-term investment loans with individual pari passu guarantees. On the other hand, forfeiting product with partial guarantee had only limited use in one project. Objective : Building capacities of the commercial EE/ESCO industry to market, structure, and finance EE projects, and to accelerate development of the EE market generally. In average more than two companies per months were provided with external or internal consulting services in each country resulting

	in 600 consultations in total. It includes energy audits, training seminars, project development support, marketing; workshops and conferences, market surveys, end user seminars, and individual consultations. Furthermore, the objective was achieved also working through FIs, which were imposing their requirements (meeting IFC criteria), and transferring the project specific knowledge to the project developers/investors/end users in the process of project appraisal, structuring, and financing. The country breakdown is following: Hungary – 120 Czech Republic – 300 Slovak Republic – 240 Lithuania – 120 Latvia – 120 Estonia – 0 Outcomes Following results of Outcome indicators were tracked: (Achieved vs. Target) -Number of loans disbursed: (829 vs.300) – reported only projects covered under the RSF -Value of loans disbursed: ($228m vs. $180 m) -Number of entities adopting sustainable practice based on advisory services: (73 vs. NA) -Number of follow-on IFC projects; (5 vs. NA) Similarly to output indicators interpretation of beneficiaries was broaden from FIs to project developers. Therefore number of entities adopting sustainable practice increased several times in comparison with the original target. New indicator – Number of follow-on projects based on KM was introduced in order to track the fact that at least 5 projects/programs utilized experience acquired by the project. In addition to the outcomes indicators captured in the iDesk following outcomes objective was outlined the project approval document. Objective: Expand deployment of non-grant contingent finance tools for the GEF, thus achieving greater leverage of GEF funds. Unlike in many previous GEF-funded SE initiatives the deployment of GEF resources was based on an assumption that unspent GEF funding for guarantee fund would be returned to GEF depending on the project portfolio performance. The GEF first loss funding of $18.45 m was leveraged by IFC investment up to 5 times or up to $87m and this led to further leverage from private sector in the form of equity and private commercial financing up to 17.9 times or $329.5 m in guaranteed and leveraged projects. Since the performance of the portfolio is excellent with any default until now, it is expected that the majority of $18.45 m GEF first loss guarantee would be returned back to the GEF. In the best case scenario when no guarantee would be called the CEEF total costs are equal to admin, advisory and supervision costs of 5.33 m ($3.65 from GEF and $1.68 m from other donors) which means a leverage of 61.8 times for donor funding or 90 times for GEF funding Impact Following results of Impact indicators were tracked: (Achieved vs. Target) -Value of financing facilitated: ($406 m vs. $280 m) – the original GEF PAD target is $260 m -Value of IFC financing facilitated ($53.7 m vs. NA) -Renewable energy produced (286 GWh/y vs. NA) -Energy use expected to be avoided (4,653 GJ/y vs. NA) – a mistake in the table since a wrong unit was used – the amount is equal to

	1,294 GWh/y -GHG emissions expected to be avoided (526,623 MT CO2e/y vs. 1,330,000 MT CO2e/y) – the higher target of 1,330,000 MT CO2e/y was introduced in comparison with range estimated in the GEF PAD from 420,000 to 750,000 MT CO2e/y. Value of IFC financing facilitated was introduced in order to track volume guarantees issued by IFC. In addition to the impacts indicators captured in the iDesk following impacts objective was outlined the project approval document. Objective: Refine and streamline administrative and management procedures used in administrating the guarantee facility and TA program, in the regions through IFC's mainstream investment operations. The program has developed a full set of new approaches to administrating and managing origination, approval, and monitoring processes, which were later on disseminated in other regions and projects.
Reporting period since last supervision	During the last reporting period several knowledge management activities were implemented. The study trip to the Lithuania for the staff involved in the EE project development in Russia, the Ukraine, and the Balkans in January 2010 serve to learn from the CEEF experience in working with Lithuanian banks on housing modernization programs (conditions of the loans, collection of the repayments etc.). Dissemination of lessons learned on the global level was led by the SEF global product specialist during 3 days workshop in April 2010 in Prague during which the CEEF best practices and lessons learnt were shared with SEF project managers from other regions, notably: CEA, CSA, CME, ECA and LAC. The real case studies were presented by IFC staff as well as by invite guest speakers from the project's partner financial institutions. The independent evaluator's final report was delivered in May 2010 and serves as the primary source of date for this PCR. Because of the delayed delivery of the report its findings in combination with the CEEF staff their own experience would be synthesized a Smart Lesson(s) which would to be disseminated within IFC.

Budget Sources (USD):	[Budget information is pre-populated from IBIS.Double-click here to view/create/edit budget data.] Note: The line items for pre-implementation DO NOT expand.								
Stage	**Source of Funds**	**Budget**		**Secured**		**Actuals**			
		Original	**Current**	**Amt**	**%**	**Cumulative till previous period**	**For this period**	**Total**	**% of secured**
			A	**B**	**C = B/A**	**D**	**E**	**F = D + E**	**G = F/B**
Funding									
Preimplementation		**0**	**0**	**0**		**0**	**0**	**0**	
Implementation		**21,800,000**	**4,350,000**	**4,350,000**	**100**	**4,164,624**	**87**	**4,164,711**	**96**
IFC									
Partners/Donors									
Pooled Funds									
GEF Implementation : Pooled Trust Fund	TF051733		3,650,000	3,650,000	100	3,561,837	87	3,561,924	98
GEF Supervision : Pooled Trust Fund	BF000107		639,818	639,818	100	602,787	0	602,787	94
SBI/GEF Supervision : Pooled Trust Fund			60,182	60,182	100	0	0	0	0
Post Implementation		**0**	**0**	**0**		**0**	**0**	**0**	
IFC									
Partners/Donors									
Pooled Funds									
Revenue									
Preimplementation		**0**	**0**	**0**		**0**	**0**	**0**	
Implementation		**0**	**0**	**0**		**0**	**0**	**0**	
Cash Fees									
Investment Income									
Fees not for Project									
Post Implementation		**0**	**0**	**0**		**0**	**0**	**0**	
Cash Fees									
Investment Income									
Fees not for Project									
Total Funds Managed by IFC (does not include Fees not for Project)		**21,800,000**	**4,350,000**	**4,350,000**	**100**				
Additional Contributions									
Preimplementation		**0**	**0**	**0**		**0**	**0**	**0**	
Implementation		**0**	**0**	**0**		**0**	**0**	**0**	
Post Implementation		**0**	**0**	**0**		**0**	**0**	**0**	
Total Project Size (Total Funds Managed by IFC + Total Additional Contributions)		**21,800,000**	**4,350,000**	**4,350,000**	**100**				

Comments/Explanation for significant variances:
There were no significant variances between the original budget and the actual. 96% of funding was utilized.

Budget Uses (USD):	[Budget information is pre-populated from IBIS.Double-click here to view/create/edit budget data.] Note: The line items for pre-implementation DO NOT expand.									
	For this period				**Total Uses**					
Uses if Total Funds managed by IFC	**Budget**	**Actual Expenses**	**Amt Variance**	**% Variance**	**Budget**	**Actual Expenses**	**Amt Variance**	**% Variance**	**Total Budget**	**% Spent**
	A	**B**	**C = A-B**	**D = C/A**	**E**	**F**	**G = E-F**	**H = G/E**	**I**	**J = F/I**

Preimplementation	**0**	**0**	**0**		**0**	**0**	**0**		**0**	
Implementation	**10,000**	**87**	**9,913**	**99**	**4,330,000**	**4,166,200**	**163,800**	**4**	**4,350,000**	**96**
Staff Costs	7,500	0	7,500	100	2,069,278	1,793,567	275,711	13	2,084,278	86
Consultants	0	0	0		445,809	461,878	-16,069	-4	445,809	104
Travel Costs	2,500	0	2,500	100	413,198	442,937	-29,739	-7	418,198	106
Staff Representation & Hospitality	0	0	0		14,392	16,421	-2,029	-14	14,392	114
Contractual Services	0	0	0		266,077	316,852	-50,775	-19	266,077	119
Communications & IT Chargeback	0	0	0		241,672	264,534	-22,862	-9	241,672	109
Office Rent (Office Rent/Lease/Ownership)	0	0	0		436,266	426,333	9,933	2	436,266	98
Office Equip. & Furniture., Other Equip. & Build	0	0	0		163,031	146,930	16,101	10	163,031	90
Other Expenses	0	87	-87		122,402	135,719	-13,317	-11	122,402	111
Development Grant (Grants, Donations & Ext Participant Cost)	0	0	0		157,875	161,028	-3,153	-2	157,875	102
Post Implementation	**0**	**0**	**0**		**0**	**0**	**0**		**0**	
Total Uses	**10,000**	**87**	**9,913**	**99**	**4,330,000**	**4,166,200**	**163,800**	**4**	**4,350,000**	**96**
** 783,633 of staff costs comes from RMS										

Pricing Goals (i)	
Charging for Products/Services (Yes/No)	No
Charging details	
Comments *Describe the key factors in setting the charging structure. If No selected above, specify reason.*	There is cost sharing of some energy audit costs and seminar costs but not formally agreed set of principles

WBS Status								☐ **Add WBS Row**
Delete Row (i)	**Discon-tinued (i)**	**WBS element**	**Name**	**Closed**	**Expected/ Actual close date**	**Outstanding commitments**	**Outstanding Fees**	**Comments**
☐	☐	IFC-00506396-BF000107-F7	GEF CEEF-BF000107-F7	Yes	May. 4, 2011	0.00	0.00	
☐	☐	IFC-00506396-TF051732-S	GEF CEEF-TF051732	Yes	May. 4, 2011	0.00	0.00	Guarantee Account
☐	☐	IFC-00506396-TF051732	GEF CEEF-TF051732	Yes	Nov. 10, 2006	0.00	0.00	Guarantee Account
☐	☐	IFC-00506396-TF051733-AL	GEF CEEF-TF051733-AL	Yes	May. 4, 2011	0.00	0.00	Lithuania admin
☐	☐	IFC-00506396-TF051733-CA	GEF CEEF-TF051733-CA	Yes	May. 4, 2011	0.00	0.00	Czech Rep. admin
☐	☐	IFC-00506396-TF051733-CO	GEF CEEF-TF051733-CO	Yes	May. 4, 2011	0.00	0.00	Common Costs
☐	☐	IFC-00506396-	GEF CEEF-	Yes	May. 4, 2011	0.00	0.00	Czech Republic TA

WBS Status								☐ Add WBS Row
Delete Row (i)	Discon-tinued (i)	WBS element	Name	Closed	Expected/ Actual close date	Outstanding commitments	Outstanding Fees	Comments
		TF051733-CT	TF051733-CT					
☐	☐	IFC-00506396-TF051733-HA	GEF CEEF-TF051733-HA	Yes	May. 4, 2011	0.00	0.00	Hungary admin
☐	☐	IFC-00506396-TF051733-HT	GEF CEEF-TF051733-HT	Yes	May. 4, 2011	0.00	0.00	Hungary TA
☐	☐	IFC-00506396-TF051733-KM	SEGEF CEEF KM	Yes	May. 4, 2011	0.00	0.00	
☐	☐	IFC-00506396-TF051733-LA	GEF CEEF-TF051733-LA	Yes	May. 4, 2011	0.00	0.00	Latvia
☐	☐	IFC-00506396-TF051733-LI	GEF CEEF-TF051733-LI	Yes	May. 4, 2011	0.00	0.00	Lithuania
☐	☐	IFC-00506396-TF051733-LT	GEF CEEF-TF051733-LT	Yes	May. 4, 2011	0.00	0.00	Lithuania TA
☐	☐	IFC-00506396-TF051733-SA	GEF CEEF-TF051733-SA	Yes	May. 4, 2011	0.00	0.00	Slovak Admin
☐	☐	IFC-00506396-TF051733-ST	GEF CEEF-TF051733-SA	Yes	May. 4, 2011	0.00	0.00	Slovak TA
☐	☐	IFC-00506396-TF051733-VA	GEF CEEF-TF051733-VA	Yes	May. 4, 2011	0.00	0.00	Latvia admin
☐	☐	IFC-00506396-TF051733-VT	GEF CEEF-TF051733-VA	Yes	May. 4, 2011	0.00	0.00	Latvia TA
☐	☐	IFC-00506396-TF051733	GEF CEEF-TF051733	Yes	Jul. 5, 2006	0.00	0.00	Admin/TA Account
☐	☐	IFC-00506396-TF051733-SL	GEF CEEF-TF051733-SL	Yes	Jul. 5, 2006	0.00	0.00	Slovak Republic
☐	☐	IFC-00506396-TF051733-CZ	GEF CEEF-TF051733-CZ	Yes	Jul. 5, 2006	0.00	0.00	Czech Republic
☐	☐	IFC-00506396-TF051733-ES	GEF CEEF-TF051733-ES	Yes	May. 4, 2011	0.00	0.00	Estonia
☐	☐	IFC-00506396-TF051733-HU	GEF CEEF-TF051733-HU	No	Jun. 30, 2011	996.52	0.00	Hungary, remaining commitment to be cancelled
☐	☐	IFC-00506396-TF052182	GEF CEEF-USTDA TATF	Yes	May. 4, 2011	0.00	0.00	
☐	☐	IFC-00506396-TF093296-F7	CEF CEEF TF093296-F7	Yes	May. 4, 2011	0.00	0.00	

WBS Status								☐ Add WBS Row
Delete Row (i)	Discon-tinued (i)	WBS element	Name	Closed	Expected/ Actual close date	Outstanding commitments	Outstanding Fees	Comments
☐	☐	IFC-00506396-TF051672	GEF CEEF-FIN2 TATF	Yes	May. 4, 2011	0.00	0.00	
☐	☐	IFC-00506396-TF051672-PD	GEF CEEF-FIN2 TATF	Yes	Dec. 13, 2007	0.00	0.00	
☐	☐	IFC-00506396-TF051721	GEF CEEF-SPN TATF	Yes	Dec. 21, 2007	0.00	0.00	
☐	☐	GEF CEEF-BF000107-F7	GEF CEEF-BF000107	Yes	Jul. 5, 2006	0.00	0.00	
☐	☐	IFC-00506396-BF000107-F5	GEF CEEF-BF000107-F5	Yes	Jul. 5, 2006	0.00	0.00	
☐	☐	IFC-00506396-BF000107-F6	GEF CEEF-BF000107-F6	Yes	Jul. 5, 2006	0.00	0.00	

Timeline:

Delete Row (i)	Key Activities for Reporting Period	Activity Status	Timeline ☐ Add Timeline Row
☐	Complete 4 Smart Lessons documents	Completed	On Time
☐	Prepare plan for closing regional offices	Completed	On Time

Explanation for delays in start and/or completion of key activities and resulting impact on overall project timeframe.
The original program duration was extended from 4 to 6 years reflecting the increased market demand after the first 4 years. The major part of the program impact was achieved during the last 3 years of 6-year period thus justifying the extension. Investment period of the program as well as advisory services has ended by December 2008. The period until June 2010 was utilized primarily for the portfolio supervision, knowledge management, and the final report preparation. After transferring the supervision function to the portfolio unit and delivering final evaluation report in May 2010 the project was closed in June 2010. As mentioned above the investment part of the project will last until February 2015 when the last guarantees expire

Consultants: [This information should be entered manually]

Delete Row (i)	Consultant Name/Firm	Expertise/Comments [In line with IFC Legal requirements, consultant performance information should NOT be provided] ☐ Add Consultant Row
☐	Alvaro Ferreira Redondo, Andrew L. Douglas, Alberto Ortiz de Elgea, Carlos Artiach, Jesus Maria Casado, Eduardo Enriquez de la Maza, Miguel Ardaiz, Jose Maria Lopez Sanchez, Vintner Vladislav, Martin Sykora/SoluzionaSpain	Sustainable energy
☐	Jose Luis Bobes, Jose Juan Canales Trenas, Carlos Bruna, Albet Mitja/Casainteligente Spain	Sustainable energy
☐	Jose Luis Bobes, Jose Juan Canales Trenas, Carlos Brunat, Juan Enrique Martinez Pomar, Albet Mitja/Greenmax Spain	Sustainable energy
☐	John McLean, Cliff Aron, Jacek Kostrzewa, Connie Smyser, George Caraghiaur/Greenmax Poland	Sustainable energy
☐	Matti Vaattovaara, Anja Silvennoinen, Olli Kuronen, Marku Satuli, Murat Alehodzhin, Esa Pekka Toivanen, Vesa-Pekka Vainikka, Kari Kuisma, Petri Vaisanen, Saulius Akelaitis, Nurste Heiner, Sulev Soosaar, Ugis Strazdins, Janis Jakusenoks, Gundega Fokina, Vytautas Martinaitis, Vaidotas Sabanas, Juozas Gudzinskas, Laimonas Narbutas, Nerijus Rasburskis, Ramunas Bankauskas,/Elektrowat Econo Finnland	Sustainable energy

Project Team: [This information should be automatically populated from iDESK]

Core Team Members	Primary	Proxies
Transaction Leader	Pavol Vajda	Ulugbek Yusufdjanovich Tilyayev, Diana Mirzakarimova, Nazira Abdukhalilova, Marina Fedorova
Monitoring and Evaluations Officer	Soren Heitmann	Maria Lourdes Camba Opem, Gordana Alibasic
Finance Officer	Nazira Abdukhalilova	Irina Sherbakova, Dragan Kolevski, CES Finance and Budget Team, CPAFR
Team Assistant	Vinitha R. Jayalal	
Other Team Members	Cecilia Lim, OEG Monitoring	
Management Team	**Primary**	**Proxies**
Unit Line Manager	Rolf Behrndt	Ulugbek Yusufdjanovich Tilyayev, Patrick Luternauer
Business Line Specialist 1	Miles Stump	Anne Lagomarcino, Honorata Ewelina Fijalka
Business Line Specialist 2		
Business Line Specialist 3		
Business Line Specialist 4		
Business Line Specialist 5		
Unit Manager	Jesper Kjaer	Marina Fedorova

Additional Comment(s):

Review and Approval Status: [This information should be automatically populated from iDESK]

TL Initiate Completion - Initiate Completion by Ulugbek Y. Tilyayev at 05/04/2011 11:56:34 AM
Comment : Submitted on beahlf of TL who is currently on travel. PCR has gone thru PCR review meeting and comments received have been addressed.

Unit Line Manager Clear - Cleared to Unit Manager by Rolf Behrndt at 05/04/2011 12:05:00 PM
Comment : The TL and the ULM have worked in great detail together to ensure that the development results have been properly reflected and especially documented. Feedback has been received additional offline from M&E and the Finance teams. This project conforms to the required standards for PCRs. This is a good project, and a good PCR that should hopefully see the successful rating confirmed by IEG.

Business Line Specialist 1 Clear - Cleared to Unit Manager by Miles Stump at 05/05/2011 03:40:05 AM
Comment : CEEF was a seminal project for IFC in the climate change area, informing and shaping subsequent efforts in sustainable energy finance. The PCR is a good summation of a long and complex project that was in fact an aggregation of projects. CEEF should undoubtedly be considered to have had high development value.

M&E Officer Review - Automatically Released after 7 days by Soren Heitmann at 05/11/2011 12:00:44 PM
Comment :

Finance Officer Review - Automatically Released after 7 days by Nazira Abdukhalilova at 05/11/2011 12:00:44 PM
Comment :

Unit Manager Approve - Approved by Jesper Kjaer at 05/30/2011 09:28:25 AM
Comment : Approved. PCR review meeting comments included.