

Project Name SEGEF CHUEE
 Project ID 523295
 Project Status Active
 PL William Trant Beloe

ADVISORY SERVICES

COMPLETION



Version: 0.29

Date: Wed 19 Dec 2012 2:48:41 EST

Primary Country(Region): China(East Asia and the Pacific)

Other Countries:

Business Lines & Products

Access To Finance		100%
Sustainable Energy Finance	D	100%

Client(s) & Stakeholders

Name	Type
Industrial Co...	Advisory Client
Bank of Beijing	Advisory Client
CHUEE 2 SPDB	Advisory Client

Beneficiaries

Company-Large , Company-SME, Government-National,
 Government-Sub-National, Intermediary-Financial,
 Intermediary-Other

Focus Areas

IDA	0%
FCAS	0%
Frontier	37%
Climate Change Mitigation	100%
Climate Change Adaptation	0%
Climate Change - Special Climate	0%
Gender	No
IFC/ WB Collaboration	No
Client Facing	
Firm Specific	80%
Individual Firms	80%
Group of Firms	0%
Enabling Envir.	20%
Economy Wide	0%
Industry/Sector Specific	20%

Sectors

O-AA - Commercial Banking - General	100%
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Original Objective Statement as of 03-02-2007

The China Utility-Based Energy Efficiency Finance Project ("CHUEE" or the "Project") supports the marketing and development of financial products targeted at increasing investment in energy efficiency in the commercial , industrial, institutional and residential sectors by Chinese financial institutions.

The Project's development objective is to create effective, commercially sustainable delivery mechanisms for systematically developing, implementing and financing EE projects, via partnerships with: (i) private sector energy utilities to act as the lead marketing partners, facilitators and aggregators for EE projects; (ii) FIs 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.

Current Objective Statement as of 02-09-2011

IFC's China Utility-based Energy Efficiency Finance Program ("CHUEE" or "the project") was first developed upon a request from the China's Ministry of Finance to support the implementation of energy efficiency ("EE") and renewable energy ("RE") projects in the People's Republic of China. The set-up of the Program has been strongly supported by the Global Environment Facility ("GEF") and the Ministry of Employment and Economy of Finland ("MEE"), and the Norwegian Agency for Development Cooperation ("Norad").

CHUEE supports the marketing and development of financial products targeted at increasing investment in energy efficiency in the commercial , industrial, institutional and residential sectors by Chinese financial institutions.

The Project's development objective is to create effective, commercially sustainable delivery mechanisms for systematically developing, implementing and financing EE projects, via partnerships with: (i) private sector energy utilities to act as the lead marketing partners, facilitators and aggregators for EE projects; (ii) FIs 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.

By 2012, the project expects to achieve the following key results:


- 1) facilitated commercial banks to provide EE/RE loans in US\$533 million.
- 2) 20 million ton GHG emission reduction per annum

Financial & Timeline Summary

	Budget	Secured	Actuals
Project Size	7,957,083	6,957,083	
Funding	6,946,885	6,946,885	6,778,836
Cash Fee	10,198	10,198	10,198
Addnl. Contrib.	1,000,000	0	804,220
Stage	Start Date	End Date	Elapsed
Pre Imp	Mar 30,2004	Feb 28,2006	455
Imp	Mar 1,2006	Dec 31,2012	99
Post Imp	Jan 1,2013	Dec 31,2013	-3
Stage	Budget Utilization		
Pre Imp			
Imp	99		

Development Results Summary*

Component	Indicator	IDG	Inception till Previous Period [FY2012Q4]		Current Period [FY2013Q2]		Summary/Cumulative for the entire project	
			Target	Result	Target	Result	Target	Result
Support to FI	Number of entities receiving in-depth advisory services	N	7	6	0	0	7	6

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	Number of new financial products designed	N	7	7	0	1	7	8
Support to FI	Number of new financial products launched	N	7	7	0	0	7	7
	(Project Level)Number of outstanding loans	Y	100	107	0	-20	100	87
	Number of loans disbursed	N	260	171	0	7	260	178
	Value of loans disbursed (US\$)	N	465000000	728444000	0	54833000	465000000	783277000
	Value of outstanding loans (US\$)	N	186000000	197460317	0	-91396825	186000000	106063492
	(Project Level)GHG emissions expected to be reduced (metric tons/year)	Y	18781112	18368263	1218888	964218	20000000	19332481

*Includes IDG Indicators


DE Summary

Overall	Strategic Relevance	Output Achievement	Outcome Achievement	Impact Achievement	Efficiency	IFC's Role and Contrib.
Successful	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Excellent	Satisfactory

Does this project have post monitoring recommended: YES

Development Results & Effectiveness

Development Effectiveness	<p>Rationale: We rate the project as 'Successful'. CHUEE was launched in Dec 2006 at the request of Chinas Ministry of Finance (MOF) to support the implementation of EE and RE projects in China. The program was designed to provide in-depth advisory services to Chinese FIs to grow portfolios of EE/RE projects to overcome two major barriers preventing EE and RE projects - perceived market risks and technical risks. Chinas policies have focused on emissions reduction predominantly with large SOEs. The private sector was left largely untouched. Large scale participation by the business sector is crucial in bringing down emissions, and the costs of doing so.</p> <p>By demonstrating the commercial and technical viability of this market, the program was tasked with mobilizing market resources to support EE/RE investments on a commercial basis. The project has achieved very impressive recognition within China and far beyond. Due to our catalytic intervention, four banks (BOB, SPDB, IB, ABC) have grown and will continue to grow SEF portfolios. It is extremely relevant to both China's and WBG's strategic objectives. It has had significant impact, accounting for GHG reductions of 19.332m CO2e pa, substantially more than similar interventions elsewhere in the world. This amount is equivalent to 6% of the national reduction of GHGs for the 11th 5 year plan. Loans covered by RSFs amount to US\$783m for EE/RE investments of \$1.77bn with 3 FIs that used IFCs RSFs. Our DE targets only record project loans that were placed in IFC's RSFs. It is important to note the huge growth of partner FIs green lending portfolios that go well beyond the RSFs. IB, SPDB and BOB issued media releases stating that their green portfolios have reached over US\$20, \$16bn and \$1.6bn respectively, for a total of \$38bn. This clearly demonstrates how partner banks have leveraged this intervention to build significant new portfolios in Sustainable Energy Finance.</p> <p>One key target, number of FIs receiving in-depth advisory services, was missed. 6 out of 7 were achieved. In retrospect this target was probably too high. The demonstration effect of working with 6 FIs is not materially different from working with 7.</p> <p>A number of other indicators were missed. This was because the rule governing the use of RSFs was changed mid-project. At inception, new loans could be added to the RSF once loans matured. This was changed so that no new loans could be added once the ramp-up period was over or the facility had filled up, whichever was first. RSFs for IB and BOB were closed in 2011 and for SPDB, October 2012. This meant that the use of RSFs by FIs and therefore the size of the loan portfolios that they could service was significantly reduced. On advice from M&E, we did not change targets earlier but are providing an explanation in the PCN.</p> <p>Positive reviews on CHUEE were conducted by IEG and Nexant. As early as December 2009, IEG concluded that the overall social returns of the program were substantial (i.e. sharp reductions in carbon emissions accompanied by private gains through energy savings for participating companies). Following up on IEG's recommendations, IFC is now engaging in more challenging areas of the market to facilitate growth where substantial barriers remain. IFC diversified away from the over reliance on one FI, (IB), once all RSFs were closed, SPDB and BOB had large portfolios and had put a total of 53 projects into their RSFs. Further evidence of the catalytic role this project played can be seen in how the model has been leveraged in CHUEE SME (\$558m RSF with up to 7 FIs), China Water (first of kind), Green Buildings (11m CO2e GHG reduction target) and Mongolia SEF (first in country).</p> <p>Overall, this project has clearly successfully built sustainable new business with partner banks that will continue to grow after IFC's engagement. It has had a significant impact on GHG emissions in China and beyond and has been leveraged in other projects within China and beyond.</p>
Successful	

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Strategic Relevance	<p>Rationale: We rate Strategic Relevance as 'Satisfactory'. CHUEE I&I has been well aligned to both the WBG Country Assistance Strategy (CAS, 2003-2005) and later Country Partnership Strategy (CPS, 2006-2010), as well as IFC's country strategy with its focus on climate change mitigation, a central pillar to both WBG and IFC's current engagement with China.</p> <p>According to CAS, three main themes of WBG's operational strategy in China are to (i) improve the business environment and help accelerate China's transition to a market economy; (ii) address the needs of the poorer and disadvantaged people and regions; and (iii) facilitate an environmentally sustainable development process. Through helping private financial institutions and their clients recognize the business case offered by EE and RE, this project supports (i) and (iii). Given that 65 out of 178 projects financed under RSFs were in frontier regions, this project supports (ii).</p> <p>Within this framework, IFC's strategic priorities have been: (i) improving the business environment, particularly as it relates to financial markets, private participation in infrastructure and SMEs; (ii) encouraging development of SMEs through capacity building, and the development of alternative sources for SME financing; (iii) helping deepen and broaden the financial sector by supporting private banking and non-bank financial institutions; (iv) supporting private sector development in China's western and interior provinces; (v) enterprise reform through model transactions promoting industry consolidation and restructuring; and (vi) expanding the presence of private enterprises in infrastructure, social services, and environmental technology sectors. The project supports (i), (iii), (iv) and (vi).</p> <p>WBG's China CPS focuses on 5 thematic areas of engagement, and CHUEE has been highly relevant to 3 of the 5 pillars: Pillar 3: Manage resource scarcity and environmental challenges, through reducing air pollution, conserving water resources and optimizing energy use, improving land administration and management, and observing international environmental conventions; Pillar 4: Deepen financial intermediation, by expanding access to financial services (especially among SMEs), developing the capital markets, managing systemic risks, and maintaining financial stability; and Pillar 5: Improving public and market institutions, by improving firm competitiveness, reforming public sector units, and rationalizing intergovernmental fiscal relations.</p> <p>Since its inception in 2006 CHUEE has demonstrated the business case of an SEF market in China. Key project achievements have exceeded the original targets, enabled US\$1.77 billion in EE/RE investments, led to annual energy savings of 5.43 million tons of coal equivalent, equivalent to 19.332 million tons of CO2e per annum. Our key partner banks have learned the business model and have all established their own SEF business lines with significant portfolios. In February 2012, Industrial Bank stated that they have an SEF portfolio worth over US\$20bn, way beyond IFC's RSF. It has also become an Equator Principle bank, the first from China. SPDB has also stated openly that they have built a US\$16bn SEF portfolio, and BOB one of US\$1.6bn. This project was established before clear pricing guidelines for AS. However, fees meeting targets were received and overall contributions equaling over 80% of target were met despite working with 1 fewer client than anticipated.</p> <p>CHUEE has deepened financial intermediation, expanded access to financial services, and has become a model transaction with significant demonstration effects within China and beyond.</p>
Satisfactory	

Output Achievement	
Satisfactory	<p>Rationale: We rate as 'Satisfactory'. At project completion, most targets were reached / exceeded. For the key indicator 'Number of new financial products designed', the project achieved 8 vs a target of 7. However, the project achieved 6 out of 7 for the key indicator 'Number of entities receiving in-depth advisory services'. This indicator refers only to FIs and includes: IB, SPDB, BOB, Agricultural Bank of China, Binhai Rural Commercial Bank and Mingsheng Bank. In retrospect this target was too high. The demonstration effect of working with 6 FIs is not materially different from working with 7.</p> <p>1. Support End Users and Project Developers via:</p> <p>a. Providing technical assessments for EE/RE projects. This was a key element of support qualifying end users to successfully apply for loans from IFC partner FIs. IFC engineers provided 2917 hours of technical review for EE/RE projects exceeding the target of 1500. These reviews included projects for end users and project developers that were financed under IFC's RSFs, and those whose projects failed to get financed.</p> <p>b. Disseminating EE/RE knowledge to ESCOs, end-users, equipment suppliers and project developers by hosting or sponsoring trainings, seminars and events and helping them to acquire necessary marketing, engineering, and project finance skills to undertake EE/RE projects. Overall, 652 entities received advisory services from IFC, more than the target 400.</p> <p>c. Providing in-depth advisory service to project developers by sending SEF experts to visit project sites and offering technical advice for EE/RE project development. The project undertook 19 in-depth site visits vs a target 30. IFC only committed to a small number of site visits per client. This target was missed partly due to IFC partnering with less FIs than planned. Another reason is that IFC's technical specialists were increasingly engaged in conducting desk-top project reviews. This target was too high. Supporting an FI establish a successful SEF business does require a number of site visits but it is more important to help them build their own capacity and to establish networks with experts in the local market, rather than rely on IFC's direct support.</p> <p>2. Support to FIs</p> <p>The project offered advisory service to FIs via:</p> <p>a. Helping FIs to develop new SEF products. The project assisted partner FIs launch 8 new products, vs target of 7: IB-Energy Saving and Emission Reduction Finance Product, IB-Carbon Finance Product, IB-CHUEE SME Finance, SPDB-IFC CHUEE Loan, SPDB-ESCO Finance Product, BOB-Energy Saving Loan, BOB-CHUEE SME Finance, CHUEE Jiangsu RSF with Bank of Jiangsu.</p>

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b. Disseminating EE/RE knowledge to FIs by hosting/sponsoring trainings, seminars, events, helping them acquire necessary marketing, engineering, due diligence and financial analysis skills. The project shared SEF knowledge with 181 FIs vs target of 80.

c. Providing in-depth AS to FIs by EE/RE trainings at HQs and branches to sen mgmt and loan officers. IB and BOB received multiple in-depth trainings from 2006 to 2009. Mingsheng Bank received in-depth training in Oct 2006; SPDB in Nov. 2009; BRCB in Aug 2010; and ABC in Oct 2010. 6 FIs out of a target 7 FIs received in-depth AS. 240 participants provided feedback with an average rating of 4.4/5.0.

At Project Advisory Committee meetings held each year and at many other events, partner FIs expressed thanks for the support IFC has provided them with in building SEF portfolios. For quotes, please refer to the impact section below.

3. Support to EE Market / Public
Throughout the project, IFC has hosted, sponsored and supported 152 seminars/events with 6529 participants. In 2011 the number of ESCOs in China reached 3900, as compared to 76 ESCOs in 2005, an increase of 5031%. IFC's efforts and impact on China's EE/RE market are not only recognized by EE/RE market stakeholders, FIs and Government (MOF, CBRC), but have also been covered by 1357 media reports.

Component	Indicator	IDG	Supervision Period				Summary/ Cumulat-ive for the entire project	
			Inception till Previous		Current		Target	Result
			Target	Result	Target	Result		
Support to End Users and Project Developers	(Project Level)Number of advisory hours provided	N	1500	2861	0	56	1500	2917
	(Project Level)Number of entities receiving in-depth advisory services	N	30	19	0	0	30	19
	(Project Level)Number of entities receiving advisory services	N	400	526	0	126	400	652
Support to FI	(Project Level)Number of entities receiving advisory services	N	80	113	0	68	80	181
	(Project Level)Number of entities receiving in-depth advisory services	N	7	6	0	0	7	6
	(Project Level)Number of procedures/firm-level policies/ practices/ standards recommended for improvement or elimination	N	5	5	0	0	5	5
	(Project Level)Number of new financial products designed	N	7	7	0	1	7	8
Support to EE Market and the Public	(Project Level)Number of advisory hours provided	N	1500	1869	0	52	1500	1921
	(Project Level)Number of participants in workshops, training events, seminars, conferences, etc.	N	7300	5986	200	543	7500	6529
	(Project Level)Number of participants providing feedback on satisfaction	N	5812	4492	188	464	6000	4956
	(Project Level)Number of participants reporting satisfied or very satisfied with workshops, training, seminars, conferences, etc.	N	4979	4034	121	411	5100	4445
	(Project Level)Number of reports (assessments, surveys, manuals, Phase I/strategic option reports) completed	N	29	30	2	1	31	31
	(Project Level)Number of workshops, training events, seminars, conferences, etc.	N	145	143	5	9	150	152
	(Project Level)Number of media appearance	N	1480	1343	20	14	1500	1357

Outcome Achievement	Rationale: We rate Outcome Achievement as 'Satisfactory'.
Satisfactory	<p>Support to End Users and Project Developers 571 entities implemented recommended changes in relation to EE/RE projects. This covers FIs and other intermediaries to whom the project provided support to develop market capacity and the FI clients that were looking for finance to develop projects. This includes clients that implemented changes but did not get financed under the RSF. 50 out of 105 projects that were recommended by Technical Specialist Parties (TSPs) were financed. These numbers are less than targeted. As we describe immediately below, this is due to a change in how RSFs could be used after project inception. We are clear that ESCOs or EMCs, the key type of TSPs, remain a critical part of the market. 46 out of 178 loans in the RSFs, and 10 out of 19 loans from BoB were through ESCOs. The banks with whom IFC is currently negotiating terms for CHUEE SME are all very focused on building relationships with ESCOs. In addition, IFC has just completed a market review of ESCOs in China. It is clear that they will continue to be a key ingredient for a robust and growing SEF market, one in which IFC IS and local FIs are keen to participate.</p> <p>Support to FIs New financial products introduced by FIs focused on specific target markets, such as EMCs, end users, equipment manufacturers and SMEs. As IFC continues to work in this field, providing specific products for EE and RE should also be developed.</p> <p>At the time of project inception the understanding was that as loans were repaid, new loans could be added to the RSF. Mid-project, this was changed so that no new loans could be added once the ramp-up period was over or the facility had filled up, whichever was first.</p>

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RSFs for IB and BOB were closed in 2011 and for SPDB, in October 2012. This meant that the use of RSFs by FIs and therefore the size of the loan portfolios that they could service was significantly reduced. On advice from M&E, we did not change targets earlier but are providing an explanation in the PCN. This reduced the amount of loans that the RSF could cover, and also significantly affected the number and value of outstanding loans at project completion. As a result, for example only 178 vs a target of 260 loans were disbursed, 87 vs a target of 100 loans are outstanding.

Despite this, outcomes were very strong. Within RSF portfolios, value of total investments reached US\$1.77bn and value of loans disbursed at \$783.3m both exceeded targets. Furthermore, IB have stated they both now have a green loan portfolio of approximately \$20bn; SPDB of \$16bn. Bank of Beijing has a loan portfolio of US\$1.6bn, which is smaller but significant. We do not have evidence beyond what they have released to the press and what they have stated in PAC meetings with us. However, even if these are exaggerated by as much as 50% the following evidence shows that these banks have developed large, successful businesses based on the EE/RE lending practices IFC introduced:

- a. the size of these portfolios;
- b. the combined RSFs only registering 2 non-performing loans;
- c. the fact that IB and SPDB have established substantial stand-alone business units dedicated to this market; and,
- d. both IB and SPDB no longer require IFC advice.

Component	Outcome									
	Indicator	IDG	Achieved by	Supervision Period					Summary/ Cumulative for the entire project	
				BaseLn	Inception till Previous		Current		Target	Result
					Target	Result	Target	Result		
Support to End Users and Project Developers	(Project Level)Number of entities that implemented recommended changes	N	12/31/2012	0	291	564	9	7	300	571
	(Project Level)Number of projects though TSPs that received financing	N	12/31/2012	0	75	48	0	2	75	50
	(Project Level)Number of projects recommended/developed for industry clients by TSPs	N	12/31/2012	0	150	103	0	2	150	105
Support to FI	(Project Level)Number of new financial products launched	N	12/31/2012	0	7	7	0	0	7	7
	(Project Level)Number of outstanding loans	Y	12/31/2012	0	100	107	0	-20	100	87
	(Project Level)Number of active clients of the financial institution(s)	N	12/31/2012	0	288	154	12	7	300	161
	(Project Level)Number of entities that implemented recommended changes	N	12/31/2012	0	5	4	0	0	5	4
	(Project Level)Number of recommended procedures/firm-level policies/ practices/ standards that were improved or eliminated	N	12/31/2012	0	5	5	0	0	5	5
	(Project Level)Number of loans disbursed	N	12/31/2012	0	260	171	0	7	260	178
	(Project Level)Value of loans disbursed (US \$)	N	12/31/2012	0	4650000	2844400	0	5483300	4650000	2783277000
	(Project Level)Value of outstanding loans (US\$)	N	12/31/2012	0	1860000	9746031	0	-9139682	5860000	106063492
	(Project Level)Value of project total investments	N	12/31/2012	0	5330000	6137580	0	1563140	5330000	1770072000
	(Project Level)Value of loans > 90 days overdue (US\$)	N	12/31/2012	0	0	0	9300000	269841	9300000	269841

Impact Achievement	
Satisfactory	<p>Rationale: We rate as 'Satisfactory'. The project achieved impressive impact in catalyzing China's private sector to engage in Climate Change mitigation. At project end, projects financed by loans covered in CHUEE RSFs and supported by IFC AS are estimated to have reduced GHG emissions by 19.33m tons CO2e pa, which accounts for around 6% of the annual GHG reductions claimed by China over its 11th Five Year Plan. The estimated 44.2m Mwh/yr energy saving is equivalent to the energy generated by 37 medium-size coal fired power plants, far exceeding the 29.7m Mwh/yr target. Under this project, 4 banks (IB, BOB, SPDB and ABC) have stated their clear intentions to continue green lending beyond IFC's engagement and the project's life. The project did not meet the 20m tons GHG reduction target because of the changed definition of IFC's RSF. When the 20m ton target was set at project inception, it was based on the definition that RSFs allowed replenishment. This definition was later changed to be cumulative. BOB and IB RSFs were closed to new loans in 2011, and the SPDB RSF closed in October 2012. For DE purposes, we have not recognized non-RSF loans.</p> <p>For reference, the amount of green loans that partner FIs claim beyond RSFs shared with the media increase this GHG emission reduction number to 199m tons of CO2e pa. IB has stated it now has a green loan portfolio of approximately \$20bn; SPDB of \$16bn. Bank of Beijing has a loan portfolio of US\$1.6bn, which is smaller but still significant. We do not have evidence beyond what they have released to the press and what they have stated in PAC meetings with us.</p>

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240/267 IFC FI training participants provided feedback with an average rating of 4.4/5. At each PAC meeting held every year and at many other events, partner FIs expressed thanks for the support IFC provided them with in building their SEF portfolios. For example, from the PAC meeting held in Feb 2012:

"Since the first EE loan in 2007 until end of 2011, we have provided RMB100 bn to EE projects...we wish to continue and deepen our cooperation with IFC, providing tailored financial products for special EE markets." IB Sust. Fin. Dept.GM

"Thanks to our cooperation with IFC, we set up a dedicated business department. In Beijing, branches focusing on ESCOs were set up...professional teams were cultivated and the past years have seen them grow into energy experts in the financial industry...with CHUEE, BOB established its capacity in handling related operations. In 2011, we attracted 50 new EE financing clients, with a total of over RMB1bn in loans." BOB SME Dept. GM

"We admire IFC's contribution to the...energy saving and emission reduction cause. IFC introduced scientific EE technologies and methodologies, provided concentrated technical assistance, trained many EE finance talents in the China banking sector...our green credit business in last 3 years cumulatively exceeded RMB100bn." SPDB Inv. Bnkg Dept. GM

The impact of IFC CHUEE program reached beyond its direct beneficiaries. Its broader role in China's EE/RE market is recognized by EE/RE market stakeholders, FIs and Chinese Government (MOF, CBRC). In the past 6 years, China's EE/RE market has grown significantly. According to the 2011 Annual Report of China's Energy-Saving Service Industry, the number of ESCOs in China reached 3900 in 2011, as compared to 76 ESCOs in 2005, an increase of 5031%. Data from the ESCO Committee of China Energy Conservation Association (EMCA) shows that 362,000 new jobs were created by the ESCO industry in 2011, from 16,000 in 2005. In 2005, China's ESCO industry reduced 2.15m tons of CO2e, while in 2011 the number reached 41.2m. The total value of China's ESCO industry has increased 2500% from 2005 reaching RMB125bn (US\$20bn) in 2011. 2 independent parties evaluated CHUEE with positive conclusions as to its success, efficiency and how it compared to similar projects. No other project has come close to achieving this project's results.

Impacts

Indicator	IDG	Achieved by	Supervision Period				Summary/Cumulative for the entire project		
			BaseLn	Inception till Previous		Current		Target	Result
				Target	Result	Target	Result		
(Project Level)GHG emissions expected to be reduced (metric tons/year)	Y	12/31/2017	0	18781112	18368263	1218888	964218	20000000	19332481
(Project Level)Energy use expected to be avoided (MWh/year)	N	12/31/2017	0	23150000	14420512	0	29785674	23150000	44206186
(Project Level)Number of FI clients stating intention to continue EE lending beyond the project lift	N	12/31/2012	0	4	4	1	0	5	4

Efficiency	Rationale: Every one US\$ spent on this project facilitated US\$112 of sustainable energy financing in the RSFs. If we take into account green loans outside of RSFs, 1 project dollar facilitated US\$5445. In addition, every dollar spent on CHUEE implementation led to the avoidance of 2.78 metric tons CO2 equivalent per year for the RSF portfolio. For reference, if we look at what project partner FIs have shared with the media, that number would be 28.6 tons (with an estimated reduction of 199m tons of GHG CO2e pa).
Excellent	

IFC's Role and Contribution	Rationale: IFC has played a significant role in pioneering the SEF market in China. The CHUEE Program is the direct result of an extended dialogue between IFC and the Chinese Ministry of Finance. The program has addressed and is aligned with the Government's strategic priorities for energy and the environment as set forth in the 11th and 12th five year plans. IFC's support has been a catalytic factor in the participants FIs' EE and RE financing activities. MOF's financial contribution and continued support, along with that from CBRC, CDM Fund and Jiangsu Provincial Government for CHUEE SME and CHUEE Jiangsu provide evidence of the value this model brings to some of IFC's key partners in China. Further evidence comes from the fact that a number of FIs remain keen on working with IFC as it develops new models for CHUEE both in sustainable energy and water efficiency both within China and beyond. This is further corroborated by the independent evaluations by IEG and Nexant that draw positive conclusions as to IFC's catalytic role in stimulating the SEF market. IEG recommendations re increased additionality are directly reflected in follow on work IFC is engaging in, for example: CHUEE SME, Green Buildings China and China Water Efficiency. IFC also ensured that the program became less reliant on Industrial Bank as a source of success by developing stronger loan portfolios at SPDB and BOB in particular.
Satisfactory	

Comments:


Post completion Monitoring recommendation:

A full final evaluation will be conducted to fully capture the lessons learned from CHUEE I & II. The final evaluation will be administered by the CDI team as a joint Russia/CHUEE evaluation to allow cross-country comparison and lessons learning.

Ratings History

Risk Area	Description and Potential Impact	FY 2011	FY 2012	FY 2013
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PL		William Trant Below							
				H1	H2	H1	H2	H1	H2
Stakeholder Risk-Other () Coordinating with other stakeholders in climate change sector in China.	Besides IFC, other international organizations, such as ADB, KFW, AFD, and domestic organizations, such as CDB, ICBC, have been initiated their programs in China. It's a challenge for all donors to collaborate with each other and best coordinate resources and provide sustainable finance in this field. IFC proposes to work closely with different stakeholders and relevant Ministries such as MOF and NDRC to better coordinate with each other.				L				
Operational Risk-Other () Utility Implementation Partner.	Chinese utilities have limited experience with marketing on the customer side of the meter. A great deal of work and planning is needed to create an effective Customer Service Center and related marketing Project. There are risks associated with successful effective implementation with any given utility partner. Further, there is a risk that IFC will not be able to recruit electric utility partners.				H				
Stakeholder Risk-Other () Policy Risk	National and local environmental policy and efforts to reduce air pollution provide an incentive for EE sales. Changes in environmental policy, or, more likely, lax enforcement due to high costs, will affect the demand for EE equipment.				L				
Operational Risk-Other () Credit Risks and Financial Institution Partner.	The Project relies on its FI partners to deliver the EE loans. While IFC provides risk sharing through the RSF, credit decisions will be made by the partner banks. There is a risk that banks will continue to be risk adverse, will reject many potential borrowers, and that the RSF and other credit enhancement methods being deployed by the Project will not succeed in mobilizing local banks loans on terms that are needed by and attractive to borrowers.				H				
Operational Risk-Other () Economic Risks.	The impact of financial crisis is still on going. Changes in macro-economic policy and/or conditions could adversely affect the Project. For example, lending restrictions could reduce the tenor of loans available to the Projects target borrowers. Or, reduced rates of economic growth could reduce the demand for capital investment of all kinds.				L				
Financial Risk-Inability to collect client fees Credit Risks and Financial Institution Partner.	Started from 2008, IFC divided CHUEE into IS LSF and AS product, and each of the two business lines charged the banks separately. AS team helped banks building up internal capacity in many aspects of EE/RE lending, like training, seminars, internal manual development, strategy formulation etc. However, those existing client banks were relatively reluctant to pay for AS in a long period, since in previous LSF contract, AS was part of free assistance as included. This issue is on-going. But during FY12H2, BOB paid CHUEE the first AS cash fees. The risk will be well addressed in CHUEE SME program after new AS pricing policy has launched.					M	M	M	
Strategic Risk-Inaccurate projections/ forecasts for market demand Utility Implementation Partner.	Loans, GHG, Energy savings can hardly achieve the targets. Especially GHG reduction, 20MT was a target set in 2006 based on previous LSF assumption, that all the portfolio pool can be added rotatively. However, it was in 2008 that IS team amended the agreements to partner banks, which won't allow any more loan added into portfolio if it ever achieved the maximum. This has much effect on the following periods, which means loans, GHG and energy savings will be less than we estimated.					M			
Environmental and Social-PS 1: Assessment and Management of Environmental and Social Risks and Impacts Policy Risk	National and local environmental policy and efforts to reduce air pollution provide an incentive for EE sales. Changes in environmental policy, or, more likely, lax enforcement due to high costs, will affect the demand for EE equipment.					L			
Stakeholder Risk-Unmet donor expectations Coordinating with other stakeholders in climate change sector in China.	CHUEE program was designed to mainly support SME projects EE financing in China, but starting from 2006, current CHUEE gave more loans to large end users instead of SMEs. It happened due to two main reasons: (1) client banks were reluctant to finance small projects in a new sector without enough experiences; (2) only large projects had the motivations to do energy savings. After IEG report pointed this risk out, current CHUEE caught up by more SME lending since 2009. But the majority is still large projects and unmet the donor expectation in 2006. But after well coordination, the donors have accept this during current phase and will continue to support addressing this issue in CHUEE SME program specifically.					L	L	L	
Operational Risk-Doing business with disreputable partners	During the very beginning of CHUEE program, the Finnish government funding was tied to Finnish consulting firms, which brought multiple risks on future cooperation in terms of their capacity in delivering comprehensive works in China, full responsibilities, transparency process of each task reimbursement etc. It happened indeed by submitting false invoices and providing improper benefits to WBG staff, and the firm will ineligible for World Bank Group contracts for three years.						H		
Strategic Risk-Inaccurate projections/	The initial targets for loans, GHG, energy savings are unlikely to be achieved. Especially for GHG reduction, the 20MT target was set in 2006 based						M	M	

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forecasts for market demand Utility Implementation Partner.	on previous LSF assumption, that all the portfolio pool can be added rotatively. However, in 2008, the IS team amended the agreements to partner banks, which won't allow more loans to be added into the portfolio if it ever achieved the maximum. This has a significant effect for the following periods, which means loans, GHG and energy savings will be less than we initially estimated.					
Environmental and Social-PS 1: Assessment and Management of Environmental and Social Risks and Impacts Policy Risk	National and local environmental policy and efforts to reduce air pollution provide an incentive for EE sales. Changes in environmental policy, or, more likely, lax enforcement due to high costs, will affect the demand for EE equipment. There are potential E&S risks associated with partner banks in that their lending practices may not align with IFC's performance standards.				L	L
Operational Risk-Not having the right skills or knowledge needed to deliver on project	Without technical experience with regard to EE and RE, we will have little credibility with FI partners and their clients.					L
Dimension	Rationale					
Development Results - Outputs			4	3	3	
Development Results - Outcomes and Impacts			4	3	3	
Financial - Secured Funding			4	4	4	
Financial - Client Cash Fees			1	0	0	
Financial - Client Additional Contributions			3	3	3	
Financial - Expenses			4	2	2	
Implementation Timeline			4	4	4	
Staffing			4	3	4	
Overall				Not Flagged	Not Flagged	

Project Plan Summary

Stage	Component	Activity	Duration (Months)	Status	Resources
Implementation					
	Support to FI		82	On-Time	
	Support to EE Market and the Public		82	On-Time	
	Support to End Users and Project Developers		82	On-Time	

Exit Strategy:

In CHUEE I&II, CHUEE AS team aims to help the client banks build up their internal capacity in EE/RE lending, interms of a professional EE/RE lending team and clear green lending strategy. Once a client bank can launch EE/RE loans by itself without CHUEE LSF's participation, it can be identified as graduated from CHUEE. Then CHUEE AS can exit and go to other potential banks.

Follow up Opportunities

AS: Lessons learned from CHUEE I & II have been reflected in the follow-on CHUEE or CHUEE-like projects_ CHUEE 3 SME AS (585507) in China, and the experiences will be replicated to Mongolia ("MUEE"). Those programs will support commerical banks as well as other market players to help establish healthy EE/RE lending portfolios.

Investment: Two investment projects have been established following the CHUEE model_ 1) CHUEE 3 SME, where MOF and GEF provides first loss funding, and 2) CHUEE Jiangsu, where Jiangsu Provincial Bureau of Finance and CDM Fund provides the first loss funding. Both programs will provide Rish Sharing Facilities to help commercial banks build an EE/RE portfolio.

Post Implementation Plan:

CHUEE was developed as an IS/AS combined program in 2006. Its RSFs were closed to new deals in 2011-12. 2013 will be the Post Implementation Period, focusing on the following key areas:

- (1) Complete CHUEE I&II final report to the donors and other stakeholders and hold the final PAC meeting.
- (2) Assist IS in CHUEE Portfolio Risk Management.
- (3) Share the IFC CHUEE Case Study book. This is IFC's first endeavor in China to systemically share our 6 years knowledge and lessons learned from CHUEE Program with the audience inside and outside of IFC. This case study book covers 60 cases from 8 industrial sectors taken from partner FI financed projects. Its contents range from China's EE/RE policies to EE/RE technologies and project finance.
- (4) Conduct the final evaluation and capture and share the experiences or lessons learned with the market and other IFC regional programs.

Evaluation Plan:

The M&E will evaluate the Program's direct impacts -- starting with total EE projects supported by the Program and their related GHG emissions reductions -- and indirect market transformation impacts.

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In order to capture market transformation effects, the M&E will also assess the Program's indirect impacts and demonstration effects. To this end, the Program will also periodically visit non-participating utilities, equipment suppliers, and FIs so as to get a sense of the evolution of EE activity taking place outside of the Program. A key first stage indicator of indirect impacts of market transformation will be to use the Program's target cities as a control group, and measure the growth rate of the EE equipment finance business (i.e., in terms of quantity of EE equipment loans and the resulting GHG emissions reductions) in cities outside of the control group; these would be cities in which one of the Program partners with national reach has a branch office or service territory. The next tier of measuring market transformation would be to compare the increase in EE equipment loans, and the resulting GHG emission reductions, in cities outside of the Program partners' service territories generated by non-Program participating utilities and FIs.

The M&E plan will identify appropriate indicators to assess the Program's financial/business, energy, and environmental outputs, as well as its outcomes and impacts.

The M&E process will promote stakeholder ownership of the Program by directly involving program participants in data collection. Additional data will come from implementation team records and from research by third parties. IFC will employ a third party M&E contractor to provide independent verification, analysis and reporting of findings.

The key M&E deliverables are:

- oBio-annual feedback to Program management-PSR
- oMidterm evaluation during the third year of operation
- oFinal impact evaluation (including direct and indirect impacts) at Program close.

M&E will be managed by IFC's PMO, a team consisting of:

- oIFC M&E staff, responsible for setting up M&E indicators cooperating with PMO staff, designing data gathering instruments, reviewing annual data surveys, and conducting the midpoint and final process and impact evaluations;
- ostaff members in the PMO, responsible for gathering and tracking all available data on a regular basis, and maintaining all the files necessary for data verification and analysis;
- oIndependent engineering contractors, working in close collaboration with the Program partners, responsible for estimating GHG emission reductions at the project level, and for verifying data gathered by the Program staff.
- oIndependent contractors, working in close collaboration with the Program partners, to conduct mid term review at the third year of Program implementation and final impact evaluations at Program close.

This team will obtain information from:

- omembers of the EE Suppliers' Network, on sales development and how it has been affected by the Program;
- opartner FIs and RSF staff members, on lending flows within and outside the Program;
- opartner utilities and other projects developers, on engineering and economic aspects of EE projects conducted within the Program, as well as on similar projects conducted outside the Program (for example, in service territories not covered by the Program);
- olocal and national government ministries, agencies and departments.

Cost Benefit/Efficiency Analysis:


Comments: Methodology:

Cost efficiency ratios are calculated here. Cost refers to fund managed by IFC which is US\$6,957,083. Two impact indicators are selected: 1) value of financing facilitated by advisory services with a cumulative value of US\$783,277,000 for 6 years in total; 2) GHG emission reduction per year with a result of 19,332,481 metric tons per year.

The result are: 1) every dollar fund managed by IFC can facilitate about US\$112 energy efficiency financing. 2) every dollar can reduce 2.78 metric tons of CO2 equivalent per year.

Budget Sources

Stage	Source of Funds	Budget		Secured		Cumulative till previous period	Actuals		
		Original	Current	Amt	%		For this period	Total	% of secured
Funding									
Preimplementation		0	0	0		0	0	0	
Implementation		20,340,000	6,804,010	6,804,010	100	6,568,214	210,622	6,778,836	99
IFC									
Donors									
CHUEE Engineer Finland : Donors	TF056865		2,273,810	2,273,810	100	2,171,066	68,654	2,239,720	99
Finnish TF056864-PMO Operation : Donors	TF056864		649,025	649,025	100	649,024	0	649,024	100
Norway & FM TAAS : Donors	TF092048		2,808,678	2,808,678	100	2,671,962	141,853	2,813,815	100
Pooled Funds									
GEF Implementation : Pooled Trust Fund	TF056853		677,125	677,125	100	677,126	0	677,126	100
GEF Supervision : Pooled Trust Fund	BF000107		237,995	237,995	100	241,661	115	241,776	102
PEP CHINA contribution : Pooled Trust Fund	TF056470		104,936	104,936	100	104,934	0	104,934	100
SBI/GEF Supervision : Pooled Trust Fund	TF093296		52,441	52,441	100	52,441	0	52,441	100
Post Implementation		0	142,875	142,875	100	0	0	0	0
IFC									

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Donors									
Pooled Funds									
GEF Implementation : Pooled Trust Fund	TF056853		142,875	142,875	100	0	0	0	0
Revenue									
Preimplementation		0	0	0		0	0	0	
Implementation		0	10,198	10,198	100	10,198	0	10,198	50
Cash Fees									
Norway & FMTAAS : Client/Beneficiary Fees	TF092048		10,198	10,198	100	10,198	0	10,198	100
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)		20,340,000	6,957,083	6,957,083	100				
Additional Contributions									
Preimplementation		0	0	0		0	0	0	
Implementation		0	1,000,000	0	0	0	804,220	804,220	
Client/Beneficiary In-Kind Contribution			400,000	0	0	0	295,500	295,500	
Client/Beneficiary Parallel Support			600,000	0	0	0	508,720	508,720	
Post Implementation		0	0	0		0	0	0	
Total Project Size (Total Funds Managed by IFC + Total Additional Contributions)		20,340,000	7,957,083	6,957,083	87				

Outstanding Financials: The CHUEE program will contribute to the overall cost of the joint Russia/CHUEE evaluation. The CHUEE part estimated cost is about \$80,000. The funding needs has been included the program budget and has been put aside.

Other costs, such as post implementation monitoring, will be very limited, as 1) the results and impacts from AS activities would have been fully captured in the final evaluation, and 2) the RSF ramp-up periods for partner banks have already ended, and the only monitoring remaining will be on the portfolio side with Investment colleagues, which is not considered part of this project.

Budget Uses(USD)

Uses if Total Funds managed by IFC	For this period				Total Uses				Total Budget	% Spent
	Budget	Actual Expenses	Amt Variance	% Variance	Budget	Actual Expenses	Amt Variance	% Variance		
	A	B	C = A-B	D = C/A	E	F	G = E-F	H = G/E		
Preimplementation	0	0	0		0	0	0		0	
Implementation	248,057	210,622	37,435	15	6,814,208	6,778,838	35,370	1	6,814,208	99
Staff Costs	100,000	93,439	6,561	7	2,033,584	2,030,685	2,899	0	2,033,584	100
Consultants	102,744	72,116	30,628	30	2,733,160	2,702,534	30,626	1	2,733,160	99
Travel Costs	9,800	23,261	-13,461	-137	747,396	759,255	-11,859	-2	747,396	102
Staff Representation & Hospitality	400	515	-115	-29	28,142	28,257	-115	-0	28,142	100
Contractual Services	5,000	2,084	2,916	58	200,714	197,801	2,913	1	200,714	99
Communications & IT Chargeback	375	869	-494	-132	25,699	26,194	-495	-2	25,699	102
Office Rent (Office Rent/ Lease/Ownership)	29,063	17,021	12,042	41	631,279	619,240	12,039	2	631,279	98
Office Equip. & Furniture., Other Equip. & Build	550	683	-133	-24	22,201	22,337	-136	-1	22,201	101
Other Expenses	125	633	-508	-406	40,954	41,465	-511	-1	40,954	101
Development Grant (Grants, Donations & Ext Participant Cost)	0	0	0		351,079	351,079	0	0	351,079	100
Post Implementation	0	0	0		0	0	0		142,875	0
Staff Costs	0	0	0		0	0	0		55,782	0
Consultants	0	0	0		0	0	0		20,030	0
Travel Costs	0	0	0		0	0	0		4,900	0
Staff Representation & Hospitality	0	0	0		0	0	0		200	0
Contractual Services	0	0	0		0	0	0		2,500	0
Communications & IT Chargeback	0	0	0		0	0	0		375	0
Office Rent (Office Rent/ Lease/Ownership)	0	0	0		0	0	0		8,750	0

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Office Equip. & Furniture., Other Equip. & Build	0	0	0	0	0	0	0	275	0	
Other Expenses	0	0	0	0	0	0	0	63	0	
Development Grant (Grants, Donations & Ext Participant Cost)	0	0	0	0	0	0	0	50,000	0	
Total Uses	248,057	210,622	37,435	15	6,814,208	6,778,838	35,370	1	6,957,083	97

Client Invoices

Open Invoices

Fee Type	Actual Issue Date	Due date	Client name	Description	Invoice Amt(USD)	WBS Element	Total Paid	Date Paid	Write-off(USD)	Outstanding Amt(USD)
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Late Invoices

Fee Type	Actual Issue Date	Due date	Client name	Description	Invoice Amt(USD)	WBS Element	Total Paid	Date Paid	Write-off(USD)	Outstanding Amt(USD)
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Paid Invoices

Fee Type	Actual Issue Date	Due date	Client name	Description	Invoice Amt(USD)	WBS Element	Total Paid	Date Paid	Write-off(USD)	Outstanding Amt(USD)
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Legal Agreements

Institution ID	Client/Stakeholder	Relationship to Project	Legal Document filed [Title]	Date Signed
			ADMINISTRATION AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF FINLAND REPRESENTED BY THE MINISTRY OF TRADE AND INDUSTRY AND IFC FOR CPDF	Feb 24, 2006
			Memorandum of Understanding between CES and CPDF	Feb 24, 2006
			COOPERATION AGREEMENT between Bank of Beijing Co; Ltd and International Finance Corporation	Aug 25, 2009
			Closing Memo (Cooperation Agreement, dated August 25, 2009)	Jan 27, 2010


Issue Tracking Table

Issue Tracking Table


Issue Category	Issue Description and Potential Impact	Resolution Details	Target Resolution Date	Actual Resolution Date	Issue Comments
Operational Risk	Two team members, AOO Zhou Ying and TA Liu Junxiu will be on maternity leave during the next PSR cycle.	The TA temp replacement has been interviewed and will be on board in early Sept. The AOO workload will be allocated to the new analyst, the other AOO and the banking specialist during the 4-month maternity leave.	08/15/2012		
Financial Risk	39% of expected budget has not been spent to date.	The remaining unused funds will be transferred to the CHUEE SME program to support the next phase of SEF AS activities, as agreed with donors.	04/01/2012	06/30/2012	32% of expected budget has not been spent to date. However if we only look at the current period, the variance of budget and actual uses is less than 30%, vs. last cycle's 37%, so project spend is improving as the full CHUEE team is onboard and we expect the overall project expenditure and budget to be slightly better matched by project-end.
Operational Risk	The lack of internal capacity on banking sector in China.	To recruit a banking specialist to the team.	03/01/2012	03/26/2012	The banking specialist, Ms. Helen He, was on board in March.

Lessons Learned

Area	What IFC expected	What actually happened	Lessons for the Future	Date
Financial resources	The original structure requires Xinao to enter into a separate contract with the Finnish consultants and for fees to be paid to them which are then matched	- However, this leads to some administrative problems regarding Xinao's ability to contract with a foreign company. The previous arrangement also ties	- The commitment of consulting resources to Xinao Gas made during project design was, in hindsight, something that we would not do	

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	by IFC. This is intended to ensure that our co-financing requirements are met.	too many funds to Finnish companies whereas we would prefer to have far more flexibility in using the funds for Chinese staff or Chinese consultants.	again or at least in a more flexible manner.	
Design/ planning	<p>1. Based on detailed discussions with clients, AS engagements were built around IFC providing detailed reviews on the partner FIs' potential projects.</p> <p>2. CHUEE was an investment and advisory services combined product with IS/AS combined agreement.</p>	<p>1. This service was much appreciated by clients. However, it caused some notable problems. First, there is a conflict of interest in providing advice on the bankability of projects and providing a risk sharing facility. Second, it meant that as these clients grew their businesses, IFC's approval became the bottleneck to their growth as IFC could not expand our technical capacity to meet the market growth. Third, the reliance on IFC's capabilities meant that FI partners neglected investing in developing relationships with local providers of the same service.</p> <p>2. AS agreement was not included in the LSF negotiation, then CHUEE missed good opportunities of signing TA contracts (on a cost-recovery basis) with its partner banks, such as Industrial Bank (IB) and Bank of Beijing (BOB).</p>	<p>1. 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.</p> <p>2. In the future, accompanying more banks participating in CHUEE, we should have an AS 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.</p>	
Pricing	The CHUEE program was designed pre-IFC AS pricing policies with FIs making good in-kind contributions but not paying fees to IFC. After 2 years it was felt that the policies should be more strictly enforced resulting in the project team having to negotiate AS MoUs with all the partners based on an agreed work plan.	- Our banking partners were at first extremely reluctant to start to pay for services, not because they didn't value them but because they felt that they were already paying for the service via the risk sharing fees that they do pay.	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 AS products clearly stated.	
Implementation/ delivery	We respond to the clear and firmed request from client banks to focus on training.	Trainings alone were not enough to build the bank's capacity to evaluate the technical risks of EE/RE loans. IFC technical experts and engineers besides conducted trainings to banks, also went to visit EE/RE projects with bank loan officers and helped client banks to build up a EE/RE consultant network to strengthen their internal capacity.	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, 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 a EE/RE consultant network is also important to strengthen bank's internal capacity and make bank's EE/RE business sustainable.	
Others	We expected client banks to report to IFC the periodic reviews of their loan projects, including technical data and portfolio etc.	Banks submit periodic reviews to IFC on their loan portfolio, however, they didn't have regular project technical assessments after the loan disbursement, so they didn't report the periodic project technical data to IFC	During AS contract period, after every half year of banks lending, banks should review the technical data of their SEF 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.	
Design/ planning	When the partnerships with FIs were established, RSFs were designed so that once loans were repaid new loans could be added to the RSF.	This was later changed so that new loans could not be added once the RSF limit had been met or if the ramp-up period had concluded.	The rules of the RSF are IS 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 a system that allows for tracking all qualified loans and their relevant metrics. This	

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			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.
Development Results	At project inception both direct and indirect climate change impacts related to this project could be monitored. This was later changed to limit our tracking of impact to direct deals that were with partner FIs and were placed within an RSF with IFC. This RSF was cumulative and time bound, e.g. it was not allowed to be replenished.	Within IFC there has been significant debate with regard to how to accurately and fairly track climate change impact. Over the course of this project, this has impacted how we have monitored our impact. It has severely limited how we gauge how a bank, and a market, has developed. This has not allowed us to capture the full picture.	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.

Owning Dept/Div: CSBG3-GEF-Sustainable Energy Delegated

Implementing Dept/Div(s): CSBG3-GEF-Sustainable Energy Delegated

Team Tab

Core Team			Management			Consultants
Role	Primary	Proxies	Role	Primary	Proxies	Pipeline
Communications Officer	Jing Yu	Johann-Friedrich von Hindenburg	AS Director	Anita Bhatia	Mariann Kurtz Weber, Pia Farah Reyes	Hired Dacheng Wu, Dianjun Zhang, ESCO Committee of China Energy Conservation Association, ESD China Ltd, Fei Xu, Fuqiu Zhou, Hong XU, Huawei Xiong, Huishan Lian, Patrik Lund, Patrik Sven Edvard Lund
Finance Officer	Kenan Erkan	Ke Hu, Luzviminda Samson Tatlonghari, Nan Fang, Wai-Keen Wong	Global Business Line Leader	Peer Benno Walter Stein	Antony Bryan Hazeldon Lythgoe, Bikki Randhawa, Gilles Jacques Galludec, Maria Lourdes Camba Opem, Panayotis N. Varangis	
Lawyer	Feng Lin	Jenny Hau Hing Wong, Jenny Wong				
Monitoring and Evaluation Officer	Hanh Thi Bich Le	Beibei Zhou, Charles Lor, Mostafa Monira Firdouse, Nouma T. Dione, Shelly Hahn	Global Product Specialist	Quyenn Thuc Nguyen	Anne Lagomarcino, Panayotis N. Varangis	
Procurement Officer	Hesty Cittadinanza	Tram Thi Thuy Pham, Xingzhan Xu	Regional business Line Leader	Rachel Freeman	Li Yan Chen, Miles Stump, Phoebe Yim Sim Yu, Rashmi Kharbanda	
Regional Sustainability Champion	Li Yan Chen		Regional Director	Sergio Pimenta	Helen Lai-Ming Ng, Tania Lozansky	
Global Sustainability Champion	Heather Anne Miller	Li Yan Chen	Regional Head of Advisory	Tania Lozansky	Kim Vai Chung Poon, Rashmi Kharbanda	
AS Portfolio Officer	Rashmi Kharbanda	Kim Vai Chung Poon	Regional Representative/ Country Manager	Hyun-Chan Cho	Jinchang Lai	
TATF Officer	Eugene A. Spiro	Maria Cussianovich	TATF Manager	Urkaly Isaev		
TATF Team Assistant	Sophana K. So	Eliso Skhulukhia, Margaret A. Odhiambo, Veronica Torres Banez	Vice President	Karin Finkelston	Anne Lai, Elizabeth Hickman, Pia Farah Reyes, Vikram Kumar	
Team Assistant		Junxiu Liu				
Project Leader (PL)	William Trant Beloe	Beibei Zhou, Dianjun Zhang, Guoqian Wang, Huishan Lian, Junxiu Liu, Ke Hu, Neysa Hanan, Belinda Hughes, Ying Zhou				

Collaboration Comments

Creation Date	Person	Department	Comments
12/19/2012 01:53:27 AM	Li Yan Chen	CEAAF-EAP A2F BL	The PCR has been cleared by GPS and the regional results measurement specialist via email.
12/17/2012 11:02:47 AM	Hanh Thi Bich Le	CEAOM-CEA AS Admin Unit - Mekong	This project clearly has predominance of success at both institutional and market level. The non-RSF loan volume and GHG emission avoided can be partially attributed to the Project, however, within the signed legal agreements, Team was able to only request for RSF-related data from clients. At this point, adding some non-standard indicators for non-RSF results in logframe is not recommended, the narrative elaboration is adequate. The upcoming impact evaluation initiated by CDI and Global SEF Team will hopefully strengthen the attribution of the non-RSF impacts from an independent view. With a small oversight in target adjustments that should have been made when knowing that RSF is not allowed to be replenished, the project still deserves a strong successful rating. Cleared for workflow.

Project Name	SEGEF CHUEE
Project ID	523295
Project Status	Active
PL	William Trant Beloe

ADVISORY SERVICES




COMPLETION

Version: 0.29

Date: Wed 19 Dec 2012 2:48:41 EST

<p>12/07/2012 13:28:21 PM</p>	<p>Quyen Thuc Nguyen</p>	<p>CAISM-SMEs & Businesses</p>	<p>1. Overall, the PCR draft is concise and to the point. 2. Development effectiveness : I would suggest to elaborate in the Rationale: what are the actual results at institutional level (i.e. at the 6 FIs that received IFC Advisory Services), and how many of them likely to continue to have a sustainable business of SEF. 3. Strategic relevance : I would suggest to mention the program alignment with the Chinese government's green credit policies and EE targets, and the move of CBRC in directing FIs into green lending. On the one hand, this might points to the question of whether or not some of the banks would start doing EE/RE lending anyway, perhaps not as systematically as IFC AS would expect, but the reality could be that they would start somewhere. On the other hand, this points to the fact that the AS delivery was in time when the FIs start to change gear and needed to learn to do SEF more systematically. 4. Outcome achievement: - Again, I would suggest to provide specific information on the results at individual FIs that we have worked with. Given that this is AS, we can count both the results of the RSF portfolios, and the non-RSF portfolios of the FIs. What is in the RSF portfolio will be IS-AS joint results. What is in the non-RSF portfolios will be AS results only. Can we have a table showing specific banks, number of loans/volume of loans/GHG impact booked with IFC RSF, and number of loans/volume of loans/GHG impact NOT booked with IFC RSF. Even if we say that the non-RSF portfolios are self-reported by the FIs and need to be random checked, but that should be indicated clearly in the PCRs, and I think you might need to get written reports from the FIs as well to provide evidence. The termination evaluation should look at sample projects in both RSF and non-RSF portfolios. - Another outcome aspect which is more qualitative is the sustainability of SEF business that the FIs are building. Should we clarify how many of the FIs (of the 6 with in-depth engagement) have built their core team or likely to be able to do SEF on their own, how many will need some more time until their graduation. 5. Efficiency: I would present the efficiency based on the verifiable RSF portfolio, and present the case of additional impact from the non-RSF portfolio, but would not do efficiency calculation based on that non-RSF portfolios for several reasons: i) the non-RSF portfolio are not yet verified, and the reporting on the non-RSF portfolios were not systematic (for example, we don't know the threshold of EE eligibility of those projects the banks financed beyond the RSF); ii) the link of the non-RSF portfolios to IFC support is loose or perhaps ad-hoc; iii) the driver might also be the green credit policy, not IFC AS only; iv) even we decide to discount the non-RSF portfolios to 10%, there seems no sound ground to support that discount. I would suggest to present the information in full, and note that the efficiency could be much higher if the non-RSF portfolios are included. Nevertheless, due to insufficient verification, we don't include use that efficiency ratios for now. 6. Lessons: - I think we need to talk about the lesson with the program design assumptions: The original strategy and plan for CHUEE was centered around Utilities, and that's why the program is named CHUEE. However, when it comes to implementation, the team quickly realized that the utilities' route was not that suitable, and utilities could be one among many other aggregators. This points to the lessons that the program should have the flexibility of working with the broader market network at large, instead of limiting its pilots to a particular route or model. - On the pricing lessons: I think IS and AS offering can be discussed with clients at the same time, they can also be in one package, but pricing negotiation should be separate. The risk of putting them in one package is that the client perceive AS is part of the package they pay for with the investment fees and interest rates or guarantee fees. Discussing IS/AS at the same time, but negotiating them separately have the advantage of making it clear to the client on the added value of AS, and also give us a chance to do AS broader than the scope of the investment- i.e. we can convince client to try or explore new things, other things that the investment package might not immediately include, but it might help broaden the scope of business for clients in the future. 7. Evaluation Plan: I don't understand this long section. Is it about future M&E plan, or it was the original M&E plan at the program start? One issue I don't see the PCR mentions is the impact measurement methodology. There were many questions around CHUEE impacts, and the program team had to dedicate a lot of time on clarifying this issue. I'm not sure at the outset, CHUEE had a clear guidance to the participating FIs on the impact reporting methodologies, and if the participating FIs had used consistent methodology for reporting their portfolios. Not to say that there seemed to be variation between the methodologies used by FI teams, and the methodologies that CBG later came up with. Does this give us any lesson for the future?</p>
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12/06/2012 03:34:58 AM	Miles Stump	CEAAF-EAP A2F BL	I agree with the DE summary on the whole, although it is not clear why the rating for IFC role is only Satisfactory given the description. Clearly the number of loans was a disappointment given that the program lasted nearly seven years. CHUEE could probably count many more loans and much higher impact if there was a more efficient risk-share mechanism in place and if a tracking tool was in place that would enable and encourage partner financial institutions to report non-IFC transactions, including those concluded after the original advisory was provided. It should be noted that the claims of Industrial Bank and Shanghai Pudong Bank to have SEF portfolios in excess of \$15bn each are completely uncorroborated. On the issue of donor expectations and why CHUEE focused on large loans to large customers, the explanation that this was driven by demand from client banks and their clients is unsatisfactory. The original CHUEE team early on focused its very substantial business development activities on high-GHG avoidance projects, contributing significantly to the result we have today. That strategy paid off well since those high numbers on GHG avoidance are what have made CHUEE as success in China as well as with our donors and internal IFC stakeholders. But we should be careful not to attribute this outcome entirely to client/market demand dynamics.
12/04/2012 21:49:39 PM	Ke Hu	CEAOC-CEA AS Admin Unit - China	This is early PCR (original impl. ending date is Dec 31, 2012). There might be few charges from Dec 1 to Dec 31 which will not be captured in this PCR document due to early completion workflow. The financial info incl. client additional contri. as of Nov 30, 2012 are correct, thanks.

Close Out Review Meeting

Date: 12-10-2012

Post Implementation Monitoring PCR Decision: Approved with NO post implementation monitoring expected

Indicator end dates and the post implementation end/financial close dates in IBIS need to be revised to reflect that there is no post-implementation

Other Follow up items before PCR: PCR has incorporated all comments from the PCR meeting.

Comments:

Workflow Details

Project Leader Approval - approve by William Trant Beloe at 12/19/2012 3:01:28 AM.

Comment : The PCR has been updated to reflect all comments from the PCR meeting, with Tania, M&E and Finance all concurring..

RBILL Approval - approve by Rachel Freeman at 12/19/2012 6:36:00 AM.

Comment : A successful project with significant direct and indirect impact on sustainable energy finance in China and beyond, as this project has been used as a model globally. Thank you to the team for looking into the broader indirect impacts, as well as the impact from IFC's risk sharing facility..

Global Product Specialist - approve by Quyen Thuc Nguyen at 12/19/2012 2:24:05 PM.

Comment : The PCR has incorporated our comments. The upcoming termination evaluation is expected to look into impact from the non-RSF portfolio of participating banks and key lessons..

RHAS Approval - approve by Rashmi Kharbanda at 12/20/2012 12:04:23 AM.

Comment : Approved on behalf of RHAS who was present for the PCR meeting held on Dec 10, 2012..