

# Scientific and Technical Advisory Panel

The Scientific and Technical Advisory Panel, administered by UNEP, advises the Global Environment Facility  
(Version 5)

## STAP Scientific and Technical screening of the Project Identification Form (PIF)

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### I. PIF Information *(Copied from the PIF)*

**FULL SIZE PROJECT    GEF TRUST FUND**

**GEF PROJECT ID:** 4753

**PROJECT DURATION :** 4

**COUNTRIES :** Pakistan

**PROJECT TITLE:** Sustainable Energy Initiative for Industries

**GEF AGENCIES:** UNIDO

**OTHER EXECUTING PARTNERS:** Alternative Energy Development Board , National Energy Conservation Centre, Small and Medium Enterprise Development Authority

**GEF FOCAL AREA:** Climate Change

### II. STAP Advisory Response *(see table below for explanation)*

Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency(ies): **Minor revision required**

### III. Further guidance from STAP

The Project aims at promoting sustainable energy initiatives for industries in Pakistan. While the project has a very broad objective STAP is supportive of proposal. STAP wishes to suggest the following recommendations that could be addressed during the project preparation stage.

1. The industrial sector, according to National Communication of Pakistan, accounts for only 12% of GHG emissions. Therefore, the scale of GHG emission reductions achieved by the project compared to the total national emissions could be insignificant.
2. The PIF has many generic and ambitious statements which require additional clarification and references, such as "implement sustainable energy initiatives for industries in Pakistan", "project will lead to transformation of the market to introduce best practices and technologies", "develop policy and regulatory framework on use of EE/RE in industry", "there is no continuous implementation of energy management", and "usually energy management is ad-hoc".
3. The project aims to address both RE and EE at the national level for the industrial sector. STAP suggests this may be trying to address too many issues within one project, which may not be feasible. The rationale for including RE is not clear. What is the potential for RE for industrial applications?
4. The objective, components and outcomes mentioned are very generic and can apply to any country. One of the outputs is expected to be the review of the existing policy and regulatory framework. If it turns out that the country framework is adequate what happens to component 1? A broad overview would have been useful during PIF development.
5. The PIF is silent on which EE and RE technologies will be promoted. Specific information and barrier analysis is expected at the CEO endorsement stage. Because of the dispersed nature of SMEs and their different adopted technologies, size, stakeholder knowledge and technical capacity as well as energy end-use conditions and SMEs decision-making processes, STAP recommends prioritizing specific sectors and technologies for project interventions using analytical frameworks and keeping in mind cost-effectiveness, GHG mitigation potential, replicability and sustainability of project interventions, social benefits and potentially other than GHG environmental co-benefits.

6. The energy sector options ranked with respect to incremental cost and mitigation potential are for 1993 and 1994 - nearly 20 years ago. Accordingly, most of the mitigation options have negative incremental costs. New analysis is suggested considering the latest technological developments.

7. While the proposed project framework of transforming energy management in SMEs in Pakistan (through EE/RE regulatory and policy support for EnMS, system optimization and promotion of RE sources; investment platform and capacity building) seems to be robust, the project's main challenge will be to implement these measures across wide networks of decentralized SMEs in different sectors. Barriers will be different for different sectors and in order to make a measurable impact and long-term sustainability, project proponents should design interventions strategically at the national, regional and individual SMEs levels. It would be useful to understand how this challenge will be met. Can the project take advantage of potential economies of scale by concentrating on certain sector-specific industrial and manufacturing clusters in Pakistan?

8. Barriers mentioned are very generic. STAP urges country-specific and industry-specific analysis of barriers to target mitigation measures.

9. The project aims to establish an accreditation centre for energy experts. There may be many European and American or international consultancy agencies already operating in Pakistan offering similar services at competitive prices.

10. In promoting EnMS and system optimization, STAP recommends exploring a possibility for generating additional GHG benefits such as reduction in release of unintentional POPs, water use reduction and introduction of different end-of-pipe techniques and technologies reducing negative environmental impacts beyond GHG reduction. STAP's advisory document "Benefits and trade-offs between energy conservation and releases of unintentionally produced POPs" can provide useful advice for exploring these co-benefits.

11. Quantitative justification of reduced GHG emissions at the CEO endorsement stage is strongly recommended. Quantification of GHG savings in this document is unexplained.

12. While the project aims to establish but not operate an investment platform, it is not clear how these efforts will be sustainable in the long-term without helping SMEs to mobilize actual finance. At a minimum, STAP recommends that project proponents explore the possibility to provide SME-targeted capacity building for preparing and structuring investment projects in EE/RE energy and at a minimum attempt to conduct a number of investment feasibility studies.

13. The risks with respect to incremental cost and the potential internal rate of return needs are generic in nature and require greater clarification.

<i>STAP advisory response</i>	<i>Brief explanation of advisory response and action proposed</i>
<b>1. Consent</b>	STAP acknowledges that on scientific/technical grounds the concept has merit. However, STAP may state its views on the concept emphasising any issues that could be improved and the proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.
<b>2. Minor revision required.</b>	STAP has identified specific scientific/technical suggestions or opportunities that should be discussed with the proponent as early as possible during development of the project brief. One or more options that remain open to STAP include: (i) Opening a dialogue between STAP and the proponent to clarify issues (ii) Setting a review point during early stage project development and agreeing terms of reference for an independent expert to be appointed to conduct this review The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.
<b>3. Major revision required</b>	STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical omissions in the concept. If STAP provides this advisory response, a full explanation would also be provided. Normally, a STAP approved review will be mandatory prior to submission of the project brief for CEO endorsement. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.