

Scientific and Technical Advisory Panel

The Scientific and Technical Advisory Panel, administered by UNEP, advises the Global Environment Facility



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

Date of screening: 08th February 2010

Screener: Lev Neretin

Panel member validation by: N.H. Ravindranath

I. PIF Information

GEF PROJECT ID: **3973**

COUNTRY(IES): **ARMENIA**

PROJECT TITLE: **ARMENIA ENERGY EFFICIENCY PROJECT**

GEF AGENCY(IES): **WORLD BANK**

OTHER EXECUTING PARTNER(S): **MINISTRY OF ENERGY AND NATURAL RESOURCES**

GEF FOCAL AREA (S): **CLIMATE CHANGE**

GEF-4 STRATEGIC PROGRAM(S): **CC-SP1-BUILDING EE, CC-SP2-INDUSTRIAL EE**

NAME OF PARENT PROGRAM/UMBRELLA PROJECT (IF APPLICABLE): **N/A**

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

1. Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency(ies):
Consent

III. Further guidance from STAP

1. The project aims at reducing the energy intensity of the economy in Armenia through removal of regulatory, informational and institutional barriers. The project components include raising awareness on EE, improving regulatory and institutional framework and investment in energy-efficient public buildings. STAP provides consent to the project. The following important issues need to be addressed before the CEO endorsement.
2. **Focus on Barrier removal:** The main focus of the project is to reduce energy intensity through removal of barriers. STAP recommends conducting a systematic assessment of the barriers to identify, rank and prioritize interventions to overcome those barriers. The barriers may vary for different sectors (public and private sectors), and from the perspective of different stakeholders.
3. **Selection of sectors for interventions:** Component 1, 2, and 3 seem to target both public institutions (buildings) as well as commercial and residential sectors in Armenia. There is a lack of clarity in whether industrial, transportation, power generation, and urban waste sectors are included for components 1, 2, and 3. There is a need for analysis of potential for improving EE in different sectors along with potential for reduction in GHG emissions in different sectors and sub-sectors covering both public and private institutions. There is some confusion in the use of terms - public institutions and public utilities.
4. **Investment in public institutions:** Component 4 aims at energy efficiency investments in public buildings. Will the investment in public buildings be on a commercial basis or as an investment subsidy? It may be desirable to make it as a commercial investment, generating revenue for further expansion.
5. **Components 1, 2, and 3:** The project includes a detailed set of activities to raise awareness, generate information, improve regulatory frameworks, capacity building, labeling, procurement procedures, benchmarking etc. These activities are indeed useful and necessary. However, these activities need to be further strengthened by measures supporting access to technology and investment capital. One of the proposed activities in this direction should be to generate information on the profitability of the investment in EE in different sectors.
6. **Risk Assessment:** The assumption that investment in EE in public sector will have "demonstration effect" on investment in EE in other sectors particularly in the private sector, may not hold true. The potential barrier could be the lack of access to technology and investment capital, even if investment on EE in the public sector demonstrates profitability.

<i>STAP advisory response</i>	<i>Brief explanation of advisory response and action proposed</i>
1. Consent	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.
2. Minor revision required.	<p>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:</p> <ul style="list-style-type: none"> (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 <p>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.</p>
3. Major revision required	<p>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.</p> <p>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.</p>