

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)

Date of screening: October 07, 2011

Screener: Lev Neretin

Panel member validation by: Nijavalli H. Ravindranath
Consultant(s):

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

FULL SIZE PROJECT GEF TRUST FUND

GEF PROJECT ID: 4621

PROJECT DURATION : 3

COUNTRIES : China

PROJECT TITLE: Hebei Energy Efficiency Improvement and Emission Reduction Project

GEF AGENCIES: ADB

OTHER EXECUTING PARTNERS: Hebei Provincial Government

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): **Consent**

III. Further guidance from STAP

The proposal from China aims to reduce GHG emissions through building capacity of ESCOs, Banks, M&V agents to mobilize financing for EE and ER projects. The PIF clearly states a focused list of outputs, components and interventions. STAP commends ADB and China for high quality of PIF submission and providing adequate rationale for interventions. Project adequately sets the baseline and proposes interventions targeting major barriers in promoting industrial energy efficiency in Hebei province of China:

1. Baseline scenario: China already a significant baseline energy intensity reduction target and this project is proposed to facilitate achieving the target. China rightly estimates the baseline emissions reductions and incremental emission reductions due to GEF project interventions. Baseline emissions or reductions may have to be generated for the specific sectors or industries or technologies identified for intervention.
2. Rationale for selecting Technologies or industries: Component 4 of the project identifies a number of technologies to be supported such as coke dry quenching, CHP, retrofit in textile industry and etc. Other technologies will be identified during implementation of feasibility studies. Nine sub-projects are identified. PIF does not adequately justify selection of specific technologies and industries for first-hand demonstrations. It is not clear how support for these particular technologies can be spread across particular industries and/or across industries to have sustainable GHG reductions. Selection of technologies should be based on their mitigation potential, cost-effectiveness, existing and to be established technical capacity and their choice strategic to have impact on EE markets transformation in the industrial sector of this province. This analysis and its results are recommended during project preparation.
3. Co-benefits of GEF investments: The PIF does mention that EE investments will also lead to the reduction of other pollutants. STAP recommends project proponents to utilize the existing report on industry-specific co-benefits of energy efficiency improvements on the release of POPs ("Benefits and Trade-Offs Between Energy Conservation and Releases of Unintentionally Produced Persistent Organic Pollutants", 2009 - available at STAP's website) and as far as feasible present quantitative or qualitative information on these co-benefits.
4. Barrier analysis: China has significant experience of implementing EE and ER projects in the 11th Five Year plan as well under other externally funded projects. Given the scale of the project, it is suggested to make a systematic analysis of barriers from the perspectives of ESCOs, Banks, Govt Agencies, etc.
5. While this is an ambitious project that can potentially target key industries in Hebei province, its impact cannot be equal for all the industries. STAP supports promotion of industrial energy management and implementation of ISO

50001 that would be applicable for all industries, but recommends ranking industries and focus project interventions on specific industries / technologies with maximum mitigation potential, replication impact and high cost-effectiveness.

6. The PIF does not specify whether large industries or SMEs will be targeted by the project. EE investments face different barriers in these two segments and this has to be taken into account and explained.

<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.	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: <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 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.
3. Major revision required	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>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>