

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: February 24, 2014

Screeners: Lev Neretin

Panel member validation by: Ralph E. Sims
Consultant(s):

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

FULL SIZE PROJECT GEF TRUST FUND

GEF PROJECT ID: 5361

PROJECT DURATION : 4

COUNTRIES : India

PROJECT TITLE: Market Transformation and Removal of Barriers for Effective Implementation of the State Level Climate Change Action Plans

GEF AGENCIES: UNDP

OTHER EXECUTING PARTNERS: Ministry of Environment and Forests (MoEF), GOI

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 majority of funding is for mitigation interventions in two pilot states with much of the balance for MRV and capacity development of state government officials. The two states, Madhya Pradesh and Manipur, have good RE resources but have received limited support from national programmes to date, although \$24.5 M is now budgeted. The GEF funding is to help mobilise this budgeted amount wisely, including improving EE initiatives in three municipalities. STAP has the following comments:

1. The national solar and energy efficiency, cap-and-trade schemes will be utilized across all sectors. Large scale (> 2MW) PV plant development, street lighting and water pumping are the main areas to be targeted. Waste-to-energy projects are mentioned but not yet identified, so it is not clear if these are to be included or not. A parallel aim is to attract private sector investors. More specific information is required in the project document.
2. Assessment of GHG emission reductions is based on very broad assumptions: e.g. 15% energy efficiency improvement; "average" electricity demand for a municipality of 130,000 TWh per year; 10 year life. However, after consultation and selection of interventions to be made during the PPG phase, more accurate determinations should be possible and presented in the project document.
3. Identifying performance indicators in order to monitor the project is a useful approach. Development of the MRV system for SAPCCs is a necessary and very important part of project support. Other states should benefit eventually from the lessons learned. Some coherence between federal-level and SAPCC-level indicators would be desirable as well as between MRV system for SAPCCs and federal-level emission trading scheme, Perform, Achieve and Trade (PAT).
4. As identified in the barriers table of the PIF, "inadequate regulatory incentives to encourage private investments through suitable and affordable financing" are important constraints on the sustainability of project interventions. It is compounded by the lack of climate financing experience among regional banks and financial institutions. Whatever regulatory incentives will be provided at both, federal and state levels will have to be properly developed during PPG stage. Activities aimed at improving "readiness" of state enterprises and financial institutions to participate in the project and access funding should be explored during project preparation and spelled out in the project document.

5. In the project proposal, STAP would like to see more details about the project methodology for climate change integration within development plans and budgets at the state level. In this regard, project proponents might find useful review of the existing climate risks tools and methods prepared by STAP in 2011 (GEF/C.41/Inf.16) that lists a number of tools and methods used to account and mainstream climate risks into projects and development plans by different institutions.

6. It is not clear who will be contracted to undertake the capacity development “presumably external consultants?”

7. The project will need to be carefully linked with the wide range of other initiatives being funded throughout India (as outlined in the proposal) to avoid duplication.

<i>STAP advisory response</i>	<i>Brief explanation of advisory response and action proposed</i>
1. Consent	<p>STAP acknowledges that on scientific or technical grounds the concept has merit. However, STAP may state its views on the concept emphasizing any issues where the project could be improved.</p> <p>Follow up: The GEF Agency is invited to approach STAP for advice during the development of the project prior to submission of the final document for CEO endorsement.</p>
2. Minor revision required.	<p>STAP has identified specific scientific or technical challenges, omissions or opportunities that should be addressed by the project proponents during project development.</p> <p>Follow up: One or more options are open to STAP and the GEF Agency: (i) GEF Agency should discuss the issues with STAP to clarify them and possible solutions. (ii) In its request for CEO endorsement, the GEF Agency will report on actions taken in response to STAP’s recommended actions.</p>
3. Major revision required	<p>STAP has identified significant scientific or technical challenges or omissions in the PIF and recommends significant improvements to project design.</p> <p>Follow-up: (i) The Agency should request that the project undergo a STAP review prior to CEO endorsement, at a point in time when the particular scientific or technical issue is sufficiently developed to be reviewed, or as agreed between the Agency and STAP. (ii) In its request for CEO endorsement, the Agency will report on actions taken in response to STAP concerns.</p>