

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: 5th November 2008

Screener: Lev Neretin

Panel member validation by: N.H. Ravindranath

I. PIF Information

Full size project GEF Trust Fund

GEFSEC PROJECT ID: 3553

GEF AGENCY PROJECT ID:

COUNTRY(IES): INDIA

PROJECT TITLE: PROMOTING ENERGY EFFICIENCY AND RENEWABLE ENERGY IN SELECTED MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) CLUSTERS IN INDIA

GEF AGENCY(IES): UNIDO

OTHER EXECUTING PARTNERS: DC MSME, BEE, IREDA AND SIDBI

GEF FOCAL AREAS: CLIMATE CHANGE

GEF-4 STRATEGIC PROGRAM(S): CC-SP2 AND CC-SP4

NAME OF PARENT PROGRAM/ UMBRELLA PROJECT: PROGRAMMATIC FRAMEWORK FOR EE IN INDIA

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

2. The STAP welcomes this project, which aims at promoting energy efficiency (EE) and renewable energy (RE) in micro, small and medium enterprises (MSME) in India. It is a very well thought out, researched and an ambitious project with multiple goals, integrating all potential components needed for promoting EEs and REs in MSMEs. The project involves all critical *Components and Outputs* relevant to promoting the policies, technologies, market development, capacity building and investment for demonstration of policies and technologies. This is a very good proposal, as it covers the entire set of Components required for *Sustainable Promotion of EE and REs* technologies aimed at providing Global Environmental Benefits as well as local Benefits, though of course it lacks some of the underlying detail. Thus, STAP makes the following suggestions that could be incorporated in the subsequent stages of the proposal.
 - i. **Scientific Criteria for Technological Interventions and Innovations:** There is a need for scientific criteria for selecting MSMEs and the clusters. The criteria could consist of multiple factors in addition to mitigation potential, such as; investment cost, benefit-cost ratio, ease of overcoming the barriers, transaction costs and cost-effectiveness of mitigation in (\$/tCO₂). It is necessary to have scientific criteria for selecting not only micro/small/medium industries but also for grouping of the technologies, as suggested by IPCC namely; EE, RE, fuel switching, process heat, power recovery, etc. It is also necessary to have scientific criteria for selecting MSMEs and technologies (power generation, process heat, etc).
 - ii. **Components and Activities:** There is a need for identifying and listing targeted activities to achieve the outcomes, particularly those aimed at overcoming the identified barriers. PIF could have been strengthened describing the Components and Activities.
 - iii. **Barrier Analysis:** There is a need for scientific analysis of barriers and ranking of the barriers, according to different stakeholders, based on methods such as; AHP (Analytical Hierarchy Process). Ranking of barriers will assist better targeting of measures to overcome the barriers. IPCC, 2007 has identified that the low technical and economic capacity of SMEs could pose a challenge for the diffusion of environmentally sound technologies.
 - iv. **Baselines and Control Groups:** India has been implementing a number of programmes and projects aimed at promoting EE and RE programmes in SMEs. Thus, it is important to consider the

baseline rate of spread of EE and REs technologies to enable project impact assessment later. It is desirable to have control MSMEs (with no interventions) to compare and evaluate the energy saved.

- v. **Risks and Mitigation measures:** Some of the potential risks that may be crucial are not listed. Some examples are financial viability of the EE and RE interventions, technological performance and lack of investment capital.

<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. 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.