

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, 2013

Screener: Nijavalli H. Ravindranath

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: 5339

PROJECT DURATION : 4

COUNTRIES : Indonesia

PROJECT TITLE: Market Transformation through Design and Implementation of Appropriate Mitigation Actions in Energy Sector

GEF AGENCIES: UNDP

OTHER EXECUTING PARTNERS: Ministry of Energy and Mineral Resources (MEMR)

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 to support the design and implementation of appropriate climate change mitigation actions in energy generation and end use sectors. STAP has the following suggestions and comments which could be addressed during the next phase.

1. The scope is too broad for a large country such as Indonesia. It would have been better if the focus was on one of the major sectors to enable market development with adequate resources.
2. The project also aims at designing two projects for implementation for each of the prioritized mitigation actions. It's not clear whether both renewable energy and energy efficiency projects will be selected for each of the mitigation actions? How many mitigation actions would be selected? Even two projects for each major mitigation action could be too large for a single project to achieve and too small for a large country such as Indonesia.
3. Many of the interventions proposed may be duplicating other programs that are being implemented in Indonesia, particularly for Component 1. It is necessary to develop synergies with a large number of ongoing projects in Indonesia. The lack of a baseline for Component 1 is a concern.
4. National Communications project for Indonesians and the biennial update report (BUR, also funded by GEF), are likely to have several similar interventions and activities: preparation of GHG inventory, development of mitigation options, NAMAs, MRV guidelines, etc. Thus there is a need to ensure synergy between the two GEF projects in Indonesia.
5. Many years ago a large GEF project, for Indonesia, called ALGAS had similar objectives overlapping Component 1. It's necessary to consider the lessons learned from such initiatives, and explicitly note how this initiative is building on this past work.
6. Market transformation through implementation of mitigation actions in the energy sector is too ambitious. It is better to focus on a few selected sectors and attempt market development.
7. There are a number of reports and studies from World Bank, Asian Development Bank, JICA, etc. which highlight the mitigation options and potential in the Indonesian energy sector. It is necessary to avoid duplication of the studies, unless significant new information is available to make a new assessment of the mitigation potential.

8. Similarly MRV guidelines and methodologies already available from other projects can be easily adapted to Indonesia.

9. Lessons from implementing energy efficiency and RE projects under CDM and several multilateral and bilateral agencies should be considered to avoid duplication.

10. The project should build on present policy initiatives to support renewable energy and reduce GHG emissions by energy efficiency, inter alia. It will assist with developing the NAMAs for Indonesia, although it may be too late for that objective in some respects by the time the individual projects are built and operational. It seems that having targets in place is good but how to deliver on these is not clear – and this project could help provide some clarity if good methodology is used that can be replicated. The current government subsidy for fossil fuels will need to be addressed before good replication is achievable.

11. The selection of the four provinces is logical. Capacity building, including for the local governments involved, is a key component. Having the banks involved as stakeholders, and evaluating present financial support mechanisms is commendable. Given the range of other programmes already operating or completed in Indonesia (as mentioned above), there could be merit in emphasizing the MRV component of this project – and also learning from previous projects, what worked and what didn't. This would maximize the value of previous investments and should result in a better return on investment for this project. There is nothing technically innovative in this project, so learning from previous experiences would be beneficial.

| <i>STAP advisory response</i> | <i>Brief explanation of advisory response and action proposed</i> |
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| 1. Consent | 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. 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. |
| 2. Minor revision required. | STAP has identified specific scientific or technical challenges, omissions or opportunities that should be addressed by the project proponents during project development. 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. |
| 3. Major revision required | STAP has identified significant scientific or technical challenges or omissions in the PIF and recommends significant improvements to project design. 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. |