

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

GEFSEC PROJECT ID: **3540**

COUNTRY (IES): **ISLAMIC REPUBLIC OF IRAN**

PROJECT TITLE: **INDUSTRIAL ENERGY EFFICIENCY IN KEY SECTORS**

GEF AGENCY (IES): **UNIDO**

OTHER EXECUTING PARTNER(S): **FUEL CONSERVATION COMPANY, MINISTRY OF OIL**

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

GEF-4 STRATEGIC PROGRAM(S): **SP-2**

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: **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. STAP provides its consent to the project aimed at improving industrial EE in key sectors of Iran. It is a very comprehensive proposal aimed at all the dominant energy consuming industrial sectors and STAP acknowledges a comprehensive list of activities promoting energy efficiency. The following issues have to be addressed during project preparation.
2. **Selection of industries:** It looks like the dominant industries have been selected. However, STAP recommends conducting a systematic analysis of industries and energy conservation opportunities.
3. **Baseline scenario:** It is quite possible that the specific energy consumption (SEC) or energy (or carbon intensity) intensity may be declining for many industries in Iran as in many other countries, due to technological developments and cost considerations. It is suggested to develop a baseline scenario for the industrial sector as a whole as well as for the key industries highlighting, *inter alia*, the past and future trends in energy use, energy and carbon intensity, technological developments, trends in GHG emissions, *etc.*
4. **Energy Audit:** Project puts too much emphasis on energy audit (EA). Agreed EA is a critical component of efforts to identify energy conservation efforts, but many energy conservation opportunities may be outside routine EA.
5. **Barrier Analysis:** Given the scale and scope of the project, it is desirable to plan a systematic barrier analysis to identify, rank and prioritize the barriers in different sectors for targeted policies and programs at achieving energy efficiency. Currently a large number of activities are listed for all industries. It may be desirable to focus efforts on targeted activities to address the identified barriers than adopting a generic approach. Financing investment costs to shift to EE technologies or meeting the defined SEC will be serious barrier. How will this barrier be addressed?
6. **SEC targets:** Specific energy consumption targets for different sectors is a very good concept, but the process of defining them may be complex given the multiple technological opportunities and industries with different processes that exist in the country. The cost factor for meeting the target for a given industry should also be considered.

7. **Learning from the EE initiative “Note 11”:** There is a need for critical assessment of the initiative to learn lessons for the proposed EE project. STAP recommends addressing these lessons in the final project document.

<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>