

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: 09th January 2010

Screener: Lev Neretin

Panel member validation by: N.H. Ravindranath

I. PIF Information

GEF PROJECT ID: **4116**

COUNTRY(IES): **MEXICO**

PROJECT TITLE: **LIGHTING AND APPLIANCES EFFICIENCY PROJECT**

GEF AGENCY(IES): **WORLD BANK**

OTHER EXECUTING PARTNER(S): **SENER, NAFIN AND CONUEE**

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

GEF-4 STRATEGIC PROGRAM(S): **CC-SP1-BUILDING EE**

NAME OF PARENT PROGRAM/UMBRELLA PROJECT (IF APPLICABLE): **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):
Minor revision required

III. Further guidance from STAP

1. The project aims at increasing efficient use of energy in lighting and appliances in Mexico. Lighting, air conditioners (ACs) and appliances are expected to dominate residential energy use in the coming years. The following issues should be addressed before the CEO endorsement to ensure that this project leads to the sustained market growth.
2. **Sustained market growth for CFLs:** Distribution of CFLs (5 million) free of cost to a small percent of population, may not guarantee market development. Free distribution doesn't seem to be part of a robust plan to enable market development. There must have been many such attempts at free distribution of CFLs in Mexico (and surely in other countries). What are the lessons from such attempts; to what extent has it transformed the market? STAP recommends developing a clear strategy to promote EE lighting in a sustained manner and through a market approach considering existing alternatives beyond free distribution schemes.
3. **Baseline scenario development:** What is the rate of spread of CFLs and EE refrigerators and ACs under the baseline scenario, since EE programs have been implemented in the past? What is the projected GHG emission from these activities, in the absence of GEF investment?
4. **Barrier analysis:** Since EE programs have already been implemented in Mexico and neighboring countries, it may be desirable to conduct a systematic barrier analysis so that the barriers are identified, ranked and prioritized to develop targeted investment. Such an analysis may or may not suggest free distribution of CFLs or subsidies for ACs and refrigerators.
5. **Refrigerators and ACs:** Providing financial incentives alone for 800,000 families (relatively affluent), may not directly lead to a large scale market development. What are the lessons from similar attempts in the past, since GOM has been promoting EE programs since the 1990s and how these lessons were captured in the project design?
6. **Public lighting and water pumping:** Will a strategy emerge for a large-scale spread and market development in this project? What activities are proposed to assure market shift?
7. **Financial analysis on investment in EE:** STAP recommends conducting a detailed financial assessment of costs and benefits of the investment from the perspective of households and municipalities. The project should clearly demonstrate the financial viability of the investment in EE systems.

8. **Technical assistance and institutional strengthening:** The activities listed seem to be general and not based on the critical analysis of the ongoing and previous programs, lessons learnt, barrier analysis and financial analysis. Justification for the selection of activities under this component should be provided before the final project submission.

<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: (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.