

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: 06th November 2008

Screener: Lev Neretin

Panel member validation by: N.H. Ravindranath

I. PIF Information

Full size project GEF Trust Fund

GEFSEC PROJECT ID: 3659

GEF AGENCY PROJECT ID: 4131

COUNTRY(IES): RUSSIAN FEDERATION

PROJECT TITLE: BUILDING ENERGY EFFICIENCY IN THE NORTH WEST OF RUSSIA

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNER(S): OFFICE OF PLENIPOTENTIARY REPRESENTATIVE OF THE PRESIDENT OF THE RF IN THE NORTH-WEST FEDERAL OKRUG, ADMINISTRATIONS OF ARKHANGELSK, PSKOV AND VOLOGDA REGIONS.

GEF FOCAL AREA (S): Climate Change

GEF-4 STRATEGIC PROGRAM(S): SP-1

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: UMBRELLA PROGRAMME "RUSSIA ENERGY EFFICIENCY PROGRAM"

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. STAP welcomes this building energy efficiency proposal from Russia, which aims at building capacities and demonstrating local solutions to promote energy efficiency in construction and maintenance of the buildings. There is a need for clarity on whether the focus is only on Residential buildings and Commercial/ Public buildings are also considered additionally. STAP recommends treating public and commercial buildings sector separately from residential buildings sector as EE barriers between them may differ. Energy-service companies (ESCOs) and energy performance contracting played a central role in improving EE in the building sector of the developed and developing countries. There is some limited experience with ESCOs in the NW Russia too. Project proponents are advised to explore existing barriers and develop specific interventions aimed at promotion and piloting of the ESCOs as efficient vehicles for delivery of EE improvements in the public and commercial sectors. Further, STAP makes the following suggestion to be incorporated in the next stage of project development;
 - i. **Scientific and Technological Interventions and Innovations:** The project rightly identifies the need for building capacities, creating incentives for improved energy efficiency, increasing investments and creating enabling environment. However, there is a need for scientific / economic rationale for selecting the construction and building maintenance technologies, especially since; there are a large number of technologies, policy options and capacity building activities required for promoting energy efficiency in building sector. For example IPCC (2007), has listed a large number of policy instruments for promoting GHG mitigation technologies in the building sector namely; *Building Codes, Procurement Regulations, Energy Efficiency obligations and Quotas, Energy Efficiency Certification schemes, Tax Exemptions / Taxation, Labelling and Certification, Mandatory Auditing, etc.* Thus, there is a need for scientific criteria for identifying the most effective interventions to promote Energy Efficiency in construction and maintenance of the buildings. This would enable targeting of the Components and Activities to overcome the barriers to promote Energy Efficiency in buildings. A scientific rationale is also needed for identifying technologies and project sites for demonstration. There is some confusion about local solutions, as to how they are different from the most effective solutions that may have worked successfully in other regions of Russia / Europe. The PIF talks about **Integrated Management models**, which include both construction and maintenance aspects covering a large number of technologies and interventions. Surely, all the potential technologies (which may number hundreds of interventions) can't be addressed in any single programme or project. Though it is important to consider Integrated

Management Approach/Model, there is a need for prioritising the interventions. There is a need for considering the System vs. Component level efficiency improvements based on marginal cost and marginal revenue estimates. Demonstration of Energy Efficient solutions and management models is an important component of the project but the linkage between demonstration and the other components needs to be strengthened, since there could be scheduling difficulties and gestation periods.

- ii. **Barrier Analysis:** The PIF states that the project activities aim to reduce the existing institutional, management, information, technological and knowledge barriers. The financial barriers are not included. Since, there are a large number of barriers, it is important to identify, rank and prioritise the barriers, to enable correct targeting of measures to overcome the barriers. Scientific methods such as; AHP (Analytical Hierarchy Process) could be adopted for ranking the barriers from the perspective of different stakeholders. STAP recommends, exploring existing economic and financial barriers for implementation of EE policies and measures for public/commercial and residential sectors. The lack of financial and fiscal incentives on the demand side have proved to be significant barriers in promoting EE policies and measures in Russia; these barriers are even more important at the provincial and local levels (Energy efficiency in Russia: Untapped reserves, WB/IFC 2008).
- iii. **Baselines Emissions and Spread of Energy Efficiency Programmes:** The PIF states that a large number of externally funded projects as well as regional and national projects have been implemented in the region. It may be useful to make projections of the baseline GHG emissions from the sector in the absence of the project, as well as the current and the projected rate of spread of Energy Efficiency technologies from the past and ongoing initiatives, under the baseline scenario in the absence of the proposed project.
- iv. **Risks and Mitigation measures:** The PIF lists no significant risks to attaining the project objectives. However, the risks of higher financial cost and poor technology performance are not included.

<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.