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: @@@@ @@, @@@@ Screener: Christine Wellington-Moore

Panel member validation by: Hindrik Bouwman
Consultant(s):

I. PIF Information *(Copied from the PIF)*
FULL SIZE PROJECT GEF TRUST FUND
GEF PROJECT ID: 4602
PROJECT DURATION : 4
COUNTRIES : Azerbaijan
PROJECT TITLE: Initiation of the HCFCs Phase out and Promotion of HFCs-Free Energy Efficient Refrigeration and Air-Conditioning Systems
GEF AGENCIES: UNIDO
OTHER EXECUTING PARTNERS: Climate Change and Ozone Centre (NOU), the Ministry of Ecology and Natural Resources of Republic of Azerbaijan (MENR), the Ministry of Industry and Energy of Republic of Azerbaijan (MIER)
GEF FOCAL AREA: Ozone Depleting Substances

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): **Major revision required**

III. Further guidance from STAP

This project states that it intends to prepare a national phase out strategy to support the Republic of Azerbaijan in achieving accelerated HCFC phase out in line with Montreal Protocol and its amendments. The strategy will be twofold: (i) to finalize an HCFC Phase out strategy and National Action Plan, with attendant supportive legislative and policy measures, and strengthening of institutional capacity to make the whole control mechanism operative, and (ii) Conversion of manufacturing processes involving HCFC-22 and HCFC-141b, and provision of technical assistance to the Refrigeration and Air Conditioning (RAC) Service Sector, to reduce HCFC demand.

A number of problems and inconsistencies in the project strategy, however, have been identified by STAP.

The first is the incomplete assessment of project baseline, and recognition of outputs of previous GEF-funded and other initiatives and partnerships from which this country benefitted. This is important because the outputs and lessons learned from previous projects could lower the risks associated with this project's success. For example:-

a) There is incomplete information to suggest that the lessons learned from the GEF/WB/UNDP/UNIDO Regional HCFC Phase Out Programme will be examined and integrated into this new project;

b) It might be wise to consider some of the past GEF support the country has received to help manage ODS consumption (eg, a renewal of Institutional Strengthening) from which some of the data and technical support information this current PIF seeks to gather might be gleaned (eg private sector data, updated licensing mechanisms, illegal trade and consumption data). This is all key to pinning down quantities of ODS stockpiled, in use, and being moved illegally through the country, and ultimately choosing the optimal management and destruction strategy to generate and maximise the global benefits of the project. This approach would also reduce duplication of effort and strengthen modalities for phase out.

c) Illegal trade is noted as a problem for the country, and though the ECA Network of OzonAction CAP, UNEP DTIE, is mentioned for collaboration, there should be consideration of supporting/enabling the country to participate in the iPIC reporting process to help track ODS movement through the region. The Green Customs efforts, also housed in UNEP OzonAction group would be invaluable in helping with Customs training and combating illegal trade. Tracking ODS movement is critical to global phase out efforts of ODS, since it impacts on quantities for management and destruction, and generating global environment benefits.

Since the country has received GEF assistance in the past, the project lessons learned should be valuable in the overall sense of better elaborating barriers and risks. Consideration of what may have already been generated will also ensure that this round of GEF assistance maximises the generation of new and additive global environmental benefits.

In terms of overall project strategy, STAP notes a flaw in the fact that it is assumed that training the RAC Service Sector and conversions of manufacturing sectors will be sufficient. There is no consideration of reducing demand from consumers in the public domain, which has long been recognised by the Protocol as a fundamental part of any ODS project. The GEF intervention is broadly to follow the stratagem of the Multilateral Fund interventions of the Article 5 Parties. The public consumer of any ODS targeted must be made aware of the intent to phase out the goods using the ODS, and this is then supported through regulatory systems. There will be no slowing of HCFC goods arriving for servicing if the public is not aware of the reasons why they should eschew HCFC goods. The opportunity for use of financial measures such as environmental taxes to help fund disposal and training on alternatives, rebates for use of alternatives etc. are missed if the public consumer is not recognised as a player and active partner in the HCFC phase out effort, and regulatory measures are weakened. The STAP strongly suggests revisiting this area of the project strategy, and collaboration with the UNEP CAP Programme to help with the appropriate levels.

An awareness component as relates to the private sector would also be invaluable in terms of curbing demand. There should also be additional awareness for the RAC Servicing sector, particularly in the face of recent developments such as the explosions and deaths of technicians and others handling ODS products in other countries, when they came in contact with refrigeration equipment containing illegal drop-ins for HCFC, where toxic R40 (methyl chloride) was mixed with HCFC and illegally traded for R143a. There have been reported incidents in Australia, Russian Federation, Brazil, Vietnam, to date. Working closely with OzonAction and the ECA Network, Green Customs et. al., would help ensure that the project remains on top of the latest techniques used to illegally trade in ODS, and enhance the safety of stakeholders.

The project also seems to pause at elaborating ODS destruction requirements, and outlining a destruction strategy, with apparently no confidence that resources will permit actually getting some of the unwanted ODS destroyed. It is hoped that project developers will take advantage of Basel, STAP and Ozone TEAP discourse on destruction of ODS and explore the possibility of "piggybacking" ODS destruction with other organochloride compounds (or what have you) as a cost-effective way to maximise global environmental benefits.

The indicative risks in B.4 should be further elaborated and rated taking into account the aforementioned.

In summary:

1) The project development team needs to re-examine the project baseline and past lessons learned from previous projects to better utilise outputs generated, to avoid past pitfalls, and to ensure that the GEF intervention results in maximum global environmental benefits, without duplication of effort

2) The developers should look at the full range of fundamental elements necessary for a successful ODS phase- out project, as has been standard for both the MLF and GEF ODS project.

3) There needs to be a better analysis of stakeholders in the project, including the consumer and global partners, networks and cooperative processes that assist in illegal trade efforts, and reducing demand for ODS.

4) If the aforementioned is managed appropriately, and duplicative elements removed from the project design, there might be more resources freed up to support destruction of some of the ODS in the country, even if through export to overseas facilities.

STAP advisory response	*Brief explanation of advisory response and action proposed*
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.