



GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS* THE GEF/LDCF/SCCF TRUST FUNDS

GEF ID:	4602		
Country/Region:	Azerbaijan		
Project Title:	Initiation of the HCFCs Phase out and Promotion of HFCs-Free Energy Efficient Refrigeration and Air-Conditioning Systems		
GEF Agency:	UNIDO	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Ozone Depleting Substances
GEF-5 Focal Area/ LDCF/SCCF	Objective (s):	CHEM-2; CHEM-2; Project Mana;	
Anticipated Financing PPG:	\$0	Project Grant:	\$2,620,000
Co-financing:	\$6,550,000	Total Project Cost:	\$9,170,000
PIF Approval:		Council Approval/Expected:	June 01, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Anil Sookdeo	Agency Contact Person:	Mr. Yury Sorokin,

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes	
	2. Has the operational focal point endorsed the project?	Yes	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	Yes	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	No	
	5. Does the project fit into the Agency's program and staff capacity in the country?	Please provide further details on the regional/country presence of UNIDO to support this project.	

*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

¹ Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated 11-22-2010

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		28/12/2011 - Comment addressed	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?		
	• the focal area allocation?		
	• the LDCF under the principle of equitable access		
	• the SCCF (Adaptation or Technology Transfer)?		
	• Nagoya Protocol Investment Fund		
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	The Project is aligned with the Chemical Strategy, however please clarify the reasoning in including reduction in 2010 in the project. 28/12/2011 - Comments addressed and 2010 reduction has been removed. Comment Cleared.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	Yes	
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	Yes	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	No. There is an indication that since the implementation of the previous CFC project that capacity has since be significantly reduced. There is no	

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		<p>description of why this happened and how this project will contribute to the long term sustainability of HCFC phase out.</p> <p>28/12/2011 - Comment addressed - Cleared</p>	
Project Design	11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	<p>There is no baseline project described. The section in the PIF has only information on the entire GEF project. Further comments on the baseline are to be found in the PIF recommendation section. Please address.</p> <p>28/12/2011 - Comment not addressed satisfactorily, see comments in section 30.</p>	
	12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?	Cannot access in the absence of a baseline project.	
	14. Is the project framework sound and sufficiently clear?	<p>No. Please refer to Technical Comments in Question 30 below.</p> <p>28/12/2011 - The project has been realigned and is consistent with other HCFC phase out management plans.</p>	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	<p>Not Clear. Please provide additional data requested in question 30 below.</p> <p>28/12/2011 - See comments in 30 below</p>	

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		Feb 13, 2012 - Comments addressed - cleared	
	16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?	Yes	
	17. Is public participation, including CSOs and indigenous people, taken into consideration, their role identified and addressed properly?	Yes	
	18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	Yes	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	Please provide a clearer explanation of how this project will be coordinated with the HCFC Phase Out Activities in the region. Feb 13, 2012 - Comment Addressed - Cleared	
	20. Is the project implementation/ execution arrangement adequate?	Please provide more detail on how the project management will be conducted at the National Level. Feb 13, 2012 - Comments addressed - cleared	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		

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	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	Yes	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	<p>Please clarify the following:</p> <p>If a maximum cost effectiveness ratio of 9.79\$/kg for the foam sector is assumed then the maximum for the amount of consumption in this sector should not exceed \$900,000. Please clarify why 2 M is being requested for this sector.</p> <p>The inclusion of the additional funding for an already converted facility is not eligible for additional GEF resources.</p> <p>28/12/2011 - Comments addressed - cleared</p>	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	<p>The majority of the co-financing is in-kind - please clarify what the in-kind contribution will cover.</p> <p>the level of the co-financing should be increased.</p> <p>Feb 13, 2012 - Comment cleared</p>	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	Yes	
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	28. Does the proposal include a budgeted M&E Plan that monitors		

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	and measures results with indicators and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?	None Received	
	• Convention Secretariat?	None Received	
	• Council comments?		
	• Other GEF Agencies?	None Received	
Secretariat Recommendation			
Recommendation at PIF Stage	30. Is PIF clearance/approval being recommended?	<p>Pending responses to the review sheet.</p> <p>Technical Comments:</p> <p>1. There is no clear picture of the consumption patterns and trends. Please provide a table showing the estimated consumption trends per sector and separated by substance.</p> <p>28/12/2011 - The table provided clarifies the consumption of HCFC. Comment Cleared</p> <p>2. There is a general decreasing trend in the Article 5 data on the Ozone Secretariat's website, yet the PIF indicates that there is an increase in consumption. Please clarify. Please also provide the data being used to make the statement that there is an increase in the consumption of HCFC based equipment.</p> <p>28/12/2011 - Comment on consumption of substances cleared. Please address second part of the comment on the</p>	

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		<p>increase in equipment.</p> <p>3. Will the reduction of 141b consumption in the foam enterprises be a result of reduction of consumption of pure 141b or pre-blended polyols only? If it is to reduce the consumption from pre-blended polyols has this consumption been reported to the Ozone Secretariat? Will there be a specific commitment to completely phase out this sector?</p> <p>28/12/2011 - In light of the non-reporting to the Ozone Secretariat, before CEO endorsement, the data report must be made to the ozone secretariat. Comment Cleared</p> <p>4. Section B 1 should describe the baseline project, which is the project that would be done to meet the national objectives of the country. In the PIF the description provided is for the entire project. The cost of the baseline project should correspond the co-financing. This section needs to be urgently addressed.</p> <p>28/12/2011 - The baseline project, that is what the country is doing to address ODS at the national level has not been sufficiently described. The baseline situation is not the baseline project.</p> <p>5. Component 1(b), Please elaborate on the need for these</p>	

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		<p>identifiers. Is there a need above those already existing, and if so why? How many are planned?</p> <p>28/12/2011 - Comment Cleared.</p> <p>6. Section B2 needs to describe the activities incremental to the baseline project. This would be the activities for which the GEF grant would fund. The description provided does not do this. Please address.</p> <p>28/12/2011 - Requires further elaboration pending updated description of the baseline project.</p> <p>7. For the completion of the conversion of the enterprise manufacturing domestic refrigerators and freezers, please clarify a) why the conversion was never completed, b) if after 10 yrs the equipment can still be used. If there is no consumption from this plant then the funding being requested is not for compliance and this activity is therefore not eligible for further funding.</p> <p>28/12/2011 - Component removed. Comment Cleared</p> <p>8. Component 2.5 and component 3 could be combined and funds from both ODS and CCM can be used to improve this component to achieve the desired outcome of manufacturing with</p>	

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		<p>zero ODP and low GWP substances and additionally have energy efficiency gains.</p> <p>28/12/2011 - cleared</p> <p>9. Is the licensing system operating for HCFC?</p> <p>28/12/2011 - How will this be addressed in the project and how will trade in HCFC be controlled?</p> <p>10. Please provide a comment on what type of technology is being considered for the SME foam operators.</p> <p>28/12/2011 - Comment cleared</p> <p>11. What substance is used in the manufacture of the refrigerator/freezer panels?</p> <p>28/12/2011 - Comment Cleared</p> <p>12. Please provide some information on the servicing sector. It is not clear if this sector is being addressed by this project. If there are no plans to address this sector please indicate why.</p> <p>28/12/2011 - The project has been adjusted to include the servicing sector. Comment cleared.</p> <p>13. The GEF 5 chemicals strategy allows for ODS disposal</p>	

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		<p>demonstrations. Some consideration should be given within the scope of this project for including treatment at the end of life of phase-out equipment and substances.</p> <p>28/12/2011 - Cleared</p> <p>14. Please clarify what is planned for the "gray" zone of the economy. Are these legal companies? If not the GEF will not provide funding for these companies.</p> <p>28/12/2011 - Cleared</p> <p>15. The Energy Efficiency components should be taken from the STAR allocation.</p> <p>28/12/2011 - Cleared</p> <p>Finance Comments:</p> <p>1. In Table A, the amounts for Outcome 2.1 and 2.2 looks mixed up. Please clarify.</p> <p>2. In reference to comment 6 above, how would the budget change?</p> <p>3. If we assume a maximum CE of 9.79USD/Kg for the foam sector, the estimated amount this phase out should cost would be no more than USD 900,000. Please clearly explain how the amounts in the PIF are being calculated.</p>	

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		<p>Comment 3 - 28/12/2011 - cleared</p> <p>28/12/2011 - Finance comments 1 and 2 not addressed</p> <p>28/12/2011 - Comments pending before a recommendation can be made.</p> <p>Feb 13, 2012 - All comments satisfactorily addressed - Project is being recommended for CEO clearance.</p>	
	31. Items to consider at CEO endorsement/approval.	<p>Consumption Pattern of HCFC</p> <p>Type of technology being used</p> <p>Cost Effectiveness</p> <p>Data Reporting to the Ozone Secretariat on the consumption of HCFC in pre-blended polyols.</p>	
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	33. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	August 29, 2011	
	Additional review (as necessary)	December 28, 2011	
	Additional review (as necessary)	February 13, 2012	
	Additional review (as necessary)		
	Additional review (as necessary)		

* **This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	Yes, however please seek to improve the co-financing ratio.
	2. Is itemized budget justified?	<p>In Annex A of the PPG, there is a mention of doing random visits to foam enterprises. This will not give reliable data, please clarify the approach on collecting baseline data.</p> <p>Please Clarify the roles of the International Consultants and the Local Consultants in terms of technical inputs into the projects. We would appreciate a clear list of activities that each consultant will be undertaking, approximate mission days, work at home days, days writing etc.</p> <p>Please clarify why the survey and the baseline analysis is mostly funded from the GEF.</p>
Secretariat Recommendation	3. Is PPG approval being recommended?	<p>Pending clarification of the PIF and the PPG reviews.</p> <p>Feb 13, 2012 - PPG can now be recommended.</p>
	4. Other comments	
Review Date (s)	First review*	August 29, 2011
	Additional review (as necessary)	February 13, 2012

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