

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: May 08, 2013

Screener: Lev Neretin

Panel member validation by: Ralph E. Sims
Consultant(s): Margarita Dyubanova

I. PIF Information *(Copied from the PIF)*

FULL SIZE PROJECT GEF TRUST FUND

GEF PROJECT ID: 5291

PROJECT DURATION : 5

COUNTRIES : Azerbaijan

PROJECT TITLE: Nationally Appropriate Mitigation Actions (NAMAs) for Low-carbon End-use Sectors in Azerbaijan

GEF AGENCIES: UNDP

OTHER EXECUTING PARTNERS: Ministry of Ecology and Natural Resources (MENR), SOCAR, National Climate Change Center

GEF FOCAL AREA: Climate Change

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): **Minor revision required**

III. Further guidance from STAP

STAP welcomes this proposal that requests GEF support to help identify, develop and leverage finance for NAMAs in the oil-gas end-use sector in Azerbaijan. It is a clearly written proposal that includes a robust outline of NAMA design and implementation milestones, including establishment of MRV.

The end-use sub-sectors listed to have a marginal abatement cost-curve produced include electricity generation, residential, and transport (page 8) - which leaves out commercial buildings - an important energy-intensive user. Table B, page 1 includes "buildings" as a key end-use sector so maybe commercial buildings are meant to be included. If not, STAP suggests including this sub-sector under the umbrella of this project.

Renewable energy projects are mentioned as being a possible option based on an abatement cost-curve yet to be developed. However, the level of interest by SOCAR seems to be relatively small (a 40 kW wind pilot; 20kW solar projects; a 1.5 MW wind farm on Jilov Island) and unspecified future plans under its Climate Change Strategy. This will involve "cost-effective GHG emission reduction activities". Given that the most cost-effective measures in an abatement cost curve are usually from EE activities, and with the limited mitigation potential possible from the proposed \$15 M SOCAR investment, perhaps this proposal should concentrate on energy efficiency measures should scaling up of the 1.5 MW wind project prove to be less viable in terms of \$/ t CO₂ avoided.

Calculating GHG emission reduction potential (as in the GEB table) from driving investment costs by an assumed carbon price is not an acceptable methodology (especially when \$25 was used but currently it is closer to \$2.50 or less per t). The STAP methodology for calculating abatement from energy efficiency would be a useful tool here. See <http://stagef.org/node/792>

<i>STAP advisory response</i>	<i>Brief explanation of advisory response and action proposed</i>
1. Consent	STAP acknowledges that on scientific or technical grounds the concept has merit. However, STAP may state its views on the concept emphasizing any issues where the project could be improved. Follow up: The GEF Agency is invited to approach STAP for advice during the development of the project prior to submission of the final document for CEO endorsement.
2. Minor revision	STAP has identified specific scientific or technical challenges, omissions or opportunities that should be addressed by the project proponents during project development.

<p>required.</p>	<p>Follow up: One or more options are open to STAP and the GEF Agency: (i) GEF Agency should discuss the issues with STAP to clarify them and possible solutions. (ii) In its request for CEO endorsement, the GEF Agency will report on actions taken in response to STAP's recommended actions.</p>
<p>3. Major revision required</p>	<p>STAP has identified significant scientific or technical challenges or omissions in the PIF and recommends significant improvements to project design.</p> <p>Follow-up: (i) The Agency should request that the project undergo a STAP review prior to CEO endorsement, at a point in time when the particular scientific or technical issue is sufficiently developed to be reviewed, or as agreed between the Agency and STAP. (ii) In its request for CEO endorsement, the Agency will report on actions taken in response to STAP concerns.</p>