

2019

Project Implementation Review (PIR)

**NAMA in End-Use Sector**

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# Basic Data

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| **Project Information** | |
| UNDP PIMS ID | 5138 |
| GEF ID | 5291 |
| Title | Nationally Appropriate Mitigation Actions (NAMAs) for low-carbon end-use sectors in Azerbaijan |
| Country(ies) | Azerbaijan, Azerbaijan |
| UNDP-GEF Technical Team | Energy, Infrastructure, Transport and Technology |
| Project Implementing Partner | Government |
| Joint Agencies | *(not set or not applicable)* |
| Project Type | Full Size |

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| **Project Description** |
| The specific objective of the project is to support SOCAR in the implementation of its Climate Change Mitigation Strategy by promoting and upscaling GHG mitigation measures through a programmatic NAMA approach in the low-carbon end-use sectors, where pilot investments will be directed into low energy and low carbon technologies that are so far missing on a large scale on the Azeri market. |

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| Other Partners | *(not set or not applicable)* |

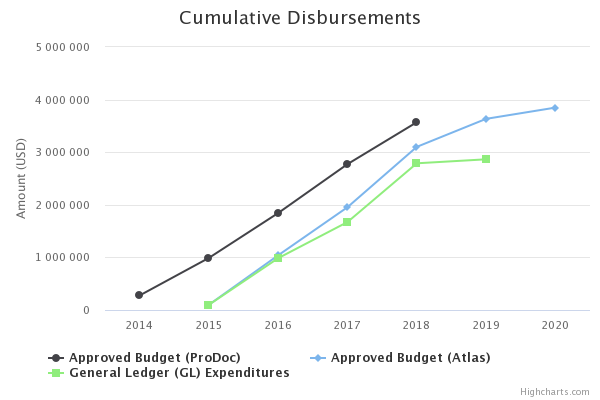
# Overall Ratings

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| --- | --- |
| Overall DO Rating | Moderately Satisfactory |
| Overall IP Rating | Moderately Unsatisfactory |
| Overall Risk Rating | Moderate |

# Development Progress

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| **Description** | | | | | | |
| **Objective**  **To support the development, implementation and monitoring of NAMAs in the low-carbon end-use sector, in order to build upon a strong national commitment for the reducing the energy demand of oil & gas end use sectors** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of NAMAs in energy end-use sectors | No strategic programme in place to bring energy efficiency (EE) and prioritise renewable energy (RE) use in the oil/gas end-use sectors | *(not set or not applicable)* | 3 NAMAs are fully implemented | 2 pilot NAMA projects are fully implemented, 1 pilot is under implementation.  According to the Midterm Review, the Project has made a good progress in implementation of pilot projects, especially in demonstrating possible energy efficiency in buildings, including wall insulation, and also low-cost GHG mitigation by implementing eco-driving training.  Energy efficiency in buildings, including building insulation, represents a unique and possible GHG emission reduction opportunity with high replication potential, especially in construction of new buildings. There is a large construction boom in Azerbaijan, and so far no building insulation is being implemented due to outdated energy performance in buildings regulations. Incremental costs of energy efficiency during building design and construction can be negligible compared to the total investment cost.  Eco-driving training is another excellent example of a low-cost GHG emission reduction opportunity with a demonstrated ca 10% fuel savings, and if replicated across the country, will have a significant impact as well. One of the lessons learned from pilot activities in eco-driving is that eco-driving training should be accompanied by a strong human resources policy involving an incentive system that rewards drivers that follow eco-driving practices on the road.  Based on this lesson-learned SOCAR is planning to introduce an incentive mechanism, which will use savings due to lower fuel usage to reward the drivers with the financial bonus. This will enhance enthusiasm and willingness of drivers to regularly pass through the eco-driving trainings.  Pilot project in associated gas capturing, which has both the highest and at the same time commercially viable GHG mitigation potential within SOCAR, is under development, and the construction works are expected to start in Fal 2018. SOCAR has been implementing associated gas capturing activities since 2010. UNDP-coordinated pilot project will provide SOCAR with new approach and technology with much higher technical results by demonstrating new technology – cleaning, i.e. filtering of the associate gas on-site, instead of its transportation for processing to the central gas refinery plant, and thus reducing gas transportation costs.  SOCAR has demonstrated high interest, commitment and effective cooperation during project implementation period, especially in timely delivery of pilot projects. | During the reporting period 2 programmatic NAMA''s were fully implemented. Tjhe third pilot NAMA on associated gas capturing continues: installation of gas capturing equipment and piping works are under implementation.  Energy efficiency in buildings, including building insulation, represents a unique and possible GHG emission reduction opportunity with high replication potential, especially in construction of new buildings. The most recent energy audit of those buildings has revealed the reduction of CO2 emissions by 200 tons/year and the reduction of energy consumption by 35% across the total area of 10,000 square meters in SOCAR building.  Eco-driving training is another excellent example of a low-cost GHG emission reduction opportunity with a demonstrated ca 10% fuel savings, and if replicated across the country, will have a significant impact as well. One of the lessons learned from pilot activities in eco-driving is that eco-driving training should be accompanied by a strong human resources policy involving an incentive system that rewards drivers that follow eco-driving practices on the road. As we trained SOCAR’s drivers on eco-driving techniques, the first tests showed that just by more efficient eco driving, up to 10-15% of fuel could be saved. To increase the added value of this intervention, the project provided SOCAR with an eco-driving simulator. Up to now, 600 hundred drivers have been trained compared to 350 initially planned and the process is still ongoing. Test driving on real roads actually increases the GHG emissions as it adds to the traffic density and enhances the risk of road accidents. In turn, the usage of just one eco-simulator allows to train over 1,000 drivers each year. Once fully introduced, the eco-driving will make it possible to prevent the emissions of 1,500 tons of carbon dioxide, or saving up to 600 tons of fuel, which is equivalent of savings close to 1 million AZN a year.  Based on this lesson-learned SOCAR is planning to introduce an incentive mechanism, which will use savings due to lower fuel usage to reward the drivers with the financial bonus. This will enhance enthusiasm and willingness of drivers to regularly pass through the eco-driving training.  Pilot project in associated gas capturing, which has both the highest and at the same time commercially viable GHG mitigation potential within SOCAR, is under implementation. The construction works have started in the Fall 2018, however, have to stop due to the seasonal character of works, which resumed in Spring 2019. SOCAR has been implementing associated gas capturing activities since 2010. However, UNDP-coordinated pilot project will provide SOCAR with new approach and technology with much higher technical results by demonstrating new technology – cleaning, i.e. filtering of the low-pressure associate gas on-site, instead of its transportation for processing to the central gas refinery plant, and thus reducing gas transportation costs.  SOCAR has demonstrated high interest, commitment and effective cooperation during project implementation period, especially in timely delivery of pilot projects. |
| Direct GHG emission reduction and energy savings facilitated by the project | 0 | *(not set or not applicable)* | Total lifetime direct GHG emission reductions of about 0.56 mln. t CO2eq  Total lifetime energy saved approx. 200,000 toe | 145 000 tCO2    After the retrofitting works in the buildings and the initial eco-driving trainings are completed, the second Energy Audit was carried out. Based on the results of the Audit we have assessed that significant results have been achieved in CO2 reduction and energy efficiency as well.    240 340 kWt/hours/year | Currently the project has reached 230 000 t CO2    180 252 KW hour a year |
| Co-financing leveraged for implementation of prioritized NAMAs | 0 | *(not set or not applicable)* | 30,000,000 US$ | Aftre the retrofitting works and Energy Audit has been finalized, SOCAR, based on the results of the audit, has started the retrofitting works and installation of modern energy efficient heating and cooling equipment in its facilities.  During the reporting period SOCAR has installed the new transmission pipes and allocated considerable resources into gas exploration and transmission facilities in order to improve the quality and effectiveness of the oil exploration fields. The total amount of cumulative investment is close to the 20 600 000 USD | During the reporting period SOCAR has allocated considerable investment to the gas supply facilities. The total amount of investments for the reporting period is about 7.500 000 USD. Thus, the total amount of leveraged co-financing is about 28 mln USD |
| Estimated lifetime indirect GHG emission reductions facilitated by the project | N/a | *(not set or not applicable)* | Total estimated lifetime indirect GHG emission reductions of 6.24 mln t CO2eq | Expected indirect CO2 savings from pilot projects:  218 300 tCO2/year | The project is entering its final stage. The third pilot NAMA has the biggest emission saving potential. Even though, it is difficult to assess the total estimated lifetime indirect GHG emission reduction, current estimations show that th originally planned targe of 6.24 mln t CO2 is achievable. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 1**  **Assessment of GHG emission mitigation potentials and target setting completed** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Sub-sector voluntary GHG emission reduction targets established | Lack of governmental planning and target setting for energy and carbon intensive sub-sectors prevailing | *(not set or not applicable)* | Voluntary GHG emission reduction targets to be defined at least for main sub-sectors:  • Residential/Housing  • Transport  • Energy Production | After the start of the project in July 2015 GHG emission mitigation potentials in selected buildings of SOCAR building stock, Transport fleet and oil and gas field in Siyazan was assessed by International Consultants, Energy Audit was conducted and relevant target setting was completed. In particular, barriers that hinder the development and implementation of GHG mitigation measures were assessed, the relevant sectors were analyzed regarding the status of energy performance and potential for decreasing energy intensity. Also, project team worked closely with governmental institutions in order to increase awareness and initiate the development of a national replication strategy. Therefore, considering that emission reduction targets in the oil & gas end-use sectors were established and validated, the likelihood that the objectives under Outcome 1 will be promptly met by the end of the project is high.  The Project has made a good progress and delivered results in implementing pilot projects in SOCAR’s buildings and transportation. As a result of EE measures, it is expected that the energy consumption will be lowered by more than 20% in the year of 2018. So far, 170 drivers have passed through the training. It resulted in about 8-10% reduction in emissions. With support of newly installed Eco-driving simulator, in total, more than one thousand drivers will pass through the training. As soon as a representative number of drivers pass through the training, both by using the eco-simulator and also training on the roads, it will be possible to set voluntary target of GHG reduction for the entire company.  The implementation of the pilot projects has been considerably accelerated (with two out of three already completed), so that to facilitate the achievement of respective outputs. Once the results of all three pilot projects are available, the development of NAMA program/action plan will be completed. This will not cause a delay to the overall project implementation, and all expected results will be delivered in time by the end of the project. | During the reporting period the Project has made a good progress and delivered results in implementing activities in SOCAR’s buildings and transportation. In the result of EE measures, the energy consumption has been lowered by more than 20% by SOCAR's construction sector, and by 8-10% reduction in the transport sector. Based on this numbers, SOCAR is planning to set the voluntary reduction targets no lower than above mentioned reductions. Regarding the associated gas capturing component, it will be possible to assess the emission reduction. Therefore, the voluntary emission reductions reduction targets will be set during the last year of the project. . |
| Marginal abatement costs (MAC) curves for oil & gas end-use sectors defined | No detailed economic reviews and scenarios that compare the effectiveness of GHG mitigation technologies and | *(not set or not applicable)* | Develop detailed marginal abatement cost curves for the oil & gas end-use sectors to demonstrate effective mitigation policies and economic scenarios and under which conditions GHG mitigation could be effectively realised: | The project team has hired an international consultant with demonstrated experience in developing GHG marginal abatement cost curves and developing GHG emission reduction policies and action plans, to support delivery of Outcome 1 and 2 :  - Technical and cost analysis of potential GHG emission reduction opportunities in SOCAR and country-wide, development of GHG marginal abatement cost curve, that illustrates technical potential and associated full costs (balanced investment and operational costs) of individual GHG emission reduction opportunities in a single diagram.  - Based on the technical, cost and barrier analysis, feasible time-bound targets will be specified and NAMA action plan/program for SOCAR and country-wide will be developed. The NAMA action plan will combine both investment actions and necessary policy/regulatory actions.  The developed GHG marginal abatement cost curve will be used for awareness raising among decision and policy makers and other local stakeholders, to illustrate impact of prioritizing cost-effective actions first on total costs of achieving specific targets (versus prioritizing higher-costs solutions).  Since the development of MAC is based on and duly incorporates the results of the pilot projects, their implementation have been considerably accelerated (two out of three already completed). | The project team has hired an international consultant with demonstrated experience and expertise in developing GHG marginal abatement cost curves and developing GHG emission reduction policies and action plans, to support delivery of Outcomes 1 and 2. However, the contract of that International Consultant was terminated due to reasons beyond the Project, and the Project team proceeded with hiring a new International Consultant on Climate Change who will continue developing GHG marginal abatement cost curves and developing GHG emission reduction policies and action plans, which include the following:  - Technical and cost analysis of potential GHG emission reduction opportunities in SOCAR and country-wide, development of GHG marginal abatement cost curve, that illustrates technical potential and associated full costs (balanced investment and operational costs) of individual GHG emission reduction opportunities in a single diagram.  - Based on the technical, cost and barrier analysis, feasible time-bound targets will be specified and NAMA action plan/program for SOCAR and country-wide will be developed. The NAMA action plan will combine both investment actions and necessary policy/regulatory actions.  The developed GHG marginal abatement cost curve will be used for awareness raising among decision- and policy- makers and other local stakeholders, to illustrate impact of prioritizing cost-effective actions first on total costs of achieving specific targets (versus prioritizing higher-costs solutions).  Since the development of MAC is based on and duly incorporates the results of the pilot projects, their development have been considerably accelerated in the result of two pilot NAMAs already completed. Third pilot NAMA, as mentioned above, is under implementation. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 2**  **NAMAs in oil & gas end-use sectors developed** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number and status of NAMAs | The Government and SOCAR have a strong intention to implement NAMAs, however, a concrete strategy and framework to achieve GHG mitigation goals are missing. | *(not set or not applicable)* | 3 agreed programs for implementation of selected, prioritized, feasible, NAMAs in main oil & gas end-use sub-sectors be the end of 2016  One NAMA is funded and implemented by the end of 2018  All 3 (three) NAMAs are successfully completed by the end of the project | Three designed programs for the implementation of selected NAMAs in main oil & gas end-use sub-sectors are being developed. To prepare them, along with SOCAR several other state agencies, including the Ministry of Ecology and Natural Resources, Ministry of Transport and the State Committee on Architecture and Urbanization were engaged. Two out of three planned Programs are close to finalization. Taking into account that only one program in associated gas capturing is at the initial stage, and the primary partner under this component is the SOCAR itself, which is also beneficiary and implementing agency for this Project, the likelihood of finalizing all three Programs by the end of the Project is high.    Pilot projects under component 3 have been identified, developed and implemented. Energy efficiency retrofits of 6 existing buildings have been implemented, wind-power generation with installed capacity of 24 kWt and photovoltaics with total capacity of 63 kWt have been installed, in total four hybrid vehicles and two fuel effective vehicles have been purchased and out- door/indoor eco-driving training implemented, Eco-driving simulator has been purchased and installed. The Project has implemented trainings of SOCAR’s drivers in eco-driving, reported as the first training of this kind in Azerbaijan. This is an excellent example of low-cost GHG reduction measure, with high impact in a transportation sector. Achieved fuel savings, with practically no investment costs, reached 8-10%. This pilot project is perfectly suited for full-size replication, both within SOCAR and across the country as well. After the results of eco-driving by using the simulator at SOCAR were publicized, several state agencies, including the Ministry of Education, have started the procurement procedures for purchasing similar eco-driving simulators at its vocational schools. Associated gas capturing pilot project is under development and the investment and implementation is scheduled to be finalized in the 2019 construction season. | In accordance with the midterm evaluation, the Project has to prepare three Programmatic NAMAs. Currently, NAMAs in main oil & gas end-use sub-sectors - transportation and construction, - are being developed. To prepare them, along with SOCAR several other state agencies, including the Ministry of Ecology and Natural Resources, Ministry of Transport and the State Committee on Architecture and Urbanization were engaged. The preparation of two out of three planned Programs are close to finalization. Taking into account that only one program in associated gas capturing is undergoing, and the primary partner under this component is the SOCAR itself, which is also beneficiary and implementing agency for this Project, the likelihood of finalizing all three Programs by the end of the Project is high. |
| Financing structure for NAMAs | No financing structure in place to implement NAMAs | *(not set or not applicable)* | An innovative, market-based financing structure for one of the sub-sectors (most likely Buildings) is adopted by 2018  20 percent of total cost of one of the NAMAs is funded through a market-based financing mechanism by the end of the project | Based on the final results of Energy Audit SOCAR has started considering the establishment of the new financial structure. SOCAR has got an experience in implementing NAMA projects, in calculating energy efficiency in buildings. This work was based on inputs provided by the international and local consultants and energy audit company. This experience will enable SOCAR to build a financial scheme based on innovative marked-based approach. SOCAR will provide the list of buildings for replication and other measures in transportation sector.  SOCAR has already started the assessment of the availability and conditions of its old buildings. Buildings appropriate for energy efficiency measures will be selected, then, energy audit will be carried out for them, similar to how it was done under the project. The NAMA specialists will be involved in the energy audit. Also, SOCAR is planning to invest into retrofitting of these buildings. Along with SOCAR’s own channels, one of the options currently contemplated is to conduct these activities through UNDP in a form of cost-sharing agreement. | SOCAR has already started the assessment of the availability and conditions of its old buildings. Buildings appropriate for energy efficiency measures were selected, energy audit was carried out for them, similar to how it was done under the project. The NAMA specialists were involved in the energy audit. Also, SOCAR is planning to invest into retrofitting of these buildings. Along with SOCAR’s own channels, one of the options currently contemplated is to conduct these activities through UNDP in a form of cost-sharing agreement. |
| Status of information and capacity building activities in support of NAMAs | N/a | *(not set or not applicable)* | SOCAR sets up an Information Centre) for promoting Energy Efficiency (EE) in the Building and Transport sectors by 2018  2 major energy management workshops are successfully held by the end of the project | The project team has already prepared the Terms of Reference for the Information Center. Also, the working group to work on the establishment of the Center is under formation. SOCAR will build a respective capacity within the company to run this Center. It is expected that the works will be finalized in 2018.  With the support of SOCAR, the project will facilitate the establishment of the Energy Efficiency Center, where all the information on energy consumption, saving, CO2 reduction etc. will be accumulated. This will provide a platform for SOCAR employees and visitors to learn from this experience and see benefits of energy efficiency measures. | The project team has already finalized the evaluation of the tender for Design and Construction of Energy Efficiency Information Center. Also, the working group to work on the establishment of the Center is under formation. SOCAR will build a respective capacity within the company to run this Center. It is expected that the works will be finalized in 2019.  With the support of SOCAR, the project will facilitate the establishment of the Energy Efficiency Information Center, where all the information on energy consumption, saving, CO2 reduction etc. will be accumulated. This will provide a platform for SOCAR employees and visitors to learn from this experience and see benefits of energy efficiency measures. The finalization of works is expected by Fall 2019 |
| Status of NAMA registry at SOCAR | N/a | *(not set or not applicable)* | Updating of NAMAs registry is started by SOCAR by end of 2016  GHG emission reductions due to pilot project are captured in SOCAR’s GHG Inventory by the end of the project | Pilot projects GHG reductions have been registered in the national GHG registry. | Pilot projects' GHG reductions have been registered in the national GHG registry. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 3**  **NAMAs in the oil & gas end-use sector implemented** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Status of energy-efficiency oriented refurbishments under SOCAR’s Green Building Programme | No strategic programme in place that prioritises EE and RE requirements of buildings constructed within SOCAR | *(not set or not applicable)* | • By end of project: Implementation of an investment program to cover 2-3 demonstration building new constructions and/or refurbishments using improved design and EE & RE technologies for commercial and/or residential buildings  • Green building certifications for 2-3 demo projects available  • Integrated building design approach applied to new/refurbished buildings and approx. 80-100 architects/designers trained | Two pilot NAMAs - SOCAR’s Green Building Program and Sustainable Transport at SOCAR, - were implemented. The third pilot NAMA, which is in accordance with SOCAR’s Associated Gas Capturing Programme, is currently being implemented. Currently, the tender for purchase and installation of Gas capturing equipment in Siyazan oil and gas field is underway. This assignment is planned to be completed by the mid of 2019 which will enable the project to achieve its mitigation targets in oil and gas production sector as well. Therefore, we expect that the overall objective of the Outcome 3 will be met by end of the project too.    Energy efficiency in buildings, including building insulation, represent a unique and affordable GHG emission reduction opportunity with high replication potential especially in construction of new buildings. There is a large construction boom in Azerbaijan, and so far no building insulation is being implemented due to outdated energy performance in buildings regulations. Incremental costs of energy efficiency implemented during building design and construction can be negligible compared to the total investment cost. The Replication Strategy is being developed for SOCAR, which will allow for the expansion of the experience gained under the pilot projects, throughout the other appropriate facilities of SOCAR. In order to speed up the development of the Replication Strategy, the project team worked closely with SOCAR on the assessment and identification of facilities suitable for such replication.  During the last year detailed information has been collected with the help of SOCAR’s counterparts, on many and necessary aspects of transportation fleet usage, such as fuel consumption, mileage of over 3500 vehicles. Also, information was gathered on more than 400000 m2 of buildings constructed during 1995 – 2015 period. This information includes energy and gas consumption, heat supply, etc. SOCAR will use these data to prepare its Replication Strategy. | Two pilot NAMAs - SOCAR’s Green Building Program and Sustainable Transport at SOCAR, - were implemented. The third pilot NAMA, which is in accordance with SOCAR’s Associated Gas Capturing Programme, is currently being implemented. Currently, the tender for purchase and installation of Gas capturing equipment in Siyazan oil and gas field is underway. This assignment is planned to be completed by the mid of 2019 which will enable the project to achieve its mitigation targets in oil and gas production sector as well. Therefore, we expect that the overall objective of the Outcome 3 will be met by end of the project too.    Energy efficiency in buildings, including building insulation, represent a unique and affordable GHG emission reduction opportunity with high replication potential especially in construction of new buildings. There is a large construction boom in Azerbaijan, and it is worth mentioning that there are large number of construction companies applying the energy efficiency measures, particularly isolation system in new constructions. SOCAR has disseminated its experience in energy efficiency, and private companies used this experience for EE measures during their activities. Incremental costs of energy efficiency measures implemented during building design and construction can be negligible compared to the total investment cost. The Replication Strategy is being developed for SOCAR, which will allow for the expansion of the experience gained under the pilot projects, throughout the other appropriate facilities of SOCAR. In order to speed up the development of the Replication Strategy, the project team worked closely with SOCAR on the assessment and identification of facilities suitable for such replication.  During the last year detailed information has been collected with the help of SOCAR’s counterparts, on many and necessary aspects of transportation fleet usage, such as fuel consumption, mileage of over 3500 vehicles. Also, information was gathered on more than 400 000 m2 of buildings constructed during 1995 – 2015 period. This information includes energy and gas consumption, heat supply, etc. SOCAR will use these data to prepare its Replication Strategy. |
| SOCAR’s Sustainable Transport Initiative implemented and replicated | There are no measures to address fuel economy or efficient/alternative technologies for vehicles in place | *(not set or not applicable)* | • Implementation of 25 pilot investments in new alternative fuel sources or vehicles with improved emission standards by end of project  • Development of a sustainable fleet management programme to optimize SOCAR’s vehicle fleet and intra-company transportation logistics within 5 years after project end  • Training programme on eco-driving practices initiated and delivered by project end | Eco-driving training is another excellent example of a low-cost GHG emission reduction opportunity with a demonstrated ca 10% fuel savings, and if replicated across the country, it can have significant impact as well.  In order to ensure sustainability of eco-driving skills, SOCAR will continue using eco-driving simulator, with the target number of drivers to be trained exceeding one thousand.  Also, the trainings will be not just one-time exercise for each driver. Each driver will have to pass through eco-driving training periodically. The project experts will advis on the frequency of the trainings. | Based on the results of pilot project on eco-driving and also on country current transport sector profile, it was recommended to use hydrid cars in Azerbaijan. SOCAR has purchased 4 hydrid cars to check their energy efficiency by drivings on the road. Currently, SOCAR continues collecting the statistics. At the same time, it is worth mentioning that if in 2017 only 5 hydbrid cars were imported to Azerbaijan, in the first half of 2019 already 280 hybric cars were imported. This happened due to experience and information dissemination by SOCAR. Eco-driving training is another excellent example of a low-cost GHG emission reduction opportunity with a demonstrated ca 10% fuel savings, and if replicated across the country, it can have significant impact as well.  In order to ensure sustainability of eco-driving skills, SOCAR will continue using eco-driving simulator, with the target number of drivers to be trained exceeding one thousand.  Also, the trainings will be not just one-time exercise for each driver. Each driver will have to pass through eco-driving training periodically. The project experts will advise on the frequency of the trainings. |
| SOCAR’s associated gas capturing programme implemented and nearby villages supplied with natural gas, to avoid significantly methane emissions at SOCAR’s oil & gas production units. | Annually, 0.3\*mln t CO2eq is dispersing in atmosphere from Siyazanneft oil-field due to outdated technology; Neighbourhood villages cut forest wood to use for heating | *(not set or not applicable)* | • By end of project, SOCAR’s gas capturing programme will be combined with a pilot programme to connect about 600 households from 12 nearby villages to a clean and safe gas network  • Improved technologies introduced at SOCAR for gas capturing  • Monitoring of GHG emission reductions will be integrated into SOCAR’s GHG Inventory by project end  • Afforestation programme initiated by SOCAR to mitigate loss of village forests by end of project | Pilot project in associated gas capture, which has both the highest and at the same time commercially viable GHG mitigation potential within SOCAR, is under development, and the construction works are expected to be finalized in 2019 construction season. This pilot project will supplement associated gas capture projects being implemented by SOCAR already since 2010, by demonstrating new technology – cleaning, i.e. filtering of the associate gas on-site, instead of its transportation for processing to the central gas refinery plant, and thus reducing gas transportation costs. | The construction and installation works have already started, installation of three compressors stations process is ongoing, installation of more than 15 kilometers of gas pipelines is underway. The construction works are expected to be finalized in 2019 construction season. This pilot project will supplement associated gas capture projects being implemented by SOCAR already since 2010, by demonstrating new technology – cleaning, i.e. filtering of the associate gas on-site, instead of its transportation for processing to the central gas refinery plant, and thus reducing gas transportation costs. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 4**  **MRV system and national registry for mitigation actions in the energy generation and end-use sectors developed** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Regular GHG Inventory conducted | Poor institutional capacity and support to develop proper GHG inventories based on lack of appropriate legal & policy framework to enhance low energy low carbon strategies | *(not set or not applicable)* | By end of project, GHG inventories will be annually available and to benefit from a stronger data quality | The MRV Outcome of the project has started in the 4th quarter of 2017. The project was able to define and establish sectoral and sub-sectoral reference baselines for oil & gas end-use sectors and also establish GHG inventories for key oil & gas end-use sub-sectors. With this purpose International Consultant has already provided Draft Practical Guideline for Designing MRV Systems. By the end of the project it is planned to submit the final Practical Guideline for Designing MRV Systems and establish national registry mechanism for mitigation actions in the oil & gas end-use sectors. It is also expected that this Outcome will be achieved by the end of the Project.    MRV international consultant has been hired and started developing the MRV system. Specific system for measurement/monitoring, reporting and verification (MRV) of achieved GHG emission reductions from implemented projects (NAMA actions) was planned to be developed in the component 4. This MRV system is currently under development. | With the purpose to define and establish sectoral and sub-sectoral reference baselines for oil & gas end-use sectors and also International Consultant has already provided Draft Practical Guideline for Designing MRV Systems. By the end of the project it is planned to submit the final Practical Guideline for Designing MRV Systems and establish national registry mechanism for mitigation actions in the oil & gas end-use sectors. It is also expected that this Outcome will be achieved by the end of the Project. |
| National registry mechanism for implemented NAMAs in place | Lack of institutional capacity to monitor GHG mitigation activities | *(not set or not applicable)* | NAMA reporting at national level through a domestic mitigation registry implemented by end year 3 will ensure compliance with international MRV requirements | Pilot projects on GHG reductions have been registered in the national GHG registry.  SOCAR has its Climate Change Strategy and Associated Gas Reduction Plan in place since 2010 already, and it is implementing individual mitigation actions/projects within this Climate Change Strategy and Associated Gas Reduction Plan since then. | Pilot projects on GHG reductions have been registered in the national GHG registry.  SOCAR has its Climate Change Strategy and Associated Gas Reduction Plan in place already, and it is implementing individual mitigation actions/projects within this Climate Change Strategy and Associated Gas Reduction Plan. |
| Status of arrangements for setting and monitoring sector-wise GHG emission reduction targets | Without accurate databases the GHG targets setting mechanisms are weak and without strong backing | *(not set or not applicable)* | MRV Guideline for AZB developed by the end of the project to validate new baseline scenarios/GHG emission reduction targets against actual emission reduction achievements | The draft of Practical Guideline for Designing MRV Systems has been developed.  Three types of mitigation-related MRV are discussed in the guideline:    • MRV of emissions, conducted at national, organizational, and/or facility level to understand an entity’s profile and report it in form of an emission inventory;  • MRV of mitigation actions (NAMAs) to assess their GHG effect and sustainable development (non-GHG) effect as well as to monitor their implementation;  • MRV of support (e.g., climate finance, technology transfer, and capacity building) to track provision and receipt of climate support, monitor results achieved and assess impact. | The draft of Practical Guideline for Designing MRV Systems has been developed and currently is being reviewed by the International Consultant on Sustainable Road Transport and International Consultant on Energy Efficiency in Buildings. After this stage the  Guideline will be reviewed by the project's Lead Technical Advisor. After this International Consultant on MRV will consider the comments and recommendations and make necessary amendments. The final Guideline will be submitted to the beneficiary next year, before the project ends. |
| Status of training & capacity building programme for national institutions implemented | Governmental institutions involved in data collection, statistical analysis and planning do have own methods in place, without proper exchange and review mechanisms available | *(not set or not applicable)* | A series of specific training & capacity building programs will be implemented by end of project (minimum 5 trainings):  • Improvement of Statistical database  • Sectoral baselines  • GHG Inventory Methodologies | The following trainings were conducted by the respective international consultants:  By International Consultant on EE in Buildings:  - In Energy Efficient Building Design      By Transport Consultant:  In On-road Eco-Driving for SOCAR:    -Car Drivers - February 2017    -Truck Drivers for SOCAR - February 2017    - Bus Drivers for SOCAR - February 2017    By Transport Consultant:  - Legal framework favoring clean vehicles: International experience and prospects in Azerbaijan- March 2018    - Sustainable Road Transport and GHG Measurements Fleet Management Program- March 2018    - Eco-Driving Training for SOCAR Car Drivers using Eco-driving Simulator - March 2018    By MRV Consultant:  - Foundations of MRV    - MRV for NAMA Green Building Programme in SOCAR    - MRV for NAMA Sustainable Transport in SOCAR    - MRV Corporate system | In line with its commitment to support acceleration towards the achievement of the Sustainable Development Goals (SDGs), in particular those related to climate action, affordable and clean energy, sustainable cities and communities, UNDP, in collaboration with SOCAR, has organised a two-day hands-on workshop on energy efficiency and renewable energy industry on 5th and 6th of December 2018. The workshop offered a platform to raise awareness and share knowledge on effective policies and programmes to enhance the understanding of energy efficiency. The workshop also examined the potential for renewable energy in various energy end-use sectors in Azerbaijan drawing upon international best practices from Europe and the CIS region. |
| Replication strategy for different mitigation measures in energy end-use sectors developed | Only basic awareness raising and information activities provided on energy end-use and carbon mitigation activities | *(not set or not applicable)* | Lessons-learned about implemented NAMAs are disseminated and published by the end of the project;  SOCAR to replicate project results within implementation of company’s Climate Mitigation Strategy and up to 10 years after project end | There are many projects in Azerbaijan currently under implementation, supported by international donors and local state agencies (e.g. AREA), focusing on GHG emission reduction opportunities, including associated gas capturing, energy efficiency and renewable energy. UNDP NAMA Project follows those activities and exchanges information with them. The Project Team jointly with SOCAR has demonstrated commitment and makes big efforts to disseminate already achieved results.  Information on the results of implemented pilot projects and lessons learned were disseminated through published brochures and broad media campaign, including TV, printed newspapers and internet- based media. | There are many projects in Azerbaijan currently under implementation, supported by international donors and local state agencies (e.g. AREA), focusing on GHG emission reduction opportunities, including associated gas capturing, energy efficiency and renewable energy. UNDP NAMA Project follows those activities and exchanges information with them. The Project Team jointly with SOCAR has demonstrated commitment and makes big efforts to disseminate already achieved results.  Information on the results of implemented pilot projects and lessons learned were disseminated through published brochures and broad media campaign, including TV, printed newspapers and internet- based media. |
| **The progress of the objective can be described as:** | | **On track** | | | | |

# Implementation Progress



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| Cumulative GL delivery against total approved amount (in prodoc): | 80.24% |
| Cumulative GL delivery against expected delivery as of this year: | 80.24% |
| Cumulative disbursement as of 30 June (note: amount to be updated in late August): | 2,864,698 |

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| **Key Financing Amounts** | |
| PPG Amount | 100,000 |
| GEF Grant Amount | 3,570,000 |
| Co-financing | 31,900,000 |

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| **Key Project Dates** | |
| PIF Approval Date | Jun 20, 2013 |
| CEO Endorsement Date | Sep 10, 2014 |
| Project Document Signature Date (project start date): | Mar 5, 2015 |
| Date of Inception Workshop | Jun 23, 2016 |
| Expected Date of Mid-term Review | Dec 31, 2017 |
| Actual Date of Mid-term Review | Dec 1, 2017 |
| Expected Date of Terminal Evaluation | Dec 30, 2019 |
| Original Planned Closing Date | Mar 5, 2020 |
| Revised Planned Closing Date | *(not set or not applicable)* |

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| **Dates of Project Steering Committee/Board Meetings during reporting period (30 June 2018 to 1 July 2019)** |
| 2018-07-17 |
| 2018-10-24 |

# Critical Risk Management

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| --- | --- |
| Current Types of Critical Risks | Critical risk management measures undertaken this reporting period |
| Organizational | Time plan for the installation of the associated gas capturing equipment has been changed.  The Project Team in consultation with SOCAR made early preparations for installation works. All works that could be implemented separately where performed before the main equipment has been purchased from the supplier and delivered to the Project site. Also, the vehicles that could work in difficult terrain in early spring and late fall were provided by SOCAR's transportation department. Staff of SOCAR was provided with uniforms and equipment assisting them in working under difficult climate conditions. |

# Adjustments

**Comments on delays in key project milestones**

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| **Project Manager: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| N/A |

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| **Country Office: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| There were no delays regarding key project milestones. |

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| **UNDP-GEF Technical Adviser: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| The project is due to be finished in March 2020. However, a small extension may be requested due to delays in purchasing the associated gas capturing equipment. |

# Ratings and Overall Assessments

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| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Manager/Coordinator** | Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | During the reporting period the project has been considerably advanced. All efforts were made to address the suggestions and recommendations provided by the MT Evaluation. Under the first recommendation, to prepare Programmatic NAMAs, the international consultant on GHG was contracted to conduct MAC curve analysis for all three sectors. The work on MAC curves for two sectors has been finalized, and the results were provided to the respective international consultants on the components (construction and transport) for further use to prepare programmatic NAMAs for sectors. However, the work of the international consultant on MAC curves was interrupted for the reasons beyond the Project control. The Project Team had to hire a new consultant. The preparation of MAC curve for the gas capturing sector is expected to start by the end September 2019, once the gas capturing equipment is installed, and completed during the next PIR period. Under the second recommendation, the progress was achieved in building relations with a wider range of stakeholders, namely the Ministry of Energy (MoE), Ministry of Ecology and Natural Resources (MENR), Baku Transportation Agency (BNA), State Agency for Renewable Energy (AREA) and others. The project results were shared with all of them through bilateral meetings and workshop organised in Deceember 2018. Under the third recommendation, during the reporting period a very representative and important workshop on disseminating the results of the project and encouraging the stakeholders including the private sector and civil society to use EE measures in their practices was held in Baku. Under the forth recommendation, awareness raising activities were extended to cover the students and staff of several technical universities. The results of the project were presented to the audience and were very much welcomed; as a result, the project achievements are now widely referred to and taught in the classes.  Overall, the project was able to demonstrate positive dynamic in the implementation of all the activities. The development of MAC curves for two sectors has been finalized and shared with SOCAR. The implementation of the gas capturing works has been considerably advanced and is scheduled to be completed in Fall 2019. The preparation of the remaining MAC curve analysis will be initiated immediately after the completion of works and will proceed as planned. It should be mentioned that this progress was achieved inspite of the delays experienced by the project due to the reasons beyond the project team control. In particular, the tender for the purchase of equipment was announced as planned at the end of 2017, with the initial deadline November 20, 2017. Since unfortunately no response was received, the deadline was extended accordingly by 1 month, but again did not result in receiving responsive bids. At this point SOCAR mobilized co-financing in the amount of almost 5 mln. US$, committing these funds for piping works and requesting UNDP to procure high tech equipment. Thus, the procurement method then had to be reconsidered and was changed from RFQ to ITB. The project team had to re-advertise the tender, and in response to the second advertisement, only one company had applied. Given the importance, complexity and size of the assignment, the project team considered one application insufficient for making a good selection, thus, extended the deadline once again. However, there were no additional applications, and therefore the project team proceeded with the evaluation. The evaluation was completed on July 12, 2018, and after completion of all procurement and administrative steps the contract was signed on October 1, 2018. The contractor mobilized resources and initiated the manufacturing of the equipment as soon as it can. However, the installation of the equipment in the mountainous areas was difficult due to the upcoming fall and winter seasons, when the installation could not take place due to severe weather conditions. To make the most efficient use of the wintertime, it was decided to prepare the sites for the placement of the equipment, undertake piping and manufacturing of the equipment. The installation works resumed in Spring 2019 and are proceeding in accordance with the updated schedule. It is expected that the third NAMA will be completed by Fall 2019. The project team managed to rectify the delays and keep the project on track.    With data contributions from SOCAR, the project team has fully completed the assessment of GHG emission mitigation potentials and target setting for building/housing and transport sectors. The assessment includes the technical and cost analysis of potential GHG emission reduction opportunities for SOCAR, and MAC curves developed for individual GHG emission reduction opportunities. As to the assessment for the oil gas capturing sector, it will be initiated immediately after the equipment is installed by end September 2019 and necessary data are collected. There is a strong ground to believe that the results of the assessment, which will allow for the completion of the exercise and deriving country-wide data, will be available by end of coming PIR period.  Also, the work on MRV component continues. The first draft MRV guidelines has been prepared and shared with the sectoral consultants for specific inputs. Based on those inputs, the MRV Guidelines will be finalized by the end of 2019. Summarizing, to complete the project with good results, achieve all outputs and outcomes and ensure the sustainability of results, the team is intending to request the no-cost project extension by up 9 months.  Therefore, I consider that the project implementation progress can be evaluated as moderately satisfactory. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP Country Office Programme Officer** | Moderately Satisfactory | Moderately Satisfactory |
| Overall Assessment | During the reporting period the Project Team has made significant efforts to advance the Project. Good results were achieved in finalization of two pilot NAMAs, in construction and in transport sectors. Due to the seasonal character of works under the third NAMA in associated gas capturing, though, the works were started in the Fall 2018. It's been initially planned that the works will start in late spring - early summer of 2018. However, due to the rains in early spring, and also delays caused by insufficient number of bids for the gas capturing equipment, the works have started in the Fall 2018, and then, were interrupted during winter period and were resumed in spring 2019. If works continue according to the updated schedule and with current speed, by Fall 2019 the works under associated gas capturing will be finalized.  The Project Team has followed up with the Management responses to the Midterm Evaluation.    Under the First Recommendation on the “Assessment of GHG emission mitigation potential and target settings” an international consultant with proven knowledge and expertise was hired to develop the MAC curves for all three end-use sectors. The work on two MAC curves – on EE in construction and transport sectors were finalized. However, the work of the International consultant has been interrupted at the end of 2018 for the reasons beyond the Project Team and CO control. Therefore, the Project Team had to re-advertise the position and hire a new consultant. He has been hired, and took over from the previous consultant. There are positive grounds to believe that the work on the third MAC curve will be finalized during the coming period as well.    Under the Second Recommendation on “Developing a pilot project replication strategy” the Project Team built very strong relations with the state agencies (first of all, the Ministry of Energy) and partners (State Agency on Renewable Energy, AREA). Presentations were made for both, and also information-sharing meetings were organized. However, there were shortcomings as well. Recommendation on enhancing the participation of the drivers from other state agencies and private sector in training by using eco-driving simulator was only partially followed-up.    Under the Third Recommendation on the “Support policy/regulatory dialogue on a national level to adopt necessary regulations to support NAMA action plan implementation on a country level”, the workshop named “Awareness raising and knowledge-sharing on effective policies and programmes in the implementation of energy efficiency measures in the various energy end-use sectors” was organized on 5-6 December 2018 at the Hilton Hotel, Baku, Azerbaijan.  The workshop offered a platform to raise awareness and share knowledge on effective policies to enhance the energy efficiency. Workshop also examined the potential for renewable energy in various energy end-use sectors in Azerbaijan drawing upon international best practices from the Europe and the CIS region. Participants were invited to share their prospects on opportunities for further replication of the NAMA project, its key achievements and milestone results in other sectors as well. More than 70 people representing different sectors of economy, state agencies, private sector, civil society and media took part in the it.  During the second day of the Workshop, two parallel sessions/panels lead by international experts were organized to discuss Energy Efficiency in Buildings and Sustainable Transport. Group work for participants involved discussion of experience and lessons learned from other CIS countries and international experience and also current and planned policies, programs and projects, gaps in legislation and in regulations, level of regulations’ enforcement, presence of institutional support or conditions aggravating energy efficiency, as well as any other barriers, which may hinder energy efficiency acceleration. In particular, the recommendation was given to the representatives of the MoEnergy, the State Committee on Urbanization and Architecture to include the EE requirements and standards into the construction code/design&construction permission of Azerbaijan.    Under the Fourth Recommendation on "Strengthening information and experience dissemination", the Project team used above-mentioned workshop to raise awareness and share expertise accumulated by the Project. In particular, the students of several technical universities were invited to the workshop and were able to ask questions and receive information from the leading local and international experts. Also, the experts under the project, who at the same time teach at local technical universities used the project results in their classes. The Project Team and the CO used also different social media to disseminate information on the project and its results.    Also, during the reporting period the Project Team worked closely with the main stakeholders, including but not limited to the Ministry of Ecology and Natural Resources, Ministry of Energy, Ministry of Transport, AREA, etc.. The Project Manager together with the Co Programme Officer travelled on November 13-16 to the GEF's Constituency meeting in Kiev, have met with the GEF representatives and informed them about the progress made by the Project. This trip has been used also to get information about EE measures in the Easter Europe and CIS. Connections built during the trip have helped in successful organization of the above-mentioned workshop. Two international experts that made remarkable presentations in Kiev, one from Ukraine and the other from Uzbekistan were invited to the workshop in Baku and made presentations.    Regarding the risks, no critical risks were identified during the reporting period. In the beginning of the reporting period there were some concerns that SOCAR's co-financing efforts could be delayed. However, these concerns were addressed, SOCAR continued contributing sufficient co-financing to the project, including to the gas capturing component.    However, the Project Team was not able to complete all works planned under the "soft" issues. As mentioned above, there is still a work remaining under the third MAC curve, in setting sub-sector voluntary emission reduction targets, in replication of activities. The Project Team will need to make significant efforts during the remaining project period to catch up with those remaining “soft” issues.    Finally, based on the current status of the Project most likely 6 to 9 months no-cost extension could be required to successfully finalize the project and ensure the sustainability its results. First of all, though, the Project Document has been signed and the Project became effective in March 2015, its actual implementation has started in July 2015, after the Project Team has been formed. Then, there were delays due to the seasonal character of works, both in EE in buildings, and in associated gas capturing, less in the transport sector. Finally, due to the reasons beyond the Project Team and CO control, the work of the international consultant was interrupted. All these caused delays, that necessitates the extension of the project's duration.  It is worth mentioning that the Project Team was prudent in management expenses, therefore, it will be possible to request no-cost extension for the Project. During coming weeks, based on the results from the field the Project team will decide for how long the extension will be sought. The respective formal application will be prepared and submitted for consideration.    Thus, summarizing, I I have evaluated both DO and IP ratings as moderately satisfactory. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **GEF Operational Focal point** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Implementing Partner** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Other Partners** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP-GEF Technical Adviser** | Moderately Satisfactory | Moderately Unsatisfactory |
| Overall Assessment | The aim of this project is to support the development, implementation and monitoring of NAMAs in the low-carbon end-use sector, in order to build upon a strong national commitment for the reducing the energy demand of oil & gas end use sectors. The project has a target of 3 NAMAs (one on EE in buildings, one related to reduce gas usage, and one on sustainable transport) fully developed, financed, and implemented by the end of the project and at target of 560,000 tonnes CO2e per year.    As of the end of the 2018 PIR reporting period, 2 Urban NAMAs were fully implemented (green buildings and green transport) whereas the third NAMA on associated gas capture and methane reduction is still not completed. This is the same situation as 12 months ago and it indicates that progress on this project has been slow over the past 12 months and that is why I am giving the project a 'MS' or marginally satisfactory for DO and a 'MU' or marginally unsatisfactory for implementation progress..    Estimated GHG emission reductions from the pilot projects carried out to date are estimated as 230,000 tonnes of CO2e from the two pilot projects which is a slight increase on the estimate from the previous year which was 145,000 tonnes of CO2e. Nevertheless, the project has an overall target of 560,000 tonnes of CO2e direct lifetime emission reductions to be achieved by the end of the project and it is absolutely critical that the oil well gas capturing projects are completed before the end of the project. Methane is a very strong GHG with a global warming potential of 21 times CO2 and it is only with the completion of the oil well gas capturing projects that the CO2 target of the project can be met.    The co-financing target of the project is $30 million USD and with the national oil company, SOCAR as the main partner of the project (revenues of 65 billion USD in 2018), this is unlikely to be a problem. The main risk to the project comes not from the co-financing project not being met but from further delays because an analysis of the progress reporting from 12 months ago from the 2018 PIR to today in the 2019 PIR shows that there have been some significant delays.    Outcome 1 of the project involves assessment of GHG emission mitigation potentials and target setting completed. The project is yet to define voluntary GHG emission reduction targets to be defined at least for main sub-sectors:  residential/Housing, Transport, and energy Production and it is now becoming urgent that this is done before the end of the project, which is scheduled to be in March 2020. In addition, under this outcome the project is aiming to develop detailed marginal abatement cost curves for the oil & gas end-use sectors to demonstrate effective mitigation policies and economic scenarios and under which conditions GHG mitigation could be effectively realised. This has also not yet taken place as there were issues which resulted in the termination of the contract of the consultant who was working on this issue. Technical and cost analysis of potential GHG emission reduction opportunities in SOCAR and country-wide, development of GHG marginal abatement cost curve, that illustrates technical potential and associated full costs (balanced investment and operational costs) of individual GHG emission reduction opportunities are not yet developed. Given that the project has been going for some four years, the fact, that the reports to have been developed under Outcome 1 are still not completed is dissapointing and I rate progress on this Outcome as unsatisfactory.    Outcome 2 of the project calls for NAMAs in oil & gas end-use sectors developed. As was mentioned, NAMAs have been developed for 2 of the 3 projects. The NAMAs for the green buildings and transport sectors have already been developed and the pilot projects are implemented. But the oil and gas recovery NAMA is still a work in progress and not yet completed. There are some delays in developing and finalizing this NAMA and therefore I am rating progress under this outcome as MS or marginally satisfactory.    Outcome 3 aims to have NAMAs in the oil & gas end-use sector implemented and the Project Manager writes that this is on track and will be completed by the fall of 2019. However, if we look back to the 2018 PIR we see that it was to have been completed before the middle of 2018. In the 2018 PIR it was writtten that during the next reporting period, SOCAR will conduct detailed assessment of gas leaks from abandoned, shut and current oil wells by different methods, spending around $1 million USD on this and then afterwares to allocate considerable resources into the facilities to be improved from gas capturing. This component is rated at marginally satisfactory at the current point in time.    Outcome 4 calls for the MRV system and national registry for mitigation actions in the energy generation and end-use sectors to be developed. With the project underway for over four years now, this work is still a work in progress which is pity as ideally there would be time for the outputs under this outcome to be widely disseminated before the end of the project. This now looks like it may not be the case due to the project running out of time.. It is hoped to have in place by the end of the project, sectoral and sub-sectoral reference baselines for oil & gas end-use sectors and also a finalized Practical Guideline for Designing MRV Systems. The national registry system for recording NAMAs is also still not in place yet. With less than a year to go, the work on this outcome is also significantly delayed. I rate work on this outcome as marginally satisfactory given that there have been significant delays and it is too early to determine wh    I am rating the implementation progress for this project as MU or marginally unsatisfactory as delivery has been very slow in the last reporting period. Project disbursement over the past 12 months has also been very slow with only $74,000 spent which for a project which has been going now for around four years is a very poor result. The project is due to close at the end of March 2020 and there is still almost $800,000 USD left in the budget. Due to the delays, it is possible that the project may now require a small extension beyond the end of March 2020 of 6 months or more. | |

# Gender

**Progress in Advancing Gender Equality and Women's Empowerment**

This information is used in the UNDP-GEF Annual Performance Report, UNDP-GEF Annual Gender Report, reporting to the UNDP Gender Steering and Implementation Committee and for other internal and external communications and learning.  The Project Manager and/or Project Gender Officer should complete this section with support from the UNDP Country Office.

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| **Gender Analysis and Action Plan:** *not available* |
| **Please review the project's Gender Analysis and Action Plan. If the document is not attached or an updated Gender Analysis and/or Gender Action Plan is available please upload the document below or send to the Regional Programme Associate to upload in PIMS+. Please note that all projects approved since 1 July 2014 are required to carry out a gender analysis and all projects approved since 1 July 2018 are required to have a gender analysis and action plan.** |
| *(not set or not applicable)* |

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| **Please indicate in which results areas the project is contributing to gender equality (you may select more than one results area, or select not applicable):** |
| Contributing to closing gender gaps in access to and control over resources: No |
| Improving the participation and decision-making of women in natural resource governance: No |
| Targeting socio-economic benefits and services for women: No |
| Not applicable: Yes |

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| **Atlas Gender Marker Rating** |
| **GEN1:** some contribution to gender equality |

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| **Please describe any experiences or linkages (direct or indirect) between project activities and gender-based violence (GBV). This information is for UNDP use only and will not be shared with GEF Secretariat.** |
| Even though, there is no direct linkage between the project and gender-based violence, undoubtedly, making lives of both men and women in villages more bearable and pleasant, the project contributes to better relations within families and between families. |

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| **Please specify results achieved this reporting period that focus on increasing gender equality and the empowerment of women.**    **Please explain how the results reported addressed the different needs of men or women, changed norms, values, and power structures, and/or contributed to transforming or challenging gender inequalities and discrimination.** |
| Even though, the gender equality is not applicable to any result area, it is worth mentioning that capturing associated gas and delivering it to nearby villages makes lives of women in those villages more bearable, as traditionally women in Azerbaijan's country side are main housekeepers. So, usage of natural gas makes cooking and other housekeeping activities more convenient and easy. |

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| **Please describe how work to advance gender equality and women's empowerment enhanced the project's environmental and/or resilience outcomes.** |
| Improving the quality of life in villages contributes to women having more time for community activity, for socializing, for communication, etc. Thus, it enhances the resilience of local communities and diminish pressure of those communities on environment, for example, by reducing tree cutting for wood. |

# Social and Environmental Standards

**Social and Environmental Standards (Safeguards)**

The Project Manager and/or the project’s Safeguards Officer should complete this section of the PIR with support from the UNDP Country Office. The UNDP-GEF RTA should review to ensure it is complete and accurate.

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| **1) Have any new social and/or environmental risks been identified during project implementation?** |
| *(not set or not applicable)* |

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| **If any new social and/or environmental risks have been identified during project implementation please describe the new risk(s) and the response to it.** |
| N/A |

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| **2) Have any existing social and/or environmental risks been escalated during the reporting period? For example, when a low risk increased to moderate, or a moderate risk increased to high.** |
| *(not set or not applicable)* |

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| **If any existing social and/or environmental risks have been escalated during implementation please describe the change(s) and the response to it.** |
| N/A |

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| **SESP:** [5138\_ESSP Signed.pdf](https://undpgefpims.org/attachments/5138/213838/1681600/1681881/5138_ESSP%20Signed.pdf)  **Environmental and Social Management Plan/Framework:** *not available* |
| **For reference, please find below the project's safeguards screening (Social and Environmental Screening Procedure (SESP) or the old ESSP tool); management plans (if any); and its SESP categorization above. Please note that the SESP categorization might have been corrected during a centralized review.** |
| *(not set or not applicable)* |

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| **3) Have any required social and environmental assessments and/or management plans been prepared in the reporting period? For example, an updated Stakeholder Engagement Plan, Environmental and Social Impact Assessment (ESIA) or Indigenous Peoples Plan.** |
| Not Applicable |

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| **If yes, please upload the document(s) above. If no, please explain when the required documents will be prepared.** |
| N/A |

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| **4) Has the project received complaints related to social and/or environmental impacts (actual or potential )?** |
| *(not set or not applicable)* |

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| **If yes, please describe the complaint(s) or grievance(s) in detail including the status, significance, who was involved and what action was taken.** |
| N/A |

# Communicating Impact

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| --- |
| **Tell us the story of the project focusing on how the project has helped to improve people’s lives.**  **(This text will be used for UNDP corporate communications, the UNDP-GEF website, and/or other internal and external knowledge and learning efforts.)** |
| The energy efficiency measures in buildings created for SOCAR employees completely new working conditions. It is much easy nowadays in those buildings to cool the rooms in summer and to worm in winter period. Similarly, the test drivings on eco-simulators along with reducing the usage of fuel contributes to more safer driving practices, thus bot directly and indirectly enhancing the quality of their work. |

**Knowledge Management, Project Links and Social Media**

|  |
| --- |
| **Please describe knowledge activities / products as outlined in knowledge management approved at CEO Endorsement /Approval.**    **Please also include: project's website, project page on the UNDP website, blogs, photos stories (e.g. Exposure), Facebook, Twitter, Flickr, YouTube, as well as hyperlinks to any media coverage of the project, for example, stories written by an outside source. Please upload any supporting files, including photos, videos, stories, and other documents using the 'file lirbary' button in the top right of the PIR.** |
| www.nama.az  2 MARCH – launch of eco-driving simulator  6 MARCH – Energy efficiency Conference at SOCAR  Internal/UNDP:  1. Facebook post here —also reposted by the manufacturer of the eco-driving simulator Ediser  2. Twitter post here  3. Press release —on our website in English here and in AZE here  4. UN in Azerbaijan website -AZE page and EN page    External sources:    5. Azertac - https://azertag.az/xeber/Eko\_suruculuk\_simulyatoru\_SOCAR\_a\_tehvil\_verilib-1141451  6. Azertac – interview with Rafiga Huseynzade read here  7. Azertac -interview with Alessandro Fracassetti read here  8. Xeber Online - interview with Alessandro Fracassetti http://xeberonline.com/2018/03/02/alessandro-frakassetti-eko-suruculuk-simulyatoru-ild%C9%99-1-milyon-manatliq-yanacaq-s%C9%99rfiyyatina-q%C9%99na%C9%99t-etm%C9%99y%C9%99-s%C9%99b%C9%99b-olacaq/  9. Iki Sahil - http://www.ikisahil.com/?page=4&newsId=49228&lang=aze  10. CBC.AZ - http://cbc.az/az/az/v\_story/eko-srclk-tlmlr-kerlck  11. Report.az - https://report.az/energetika/socar-in-suruculeri-telimlere-celb-olunurlar  12. Azadliq.az (Freedom) - http://www.azadliq.az/xeber/206358/socar-in-suruculeri-telimlere-celb-olunurlar-yenilenib/  13. Avtoreyd.az - https://avtoreyd.az/2018/03/02/socar-in-surucul%C9%99ri-t%C9%99liml%C9%99r%C9%99-c%C9%99lb-olunurlar-foto/  14. Caspian Barrel - http://caspianbarrel.org/az/2018/03/socar-in-1000-d-k-surucusu-eko-suruculuk-simulyatoru-uzr-t-limd-istirak-ed-c-k/  15. Insider.az - http://insider.az/one-article.php?news=3878721519984526  16. Contact.az - http://www.contact.az/ext/news/2018/3/subsc/energy%20news/az/69638.htm    Internal/UNDP:  1. Video we filmed on NAMA available on our FB page here and AZE page of our CO website here. Received English translation from the project team last week, working on the EN version of the video.  2. Press release in English here and AZE here  3. Separate highlights of 6 MAR’18 event on Social Media  4. UN in Azerbaijan website – pages in English and AZE    External sources:    5. Trend - https://az.trend.az/business/energy/2869282.html APA - https://apa.az/iqtisadiyyat-xeberleri/senaye-ve-energetika/socar-bmt-nin-inkisaf-proqrami-ile-etraf-muhitin-qorunmasina-dair-niyyet-protokolu-imzalayib-229.html  6. Azertac - general info about the event read here  7. Azertac – interview w/ Rafiga Huseynzade read here  8. Istiqlal.az - http://istiqlal.az/news/48985.html  9. Manera.az -http://manera.az/cemiyyet/6141-azerbaycan-iqlim-deyishikliyi-ile-qetiyyetle-mubarize-aparir.html  10. Bizim Yol -http://www.bizimyol.info/az/news/50053.html  11. Journalist/blogger Ramid Ibrahimov’s YouTube channel https://www.youtube.com/watch?v=aCAp9x869bA  12. CBC TV - https://www.youtube.com/watch?v=-2Kxv7HhJ5c  13. CBC.AZ - http://cbc.az/az/az/v\_story/socar-v-bmt-arasinda-nyyt-protokolu-mzalanib  14. Milli.az (with UNDP NAMA video published along the article) - https://news.milli.az/country/631165.html  15. MIP.az - http://mip.az/gundem/765-azerbaycan-iqlim-deyishikliyi-ile-qetiyyetle-mubarize-aparir.html  16. Moneta.az (financial, economic news portal)- http://moneta.az/socar-bmt-nin-inkisaf-proqrami-il%C9%99-%C9%99traf-muhitin-qorunmasina-dair-niyy%C9%99t-protokolu-imzalayib/  17. Musavat - http://musavat.com/news/bakida-nama-layihesi-ile-bagli-konfrans-kecirilir-fotolar\_510297.html  18. Caspian Barrel - http://caspianbarrel.org/az/2018/03/socar-bmt-nin-inkisaf-proqrami-il-traf-muhitin-qorunmasina-dair-niyy-t-protokolunu-imzaladi/  19. Oilgasşaz - https://oilgas.az/socar-bmt-nin-inkisaf-proqrami-ile-niyyet-protokolu-imzaladi/  20. Fins.az (financial news portal) - https://fins.az/aqrar/940701/socar-bmt-nin-inkisaf-proqrami-ile-etraf-muhitin-qorunmasina-dair-niyyet-protokolu-imzalayib.html  21. Cahan Press Information Agency - http://cahanpress.com/70065/socar-bmt-nin-inkisaf-proqrami-il%C9%99-%C9%99traf-muhitin-qorunmasina-dair-niyy%C9%99t-protokolu-imzalayib/  22. Dialoq.info News Agency - http://dialoq.info/socar-bmt-nin-inkisaf-proqrami-il%C9%99-%C9%99traf-muhitin-qorunmasina-dair-niyy%C9%99t-protokolu-imzalayib/  23. EDF \*ENTREPRENEURSHIP DEVELOPMENT FOUNDATION http://edf.az/innerpage.php?id=1523  24. SURF.AZ - http://az.surf.az/site/tapdim/193286/socar-ve-bmt-nin-inkishaf-proqrami-raziliqa-geldi-emekdashliq-davam-etdirilecek  25. BBN (Banks & Business Newspaper) - http://bbn.az/socar-bmt-nin-inkisaf-proqrami-ile-niyyet-protokolu-imzalayib/  26. Xalq Newspaper - http://www.xalqqazeti.com/az/news/economy/99070  27. Report.az – https://report.az/energetika/socar-bmt-nin-i-nkisaf-proqrami-ile-niyyet-protokolu-imzalayib |

# Partnerships

**Partnerships & Stakeholder Engagment**

Please select yes or no whether the project is working with any of the following partners. Please also provide an update on stakeholder engagement. This information is used by the GEF and UNDP for reporting and is therefore very important!  All sections must be completed by the Project Manager and reviewed by the CO and RTA.

|  |
| --- |
| **Does the project work with any Civil Society Organisations and/or NGOs?** |
| Yes |

|  |
| --- |
| **Does the project work with any Indigenous Peoples?** |
| No |

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| --- |
| **Does the project work with the Private Sector?** |
| Yes |

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| --- |
| **Does the project work with the GEF Small Grants Programme?** |
| No |

|  |
| --- |
| **Does the project work with UN Volunteers?** |
| No |

|  |
| --- |
| **Did the project support South-South Cooperation and/or Triangular Cooperation efforts in the reporting year?** |
| Yes |

|  |
| --- |
| **CEO Endorsement Request:** [PIMS5138\_AZE\_NAMA\_CEOER\_V9\_July 16 2014.docx](https://undpgefpims.org/attachments/5138/213838/1681602/1681883/PIMS5138_AZE_NAMA_CEOER_V9_July%2016%202014.docx) |
| **Provide an update on progress, challenges and outcomes related to stakeholder engagement based on the description of the Stakeholder Engagement Plan as documented at CEO endorsement/approval (see document below). If any surveys have been conducted please upload all survey documents to the PIR file library.** |
| During the reporting period the Project Team made efforts to engage the main stakeholders to the decision-making process in project implementation and in joint activities. In particular, close consultations were held with the Ministry of Ecology, Ministry of Energy, Baku Transportation Agency, Baku Executive authority. The initial findings under two pilot NAMAs were share with the stakeholders, advantages of EE measures in construction sector and in transport were shared with them. They were encourages to apply findings of the pilot projects in their practices. The Baku Transportation Agency acquired simulator to reduce its own fuel cost. Taking into account that Baku Transportation Agency is running a fleet of consisting of several hundred city buses, the energy saving from this undertaking is significant. In turn, Baku Executive Authority, encourages building developers to cover exteriors of the buildings with thermal isolation materials. Currently, the Ministry of Energy is preparing a new law energy envisaging EE requirements both at the design and constructions stages. |

# Annex - Ratings Definitions

**Development Objective Progress Ratings Definitions**

(HS) Highly Satisfactory: Project is on track to exceed its end-of-project targets, and is likely to achieve transformational change by project closure. The project can be presented as 'outstanding practice'.

(S) Satisfactory: Project is on track to fully achieve its end-of-project targets by project closure. The project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Project is on track to achieve its end-of-project targets by project closure with minor shortcomings only.

(MU) Moderately Unsatisfactory: Project is off track and is expected to partially achieve its end-of-project targets by project closure with significant shortcomings. Project results might be fully achieved by project closure if adaptive management is undertaken immediately.

(U) Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets by project closure. Project results might be partially achieved by project closure if major adaptive management is undertaken immediately.

(HU) Highly Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets without major restructuring.

**Implementation Progress Ratings Definitions**

(HS) Highly Satisfactory: Implementation is exceeding expectations. Cumulative financial delivery, timing of key implementation milestones, and risk management are fully on track. The project is managed extremely efficiently and effectively. The implementation of the project can be presented as 'outstanding practice'.

(S) Satisfactory: Implementation is proceeding as planned. Cumulative financial delivery, timing of key implementation milestones, and risk management are on track. The project is managed efficiently and effectively. The implementation of the project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Implementation is proceeding as planned with minor deviations. Cumulative financial delivery and management of risks are mostly on track, with minor delays. The project is managed well.

(MU) Moderately Unsatisfactory: Implementation is not proceeding as planned and faces significant implementation issues. Implementation progress could be improved if adaptive management is undertaken immediately. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are significantly off track. The project is not fully or well supported.

(U) Unsatisfactory: Implementation is not proceeding as planned and faces major implementation issues and restructuring may be necessary. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are off track with major issues and/or concerns. The project is not fully or well supported.

(HU) Highly Unsatisfactory: Implementation is seriously under performing and major restructuring is required. Cumulative financial delivery, timing of key implementation milestones (e.g. start of activities), and management of critical risks are severely off track with severe issues and/or concerns. The project is not effectively or efficiently supported.