

2019

Project Implementation Review (PIR)

**Urban NAMA**

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# Basic Data

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| **Project Information** | |
| UNDP PIMS ID | 4670 |
| GEF ID | 5059 |
| Title | Nationally Appropriate Mitigation Actions for Low-carbon Urban Development |
| Country(ies) | Kazakhstan, Kazakhstan |
| 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 Project supports the identification, design, and implementation of Nationally Appropriate Mitigation Actions (NAMAs) in the urban sector. NAMAs, consisting of investments in infrastructure supported by capacity building, awareness raising and technical assistance, will contribute to achieving the country’s GHG emission reduction voluntary target while improving urban services and the quality of life of citizens in Kazakh towns and cities. |

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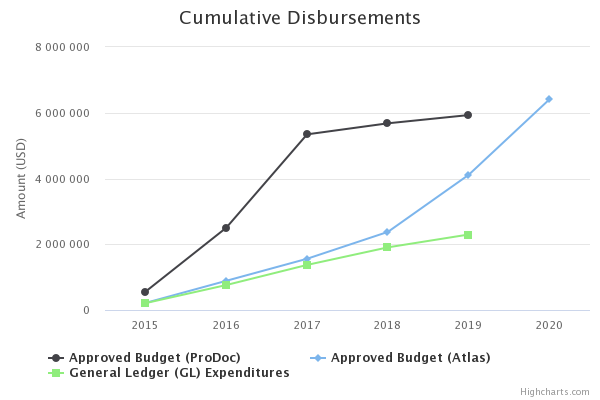
# Overall Ratings

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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**  **Support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve voluntary national GHG emission reduction targets** | | | | | | |
| **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 Urban NAMAs under development | 0 | 4 | 15 | Definition: project defines Urban NAMA as the programmatic document which contains a defined urban GHG emission reduction target (in line with national target under Paris accord), list of priority GHG emission reduction measures with estimated investment cost, GHG emission reduction potential, assessment of risks, as well as financing and business model for implementation .  Mid-term target is fully met:  • 1 urban NAMA developed and officially adopted by the municipality of Temirtau  • 6 urban NAMA fully developed and are being agreed upon with municipalities  • 8 under development | Definition: the project defines Urban NAMA as the programmatic document which contains a defined urban GHG emission reduction target (in line with national target under Paris accord), a list of priority measures for reducing GHG emissions with estimated investment costs, GHG emission reduction potential, risk assessment, as well as financing and business model for implementation.  As of June 2019:  • 2 Urban NAMA developed and officially adopted by the municipalities of Temirtau and Nur-Sultan\*,  • 11 urban NAMA fully developed and agreed with the municipalities,  • 2 urban NAMA have been developed and are currently under discussion in municipalities (Semey and Satpayev cities).  \* (former name Astana city - hereinafter - Nur-Sultan city) |
| Cumulative cofinancing realized | 0 | 20 million | 70 million | Mid-term target is met: 29,35 mln USD  The total value of the 6 Urban NAMA developed which are awaiting official endorsement by the city/regional authorities stands at 29,35 mln USD | The total value of 15 developed urban NAMA is 90,26 mln USD. The activities identified in the developed urban NAMA were included in the officially approved plans and programs of the municipalities. The amount of such events, as of June 2019, is 54,1 mln USD. |
| Number of Urban NAMAs under implementation | 0 | 1 | 4 | Mid-term target is fully met:  • 1 urban NAMA for the municipality of Temirtau is adopted and is under implementation now as part of the Complex environmental plan of the city of Temirtau | 2 Urban NAMA for municipalities (Temirtau and Nur-Sultan cities) are adopted and are currently being implemented as part of the Complex environmental plans of these cities. |
| Value of Urban NAMAs under implementation (USD) | 0 | 3 million | 3 million | Mid-term target is met: 3,133 mln USD  Urban NAMA for the pilot city of Temirtau has been developed and adopted as a stand-alone part (Energy efficiency) of the Complex Environmental Management Plan of the City for 2018-2020 on June 13, 2018. The total value of approved urban NAMAs stands at 1.07 bln TNG (3,133 mln USD at current USD/TNG exchange rate of 340 TNG/USD), including the following sub-projects:  • Modernization of heat supply system in schools (70 mln TNG /205,000 USD)  • Pilot thermal modernization project of two multi-apartment buildings (15 mln TNG/44,000 USD)  • Energy efficiency measures in schools (10 mln TNG/29,000 USD)  • Automated heat supply system in multi-apartment and public buildings(105 mln TNG/308,000 USD)  • LED lighting for street lighting (250,5 mln TNG/735,000 USD)  • LED in public buildings (550 mln TNG/1,603,000 USD)  • Energy efficiency in water management sector (68 mln TNG/199,000 USD).  According to the approved Complex plan, financing for urban NAMA projects will be provided from the municipal budget, as well as by private sector via the mechanism of Public-Private Partnership (PPP). According to the Law on PPP of Kazakhstan, such model envisage that a private sector company selected through the competitive tender process invest in the project first and then is getting reimbursed via annual payment in line with PPP contracts. PPP tenders for Temirtau, as well as other pilot cities are at various stage of preparation, as further detailed under respective indicators in the Component 2. | The current status of the value of Urban NAMA under implementation is 7,68 mln USD.  Urban NAMA for pilot cities: Temirtau and Nur-Sultan in 2018 developed and adopted as a stand-alone part (Energy efficiency) of the Complex Environmental Management plans for 2018-2020. The total value of approved urban NAMAs is 2,62 bln TNG (7,68 mln USD at the exchange rate for 2018 of 340 TNG / USD). Urban NAMA Temirtau includes the following sub-projects:  • Modernization of heat supply system in schools (70 mln TNG / 205,000 USD)  • Pilot thermal modernization project of two multi-apartment buildings (15 mln TNG/44,000 USD)  • Energy efficiency measures in schools (10 mln TNG/29,000 USD)  • Automated heat supply system in multi-apartment and public buildings (105 mln TNG/308,000 USD)  • LED lighting for street lighting (250,5 mln TNG/735,000 USD)  • LED in public buildings (550 mln TNG/1,603,000 USD)  • Energy efficiency in water management sector (68 mln TNG/199,000 USD).  City NAMA of Nur-Sultan city includes the following subprojects:  • Pilot project on residential area modernization - 165 mln TNG / 485,000 USD  • Thermal modernization of 33 multi-apartment buildings (926 mln TNG / 2,7 mln USD).  • Energy audit of 60 buildings of the city (30 mln TNG / 88,000 USD),  • Implementation of PPP and ESCO projects on energy efficiency involving private and bank financing (245 mln TNG / 720,000 USD)  • Development and testing of the mechanism of "green bonds" (180 mln TNG / 520,000 mln USD).  Financing of urban NAMA projects will be carried out from the municipal budget, as well as the private sector through the mechanism of public-private partnership (PPP) or ESCO. According to the Law of the Republic of Kazakhstan on PPP, such a model envisage that a private sector company selected through the competitive tender process invests in a project first and then receives a reimbursement in the form of annual payments in line with PPP contracts. PPP tenders for Temirtau, as well as other pilot cities, are at various stages of preparation, as detailed in the respective indicators of component 2. |
| Expected direct lifetime GHG emission reductions from investment in pilot NAMA implementation and NAMA Financial Mechanism | 0 | 74,000 t CO2 | 370,000 t CO2 | Mid-term target is fully met  Between the initial 6 months of the NAMA financial support mechanism’s (officially called Municipal Energy Efficiency Investment Support Facility – the Facility) operation between December 2017 and July 2018, 22 applications to the Facility has been received, of which 13 projects have been approved, including 3 projects for modernization of public lighting system in cities, 7 boiler modernization projects in public buildings, 1 public building thermal modernization project and 1 residential building thermal modernization project, as well as 1 project on EE in municipal heat supply system. Cumulatively, these projects will deliver 245,000 tCO2e in GHG emission reduction over their investment life-time, i.e. 5 times the mid-term target. Estimates of the expected GHG emission reduction have been made following respective GEF-STAP methodology for GHG emission reduction calculation for energy efficiency projects. Estimates were independently validated by Facility’s Technical Partner as part of the overall project appraisal process. Validation reports are available and can be provided upon request. | Current status - 453,188 tCO2 lifetime GHG emission reductions from investment in pilot NAMA implementation and NAMA Financial Mechanism.  During the first 1,5 years of operation of the NAMA financial support mechanism (officially called the Municipal Energy Efficiency Investment Support Facility – the Facility) from December 2017 to June 2019, out of 94 approved applications, 22 projects have already received loans from commercial banks and have begun to implement energy efficiency measures, including: 5 projects of modernization of the public lighting system in cities, 12 projects of modernization of boiler-houses in public buildings, 2 projects of thermal modernization of public buildings, 1 project of thermal modernization of residential buildings, and 2 EE projects on the municipal heating system. Detailed information about these projects can be found in the attached Excel file (pls. see tab "Signed Projects").  Cumulatively, these projects will deliver 443,140 t CO2 in GHG emission reduction over their investment lifetime. The work carried out to date on the heat modernization of pilot apartment buildings in Nur-Sultan (as part of component 4) makes it possible to estimate future reductions in greenhouse gases in the amount of 10,048 t CO2 during the entire period of their operation.  Estimates of the expected GHG emission reductions were made following GEF-STAP methodology for GHG emission reduction calculation for energy efficiency projects. The assessments were independently confirmed by Facility’s Technical Partner as part of the overall project appraisal process. Validation reports are available are available and can be provided upon request. |
| Number of people benefiting from the improved transport and urban systems (including women) | 0 | 2,200 (1,100) | 180,000 (90,000) | Mid-term target is exceeded: 37,805 beneficiaries  As of July 2018, project-supported NAMA financial support mechanism (officially called Municipal Energy Efficiency Investment Support Facility – the Facility) approved 13 private sector-led municipal energy efficiency projects with expected number of beneficiaries, as follows:  - Improved public lighting systems: 33,249 people  - Improved/modernized residential buildings: 480 people  - Improved/modernized public buildings (schools, kindergartens, universities): 1,876 people (primarily children)  - Improved municipal heat supply: 1,000 people (to be served by modernized heat supply system) | Current Status: Number of people benefiting from the improved transport and urban systems (including women): 118,213 people (including 60,328 women).  As of June 2019, low-carbon activities were implemented in 4 out of the 5 pilot houses of the pilot quarter in Nur-Sultan, and the NAMA-supported financial support mechanism (officially called Municipal Energy Efficiency Investment Support Facility – the Facility) approved 22 private sector-led municipal energy efficiency projects with the expected number of beneficiaries, namely:  - Improved public lighting systems: 83,160 people (including 39,501 women)  - Improved / modernized residential buildings: 1,000 people (including 500 women)  - Improved / modernized public buildings (schools, kindergartens, universities): 12,053 people (including women - 2,865, children - 6,333)  - Improvement of municipal heat supply: 22,000 people (including 13,200 women) (served by a modernized heating system). |
| Status of the establishment of financial mechanism for NAMAs | 1 | 2 | 5 | Mid-term target is fully met  Financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the National Fund for Support of Entrepreneurs DAMU has been designed and approved by the Project Board. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, Financial Partner and UNDP, as well as UNDP-GEF Project Board by December 2017 . The Facility has been officially launched in December 2017, since then (as of July 2018) 22 applications have been received and 13 approved for the total volume of investment of 660 mln TNG (cca 2 mln USD at current exchange rate). There is strong demand both from the private sector and the commercial banks for participation in the Facility, which has enabled for the first time in Kazakhstan to bring private financing for municipal/urban EE projects.  List of approved projects with key parameters (financing, CO2 emission reductions is attached). | The current status of the financial mechanism: 5. Financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the National Fund for Support of Entrepreneurs DAMU has been designed and approved by the Project Board.  The mechanism was put into operation at the end of 2017, since then (as of June 2019) 108 applications have been received, 22 of which have already received funding and projects have been approved for a total volume of investment of 3,6 bln TNG or 9,6 mln USD at current exchange rate. Another 49 approved applications are awaiting consideration by commercial banks for a loan with a total amount of 14,6 billion TNG or 38,3 mln USD of the expected attracted investments. Upon approval, 23 applications refused from bank financing because they found alternative source of financing. From the beginning of the implementation of the mechanism (2018), there is strong demand both from the private sector and the commercial banks for participation in the Facility, which has enabled for the first time in Kazakhstan to bring private financing for municipal/urban EE projects. Today, the demand for these projects is also present, however, banks still adhere to a conservative approach to evaluating applicants and applications, when they put forward requirements for collateral with additional assets. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 1**  **Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)** | | | | | | |
| **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 municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders | 0 | 5 | 15 | Mid-term target met: for 7 pilot cities (Aktobe, Uralsk, Shymkent, Kostanay, Temirtau, Taraz and Lisakovsk) urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders. Key sectors contributing to urban GHG emissions were found to be: Residential buildings (60%), Transport (18%), as well as public lighting, public buildings and water supply and sanitation.  Urban NAMAs (including full financial and economic analysis) covers the following measures:  • Standard package of energy efficiency measures in residential buildings ;  • Standard package of energy efficiency measures in public buildings;  • Standard street lighting modernization projects;  • Improvement of public transport systems in pilot cities and promotion of non-motoryzed transport (NMT)  For the rest of pilot cities (8), the process of GHG inventory preparation is on-going.  All in all, the project works with 15 cities have been selected and officially approved by the Project Board in April 2017 as pilots: Taraz, Temirtau, Lisakovsk, Shymkent, Aktobe, Petropavlovsk, Uralsk, Kokshetau, Semey, Stepnogorsk, Kapshagay, Kostanay, Satpaev and the capital city of Astana. | For all 15 pilot cities (Aktobe, Uralsk, Shymkent, Kostanay, Temirtau, Taraz and Lisakovsk, Nur-Sultan, Kapshagai, Semey, Satpayev, Kokshetau, Petropavlovsk, Pavlodar, Stepnogorsk), urban GHG inventories abatement costs curves and NAMA fact sheets prepared and discussed with stakeholders Key sectors contributing to urban GHG emissions were found to be: Residential buildings (55-60%), transport (15-18%), as well as public lighting, public buildings, water supply and sanitation.  Urban NAMAs (including a full financial and economic analysis) covers the following measures:  • Standard package of energy efficiency measures in residential buildings;  • A standard package of energy efficiency measures in public buildings;  • Standard street lighting modernization projects;  • Improvement of public transport systems in pilot cities and promotion of non-motorized transport (NMT)  In total, 15 cities were chosen and officially approved by the Project Board in April 2017: Aktobe, Uralsk, Shymkent, Kostanay, Temirtau, Taraz and Lisakovsk, Kapshagai, Semey, Satpayev, Kokshetau, Petropavlovsk, Pavlodar, Stepnogorsk and Nur-Sultan. |
| Number of municipalities for which urban GHG reduction targets established and officially adopted by Akimats | 0 | 5 | 15 | Mid-term target partially met:    • for 3 cities (Taraz, Lisakovsk, and Temirtau), GHG reduction targets have been established and officially adopted as part of their Sustainable Energy Action Plans (SEAPs) or other relevant strategic documents;  • for 4 cities (Aktobe, Uralsk, Shymkent, Kostanay and) short-term (till 2030) and long-term (till 2040) GHG reduction targets established and officially discussed with partners and stakeholders;  • for the rest of pilot cities (8) the targets are being developed | For 3 cities (Taraz, Lisakovsk, and Temirtau), GHG reduction targets have been established and officially adopted as part of their Sustainable Energy Action Plans (SEAPs) or other relevant strategic documents;  \* for the city of Nur-Sultan, targets for reducing GHG emissions are included in the Strategy for the low-carbon development of the capital, as well as in the “Comprehensive Action Plan for Improving the Environment of the City of Astana for 2018-2020”. The comprehensive plan was already officially approved in 2018, the Low Carbon Development Strategy is currently being discussed and agreed.  \* For 11 cities (Aktobe, Uralsk, Shymkent, Kostanay, Kapshagai, Semey, Satpayev, Kokshetau, Petropavlovsk, Pavlodar, Stepnogorsk), short-term (up to 2030) and long-term (up to 2040) targets for reducing greenhouse gas emissions were established, which are officially discussed with partners and stakeholders. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 2**  **Put in place the enabling institutional framework to facilitate the implementation of urban mitigation** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Technical assistance delivered according to ToR agreed with each akimat (signoff between UNDP and akimat) | 0 | 5 | 15 | Mid-term target is fully met: 26 cities supported  Technical assistance for identification and preparation of bankable urban energy efficiency projects have been delivered to all 15 pilot cities, through local coordinators (established in each partner cities), as well as through the series of workshops and seminars, as well as by a team of international technical experts sub-contracted by the project. Technical assistance covered, inter alia, advice to the cities on application of public-private partnership (PPP) model for implementation of urban EE projects, as well as alternative models such as Energy Service Contract (ESCO) or leasing, wherever applicable. For each model, ESCO, leasing and PPP, standardized package of technical and regulatory documents have been developed, agreed with central authorities (ministry of Economy, Ministry of Finance and Ministry of Investment and Development) and provided to partner municipalities for implementation, along with technical assistance defined for each specific NAMA.  In fact, technical assistance has been provided to cities and project developers from all interested cities in Kazakhstan, i.e. in additional 11 cities (beyond 15 official partners). | Total technical assistance covered 47 settlements of Kazakhstan (these are 15 pilot cities, as well as 32 other settlements where investment EE projects for implementation were identified and prepared). Technical assistance for identification and preparation of bankable urban energy efficiency projects in cities have been delivered to all 15 pilot cities, through local coordinators (established in each partner cities), as well as through the series of workshops and seminars, as well as by a team of international technical experts sub-contracted by the project.  Technical assistance included, inter alia, advice to the cities on application of a public-private partnership (PPP) model for implementation of urban EE projects, as well as alternative models such as the Energy Service Contract (ESCO) or leasing, wherever applicable. For each model, ESCO, leasing and PPP, standardized package of technical and regulatory documents have been developed, agreed with central authorities and provided to partner municipalities for implementation, along with technical assistance defined for each specific NAMA.  Technical assistance in all cities was also provided on the basis of partnership with the regional offices of the DAMU Fund (financial partner of the project) through advising individual private investors, Akimats and owners of objects on developing a business plan, estimating the baseline, calculating the economic and environmental efficiency of projects, etc.  In fact, technical assistance has been provided to cities and project developers from all interested cities in Kazakhstan, i.e. in additional 11 cities (beyond 15 official partners). |
| Bankable project documents prepared | 0 | 5 | 15 | Mid-term target is fully met  All in all, 22 fully developed bankable project documents have been prepared and submitted to the Facility, as follows:  - 13 approved by the Facility  - 4 projects rejected by the Facility  - 5 projects are in the process of consideration by the Facility’s Technical Partner  For each project a full package of documents comprises of:  - Full organization, operational, economic and financial information, (including credit history) of project sponsor  - Project sponsor’s credentials: experience in the sector/similar projects, experience of personnel, availability of equipment  - Feasibility study (description of the facility, baseline energy consumption, proposed measures, financial analysis, estimates impacts, including GHG emission reduction, beneficiaries, gender, etc). | A total of 108 project documents suitable for banking activities were prepared:  • 94 - approved by the Facility  • 14 - rejected due to non-compliance with the requirements and conditions of project support.  Out of the total 94 projects: 23 applicants, after approval, abandoned bank financing because they found alternative sources of funding.  Green Certificates have been prepared and issued for approved projects, enabling the project investor to receive a subsidy on a commercial loan interest rate. Investors who have received “Green Certificates” apply to commercial banks to receive a loan for the project.  A complete package of documents for each project, in accordance with the approved Rules of Support includes:  - Complete organizational, operational, economic and financial information (including credit history) of the project sponsor  - Powers of the project sponsor: industry experience / similar projects, staff experience, equipment availability  - Feasibility study (description of the facility, basic energy consumption, proposed measures, financial analysis, impact estimates, including reduction of GHG emissions, beneficiaries, gender, etc.). |
| Public service contracts signed / tariffs agreed | none | up to 5, depending on needs | up to 15, depending on needs | Mid-term target is fully met: 18 contracts signed.  Projects approved by the Facility:  13 contracts signed for implementation of EE measures, as follows:  - 9 Energy Service Contracts (ESCO) contracts signed between private investors and owners/end-users of the facilities (lighting systems, buildings, boiler houses, etc) where EE measures will be implemented;  - 4 public private partnership (PPP) contracts signed between private investors and owners/end-users of the facilities (lighting systems, buildings, boiler houses, etc) where EE measures will be implemented;  The total value of signed contracts stands at 660 mln TNG (2 mln USD at current exchange rate). For details about individual projects – please refer to annexed excel file.  In additional, there are 5 projects are consideration by the Facility based on the following signed contracts:  - 4 ESCO contracts;  - 1 PPP contracts. | 22 contracts were signed, and loans were received in commercial banks for the implementation of energy efficiency measures. These projects are implemented according to the following organizational models, namely:  - 10 Energy Service Contracts (ESCOs) signed between private investors and owners / end-users of the facilities (lighting systems, buildings and boiler houses) where Energy Efficiency measures will be implemented;  - 10 public-private partnership (PPP) contracts signed between private investors and owners / end-users of the facilities (lighting systems, buildings, boiler rooms, etc.), where Energy Efficiency measures will be implemented;  - 2 contracts under leasing scheme, signed between private investors and owners / end users of the facilities (boiler houses in public buildings). |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 3**  **New and additional financing for urban NAMAs levered** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Financing leveraged to urban NAMA projects enabled by the Pilot NAMA financial mechanism (USD) | 0 | 2 million | 45 million | Mid-term target is met: 2 – 3,7 mln USD (depending on applied exchange rate)  Between the initial 6 months of Facility’s operation between December 2017 and July 2018, 22 applications to the Facility has been received, of which 13 projects have been approved for provision of requested financial support mechanism in the amount of 250,000 USD in interest rate subsidy and 415,000 USD in partial guarantees.  Cumulatively volume of financing leveraged for 13 approved projects stands at 660 mln TNG (2 mln USD at current exchange rate or 3,7 mln USD at exchange rate of the project start)  It must be stressed that the USD target was not met because of devaluation of local currency Tenge. When the project was approved in 2016, exchange rate for Tenge was 180 TNG/USD, while now it stands is at 340 TNG/USD (as of July 2018). If the exchange rate at project start is applied to estimate the volume of financing provided to urban NAMA – it would be 3,7 mln USD, i.e. almost twice as high as the mid-term target. | During 1,5 years since  the introduction of Municipal Energy Efficiency Investment Support Facility there were 108 investment projects applications received, 94 of which were reviewed by independent Technical Partner of the Facility and approved by the Project Board in the amount  of 3,4 mln USD in a form of interest rate subsidies and 223,000 USD in a form of partial guarantees.  Out of the 94 applications  approved by the object:  - 23 applicants rejected  bank financing because they found an alternative source of funding. They are no longer considered beneficiaries of the grant / guarantee.  - 22 projects have  started, bank loan agreements were signed, and the total value of the signed contracts is 3,6 bln TNG total, including 1,5 bln TNG of bank financing (9,6 mln USD at the current exchange rate and 3,9 mln USD of bank financing). The support of UNDP-GEF’ for these projects amounts to 1,09 mln USD (0,87 mln USD in grants and 0,22 mln USD in guarantees)  - 49 projects according  to the data of mid-2019, are being considered in commercial banks for a loan and the decision upon approval is expected during the Q3 of 2019).  The total volume of the expected attracted financing (on already signed and started 22 projects and planned for implementation of 49 projects after approval in commercial banks) is 18,2 billion TNG including 5,5 billion TNG bank financing (47,8 mln USD at the current  exchange rate and include $ 14,5 mln USD of bank financing or 36,9 mln USD at the start of the project). |
| Diversification strategy developed | None | None | strategy developed | There is no mid-term target, but project is on-track to reach its end-of-project target.  Proposal has been made by the Ministry of Investment and Development to include municipal energy efficiency projects financed by the private sector in the scope of the State Funded programme “Business Road Map-2020’ through which the Government provides support to SMEs using the same financial support mechanisms (interest rate subsidies and guarantees) and same financial partner, DAMU Fund. Once the first phase of the UNDP-GEF supported “Municipal Energy Efficiency (EE) Investment Support Facility” is evaluated (expected end 2019), formal proposal and justification will be prepared and submitted to the Government to expand the scope of “Business Road Map” to include SME-led EE projects in the list of projects eligible for state-supported subsidies. | The draft strategy was developed and presented to the beneficiary in the Ministry. The draft strategy proposes the continuation of the mechanism for supporting energy efficiency projects at the expense of the state budget. The strategy reflects estimates of direct and indirect benefits to the state, within the support of NAMA projects. Project support from the state budget is proposed to be ensured by developing a separate special program aimed at encouraging investment in NAMA projects. Several support instruments that the state can provide are offered:  a) subsidy for interest rate on a commercial loan, b) investment subsidy for main debt on a commercial loan, c) partial guarantee for the volume of a commercial loan, d) conditional placement of budgetary or borrowed funds in banks on special credit lines designed exclusively for financing NAMA projects.  Also in the Strategy, alternative national sources of financing for NAMA projects are proposed - the development of “green financing” - “green bonds” (this area is also considered as a source of concessional and targeted financing for NAMA projects). The strategy describes the procedure for issuing "green bonds" and their circulation in accordance with national financial legislation. The strategy will be discussed with national partners and complemented by the end of 2019. |
| Direct lifetime GHG emission reductions from NAMA fund | 0 | 55,000 t CO2 | 275,000 t CO2 | Mid-term target is met and exceeded: 245,000 tCO2e  Between the initial 6 months of Facility’s operation between December 2017 and July 2018, 22 applications to the Facility has been received, of which 13 projects have been approved, including 3 projects for modernization of public lighting system in cities, 7 boiler modernization projects in public buildings, 1 public building thermal modernization project and 1 residential building thermal modernization project, as well as 1 project on EE in municipal heat supply system. Cumulatively, these projects will deliver 245,000 tCO2e in GHG emission reduction over their investment life-time, 5 times the mid-term target. | During the first 1,5 years of operation of the NAMA financial support mechanism, 22 projects received loans from commercial banks and started to implement energy efficiency measures, including: 5 projects for modernization of public lighting system in cities, 12 boiler modernization projects in public buildings, 2 public building thermal modernization projects and 1 residential building thermal modernization project, as well as 2 project on the EE in municipal heat supply system. Cumulatively, these projects will deliver 443,140 t CO2 in GHG emission reduction over their investment lifetime. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 4**  **Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Direct annual/lifetime GHG emission reductions from pilot urban mitigation action | 0 | 950 t CO2/19000 t CO2 | 4,750 tCO2/95,000 t CO2 | Project is partially on track to reach its end of project target level.  Based on the results of the Call for Proposals, one pilot district comprising 5 multi-apartment residential buildings in Astana has been selected as a demonstration platform for pilot urban mitigation action . The decision has been made by the Project Board in 3rd QR 2017 based on recommendation of the technical expert group.  Since then the following steps have been undertaken to prepare the project for implementation:  - Detailed baseline assessment of the chosen district has been conducted, including energy use, energy payments, residents’ perception on current level of comfort and problems, technical inspection of the state of the buildings and district infrastructure (water, energy, waste management, transport etc)  - Based on baseline assessment, a list of 33 feasible energy efficiency measures have been identified from which 4 technological packages for complex modernization of buildings have been developed ranging from 220 mln TNG and 325 mln TNG in investment needs and expected GHG emission reduction of 600 tCO2/year – 1,500 tCO2/year or 18,000 – 45,000 tCO2 over the investment lifetime (30 years).  - In consultation with partners, technical experts and co-financiers the decision has been made regarding the most feasible technological package with anticipated investment cost of 300 mln TNG (cca 0,88 mln USD) and GHG emission reduction of 1,000 tCO2e/year. This is lower than the established target for pilot urban NAMA (4,750 tCO2e). However, GHG emission reduction impact has so far been only estimated for measures in buildings, additional GHG emission reduction are expected from modernization of heat supply system in the district, modernization of two public buildings in the district, EE lighting measures in public areas, waste management and transport improvements (all to be covered by co-financing).  - Current status of project: development of comprehensive Master plan for district modernization has been completed and approved by the authorities;  - Development of technical documents for modernization of buildings initiated; to be completed by end of the year, include state expertise and other required clearances and approvals;  - In parallel negotiations are on-going with project co-financing partners: Akimat of Astany has already included provisions for budget allocation in its 2019 budget; extensive consultations with residents and public buildings’ end-users are taking place to secure their commitment to co-finance projects with own means, and the process for the selection of private ESCO company to co-finance “bankable” part of the project has been initiated as well by the district management company with UNDP-GEF project support. | Project is partially on track to reach its end of project target level.  Based on the results of the Call for Proposals, one pilot district comprising 5 multi-apartment residential buildings in Nur-Sultan (formerly, the name is Astana) has been selected as a demonstration platform for pilot urban mitigation action. The decision has been made by the Project Board in 3rd QR 2017 based on recommendation of the technical expert group.  In mid-2019, the following activities were carried out:  - Detailed baseline assessment of the chosen district has been conducted, including energy use, energy payments, residents' perception on current level of comfort and problems, technical inspection of the state buildings and infrastructure of the area and a comprehensive master plan for the modernization of the area was developed, which was approved by the city authorities and approved by the owners of the pilot residential apartments;  - According to the approved master plan, in consultation with partners, residents, technical specialists and city authorities the decision had been made regarding the most appropriate technology package with an expected investment cost of 300 mln TNG (0,88 million USD) and GHG reduction emissions from 1,000 tCO2/ year This is lower than the established target for pilot urban NAMA (4,750 t CO2). However, GHG emission reduction impact has so far been estimated only for measures in buildings, additional reductions in GHG emissions are expected from the modernization of heat supply system in the district, modernization of two public buildings in this district, EE lighting measures in public areas, waste management and transport (also to be covered by co-financing).  - The City Government (Nur-Sultan Akimat) included in its plan and budget for 2019-2020 measures for co-financing the implementation of a pilot project (investments in upgrading external utility networks of water supply, sewage, power supply within the quarter), as well as funds for modernizing and insulating roofing in pilot residential buildings (on a returnable basis by apartment owners under the existing mechanism for overhauling houses)  - Consultations were held with the residents of the pilot houses, and their consent was received already from 4 out of 5 houses to co-finance activities in cooperation with the current legislation.  - Technical documentation for the modernization of 4 out of 5 buildings had been prepared , which also has passed the state examination and other necessary permits and approvals;  - The following repair works(that do not require the development of design and estimate documentation) were implemented: windows were replaced and modern LED lighting was installed with the organization of metering at the entrances of 4 residential houses, windows (transomugs) were mounted in the basements of these buildings, old lamps were replaced over access lighting for energy saving - LED, and the ceiling was insulated in the basements of 4 residential buildings.  - The procurement procedure of construction and installation services has begun. It involves repair work on the facades of buildings, which will be financed by a UNDP-GEF grant in accordance with UNDP rules and procedures. |
| Status of pilot urban mitigation action demonstrating comprehensive modernization of urban district:    0- No project  1- District selected  2- Conceptual designed developed  3- Financial plan prepared  4- Agreement reached with key partners, including residents  5- Master plan/Feasibility study for modernization developed  6- Business model, including private sector involvement designed  7- Co-financing secured in full  8- Pilot project implemented  9- Pilot project monitored (at least 1 year) | 0 | 4 | 9 | Project is partially on track. See detailed status of this indicator in the previous section. | Current status of pilot urban mitigation action demonstrates a comprehensive modernization of the urban district: 5.  As of June 2019, the following events were held:  - On a competitive basis, a pilot area of the city of Nur-Sultan was chosen, which represents a typical residential quarter of the usual "Soviet" building (five-story panel serial residential buildings built in the 70s of the XX Century).  - A detailed baseline assessment of the selected area was carried out, including energy consumption, payments for electricity, residents' perception of the current level of comfort and problems, a technical survey of the buildings and infrastructure of the area and a comprehensive master plan for the modernization of the area were developed. All of them were approved by the city authorities and by the owners of the pilot residential apartments;  - In 2017, within the framework of the World Exhibitions EXPO-2017, a memorandum was written between UNDP and the Administration of the Nur-Sultan city for the joint implementation of this pilot project.  - According to the approved master plan, in consultation with partners, residents, technical specialists and city authorities, it was decided on the most appropriate technology package  - The City Government (Akimat of Nur-Sultan) included in its plan and budget for 2019-2020, measures to co-finance the implementation of a pilot project (investments in upgrading external utility networks of water supply, sewage, power supply within the quarter), as well as funds for modernizing and overhauling the roof in pilot residential buildings (on a return basis by apartment owners within the framework of the existing mechanism for the overhaul of houses).  - Technical documentation for the modernization of 4 out of 5 buildings, which passed the state examination and other necessary permits and approvals has been prepared;  - The procedure of procurement of construction and installation services has begun. It involves repair work on the facades of buildings, which will be financed by a UNDP-GEF grant in accordance with UNDP rules and procedures. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 5**  **GHG emission reductions of implemented urban NAMAs are systematically monitored, verified and reported** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| NAMA MRV process allows certified emission reduction credits to be imported into the domestic Emission Trading Scheme | None | None | 1 transaction with domestic urban carbon credit project registration, certification and transfer of the resulting emission reduction in ETS concluded | Project is on track. To enable the import of carbon credits from urban NAMAs into domestic Emission Trading Scheme (ETS), a package of regulatory provisions and amendments to the Ecological codes has been prepared and approved by the Government enabling implementation and issuance of carbon credits from domestic projects (i.e. in the facilities not covered by ETS), as well as their acceptance by ETS participants to meet their GHG emission targets.  Roadmap for implementation of pilot carbon credit transaction has been developed. This includes agreement with project sponsor, private company investing in modernization of 5 boiler houses serving five schools in remote settlement of Kazakhstan (estimated CO23/year of 12,000t or 120,000 tCO2 over 10 years potential crediting period). The process of preparing project documentation, MRV and its independent validation has also been initiated and is expected to be completed by the end of 2018 along with launch of the project. | The result is in progress. The government has prepared and approved a package of regulations and amendments to environmental codes that allow for the implementation and issuance of carbon credits from domestic projects (i.e., facilities not covered by the ETS). This allows for the ability to import carbon credits from urban NAMAs to an internal emissions trading scheme (ETS). The UNDP-GEF project developed a roadmap and monitoring plan for the implementation of a pilot carbon crediting transaction, which includes an agreement with the project sponsor, a private company investing in the modernization of 5 boiler houses serving 5 schools in a remote village of Kazakhstan (Pavlodar region).  In accordance with the legislation of the Republic of Kazakhstan, an independent organization (validation body - KazEcoProfit LLP) was hired on a competitive basis, which analyzed the documentation in order to obtain reasonable guarantees that the information provided in the project documentation and monitoring plan contains reliable information on emission sources, fuel flows and project boundaries.  The following aspects of the project were confirmed:  • project documentation and monitoring plan prepared in accordance with the requirements of the Environmental Code of the Republic of Kazakhstan in the field of regulating greenhouse gas emissions;  • An internal project to reduce greenhouse gas emissions is not carried out at facilities that are subject to quota requirements for greenhouse gas emissions (ETS);  • The baseline and project scenarios are correctly identified and sufficiently substantiated;  • the monitoring plan is internally consistent, sufficiently justified and consistent with the scale, scope and type of the project, and therefore can be used to obtain objective data on the reductions in greenhouse gas emissions from the implementation of the Project;  Estimation of the expected volume of reduction of greenhouse gas emissions in the framework of the project activity does not contain significant errors, inaccuracies and omissions, and is reliable for the level of assurance agreed in contractual terms;  • The adjusted expected annual volume of greenhouse gas emission reductions in the amount of 1,154 thousand tons of CO2-equivalent per year (or 17,31 thousand tons for a project life cycle of 15 years) can be achieved subject to the Project being implemented in accordance with the developed project documentation. By the end of 2019, verification of reduced emissions in the heating season 2018-2019 will be carried out; also trading operations will be conducted on the internal carbon exchange for processing a protocol for the sale of reduced quantities of CO2 emissions. |
| MRV system for urban NAMA set up and operational in cities | 0 | 1 | 4 | Mid-term target is not met  Application of ISO 37120 “Sustainable Development of Communities” has been widely promoted in pilot cities, including organization of a series of education event and consultation on the choice of indicators and feasibility of their systematic application by the authorities. Extensive consultations have been conducted with partners in Temirtau and Stepnogorsk regarding ISO 37120 application. | The 4 trainings for municipal administrations in pilot cities conducted an explanation of the need to implement the national standard ST RK - ISO 37120 "Sustainable community development", officially adopted in Kazakhstan (analogous to the International Standard ISO 37120: 2014 "Sustainable development of communities - Indicators for city services and quality of life. ") The standard includes the indicator: “Greenhouse gas emissions in tons per capita (main indicator)” for cities and towns. Road maps for the implementation of the standard ST RK ISO 37120 in three pilot cities (Astana, Temirtau and Stepnogorsk) have been developed; draft texts of documents were prepared for the implementation of this standard in pilot cities: Akim orders and Plan of measures for the implementation of the standard. The Government of Kazakhstan has prepared amendments and additions to the current Environmental Code of the Republic of Kazakhstan, which are entrusted to have an automated environmental quality control system for each city administration. The adoption of these amendments to the environmental code is expected to be introduced before the end of 2019. The UNDP-GEF project organized the preparation of an action algorithm and necessary recommendations on the organization of the MRV system for urban greenhouse gas emissions, which will function as part of an automated system for monitoring the environmental quality of cities, planned for implementation after the adoption of amendments to the Environmental Code. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 6**  **Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Awareness index to be defined in inception workshop incorporating knowledge and ‘use of knowledge’ factors at city/town level | Awareness index and baseline established through survey of cities and towns. | Awareness index increased by 50% | Awareness index doubled | Progress towards mid-term target can’t be measured because the 2nd awareness survey is scheduled to be conducted in 2019 (i.e. 2 years after baseline survey). The first awareness survey of key urban stakeholders in 15 pilot cities regarding low-carbon development has been conducted to estimate baseline level in 2017. The following results have been received:  Overall awareness index is 5.5 (out of maximum 10) as far as awareness of targeted stakeholders about urban development and local planning. As far as low-carbon urban development, baseline awareness index is even lower: 1.5 (out of 10). Other important baseline indicators:  - only 50% of pilot cities have incorporated the elements of “sustainable development” in the scope of their development plans;  - only 13% have established specific targets and indicators to measure their level of «sustainability».  A series of awareness raising events and activities to improve awareness has been undertaken, as follows:  - In Taraz and Shymkent two “Competence Centers” on Sustainable Urban Development has been created which provides platform and expertise to carry on advocacy and educational activities: 3 workshops and one regional conference have been organized  - In the cities of Petropavslovsk, Kapshagay, Uralsk, Kokshetau, Semey training have been carried out to build the capacities of the cities council and NGOs on planning and management practices in sustainable cities. | Progress towards the goal will be measured at the end of 2019, when the second awareness survey will be completed (that is, 2 years after the baseline survey conducted in 2017). The baseline study conducted in 2017 in 15 pilot cities regarding low-carbon development showed the following results:  The overall awareness index is 5,5 (out of a maximum of 10) as far as awareness of targeted stakeholders about urban development and local planning. As far as low-carbon urban development, baseline awareness index is even lower: 1,5 (out of 10). Other important baseline indicators:  only 50% of pilot cities have incorporated the elements of “sustainable development” in the scope of their development plans;  - only 13% have established specific targets and indicators to measure their level of «sustainability».  In 2018, the UNDP-GEF project participated in the preparation of a country-specific Human Development Report on the theme of cities. The results of the analysis of 23 strategic documents of Kazakhstan showed that strategic documents (plans) at the city level are more comprehensive in terms of the number of SDG tasks they address.    In general, SDG indicators appear in urban strategic documents 6% more often than in national strategic documents. The strategic documents (plans) of cities, compared to national strategies, better consider the following issues: sustainable cities, economic growth and jobs, a peaceful and open society, health, poverty eradication and infrastructure. Of concern is the fact that the least important topic of strategic documents at the city level in Kazakhstan is combating climate change (according to the number of mentions of this problem and measures proposed in city plans).  A number of awareness-raising events were held:  - In Taraz and Shymkent there are two established “centers of competence” for sustainable urban development, which provide a platform and expertise for conducting outreach and educational activities. These centers organize consultations for target groups regarding the planning and implementation of urban low-carbon projects. 5 seminars and two regional conferences were held on their basis.  - Trainings on capacity building of city councils, Akimats and NGOs on planning and management of sustainable urban development practices were organized and conducted in all 15 pilot cities. Also, in all regional offices of the DAMU fund (15 representatives in total), special trainings were organized and conducted for Akimats and business representatives (potential investors) to raise awareness in the planning and preparation of urban low-carbon initiatives with a total number of participants of more than 1,200 people.  The project has developed concepts, namely: "The concept of information propaganda in the field of energy conservation and energy efficiency" and "The concept of creating a" Center for energy efficiency. " The concepts were adopted by the Ministry of Investment and Development, and used in the preparation of amendments to the national Energy Efficiency Law. Currently, the Law is being considered in Parliament. This Law will increase the awareness of target groups and create conditions and incentives for competent planning and implementation of low-carbon initiatives (including energy efficiency in human settlements).  There were organized and conducted 1 nationwide(in Nur - Sultan) and 2 regional training (cities in the south - Shymkent, Taraz) for the media. The goal was to train journalists to cover low-carbon initiatives with a total number of over 120 participants. Special attention at these trainings was paid to the preparation of materials in the state (Kazakh) language, because in the southern regions the main language of communication is Kazakh. After conducting trainings in the media, more than 10 materials about the project were published.  In Nur- Sultan, together with the Ministry of Investment and Development, the First International Forum on Energy Saving was organized and held with a total number of over 200. One of the thematic sections of the Forum was the section “Energy Efficiency as a Condition for Building Low-Carbon Cities”, at which reports were presented on the approaches and results of the implementation of practices on energy efficiency in Kazakhstan and the CIS countries. The forum was widely covered in the media. |
| Number of people reached out by awareness raising campaign (gender disintegrated) | N/a | N/a | 10000 | *(not set or not applicable)* | The total number of people covered by the awareness campaign since the beginning of the project was 8,900 people. (including 5,085 women). The project organized and conducted 45 regional trainings in pilot cities and 4 nationwide conferences with a total number of 1,230 participants (including 605 women); trainings for media in the regions with a total number of 120 participants (including 80 women); trainings for residents of the pilot quarter in Nur-Sultan with 1,050 participants (including 525 women); interviews on local radio / television (in pilot cities) with an estimated coverage of 6,500 people (including 3,875 women). |
| **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): | 38.73% |
| Cumulative GL delivery against expected delivery as of this year: | 38.73% |
| Cumulative disbursement as of 30 June (note: amount to be updated in late August): | 2,296,473 |

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| **Key Financing Amounts** | |
| PPG Amount | 150,000 |
| GEF Grant Amount | 5,930,000 |
| Co-financing | 65,389,094 |

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| --- | --- |
| **Key Project Dates** | |
| PIF Approval Date | Jun 20, 2013 |
| CEO Endorsement Date | Dec 5, 2014 |
| Project Document Signature Date (project start date): | Apr 22, 2015 |
| Date of Inception Workshop | Nov 6, 2015 |
| Expected Date of Mid-term Review | Oct 27, 2017 |
| Actual Date of Mid-term Review | Mar 28, 2018 |
| Expected Date of Terminal Evaluation | Dec 31, 2019 |
| Original Planned Closing Date | Apr 21, 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)** |
| 2018-07-09 |
| 2019-05-13 |
| 2019-06-21 |
| 2018-09-05 |
| 2018-10-06 |
| 2018-11-26 |
| 2019-01-29 |
| 2019-02-28 |
| 2019-04-04 |
| 2019-05-13 |
| 2019-06-21 |

# Critical Risk Management

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| --- | --- |
| Current Types of Critical Risks | Critical risk management measures undertaken this reporting period |
| Financial | Attraction of Bank financing for approved low carbon urban projects.    This risk was identified in the 2nd quarter of 2019, after the financial mechanism for supporting low- carbon urban projects was successfully established and tested. The support consists of granting interest rate on a commercial loan for making potential projects more attractive for business. 94 projects have already been supported, but many of them encounter difficulties in obtaining bank loans to start execution. Commercial banks consider financing low-carbon urban projects as a direction, which is only beginning to develop in Kazakhstan. As a result, projects face a long-term (from 1-2 months to 8-9 months) consideration of applications for loans. Many companies have small experience in obtaining such loans and they need significantly more time to prepare the necessary documentation. Another issue is the requirement of commercial banks to provide additional collateral assets for the issuance of a loan (the efforts of companies to secure this collateral are required).    Measures undertaken during the reporting period to mitigate this critical risk:    - There were meetings with commercial banks conducted for determining the main challenges of financing low-carbon urban projects;  - There was weekly monitoring of low-carbon urban projects organized jointly with the Fund "DAMU";  - A training module has been developed to teach companies the basics of developing low-carbon urban projects through financing from commercial banks. |

# 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.** |
| not applicable |

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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.** |
| not applicable |

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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 final evaluation should be starting at the end of 2019 and is due to be completed by March 2020. However, due to delays in launching and operationalizing the FSM , an extension is likely required of +18 months in order to allow all GEF funds to be invested into pilot demonstration projects working with the Damu Foundation. |

# Ratings and Overall Assessments

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| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Manager/Coordinator** | Moderately Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | Overall, I assess project’s performance towards its development objective as marginally satisfactory. This is due to delays in the implementation of the project to achieve its key results. In particular, there is a lag to achieve the results for component 1: only in 4 cities the targets for reducing greenhouse gases are officially approved and in the remaining 11 cities the process of their approval is underway The activities identified in the developed urban NAMAs have already been included in many officially approved plans and programs of the municipalities. The amount of such events, as of June 2019, is 54,1 mln USD dollars.  In order to successfully achieve results within the framework of component 1, the project will intensify work on the discussion and adoption by municipalities of greenhouse gas reduction targets, as well as the inclusion of the identified energy efficiency measures into city plans and programs of pilot cities of Kazakhstan. The project will strengthen work with stakeholders, including the recently re-established Ministry of Environment.  Outcome 2: All 15 pilot cities and another 32 cities received broad support using the public-private partnership (PPP) model and/or ESCO model, as well as the leasing model for implementing priority energy efficiency projects in the urban/municipal sector, including the development of regulatory and contractual packages for PPP/ESCO/Fiduciary Management, providing financial and legal advice on structuring PPP contracts and identifying and preparing banking projects. Currently, 22 (twenty-two) contracts have been concluded for the implementation of energy efficiency projects, including 10 ESCO contracts and 10 contracts for the PPP model and 2 contracts for Fiduciary Management. During the reporting period, the project assisted municipalities in the preparation of PPP projects in the area of public infrastructure, issued a special investment case and held 4 regional thematic seminars. These efforts increased the capacity of city administrations and commercial companies in the preparation and implementation of EE projects. This component is rated as satisfactory.  Outcome 3: During the reporting period, the testing of the investment support mechanism was continued jointly with the financial partner (Damu Fund) and the Ministry (the main beneficiary of the project). I note that the invented mechanism was supported by the market, i.e. commercial banks and SME / ESCO companies. Since the launch of the mechanism, a total of 108 project proposals have been submitted to the test phase (October 2017). 14 projects were rejected because they did not meet the criteria, 94 projects were supported to receive a grant / guarantee in order to reduce the interest rate on the loan from commercial banks.  Not all approved projects were able to receive bank financing (23 projects rejected support, as they found other sources of funding). At present, 22 projects have signed contracts and are in the process of implementation. The cost of signed contracts is $ 9.6 mln USD at the current exchange rate, of just $ 3.9 mln from bank financing. UNDP-GEF’s support for these projects amounts to $ 1.09 million ($ 0.87 mln in grants and $ 0.22 mln in guarantees). Also, 49 projects were approved and documents on them are considered in commercial banks for a loan with the final decision expected during Q3 2019  Thus, the investment support mechanism was created and its testing started, but there are significant delays in achieving the targets for this component. So today only $ 9.6 million has been attracted by the started project (out of a planned $ 45 million by the end of the project). And although the total expected investment in all approved projects is estimated at $ 47.8 million, not all of them can receive bank financing and be started. Some of the projects have been considered by banks for a long time and most likely will not be implemented. There is a big risk of delaying consideration of projects in commercial banks. Moreover, not all investors will be able to provide collateral and get loans. Many investors have not worked with banks before and apply for loans for investment projects for the first time; consequently, it increases the time for preparing the necessary documents. It was the long time for consideration of projects in banks for obtaining commercial loans that became the main reason for the backlog in the implementation of the annual work plan of the UNDP-GEF project in 2018, namely, the backlog in the use of funds allocated to subsidize such projects (in fact, about 160 thousand . US dollars - payments are made quarterly according to the schedule).  Delaying the start of implementation of approved projects will mean the need to extend the implementation of the UNDP-GEF project itself, since payment of subsidies is made in stages according to the payment schedule in banks. Based on this, in the near future, activities of the project will focus on training investors in preparing documents for lending bank loans (a training module). Also, work with commercial banks has been intensified in order to provide them with additional information about approved investment projects, to raise banks' awareness of the benefits of such projects and the low risks for their lending, explained by guaranteed consumer payments for energy.  In connection with the foregoing, this component is assessed as marginally satisfactory.  Outcome 4: Implementation of component 4 during the reporting period was carried out at a heightened pace: enormous work was carried out with the residents on the harmonization of the proposed technical solutions in the pilot residential quarter. The project team held more than 30 different meetings and consultations with residents (meetings, informational consultations, polls, etc.). In each house, active work was carried out with previously created residents’ councils. As a result, the written consent of the owners for the project implementation (as required by the national legislation) was obtained. Only by obtaining consent from the residents it became possible to proceed to the preparation of detailed design and estimate documentation. Additionally, during the preparation of this documentation, it was necessary to coordinate individual parts of the project with residents and the local city administration. It all took longer than originally expected. Applying adaptive management, it was decided to carry out work in pilot houses that did not require the development of design estimates. During the reporting period, the following works were carried out on 4 pilot objects: the basements of houses were insulated, the entrance lighting was replaced and the driveway lighting was replaced, and the windows were replaced with energy-saving windows. The execution of these works (initially in 2 buildings) prompted residents of other houses, who still doubted the project, to give their consent and thus join the pilot project.  Despite the achieved results, there is a lag on the schedule for the implementation of the main measures for the isolation of the facade, the roof of residential buildings and engineering networks. Part of the funding is delayed by the city administration. And although the heating system in the microdistrict has already been replaced by akimat funds (pre-insulated pipes have been laid, which creates additional GHG reductions in the pilot quarter), there are still obligations of the city administration to modernize and insulate the roof of these houses, as well as to improve the attached territory. The change of leadership of the city administration, which recently occurred, creates additional risks for the allocation of city funds for these activities. There is also a lag in the preparation of design estimates for the modernization of the last (5th apartment building of the pilot quarter), consent to participate in the pilot project was received from residents only at the end of June 2019. Based on this and in the near future, the project will intensify work on the preparation of design and estimate documentation for the fifth residential building of the pilot quarter. Also, the management of the UNDP country office and the ministry of industry and infrastructure development will be included in negotiations with the city administration to ensure the allocation of the previously promised funds for the modernization of the pilot quarter.  In connection with the foregoing, this component is assessed as marginally satisfactory.  Outcome 5: Successful steps have been taken to achieve this result. First, the validation of the engineering documentation of the project on energy efficiency in Pavlodar region was completed, from which it was supposed to sell the reduced volumes of CO2 at the national site (ETC). Validated emissions exceeded the initial calculations and amounted to 1,154 thousand tCO2e/year (or 17.31 thousand tons over a project life cycle of 15 years) By the end of 2019, verification of reduced emissions in the heating season 2018-2019 will be carried out, and trading operations were conducted on the internal carbon exchange for processing a protocol for the sale of reduced quantities of CO2 emissions. A good lesson for the project is that hiring an experienced expert practice is the basis for a successful outcome. The organization of trade in reduced emissions of greenhouse gases on the domestic trading platform in Kazakhstan will set a precedent for the development of such trade operations, which was never done previously. We understand that now in that project the price of services for the validation of project documentation and verification of reduced greenhouse gas units does not cover the profit from the sale of future emissions, but given the growing shortage of emission allowances, experts say a significant increase in the price of emissions within the country is expected. We also see the interest of the Ministry of Ecology - the authorized body for the organization of trading in emissions in Kazakhstan to develop this tool. The UNDP-GEF project on the results of the organization of trading in reduced emissions is already preparing recommendations, including proposals for merging small projects of the same type into one pool (at the regional level) in order to ensure a reduction in the costs of validation and verification. In connection with the above, this component is assessed as satisfactory.  Outcome 5-b: The project team is engaged in raising awareness of urban sustainability and has achieved good results, but progress is not possible to measure yet (the next awareness survey to compare with the baseline will be conducted in the second half of 2019).  Within the framework of the project, during the reporting period, a number of awareness-raising events and awareness-raising activities were held: on the basis of previously established “centers of competence” on sustainable urban development in Taraz and Shymkent, 5 workshops and two regional conferences were held with a total number of 270 participants. Also, in all 15 pilot cities, trainings on capacity building of city councils, Akimats and NGOs on planning and management of sustainable urban development practices were organized. Moreover, in all regional representative offices of the DAMU fund (15 representatives in total), special trainings were organized and conducted for Akimats and business representatives with a total number of more than 200 participants. There were organized and conducted 1 nationwide (in Nur-Sultan) and 2 regional training (cities in the south - Shymkent, Taraz) for the media. The goal was to train journalists to cover low-carbon initiatives, with a total number of over 60 participants. In Nur-Sultan, together with the Ministry of Investment and Development, the First International Forum on Energy Saving was organized with a total number of over 200 participants. The total coverage of the training events during the reporting period amounted to more than 800 people. Project experts were interviewed and appeared in the media more than 10 times during the reporting period. The estimated audience coverage in this case amounted to more than 10 thousand people.  In the near future, the project will intensify work on organizing a re-evaluation of the awareness index in order to assess progress, and also strengthen information activities in order to increase the potential of target groups. Especially akimats, entrepreneurs and households. In this regard, this component is assessed as satisfactory.  The no-cost extension is needed to enable the project complete its commitments under the established Financial Support Mechanism for Urban NAMAs (Component 3). Launch of the Financial Support Mechanism has been delayed due to the fact that the National Modernization Fund, the envisaged financing and implementing partner for the Mechanism has been abolished by the Government during the Year 1 of the Project implementation (because of its poor performance). The project therefore had to undertake substantial adaptive management, i.e. identify new implementing and financial partner and redesign the mechanism itself. It took additional one year to conduct the preparatory activities. All preparatory activities for Financial Support Mechanism have been completed, approvals and clearances from UNDP, MID and DAMU granted and the Mechanism has finally been officially launched in October 2017, i.e. 1 year later than originally scheduled.  The disbursement of GEF funds for the approved projects will follow loan repayment schedule: subsidy will be provided quarterly over the period of 3 years (maximum duration of the loan).  A detailed subsidy payment schedule for all approved projects has been developed. In practice this entails that the total amount of approved subsidy will only be disbursed 3 years after the loan approval, i.e. by December 2020. In order to mitigate the risk of low disbursement/delivery and reduce the implementation timeframe, there will be several revisions introduced from 2019 in the Financial Support Mechanism. First, credit guarantees no longer will be provided. Second, interest rate subsidy will be replaced with performance-based investment subsidy whereby the amount of subsidy will be linked to the project’s GHG emission reduction impact. All in all, no-cost extension of the project until October 2021 is being requested to allow the Project to successfully implement its Financial Support Mechanism and enable the Project to reach its targets. Based on the results and lessons learnt from the first year of FSM implementation, several revisions will be made in the mechanism to speed up delivery of GEF resources and ensure that all reserved funds are effectively programmed, results regularly monitored, evaluated and reported to the GEF. Project Board has already recommended to extend the project for another 18 months (decision - Protocol No. 12). The project team is currently preparing a project extension request in accordance with UNDP-GEF procedures. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP Country Office Programme Officer** | Satisfactory | Moderately Satisfactory |
| Overall Assessment | The project, despite initial delay during inception period, is on track to achieve its development objective and has made significant progress. CO’s assessment of its performance, in view of its complexity and risks, is considered satisfactory.    During the reporting period, the project team, together with its partner from the government and the financial sector, successfully implemented the Urban NAMA Financial Support Mechanism (for the ease of translation and communication to local stakeholders entitled Municipal Energy Efficiency Investment Support Facility). During 1,5 years since the introduction of Municipal Energy Efficiency Investment Support Facility there were 108 investment projects applications received, 94 of which were reviewed by independent Technical Partner of the Facility and approved by the Project Board. 22 projects out of the approved amount have signed loan agreements with second-tier banks and received requested financial support from UNDP-GEF. Consequently, the mechanism proposed by the UNDP-GEF project is actually working in Kazakhstan. As of July 2019, the project is on track to meet its GHG emission reduction target: 453,188 tCO2 (including emission reduction from pilot NAMA Project in Nur-Sultan city) and the total value of the signed contracts is US $ 9,6 mln total.    This success was partly influenced by the preparatory work under Component 1 (as of mid-2019 urban NAMAs for all 15 pilot cities have been developed and all GHG emission reduction targets have been met) and Component 2 (closing contracts with investors under PPP and/or ESCO modality and preparation of bankable project proposals, including model contracts that can be used in all cities). Both components are on track and helped to build a solid foundation of projects for the Facility established under Component 3.    Component 4 of the project is aimed at the implementation of pilot project on Energy Efficiency modernization of the city district. Delays in its implementation at the initial stage were caused by the complexity of such projects, in particular there was a great deal of reluctance from residents towards participating in the initiatives to modernize their homes. A lot of the project's efforts were aimed at obtaining consent from the residents, and they resulted in obtaining such consent during the reporting period. Immediately upon consent receipt, a number of measures was taken to modernize their houses (basements isolation, windows replacement, lighting in the porches). These measures have increased the comfort of residents and led to a reduction in energy consumption (by about 10 %). The activities carried out in residential buildings have positively affected the involvement of residents in the project (now all residents agree to participate in the project). Many activities are yet to be performed (insulation of the roof, insulation of facades, installation of "smart heating", landscaping of the yard). Design and estimate documentation for these activities was developed and has received the positive conclusion of examination.    It is important to mention that there has been work carried out under Component 5 aimed at facilitating pilot transaction with sales of carbon credits from urban NAMA projects into the domestic ETS. During the reporting period, the validation of the engineering documentation of the project on energy efficiency in Pavlodar region (modernization of boiler plants in schools) was conducted, from which it is proposed to sell the reduced volumes of CO2 at the national site (ETC). Approved emissions exceeded the initial projections and calculated to 1,154 thousand tCO2-equivalent per year, which can be achieved subject to the Project implementation in compliance with the developed project documentation. By the end of 2019, the process of verification of reduced CO2 emissions will be completed and the transaction for their sale on the national site (ETS) will be implemented. If successful, this initiative could bring additional stream of funding for urban energy efficiency projects.    Overall, the project is being implemented in a well-coordinated and effective manner. There were 11 Project Board meeting held over the reporting period. All project partners, including the lead National agency and Ministry of Industry and Infrastructure Development take active part and contribute to its management and successful implementation. Project is also well aligned and collaborates with broader work of UNDP on promoting SDGs, especially SDG-7,11,13.    Overall, the project is highly complex: it involves 15 different cities across Kazakhstan, private sector, financial sector, municipalities and NGOs, as well as highly innovative initiatives, such as the urban NAMA financial support mechanism and complex district modernization. Therefore, delays are inevitable, especially with the account of its highly ambitious initial scheduling. However, due to significant movement forward under the Component 3, the overall progress towards the development objective can be considered 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 Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve voluntary national GHG emission reduction targets. This title was written prior to Kazakhstan signing and ratifying the Paris Accord where targets are mandatory and not voluntary and the country has a nationally determined comittment (NDC) to reduce GHG emissions by 15% below 1990 levels by 2030 meaning that there is now a binding commitment.    In my opinion, the word NAMA is confusing in the project title of this project as NAMA's as they were originally designed envisaged a programatic approach and international financial flows from developed countries to developing countries, on a sectoral basis, in order to help reach GHG emissio reduction commitments. In this project, the urban NAMAs being developed are mainly being developed with financial incentives from a national financial institution (i.e - the Damu Foundation) and therefore the sustainable energy investment projects are not really NAMAs with international financing and a programatic aproach but rather urban investments in sustainable energy in specific projects.    In my opinion, this project at the current time is 'MS' or marginally satisfactory, as adaptive management is currently being carried out in order to help the project to be sucessful and the project is still a long way off from realizing co-financing investment targets and CO2e reduction targets. In particular, the project has developed a strong partnership with the Damu Foundation and more time is needed for the project to show results in this regard. The project still has some way to go before it can be successful. I will now explain why I think the project is 'MS' outcome by outcome.    Outcome 1 of the project aims to enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs) and has a target of some 15 NAMAs realized by the end of the project and some $70 million in co-financing realized. As of of the end of June 2019, only 2 urban NAMAs have been adopted by 2 municipalities (Temirtau and Nur-al-Sultan) with some $3 million of co-financing realized. With just one year to go in the project (unless it is extended) this is a long way to go and it is clear to me that without a significant project extension of say +18 months, the target is highly unlikely to be met. While there are 11 NAMA projects agreed and 2 under discussion which would just enable the target to be met (2 + 11 + 2 = 15 Urban NAMAs) the fact that three is currently only 10 months left before the project is due to finish in April 2020 means that unless the project is extended the target is not going to be met. The results under this outcome are rated as marginally satisfactory. In addition, one of the projects supported by the Damu Foundation is on clean coal. UNDP GEF projects should not be supporting clean coal projects and I recommend going forward to avoid any further technical assistance or support for clean coal projects.    Similarly, the CO2 calculations which are for 453,18 tCO2e emmision reductions include from projects which are not financed yet and so it is important to distinguish in the CO2 calculations between those projects that are already financed and those which are potential CO2 reductions from projects that are yet to be financed.    Outcome 2 of the project aims to put in place the enabling institutional framework to facilitate the implementation of urban mitigation and this includes providing technical assistance to at least 15 municipalities/akimats. To date , the project reports that it has provided total technical assistance which covers some 47 settlements in Kazakhstan (these are 15 pilot cities, as well as 32 other settlements where investment EE projects for implementation were identified and prepared). Technical assistance has included assistance in developing and implementing the public-private partnership (PPP) model for implementation of urban EE projects, as well as alternative models such as the Energy Service Contract (ESCO) business model or the leasing model. This outcome is rated as satisfactory.    Outcome 3 calls for new and additional financing for urban NAMAs leveraged. This component aims to leverage at least $45 milion USD in additional financing by the end of the project. To date, interest rate subsidies have leveraged some $3.4 million USD in additional investment which is a long way off the target of $45 million. The total volume of the expected attracted financing is over $47,8 mln USD at the current exchange rate and include $ 14,5 mln USD of bank financing or 36,9 mln USD at the start of the project). However, since not all projects will be financed (some will suceed and some will not) and since not all projects will be able to benefit from the UNDP GEF interest rate subsidy I have significant doubts over whether this target will be met. The project is due to finish in April 2020 and it will definitely need a significant extension for any chance for this outcome to be met. This outcome is rated as marginaly satisfactory.    Outcome 4 of the project aims to identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication. Work under this outcome has resulted in one pilot district comprising 5 multi-apartment residential buildings in Nur-Sultan (formerly, the name is Astana) has been selected as a demonstration platform for pilot urban mitigation action. A baseline asessment has been carried out and a master plan prepared which has identified an investment cost of 300 mln TNG (0,88 million USD) and GHG reduction emissions from 1,000 tCO2/ year This is lower than the established target for pilot urban NAMA (4,750 t CO2) and so additional measures may need now to also be considered. In addition, financing has not been closed yet for this investment meaning that this outcome can only be rated as MS or marginaly satisfactory. Additional measures, and addditional investment and/or an additional pilot projects may now need to be considered if the 4,750 t CO2 target is going to be met. At the moment this outcome looks like it is only going to be partially met, provided that the investment materializes, and therefore the rating for this outcome is MS or marginally satisfactory.    Outcome 5a calls for GHG emission reductions of implemented urban NAMAs to be systematically monitored, verified and reported. There is also a target to have a pilot NAMA create carbon credits which will then be imported into the domestic emissions trading scheme (ETS) for Kazakhstan. While the government has approved a package of regulations and amendments to environmental codes that allow for the implementation and issuance of carbon credits from domestic projects (i.e., facilities not covered by the ETS), this has not yet led to the import of any carbon credits from urban NAMAs into the scheme. A pilot project (modernization of a boiler house serving 5 schools) has been developed by the UNDP GEF project and a validation report was commissioned. which shows that there is an adjusted expected annual volume of greenhouse gas emission reductions in the amount of 1,154 thousand tons of CO2-equivalent per year (or 17,31 thousand tons for a project life cycle of 15 years) can be achieved subject to the Project being implemented in accordance with the developed project documentation. This amount is tiny compared to the transaction cost in setting up one of these transactions ($100,0 usd +) and so even with 1,154 tonnes of CO2e at $10 or $20 this does not cover the transaction cost. In short, my assessment of this outcome is that it is unsatisfactory as it is demonstrating that it is not econmicaly viable to replicate such a carbon transaction and that it can only be done with aid money and that with private money (at risk) it does not work. Which private sector investor would want to invest $100,000 to get back a very uncertain revenue stream?    Outcome 5b aims to ensure that Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs. Again, as I have explained at the start of this project as the term NAMA is not widely used any more and as he investments envisaged by this project are not realy NAMAs (the are not really programmatic and not sectoral but rather they are project based). The text on this section in the PIR by the project manager talks a lot about awareness raising but gives no understanding of what an urban NAMA really is. Nevertheles, it is commendable that the project has carried out multiple trainings on capacity building of the City Councils, Akimats and NGOs on planning and management of sustainable urban development practices were organized and conducted in all 15 pilot cities as well as trainings with the Damu Fund and how it works and how the project is working with the Damu Fund. Work has also been undertaken to train journalists to cover low-carbon initiatives and in Nur- Sultan, together with the Ministry of Investment and Development, the First International Forum on Energy Saving was organized in late 2018 in Nur-Sultan with over 20 participants.    The biggest critical risk with this project is that the $70 million USD of co-financing fails to materialize. This is a significant risk and while the project manager notes that some $90 million of projects are agreed with municipalities, it is not mentioned that at the current time the funds are not raised or secured to implement these projects. To date, only some $3.4 milion USD has been raised via the Damu Foundation Financial Support Mechanism meaning that there is still a long way to go before the $70 million USD co-financing target is reached.    Implementation progress for the project is rated as "moderately unsatisfactory" given that the project is not delivering in accordance with the agreed annual work plan. The project started in April 2015 and the mid-term review was only completed in September 2018 after 3 years and 3 months into a 5 years project. This is poor performance as it is not correct to carry out the mid-term review almost one year late. Cumulative disbursement stands at 37% or $2.2 million out of a total GEF project budget of $5 million after four years have passed into a five year project. This is a very poor result and it represents very slow progress and the project faces significant implementation issues and is now likely to require an 18 months extension if it is to meet its target of 15 Urban NAMA projects realized and at least $90 million USD of co-financing realized.    With the departure of the previous international CTA in March 2019, this project, also would benefit from having a new experienced international CTA on board to guide and support the project.    The best aspect of this project is that it has undertaken adaptive management to design, create, launch, and implement a financial support mechanism, working closely with the Damu Foundation. The weak points are that the project has moved very slowly, especially with carrying out the mid-term review one year late, significantly falling behind in the financing or urban NAMAs (only 2/15 financed) and that the project will now likely need a significant extension of up to 18 months in order to meet its overall objective and targets. A challenge of the project is that it deals with a concept (Urban NAMA) which is not well understood and which no longer is flavour of the month in the international climate change negotiations. From my perspective the project could be 'Urban Sustainbly Energy Investment project' and it would be no different, and perhaps even better understood than being called 'Urban NAMA' project when the specific projects being identified and developed for investment, are not really NAMAs.    Finally, the mid-term review of this project was carried out by a national Kazakh consultant only with no international consultant involved. This lead to an MTR report being delivered which is not well structured, and written in poor English and it is not an easy report to follow or understand. Given that UNDP guidelines recommend hiring a team (international consultant + national consulant) for mid-term reviews and final evaluations, it is strongly recommended to hire an international consultant to lead the final evaluation of this project, supported by a national consultant. | |

# 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: Yes |
| Not applicable: No |

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| **Atlas Gender Marker Rating** |
| **GEN2:** gender equality as significant objective |

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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.** |
| N/A |

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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.** |
| The project organized monitoring of the number of women and men who could have benefited from the implementation of low-carbon urban projects (at their planning stage), as well as the actual number of women, men and children who benefited from the implementation of these projects (based on the results of their monitoring). For this purpose, relevant indicators have been added to the project reporting forms. For example, when applying for financial support to low-carbon projects, the applicant is also obliged to indicate the expected number of women, children and men who plan to receive benefits in the form of improved comfortable living conditions, etc. At the end of the reporting period - 53,482 women, 51,040 men, 13,391 children benefited from the implementation of projects.  The obtained gender indicators (the number of men and women) as a result of the monitoring show, in general, the same energy saving needs for both genders (the approximate equal number of beneficiaries). The benefits of energy saving and the use of low carbon technologies are equally important for both men and women. There are also no significant differences for males and females in the specifics of urban low-carbon projects being implemented, except for the fact that projects in educational institutions (for example, in schools) bring more benefits to women and children than to men (pedagogical collectives of schools mainly consist of women). |

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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.** |
| In the reporting period, the UNDP-GEF project, in collaboration with other UNDP-GEF projects implemented in Kazakhstan, carried out a special study on the following topic – “PROMOTING CLEAN AND AFFORDABLE ENERGY TO EMPOWER WOMEN AND GIRLS IN KAZAKHSTAN AND IN CENTRAL ASIA”. The ultimate goals of this research are: enhancing knowledge of the differentiated access to energy resources and use of energy services by women and men in rural and urban settings;  Mapping gaps in women’s participation in energy-related decision-making and in the energy sector more broadly, including in planning processes;  Developing gender-responsive policy recommendations to ensure gender equality in access to sustainable energy, to increase women’s participation in decision-making and management of the energy and related sectors, and in opportunities for jobs and career development.  An analysis of the lifestyle of men and women in two pilot regions (the study examined two regions of Kazakhstan - one where only coal is available as fuel, that is, the region is not gasified (north of the country), the second is where natural gas can be used and the region is gasified (south of the country)) made it possible to establish that genders have great difficulties in those regions where only coal can be used as a fuel (there is no other fuel). They must manually load coal for heating into the stove, maintain the efficiency of the domestic boiler, take out ash, etc. This is especially harmful for the females’ health. In winter, women and men in such households cannot leave their home for a long time and go, for a vacation, study, etc. (they are forced to maintain the temperature in their homes and consume coal). In those regions where gas is used as fuel, such problems do not arise - automatic temperature support is possible there due to automatic control of the gas supply. And it is safer for health, especially for women. Based on this, both women and men in such regions are freer to choose their own time spent in the winter and can leave their home without fear for its condition.  The results of the study on the differences in the lifestyle of men and women in the gas supply and non-gas supply (coal) regions of Kazakhstan were used by the project team to organize activities for raising awareness of the benefits of energy efficient technologies and the introduction of cleaner (non-coal) energy sources in households. We tried to motivate households to introduce cleaner technologies in order to get additional benefits, such as freedom of movement and lack of the need for constant temperature control when using conventional technologies (coal, for example).  This increased the efficiency of the organization of the project information campaign, and raised consumer interest in low-carbon technologies. The publication and active spread of the research results on gender differences in the lifestyle of households in the gasified and non-gasified regions of the country created additional incentives for city authorities to take measures to gasify the regions in northern Kazakhstan. According to official information, the construction of the main gas pipeline from the south to the north of the country is being actively carried out, which will allow supplying the northern regions of the country with gas in the next 2 years. This will significantly reduce pollution and emissions of co2, which is consistent with the goals of the UNDP-GEF project.  The full text of the study can be found at the link: http://sustainable.eep.kz/en/library/reports/promotion-of-clean-and-available-energy-to-expend-the-rights-and-opportunities-of-women-and-girls-in.html  Also, studies have found that women are usually responsible for household needs and pay utility bills in households. Thus, women should be interested in the application of energy-efficient technologies in everyday life, because they daily deal with household, consumption of energy (heat, electricity), other resources and water. Given this circumstance, the project focused on females as a target group to raise awareness of the benefits of low carbon technologies. In a pilot project in the city of Nur-Sultan (low-carbon modernization of the city block), there were residential councils created with the support of the project. These residential councils mainly consist of female housewives. Among the councils, extensive outreach was conducted to raise awareness of low-carbon technologies that will be used in the implementation of the pilot project. The result of this important work carried out by the project with women was obtaining the consent of the majority of owners to participate in the project. Previously, residents did not agree to participate in the project and did not want to invest part of their money in low-carbon technologies (for example, roof insulation, etc.). Now, the residents' consent was received and the project carried out organizational measures and received permission from the local administration to carry out this project. So it was through women that the project achieved ownership consent for the implementation of a low-carbon initiative in the pilot city quarter and agreement for co-financing of works on the modernization of residential buildings. |

# 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?** |
| No |

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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.** |
| No |

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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:** [PIMS 4670 KAZ Urban NAMA ESSP v1.docx](https://undpgefpims.org/attachments/4670/213478/1668290/1668571/PIMS%204670%20KAZ%20Urban%20NAMA%20ESSP%20v1.docx)  **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 )?** |
| No |

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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.)** |
| Kazakhstan has a vast territory rich with places suitable for people's recreation, however, the outdated or worn out Infrastructure makes its use nearly impossible. The old coal combustion technologies force the owners of recreation centers to buy large amounts of coal, pay salaries to coal-heavers, and, which is the worst, contribute to the increase of CO2 emissions.  The UNDP – GEF project “Sustainable cities for low-carbon urban development” makes efforts to address this challenge. Thus, within its work on providing green subsidies, a recreation center “Parus”for children has been chosen. To improve the ecology of the resort area, “Parus” replaced the coal boiler with a gas one, used solar PV panels to illuminate the area, installed LED lamps, and installed a solar collector for heating water instead of an electric one.  The full-scale update of technologies towards the clean and energy efficient ones has completely rebuilt the functioning system of the recreation center. Now it has become more suitable for children's well-being as the place does not produce high quantities of emissions. Heating energy consumption is reduced by 50% while electricity consumption is reduced by 75 %. The energy efficiency brought financial savings that are now used for other needs like general improvement and renovation. As a result, the expenses of the recreation center have been reduced by 30-40%. Since the changes were introduced, the center started to welcome more children than before, which sets a great example for other similar recreation centers all over the country. The replication effect is crucial for the UNDP projects, as it allows to continue the transition towards sustainable development and energy efficiency after the project’s duration. |

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

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| **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.** |
| The project has developed and manufactured the following information products:  - Status and prospects of attracting investment in urban infrastructure to Finance low-carbon projects (http://sustainable.eep.kz/en/library/publication/sostoyanie-i-perspektivy-privlecheniya-investitsiy-v-gorodskuyu-infrastrukturu-dlya-finansirovaniya-.html);  - infographics on pilot projects (http://sustainable.eep.kz/en/library/publication/kratko-o-proekte.html);  - information case &quot;Promotion of investments in energy efficiency of municipal infrastructure of the Republic of Kazakhstan&quot; (http://sustainable.eep.kz/en/library/publication/informational-case-stimulation-of-investments-for-energy-efficiency-of-municipal-infrastructure-of-t.html);  - mobile application for carbon footprint calculation (https://play.google.com/store/apps/details?id=com.antspro.co2android)  Project web-site: www.eep.kz  UNDP web-site: www.kz.undp.org  Media coverage in reporting period:  • https://stroyinfo.kz/novosti/310-proon-i-bank-vtb-kazakhstan-profinansiruyut-proekty-napravlennye-na-uluchshenie-ekologii-strany.html  • https://www.zakon.kz/4927245-pervye-zelenye-investitsionnye-proekty.html  • http://privatefund.kz/kruglyj-stol-ustojchivost-goroda-v-realizatsii-strategii-nizkouglerodnogo-razvitiya/  • https://kursiv.kz/news/vlast-i-biznes/2018-11/aeroport-almaty-smozhet-prinimat-v-dva-raza-bolshe-samoletov  • https://informburo.kz/novosti/mezhdunarodnyy-aeroport-almaty-pervym-v-sng-poluchil-sertifikat-iii-kategorii.html  • http://aeok.kz/kazahstan-okazhet-sodejstvie-proektam-shelkovogo-puti-v-podderzhke-zelenyh-investitsij-i-zelenogo-biznesa/  • http://www.kp.kz/12999-aeroport-almaty-polet-normalniy  • https://abctv.kz/ru/news/almatinskij-aeroport-vyvodyat-iz-tumana  • https://alatransit.kz/ru/content/ustoychivyy-transport-goroda-almaty-proekt-proon-gef  • https://express-k.kz/news/tekhnologii/programma\_razvitiya\_oon\_gotova\_subsidirovat\_kazakhstantsev\_zhelayushchikh\_pereyti\_na\_zelenye\_tekhnol-132332  • https://eenergy.media/2019/02/17/subsidirovanie-i-garantirovanie-proektov-energosberezheniya/  • https://bnews.kz/special/100\_shagov\_chto\_sdelano/eksperti\_proon\_realizuut\_v\_kazahstane\_33\_zelenih\_proekta/  • https://inbusiness.kz/ru/news/investicii-v-energoeffektivnost-nerentabelny-bez-subsidij  • http://sustainable.eep.kz/press-center/news/v-astane-proshel-media-trening-dlya-zhurnalistov-po-mekhanizmu-zelenykh-subsidiy.html  • https://expertonline.kz/a15778/  • https://energoexpert.kz/news/itoghi\_proviedieniia\_riespublikanskoie\_sieminar\_sovieshchaniie\_na\_tiemu\_probliemy\_i\_vozmozhnosti\_vniedrieniia\_ghosudarstvienno\_chastnogho\_partnierstva\_dlia\_povyshieniia\_enierghoeffiektivnosti\_v\_otrasliakh\_ekonomiki\_i\_ghorodskogho\_razvitiia\_  • https://www.inastana.kz/news/2212157/v-astane-realizuetsa-proekt-ustojcivye-goroda-dla-nizkouglerodnogo-razvitia  • https://aqparat.info/news/2018/11/11/9049558-v\_astane\_realizuetsya\_proekt\_ustoichivye.html  • https://astanatimes.com/2018/07/new-programme-provides-loan-subsidies-for-low-carbon-city-projects/  • https://www.inform.kz/en/kazakhstan-launches-green-investment-projects\_a3314303  • http://www.green-academy.kz/en/reports/item/443-astana-starts-work-on-transition-to-low-carbon-development.html |

# 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 |

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| --- |
| **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?** |
| Yes |

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| --- |
| **Does the project work with UN Volunteers?** |
| Yes |

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

|  |
| --- |
| **CEO Endorsement Request:** [PIMS4670 KAZ urbNAMA RCE 21 August 2014 v4 clean.doc](https://undpgefpims.org/attachments/4670/213478/1668295/1668576/PIMS4670%20KAZ%20urbNAMA%20RCE%2021%20August%202014%20v4%20clean.doc) |
| **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.** |
| The project successfully collaborated with national NGOs (Public Fund “Akbota” and “Coalition For green economy”) in raising awareness on a low-carbon practices among the target groups (in the cities of Petropavlovsk, Karaganda, Temirtau, Satpaev, Nur-Sultan). Especially important were public events for residents of pilot cities dedicated to the “Earth Day”, ecological rally (with the participation of electric vehicles), “Petropavlovsk – my green sustainable city!» and other. The purpose of these events was to support young people and activists to promote friendly ideas of preserving environment (waste management, clean transport, sustainable energy, etc.).  Cooperation with the Association of apartment owners of the pilot residential quarter in Nursultan was continued. Councils of residents were established with the assistance of the project in each pilot house. There was informative event conducted in order to obtain the consent of residents to participate in the pilot project for the modernization of the residential quarter. The Association of owners of pilot projects and the Councils of tenants in the houses were trained in the basics of energy saving, the results of previously implemented similar projects were also demonstrated.  The project works closely with the private sector - these are private companies that implement low carbon urban investment projects. There were trainings and seminars on awareness-raising for the implementation of such projects and the possibility of Bank financing for their implementation organized together with the Fund “DAMU”. The project also cooperates with the National Association of business companies “Atameken”. The representative of the Association is included in the Project Board.  The project continues to cooperate with GEF-SGP. A pilot project on low-carbon modernization of a typical 5-storey apartment building in Temirtau (one of the pilot cities of the project) is being jointly implemented. During the reporting period, technical assistance was provided in determining the list of necessary measures to increase the energy efficiency of this residential building by 30-40 %. With the support of the project, a Council of residents from this house was created. There were also several training activities for residents on energy saving conducted and a detailed algorithm developed. The Council of residents was trained to organize procurement procedures for the performance of repair works on the modernization of a residential house. Repair works on insulation of the roof and a facade of the house, replacement of windows on energy saving are already performed through the funds of PMG-GEF. Together with the GEF-SGP, there was a testing mechanism for ESCOs launched, to modernize the system of heat consumption in residential building: for a private company “Ekoservis-2030”; there was a subsidy approved for commercial loans for performing energy affecting modernization of heat supply.  In the reporting period project has cooperated closely with similar UNDP-implemented GEF-supported initiatives promoting investment in low-carbon buildings and cities in Moldova, Belarus, Uzbekistan and Ukraine, specifically by sharing its pioneering experience in designing financial support mechanism and collaboration with financial sector and ESCO companies. |

# 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.