

United Nations Development Programme

**ANNUAL WORK PLAN 2023 (January-April)****Kazakhstan**

Project Name: UNDP-GEF Project “Nationally Appropriate Mitigation Actions for Low-Carbon Urban Development” (short title – “Sustainable cities for low-carbon development”)

Project number: 00082364, project ID - 00091328

Implementing partner: Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan (MIID RK)

Start Date: 2015

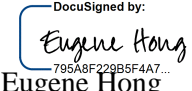
End Date: 2023 **PAC Meeting date:** 6.01.2015

Brief Description

The project supports the identification, development and implementation of nationally appropriate climate change mitigation actions (NAMA) in the urban sector. NAMA, consisting of infrastructure investments supported by capacity-building, awareness-raising and technical assistance, will contribute to the country's achievement of a voluntary target of reducing greenhouse gas emissions while improving urban services and the quality of life of citizens in Kazakhstan's cities. The project components also correspond with UNDP's Strategic Plan 2022-2025, “Outcome 1. Structural transformation accelerated, particularly green, inclusive, and digital transitions, Output 5.2 Transition to renewable energy accelerated capitalizing on technological gains, clean energy innovations and new financing mechanisms to support green recovery.” The project will enhance the ability of municipalities to implement integrated municipal planning, set goals and prioritize actions to mitigate the effects of climate change in cities (Component 1), support the creation and strengthening of institutional structures that will allow the public and private sector to invest in certain infrastructure and technical assistance (Component 2), facilitate the financing of urban NAMA through the creation of a special fund (Component 3), piloting an urban NAMA in a residential area of Nur-Sultan through investments in the modernization of urban infrastructure (Component 4). The project will be harmonized with national efforts to reduce greenhouse gas emissions, including through standards, rules and procedures for monitoring, reporting and verification (MRV), facilitating greater dissemination of information among stakeholders and linking the NAMA process with the Internal Emissions Trading System (ETS) for industrial issuers. As a result of this project, direct emission reductions of 370,000 tons of CO₂-eq. are expected, direct emissions after the project at the level of 275,000 tCO₂-eq. And indirect emissions reductions from 1 to 5 million tons of CO₂-eq.

<p>Contributing Outcome (CPD): By 2025, all people in Kazakhstan, especially the most vulnerable, will benefit from increased resilience to climate change, sustainable environmental management and clean energy, as well as sustainable rural and urban development.</p> <p>Result of the strategic plan: Result 2. Acceleration of structural transformations for sustainable development: Result 4.2: Large-scale solutions for structural transformation of the energy sector and improvement of public health have been developed, financed and applied.</p> <p>Indicative Output(s) with gender marker: GEN-2</p>	Total resources required:	1,498,830.36	
	Total resources allocated:		
	Donor: GEF	1,498,830.36	

Approved by (signatures):

UNDP	Implementing partner
<p>DocuSigned by:  Eugene Hong 795A8F229B5F4A7...</p> <p>Assistant Resident Representative/Head of MPSU</p>	<p>Saule Inakhanova</p> <p>Head of the Department for energy saving and energy efficiency of the Industrial Development Committee of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan</p>
Date: 09-Feb-2023	Date:

I. ANNUAL WORK PLAN

EXPECTED RESULTS <i>And baseline, related metrics and annual goals</i>	PLANNED ACTIVITIES <i>List of results of activities and related actions</i>	Planned Budget by Quarter					RESPONSIBLE PARTY	PLANNED BUDGET		
					1 Q. 2023	2 Q. 2023		Funding Source	Budget description	Amount
<p>Outcome 3: New and additional funding has been created for urban NAMA.</p> <p><i>Indicator 1: Urban NAMA projects financing provided by NAMA Pilot Financial Mechanism (USD)</i></p> <p><i>Initial level 1: 0</i></p> <p>Target 1: \$45 million of supported co-investments</p> <p><i>Indicator 2: the diversification strategy has been developed.</i></p> <p><i>Baseline Level 2: None</i></p> <p>Target 2: the strategy has been developed</p> <p><i>Indicator 3: Direct lifetime reduction of greenhouse gas emissions from the NAMA Fund</i></p> <p><i>Baseline 3: 0</i></p> <p>Targets 3: 275,000 tons of CO2</p> <p><i>Gender marker: GEN-2</i></p>	3.1. Testing of financial support mechanisms (MFPs) through the Damu Fund for Low-carbon pilot projects (payment of financial support and related costs)									
	3.1.1 Implementation of FSM on low-carbon pilot projects				X	X	DAMU (RPA)	GEF	72100 – Contract services	1,253,986
	3.1.1.1 Assessment of the effectiveness and risks of the execution systems of the responsible partner - HACT audit					X	UNDP	GEF	72100 – Contract services	3,875.5
	3.1.2 Implementation of a comprehensive technical assessment of applications for obtaining FSM.				X	X	“Electric power and energy saving development institute” JSC (RPA)	GEF	72100 – Contract services	37,000
	3.1.2.1 Assessment of the effectiveness and risks of the execution systems of the responsible partner - HACT audit				X		UNDP	GEF	72100 – Contract services	3,015
	3.1.3. Conducting the final training on FSM (project closing activities)				X	X	UNDP	GEF	75700 – Trainings and events	25,000
					X	X	UNDP	GEF	74200 – Publications and translation services	15,000
					X	X	UNDP	GEF	71600 – Business trips	18 950,21
	3.2. Support for the implementation of the financial support mechanism									

	3.2. Support from an international Chief Technical Adviser				X	X	UNDP	GEF	71200 – International consultants	14,102
	3.2.2 Support for the implementation of project activities from the national consultant				X	X			71300 – National consultants	20,736
3.3. Results of monitoring of pilot low-carbon projects including gender perspective										
	3.1. Evaluation of the results of completed projects based on previously developed MRV protocols 3.2. Increasing the capacity of government agencies, NGOs and the financial sector in the field of monitoring and evaluation of energy efficiency projects. 3.3.2. Review and evaluation of low-carbon projects (Technical Expert 2) 3.3.3. Evaluation of the results of completed projects from a gender perspective: involvement of an independent expert to summarize, gender results and presentation of results at the final seminar.				X	X	UNDP	GEF	72100 – Contract services	18,997.7
					X	X		GEF	75700 – Trainings and events	8,822.66
					X	X		GEF	71300 – National Consultants	19,000
					X	X		GEF	71600 – Business trips	8,000
					X	X		GEF	71300 – National Consultants	5,000
3.4. Final evaluation of the project in accordance with the GEF rules										
	3.4.1. Procurement of services of international and national consultants.				X	X	UNDP	GEF	71200 – International Consultants	25,000
					X	X		GEF	71300 – National Consultants	5,000
						X		GEF	74200 – Publications and translation services	2,000
						X		GEF	71600 – Business trips	5,000
	the cost of the bank's commission)				X	X	UNDP	GEF	74500 - Other	2,501.23

								Subtotal for result 3	1,490,986.36	
4.1 Construction and installation works in multi-apartment residential buildings of the pilot quarter in Astana										
<p>Outcome 4: Identify and fund a pilot urban mitigation action to demonstrate the feasibility of reducing urban emissions for further replication</p> <p>Indicator 1: Direct annual/expected direct lifetime reduction of greenhouse gas emissions as a result of pilot urban mitigation measures</p> <p>Baseline Level 1: 0 Target 1: 4,750 t CO2/95,000 t CO2</p>	4.1 Construction and installation works in multi-apartment residential buildings of the pilot quarter in Astana				X	X	UNDP	GEF	71300 – National Consultants	2,594
					X	X		GEF	74200 – Publications and translation services	4,900
	4.1.3 Technical supervision of construction works in accordance with the rules and local legislation. Acceptance and monitoring of completed construction works.									
	4.1.4 Coverage of the official inauguration of the completion of construction works and the transfer of results.									

<p>Indicator 2: Status of a pilot urban mitigation action demonstrating a comprehensive modernization of an urban area</p> <ul style="list-style-type: none"> 0- No project 1- Selected area 2- Conceptual design is selected 3- A financial plan has been prepared 4- An agreement has been reached with the main partners, including residents 5- A Master Plan has been developed/Feasibility study for modernization 6- Agreement reached with key partners, including residents 7- A Master Plan has been developed/Feasibility study for modernization 8- A business model has been developed, including the involvement of the private sector 9- Co-financing is fully secured 10- Pilot project implementedMonitoring of the pilot project (at least 1 year) <p>Baseline Level 1: 0 Targets 1: 9 Gender marker: GEN-2</p>				X	X		GEF	74500 - Other	350
	Subtotal for result 4								7,844
TOTAL									1,498,830.36

II. MONITORING AND EVALUATION PLAN

Monitoring Activity	Purpose	Timeframe	Responsible Person
Completion of the monitoring activities of the supported projects under the FSM mechanism	To analyse the outcomes and impact of the supported projects	February, 2023	Project manager
Monitoring of the supported projects which are implemented with a delay	To assure the completion of the supported projects	April, 2023	Project manager
Completion of the monitoring activities of the technical expert #1 evaluation of the received applications	To assure the application screening process is implemented on time	March 2023 (tbc, depending on the number of applications)	Project manager
Completion of the monitoring activities of the technical expert #2 evaluation of the received applications	To assure the application screening process is implemented on time	April, 2023	Project manager
Completion of the of the required payments under the FSM to the supported projects	To assure the FSM payments to the supported applications are provided on time.	April, 2023	Project manager, DAMU
Monitoring of the gender-based evaluation of the supported projects	To analyse the gender-related outcomes and impact of the supported projects	March, 2023	Project manager
Annual work plan	Development and approval by the Project Board for Efficient planning of projects outputs and activities	January, 2023	CO, Project Manager
Project Board meeting	Progress reporting, approval of FSM projects	February, 2023 (tbc, depending on the number of applications)	CO, Project Manager
Track results progress	Progress data against the results indicators in the RRF (Results and Resources Framework) will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	CO, Project Manager
Monitor and Manage Risk	Risks identified by project management will be managed by planning and implementation of corresponding actions. The risk log is actively maintained to keep track of identified risks and actions taken.	Quarterly	CO, Project Manager

Monitoring Activity	Purpose	Timeframe	Responsible Person
2022 Annual progress report	Operational progress report to the national partners with details of the project status and implementation risks.	January, 2023	CO, Project Manager
Final Report	To analyse and document the project results with lessons learned including findings and recommendations based on gender assessment report.	April, 2023	CO, Project Manager
Terminal Evaluation	To analyse the project final delivery and results. Track the lessons learned.	April, 2023	CO, Project Manager
Final Project Workshop	To present final results.	April, 2023	CO, Project Manager

III. PROJECT RISK REGISTER

#	Event	Cause	Impact(s)	Risk Category and Sub-category	Impact, Likelihood & Risk Level	Risk Valid From/To	Risk Owner <i>(individual accountable for managing the risk)</i>	Risk Treatment and Treatment Owner
1	There is a risk of failing to attract bank financing for approved low-carbon urban projects.	As a result, even if an urban low-carbon project receives support from UNDP-GEF, commercial banks will not provide a loan for such a project.	The risk's occurrence will affect all approved urban projects to be implemented with the bank financing.	Financial	Likelihood: 4 Impact: 4 Risk level: Significant	From: 13.05.2019 To: 30.04.2023	Project manager	A new mechanism of investment subsidies for low-carbon urban projects was introduced. To mitigate the risks the following activities will continue: training of the business representatives are in attracting commercial financing and support applications submission in a series of seminars; holding meetings with commercial banks, where the conditions for granting subsidies are explained. Policy changes in Kazakhstan (decarbonization) and the beginning of an increase of energy tariffs significantly reduce this risk. Therefore, UNDP continue to support the banks and DAMU in having extensive trainings, gaining experience and better fitting for financing low-carbon projects.
2	There is an economic recession in the country. Economic activity, including investments, get low.	Due to COVID-19 pandemic and the war in Ukraine there is an economic slow-down.	Economic slowdown will lead to lower overall demand, lower energy consumption,	Financial	Likelihood: 3 Impact: 3 Risk level:	From: 15.04.2020 To: 30.04.2023	Project manager	Selective use of tools (provision of the information on supported low carbon projects, holding trainings on FSM, consulting support etc.) to support low-carbon projects. The results of the first

			delayed payments and a lack of optimism hindering investment.		Moderate			supported projects have been published. The results will be of interest to business, which will contribute to the implementation of such projects even in the unfavorable context. Additional trainings on the development of such projects were held for business. Against the background of active vaccination and rising oil prices, this risk becomes less relevant. At the same time, the increase in energy tariffs encourages investors to invest in energy efficiency and renewable energy sources.
3	There is a risk of the exchange rate fluctuation (devaluation of the local currency).	The risk event may materialize because of the falling oil prices due to the COVID-19 pandemic	The risk event will lead to an increase in prices for imported energy efficiency technologies in Kazakhstan and, in general, lead to a higher inflation due to dependence on imported consumer goods and equipment.	Financial	Likelihood: 3 Impact: 3 Risk level: Moderate	From: 15.04.2020 To: 30.04.2023	Project manager	Recommendations to investors on choosing simpler and cheaper technologies whenever possible. Training seminars for investors were held, demonstrating the results of previously implemented pilot projects in which simple solutions were used. Against the background of active vaccination and rising oil prices, this risk becomes less relevant.
4	There is a risk of insufficient time for project implementation	The risk may occur due to the novelty of the proposed financial mechanism. The UNDP-GEF project is innovative, and it	The risk impact may materialize in the additional time requirements	Organizational	Likelihood: 2 Impact: 2	From: 09.12.2015 To: 30.04.2023	Project manager	Some project activities (Component 4) were delayed due to COVID-19. The project was extended for 14 months (GEF approval received). Additional

		may take a long time to create a mechanism to support urban projects and test it.	to achieve the project goals.		Risk level: Low			exceptional extension for 12 months is being requested. Financial support mechanism is reworked and under implementation, there is a pipeline of FSM projects, some applications were reviewed and approved, so this risk is minimized at present, but there is a need to get an extension for the NAMA Project to complete the implementation of the FSM activities to the goals.
5	There is a risk of competition with public support measures.	As a result of introduction of additional measures to support businesses by the Government, which may now include the sphere of low-carbon projects.	The impact will take form of refusal by the investors in low-carbon projects to apply for support UNDP-GEF in favor of state support.	Organizational	Likelihood: 2 Impact: 2 Risk level: Low	From: 15.04.2020 To: 30.04.2023	Project manager	Development of Government subsidies and special support from UNDP-GEF is done in coordination with the Government and the main national business support operator – DAMU Fund. The project team is holding the consultations with partners while developing this tool. Existing State-supported programs don't focus on low-carbon projects. financial support to the loan principal is a unique instrument in Kazakhstan. Therefore, project team works with partners in order to assure the inheritance and upscale of the financial instruments developed by the UNDP-GEF projects in Kazakhstan.
6	There is a risk of a lack of cost-effective low-carbon projects.	Low energy costs are demotivating large investments in worn-out urban infrastructure.	Risk materializing will impact the achievement of the project	Strategical	Likelihood: 2 Impact: 2	From: 11.12.2015 To: 30.04.2023	Project manager	A training module on the preparation of urban low-carbon projects was developed for investors and commercial banks. Therefore,

		These factors lead to the emergence of a large number of non-bankable low-carbon urban projects.	objectives, including the disbursement of GEF funds intended for testing the financial support mechanism.		Risk level: Low			the consultations and trainings are expected to continue in 2023. The Government also supported the launch of a new project in 2021 (based on a tied grant) in partnership with UNDP to provide loan guarantees (powerful impact of 85-90% irrevocable guarantees) to low-carbon projects, which should dramatically increase the number of green projects suitable for bank financing. Therefore, the information on guaranteed project is also shared with potential applicants.
7	There is a risk of changes in the conditions for financially supporting pilot low-carbon projects in the last year of the project.	The introduced changes in the rules for support which may complicate the replication of the mechanism by the Damu Fund (Fund usually relies on professional due diligence of commercial banks).	Replication of the mechanism by DAMU Fund may be threatened. A too complex scheme can lead to the loss of partnership.	Operational	Likelihood: 1 Impact: 1 Risk level: Negligible	From: 20.12.2020 To: 30.04.2023	Project manager	The rules of the FSM were updated considering the recommendations of the independent evaluation of the Project, now the Rules are approved, changing them is unlikely. Support to the loan principal is a quick-to-implement tool (1-3 months) to reduce this risk. A mechanism for technical monitoring of projects upon completion of facilities is ready for operation.