

PROJECT DOCUMENT

Project Title: Strengthening capacities for sustainable development finance in the CIS region

Award Number: 00106198

Project Number: 00107048

Implementing Partner: UNDP in Kyrgyzstan

Start Date: November 2017

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PAC Meeting date:

Brief Description

The project objective is to raise awareness and strengthen capacity of ministries and government agencies, national financial institutions, business entities and entrepreneurs in dealing with the international financial institutions (IFI) projects in the Commonwealth of Independent States (CIS) countries.

Attainment of following results would support the objective:

- Enhancing capacity for investment development projects preparation and implementation in the Kyrgyz Republic;
- Enhancing capacity of the CIS countries in accessing new development finance sources.

Two activities will contribute to the achievement of the results:

Activity 1. Technical assistance to the Kyrgyz Republic in identification, preparation and implementation of bankable projects for financing from the Russian-Kyrgyz Development Fund (RKDF);

Activity 2. Technical assistance in project preparation for potential financing by IFIs to governmental and business entities in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, including the Eurasian Development Bank (EDB) clients

Contributing Outcome (Regional Programme Outcomes 1 and 4 and Partnership Framework Agreement):

Outcome 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded:

- develop and scale-up initiatives for countries to access new and innovative sources of financing.

Outcome 4: Development debates and actions at all levels prioritize elimination of poverty, inequality and exclusion, consistent with our engagement principles:

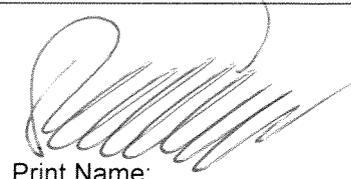
- facilitate sharing of knowledge and expertise within and across regions through South-South and East-East and triangular cooperation modalities.

Partnership Framework Agreement:

Collaboration in countries where the Russian Federation is providing bilateral development assistance with a view to enhancing effectiveness of such assistance

Total resources required:	\$1,411,000	
Total resources allocated:	\$1,411,000	
	UNDP-Russia TFD	\$1,200,000
	EDB (parallel funding)	\$120,000
	UNDP core funding	\$91,000

Agreed by (signatures):

UNDP	EDB	RKDF
		
Print Name: A. Niculita	Print Name: D. Pankin	Print Name:
Date: Nov 2017	Date: Nov 2017	Date: Nov 2017

I. DEVELOPMENT CHALLENGE

The global economy continues to be in a deep downturn, affecting developing countries, as they are more integrated than before with the world economy through trade, FDI, and remittances. The crisis has impacted CIS countries and especially Central Asian states including through significantly declining remittance inflows. As a result of external shocks, growth in the Caucasus and Central Asia is projected to decline in 2016 to two-decade lowest 1.2%¹. Deteriorating macroeconomic conditions affect people's lives, as unemployment increased and income plummeted. For example, in Armenia lower remittance inflows have led to welfare losses for all households, the domestic labour market deteriorated due to limited job creation and the unemployment rate rose to 18.2 % in 2015². Central Asian governments are also facing challenges in promoting job creation, maintaining fiscal sustainability and protecting pro-poor spending.

Additional foreign assistance is essential to mitigate the impact of the crisis on the region. Scaled up and more effective international support is also required to achieve the ambitious 2030 Agenda for Sustainable Development, which places additional demands on public budgets and capacities. The Sustainable Development Goals set a target on "strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all" (SDG 8.10). The Addis Ababa Action Agenda recognizes that enterprises, especially SMEs, often have difficulty in obtaining financing. It encourages increasing lending to them and commits to strengthen the capacity of financial institutions, including through public training programmes, increased capacity building and knowledge sharing at the regional and global levels.

Resources of the international financial institutions (IFIs), including EDB, can support much needed development investment. However, enabling development finance in the CIS countries at the right scale, and targeting the most in need sectors and geographic areas, remains a challenge. There are two potential explanatory factors: lack of capacity of the local financial institutions and their clients; lack of presence, understanding and / or access to the local level by the IFIs.

First, in most CIS countries there is a clear need in developing the capacity of local banks in accessing international finance markets and improving procedures of selection, preparation and implementation of projects intended to foster socioeconomic development at sub-national and local level. One of the barriers to mobilizing resources from IFIs is the lack of understanding and poor skills of potential project applicants and implementing agencies in adhering to IFIs standard procedures.

Second, as explored by the UNDP commissioned study³, IFIs may not have sufficient information on and understanding of the specifics of economic activities in the local context. This narrows the scope for public support for their projects, including from local authorities. Targeted efforts are needed to engage stakeholders in inclusive participation in IFIs' projects and to ensure the projects effectiveness and sustainability through the participatory approach.

Lessons learned from the experience of the IFIs (the World Bank, EBRD, etc.) indicate that for the success of operations an adequate assistance in building clients' capacity to engage with the IFIs' financing is essential. In successful operations IFIs support training of clients in project preparation and also secure availability of the technical, financial, environmental and other advice as may be required to ensure delivery by clients of viable project proposals for the IFI financing.

Such approach often requires combining a loan with a grant-funded advisory package. In the targeted countries IFIs work to establish partnerships with the interested bilateral and multilateral donor agencies and funds, which can support IFI operations with their grants and technical assistance. Where necessary, IFIs work closely with donors to provide not just financing for the technical assistance, but also grant

¹ IMF Regional Economic Outlook Update, April 2016, Caucasus and Central Asia: Battered by External Shocks, URL: <http://www.imf.org/external/pubs/ft/reo/2016/mcd/eng/pdf/cca0416.pdf>

² World Bank ECA Economic Update April 2016, URL: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2016/05/03/090224b0842f1054/3_0/Rendered/PDF/The0impa ct0of00ope0and0Central0Asia.pdf

³ Cooperation with International Development Banks: Mapping and Strategy, Issues in Cooperation, Preferred Areas of Engagement and Blueprints for a Business Model. UNDP RBEC, 2015

investment support to overcome affordability constraints and address cost and risk barriers. Operational practices and lessons learned in relation to the IFIs' financing of the energy efficiency lines of credit are summarized in the Annex 5.

Among the financial institutions operating in the CIS, the Eurasian Development Bank and the Russian-Kyrgyz Development Fund possess great but at times underutilized potential to promote economic growth and sustainable development in the region and in Kyrgyzstan respectively.

The Eurasian Development Bank (EDB) was established to promote economic growth, extend trade and economic ties and to support integration in Eurasia. EDB was founded by an International Agreement signed by Russia and Kazakhstan on 12 January 2006. Armenia and Tajikistan joined EDB in 2009, Belarus in 2010, and Kyrgyzstan in 2011. The Bank renders financial assistance with pre-investment research and innovation at international, state and industry levels aimed at strengthening market infrastructure and ensuring sustainable economic growth in its member states. In order to meet the above objectives, the Bank has incorporated into its structure a Technical Assistance Fund⁴. One of the important EDB's instruments are credit lines provided through local banks for micro crediting, support to small and medium businesses; energy efficiency improvements; agro-industrial complexes development, trade facilitation. Now 18 banks participate in implementation of the EADB' credit lines: 8 banks in Belarus; 2 banks in Armenia; 3 banks in the Russian Federation; 3 banks in Kazakhstan; and 2 banks in Kyrgyzstan.. Most of the local banks and their clients need technical assistance and capacity development for participation in different EDB's credit lines, in particularly, on support to small and medium businesses; energy efficiency improvements; agro-industrial complex development, including green technology production.

Macroeconomic instability and other factors like currency volatility, negative dynamics in industrial production, limited access to the world markets, have narrowed the base for funding of prospective projects. For EDB potential to be fully utilized for the benefit of the CIS countries it is necessary to find new approaches and instruments, including greater attention to capacity building and greater partnerships with other institutions, including other development banks.

The Russian-Kyrgyz Development Fund (RKDF) was established in accordance with the Agreements between the governments of Kyrgyzstan and the Russian Federation signed on 29 May and 24 November 2014 to promote bilateral economic cooperation, modernisation and development of the Kyrgyz economy, and the effective use of opportunities arising from the participation in Eurasian economic integration. The Fund is an international organization with \$500 million capital and at least \$500 million of borrowings. The Fund is focused on lending to self-supporting projects in priority sectors of the Kyrgyz economy: agriculture, clothing and textiles, mining and metallurgical industry, manufacturing industry, housing, transport, trade, business development and infrastructure.

Even though RKDF resources are highly concessional for the Kyrgyz businesses, there is a limited number of projects in its pipeline due to the low capacity of local businesses in project preparation. That bottleneck is presenting a significant limitation to fund's performance⁵. For example, out of 184 applications for direct financing by the RKDF only seven have been funded and five included in the pipeline for further consideration. The case of the RKDF demonstrates that low capacity of applicants can inhibit the use of concessional development finance when it is mostly needed and widely available.

Consultations with the members of the RKDF Board at the project preparation stage confirmed the willingness of the Fund to collaborate in projects preparation capacity development and revealed the following needs to be addressed:

- availability of the sub-sectoral expertise in business planning and operation - technical, financial and other - to support projects identification and early assessment of their potential development impact;
- training of the participants and beneficiaries of the identified projects on key issues of project preparation and implementation;

⁴ Information note on the Technical Assistance Fund is attached in Annex 4.

⁵ RKDF will teach businesses to get credits (In Russian). URL: <http://ru.sputnik.kg/economy/20160524/1025611484.html#ixzz49YwFJLyZ>

- support in the preparation of feasibility studies, including projects' technical, economic and financial analysis, environmental and social impact assessments;
- support in the operational deployment of RKDF lines of credit, administered by the Kyrgyz commercial banks (currently administered by Aiyl Bank, RSK Bank, KICB, Bank "Kyrgyzstan" and BTA Bank).

Resources of the EDB and the RKDF could potentially make a crucial difference in accelerating growth, creating jobs, addressing inequalities and enabling access to development finance for the most disadvantaged, including small and medium businesses in rural areas. Modalities can include technical support to clients in preparing priority investment projects and local development projects, including through applying targeted financial mechanisms (credit lines) for small and medium business support.

However, a lack of a steady flow of well-prepared projects for the EDB and the RKDF support is holding back development investment in the CIS countries and Kyrgyzstan in particular. Targeted support to potential clients of these IFIs in better project preparation and to governmental entities cooperating with IFIs shall overcome the barriers and accelerate the investment flows to priority projects of national importance.

The proposed project would benefit from the Global Infrastructure Hub launched by the G20 in 2014 and mandated to grow the global pipeline of quality, bankable infrastructure projects by facilitating knowledge sharing, highlighting reform opportunities and connecting the public and private sectors.

II. STRATEGY

In response to the need to scale up collaboration towards Agenda 2030, UNDP aims to build more partnerships with IFIs and private partners, given their influential role in development work, the large-scale financing that IFIs contribute and catalyse, and the efficiencies achieved via partnership.

UNDP with its wide country presence, including at a regional level in the CIS countries, is well positioned to support development finance from the IFIs in the CIS. It can provide a missing link, ensuring that IFIs get the most of their resources, and the most disadvantaged population groups get access to development finance. UNDP has experience, skills and capacity, which are unique and could leverage IFI efforts in program countries. Extensive presence in the field and bottom-up approach complements IFIs' approaches to project selection, preparation and implementation. UNDP has unique knowledge linking infrastructure with poverty eradication efforts, social and environmental policies, as well as the practical experiences in building a knowledge organization. UNDP maintains extensive and close relationships with the governments and stakeholders, ensures local presence including in most complicated environments and availability of independent expertise. UNDP has positive experience of cooperation with IBRD, EBRD, Asian Development Bank, Eurasian Development Bank and other international and national financial institutions.

Russia is an important development partner for many CIS countries and an active member of several development banks that are important sources of development finance in the CIS region and beyond, including the Eurasian Development Bank (EDB). Russia also supports long-term economic development of its partners through bilateral assistance and via special financial vehicles, such as the Russian-Kyrgyz Development Fund (RKDF).

Within the framework of UNDP's strategic partnership with Russia and reflecting the important role played by the EDB regionally and RKDF in Kyrgyzstan, the project will cover a range of programmatic activities to provide capacity building support and technical assistance to interested CIS countries, primarily in Central Asia, and will help enhance the efficiency of collaboration with financial institutions.

The project objective is to raise awareness and strengthen capacity of ministries and government agencies, national financial institutions, business entities and entrepreneurs in dealing with IFI projects in the CIS. Attainment of the following results would support the objective:

- Enhancing capacity of national financial institutions and business entities in investment development projects preparation and implementation in the Kyrgyz Republic
- Enhancing capacity of the select CIS countries in accessing new development finance sources

The project includes the following activities:

Activity 1. Technical assistance to the Kyrgyz Republic in identification, preparation and implementation of bankable projects for financing from the RKDF

In Kyrgyzstan, there is a significant gap in institutional and technical capacity of the government and of the beneficiaries to identify and formulate technically and financially sound project proposals for large scale funding. This gap limits the availability of development finance for addressing crucial development challenges, and will affect the effectiveness of the recently established Russia-Kyrgyz Development Fund (RKDF), which aims to strategically support and foster integration of the Kyrgyz economy in a broader Eurasian economic context.

To address this capacity gap, Activity 1 will help strengthen capacity of the governmental agencies, financial institutions and business entities in identification, preparation and implementation of development projects, with the primary focus on those eligible for financing by the RKDF. That would also support strategic programming for the use of the international development assistance to Kyrgyzstan and improve accessibility of the available financing for the priority investment projects. The participants and proponents of the RKDF-financed projects (governmental authorities, business entities, and other private and public organizations) would be the primary beneficiaries. The Activity will be executed in partnership with the RKDF, relevant national authorities of the Kyrgyz Republic, national commercial banks, and national educational and training organizations.

Activity 2. Technical assistance in project preparation for potential financing by IFIs to governmental and business entities in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, including EDB clients

There are two critical bottlenecks currently limiting accessibility of development financing in the CIS countries more broadly:

- (i) prevailing lack of experience and technical capacity of the possible beneficiaries to prepare sound project proposals for financing by the international financial institutions; and
- (ii) insufficient capacity of the national commercial banks of the selected countries to administer investment credit lines from international development banks.

Activity 2 would include elaboration and launching of the Cooperation framework for targeted support to preparation of quality bankable projects for EDB's lending, capacity development for financial intermediary operations and development of knowledge products to support information and best practice sharing. The Activity will contribute to enhancing the EDB partnership with the UNDP on securing grant finance and technical assistance to client countries in projects preparation. Global practice reveals a critical role for development financing of the IFIs' cooperation with the bilateral and multilateral donor agencies, which are capable to merge their grant-funded activities with the IFI investments (see details in the Annex 5). The Activity will support EDB accessing through the UNDP to major sources of concessional financing (GEF, Green Fund, etc.), which could grant-finance eligible project expenditures and thus greatly contribute to financial attractiveness of the EDB project packages.

The project will pay attention to gender considerations in reaching out to stakeholders in all project activities. For example, the project will encourage participation of female entrepreneurs in capacity building activities in Kyrgyzstan.

Due to its analytical and capacity development nature, the project is exempt from the Social and Environmental Screening. However, the investment projects to be supported might have social and environmental consequences that will be assessed at the stage of project selection before capacity support starts.

Development impact

Strengthened capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all (SDG target 8.10)

Outcome

Enhanced effectiveness of development assistance via collaboration in countries where the Russian Federation is providing bilateral development assistance (Partnership Framework Agreement)

Output

Increased awareness and strengthened capacity of ministries and government agencies, national financial institutions, business entities and entrepreneurs in dealing with IFI projects in the select CIS countries

Results

Enhanced capacity of financial institutions and business entities in investment development projects preparation and implementation in the Kyrgyz Republic

Activities

Technical assistance to the Kyrgyz Republic in identification, preparation and implementation of bankable projects for financing from the RKDF

Assumptions

- Lack of capacity in project preparation is one of the bottlenecks preventing financing investment projects that have potential development impact in the CIS countries
- There is sufficient number of Kyrgyz businesses interested in obtaining RKDF loans
- There is sufficient number of potential EDB clients, including second tier banks, interested in obtaining EDB support

Risks

- Limited awareness of businesses on the investment opportunities and available capacity support
- Economic volatility affecting IFI budgets
- Poor coordination of various actors due to complex project design

III. RESULTS AND PARTNERSHIPS

Expected Results

Two activities contribute to the achievement of the project objective to raise awareness and strengthen capacity of ministries and government agencies, national financial institutions, business entities and entrepreneurs in dealing with the IFI projects in the CIS.

Activity 1. Technical assistance to the Kyrgyz Republic in identification, preparation and implementation of bankable projects for financing from the RKDF

Action 1.1. Support to the strategic programming of development operations by the government.

The intervention aims to strengthen national institutional setup for the effective preparation and implementation of development projects in Kyrgyzstan. It would also strengthen key systemic elements of the national expert community to effectively inform the investment decision making by government and national financiers. Targeted technical assistance would be provided to the Ministry of Economy, other ministries and agencies of the Kyrgyz Republic, investment project proponents, and other key stakeholders in analysing the economic context and prioritizing the use of the available development assistance. It is expected that as a result the RKDF will strengthen its role as a provider of the catalytic financing to foster development and growth in the critical areas of the Kyrgyz economy.

Activity will include:

- Identification of key enterprises in priority sectors of the national economy, which may need strategic expert and financial support with the targeted investments in the context of the Kyrgyzstan's accession to the Eurasian Economic Union. Such support is likely to be particularly required for the selected areas of agricultural production and processing of agricultural products, and the related business logistics (production of milk, sugar, etc.). Attention would be given to the development priorities of the government, available infrastructure, facilities and resources, and the sub-sectors' competitive advantages in the Eurasian economic context. It is expected that at least 3-4 enterprises in priority sub-sectors will be identified and undergo in-depth analysis to formulate the relevant strategic approaches to their support.
- Technical support to the establishment of the Project Preparation Fund under the Ministry of Economy of the Kyrgyz Republic - a designated national arrangement to be established by the Kyrgyz Government for the preparation of investment projects. Government's commitment to the establishment of this Fund - in order to improve quality of investment project proposals and programming - is outlined in the 2016 Action Plan for the Implementation of the Program of the Government of the Kyrgyz Republic "Stability, Trust and New Opportunities" adopted by the Resolution of the Government № 41 dated January 29, 2016. The support would target the appropriate positioning of the Project Preparation Fund as a financing mechanism and national centre of competence on project finance. Financing could cover technical assistance in establishment of rules of procedure and initial operations of the financial mechanism. It will also support promotion of the Fund to potential donors and partners, as well as organization of conferences, workshops, and other professional events (including regional / international), involving the development community of practice. Activity 1.1 will be linked and coordinated with other project activities and with the RKDF efforts to increase effectiveness of the projects' processing.

Action 1.2. Preparation of the high priority projects for RKDF financing.

Support would be provided to applicants in developing technically and financially sound project proposals for the RKDF. Activity will include:

- Providing of the sector-specific technical, economic and financial expertise to support the identification, initial assessment and selection of projects for financing. This would include advising on the critical technical issues - technical requirements, business standards and practices, equipment eligible for procurement, etc., as well as on the broader issues, such as business opportunities on the Eurasian market and the available options for technology transfer and

product placement. Based on the earlier strategic analysis outlined in Activity 1.1 above, such support would allow governmental partners and RKDF to identify a pipeline of technically and financially sound project ideas/concepts for further development. A possibility of the syndicated project financing by RKDF with the other financiers could also be considered to achieve cumulative development impacts at the affordable cost to beneficiaries.

- Expert support to development of the pre-feasibility studies for the 4 - 5 large high priority projects of strategic importance, identified under the previous Intervention 1.1. During the project inception phase the operational guidelines on a procedure and conditions of the projects selection for technical support will be prepared by the project team in close consultations with the authorized representatives of the Ministry of Economy of the Kyrgyz Republic, RKDF and UNDP. Projects' pre-feasibility studies will include more detailed technical, economic and financial analysis, environmental and social assessments (with the focus on assessing position of women entrepreneurs in this particular area) where appropriate, and detailed technical and procedural guidance on further project preparation steps and the other arrangements for the successful delivery of project proposals. Participation of female entrepreneurs and businesses employing women will be encouraged, with no less than 30% quota, as prescribed by the UNDP gender strategy.
- Providing of technical assistance to strengthen capacity of respective banks in Kyrgyzstan in implementation of the RKDF development lines of credit as a vehicle to finance replicable smaller-size projects. Activity will include: (i) development of new lending products for credit lines to promote energy efficiency and sustainable agricultural production; ii) capacity development of the intermediary commercial banks in credit lines implementation, monitoring and reporting of sub-lended projects, and (iii) support to project finance advisory centers at the intermediary commercial banks and their outreach to clients to improve quality of project proposals - to be largely (for the office and staff cost) funded by the participating commercial banks, administering on-the-ground deployment of RKDF credit lines. This activity in Kyrgyzstan will be methodologically linked to the Activity 2.2. "Capacity development for financial intermediary operations", addressing similar issues with the clients of the EDB in a broader CIS regional context. A more detailed description of the approach outlined in the Activity 2.2 below.
- Training of the project participants. It includes preparation and delivery of training for the participants of the projects, identified under Activity 1.1 or being prepared under Intervention 1.2. Training will address the following substantive and procedural issues: project selection, feasibility studies, environmental and social assessments, appraisal by financiers, operational modalities and risks, procurement, financial management, implementation monitoring, reporting, evaluation, etc. The training can be structured in two streams: for financial professionals and for the other project participants. Female participation in the trainings will be encouraged and promoted with at least 30% representation.

The UNDP Project team will work with the RKDF, and consult as required with the concerned governmental agencies of the Kyrgyz Republic, to determine criteria for the selection of projects and for selection of the crucial preparation support activities for financing by the Project. As approved by the RKDF Council on 18 February 2016 the present requirements for projects to be directly funded by the Fund include:

- An applicant is registered and pays taxes in Kyrgyzstan;
- Proposed project relates to one of the priority areas of the RKDF (agriculture, clothing and textiles, mining and metallurgical industry, manufacturing industry, housing, transport, trade, business development, tourism, etc.)
- Repayment period of 15 years for major infrastructure projects, 10 years for industry and agriculture projects and 7 years for other projects;
- An applicant provides 15% as its own contribution;
- Elaborated business plan is presented;
- An applicant has satisfactory credit history and transparent business structure.

Activity 2. Technical assistance in project preparation for potential financing by IFIs to governmental and business entities in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, including EDB clients.

Action 2.1. Cooperation framework for targeted support to preparation of quality bankable projects for EDB's lending.

To scale up and strengthen opportunities for potential EDB's clients in getting needed expert support in bankable projects preparation a joint cooperation framework of UNDP and the EDB will be elaborated and launched. The goal of the framework is to mobilise additional financial resources and international expertise and to provide transparent access to these resources and expertise for business entities elaborating the projects for possible lending by EDB.

The Activity will: i) elaborate clear rules (including operational and financial manual) on the co-financing/parallel financing from third parties elaborating bankable projects; ii) support to a pilot application for financing from EDB Technical Assistance Fund (EDB TAF) and from UNDP (up to \$120,000 from TFD) for preparation of a perspective bankable project; iii) support to launching and implementation of the cooperation framework, taking into account the results and lessons of the pilot project preparation, with possible additional allocation of TFD funds (up to \$220,000) and EDB TAF resources to support the capacity building of business entities and project preparation process as a whole; iv) support to an information campaign targeted to potential new donors of the cooperation framework and to owners and developers of bankable projects.

A number of perspective projects is presently being identified for possible crediting by the EDB. The Activity will support establishment of the sustainable and transparent mechanism for further identification of bankable project concepts and development and finalization of pre-feasibility and feasibility studies and other project preparation activities for submission of project documentation to the EDB, including detailed project technical, economic and financial analysis, and relevant project environmental and social assessments, etc.

In the selection of a bankable project for the pilot application the TFD's projects eligibility requirements and the Provisions of the EDB's Technical Assistance Fund will be applied. The parties will take a consensus basis decision on this issue.

An experienced independent advisor and senior technical experts (international consultants) will be engaged in elaboration of operational and financial manual. Documentation for the pilot project will be prepared by external consultants in accordance with the EDB's internal project processing requirements, policies and procedures.

There are two possible options for the UNDP and the EDB to organize joint resourcing of financial support to the pilot project's initiators:

- (i) each task is sequenced in two phases, of which one is paid by UNDP and another one - by EDB;
- (ii) each task is divided in two pieces running simultaneously and being paid in parallel by EDB and UNDP.

The recommendations for selecting the most suitable resourcing arrangements will be developed in the operational and financial manual.

Action 2.2. Capacity development for financial intermediary operations.

The activity would support improvements of modality and building on-the-ground capacity for the implementation of the credit lines, financed by the EDB, and administered by national commercial banks, as an essential element to ensure wider accessibility of investment resources and development financing for the medium and smaller-sized projects. It will be implemented in partnership and on a cost-sharing basis with commercial banks. This activity will be where appropriate operationally linked to activity 1.2 in Kyrgyzstan. Activity will include:

- Development of new lending products for the credit lines by the second-tier banks ensuring expedite and effective sub-projects preparation and implementation in priority thematic areas.
- It is expected that new lending products would be primarily focused on promoting sound energy efficiency improvements and sustainable agricultural production - with the energy efficient "affordable warm house" and "affordable greenhouse" being one of the feasible examples. However, lending products in other areas, including micro-credit financing, support to small and medium business, trade

financing, and others may also be considered. Support will be provided to dissemination of information on lending products and programs, training for potential borrowers and collaboration with the central and local governmental authorities. Activity will review options for the syndicated financing in cases where the client could benefit from both a larger scale of operation and its targeted financial de-risking.

- Support to project finance advisory centers and outreach to clients of the intermediary commercial banks. This activity is to be focused on and largely (for the office and staff costs) funded by the selected commercial banks administering (or interested to administer) on-the-ground implementation of credit lines. Support will include technical assistance for the establishment of the project finance advisory centers in the selected local branches of these banks - to provide guidance to the bank field staff and outreach to the local clients, and to assist the potential sub-borrowers in improving quality of their projects and project proposals. Consultations from such centers could address issues related to the requirements for the project feasibility studies, environmental and social assessments, financial and environmental management systems, accounting records, project reporting, and etc. Centers would work with the existing and potential project beneficiaries and undertake broader public information activities to generate new smaller-size bankable development projects

Action 2.3. Knowledge management to improve accessibility of development financing

Support will be provided to member countries and client entities of the EDB and the UNDP programme countries to effectively access concessional resources for development and foster preparation of the new projects.

Financial partnerships development. Activity will foster strategic cooperation between EDB and UNDP aimed to improve access of member countries to concessional finance and will address the following:

1. Informational support to EDB's clients on possible partnership arrangements with bilateral and multilateral donors in project preparation for reducing costs and financial de-risking. To be accessible to a wider range of clients, loans (both stand alone and through the lines of credit) should be accompanied with the donor or internally funded grant advisory services to support project preparation. Recent analysis of global practice and lessons learned in relation to the IFIs' financing of the energy efficiency lines of credit is summarized in Annex 5.
2. Provision of advices to the EDB's clients on opportunities of accessing major sources of concessional financing (GEF, Green Climate Fund, and other global financial facilities), which could contribute to financial attractiveness of the EDB project packages. UNDP being accredited implementing agency of many global facilities gained vast experience that will be shared through targeted informational events.

Trainings. Activity will cover training of the project participants on the on-demand basis and will address key issues of project preparation and implementation by EDB clients. Three streams of training are envisaged:

1. Financial issues of the project preparation and implementation, primarily for participants of the new EDB-financed projects prepared under Activity 2.1;
2. New EDB and second-tier banks lending products developed under Activity 2.2 and also specific issues, critical for the successful operational deployment of credit lines by financial intermediary organizations. This training will be focused on staff of the national commercial banks administering EDB and RKDF credit lines.
3. New sources of concessional financing for development. This training will succinctly deliver information related to the operation, eligibility requirements and application procedures to access resources of the key global concessional development financiers, such as the Global Environment Facility, Green Climate Fund and others - as relevant to meet specific project financing needs of the EDB clients and regional UNDP beneficiaries.

Each training stream will cover approximately 20 - 30 participants. The specific sequencing of training streams and modules will be determined to match and support project preparation process organized under Activity 2. As appropriate, the training will attempt to effectively engage the web-based distance learning tools. It will also maximize the use of already available relevant training and information materials and guidelines.

For the reasons of cost-effectiveness, the selected training modules may be operationally linked or merged with the training, organized under Activity 1 in Kyrgyzstan. To achieve broader impact this training may also involve the appropriate staff of the project implementation units responsible for the implementation of the projects financed by the Eurasian Fund for Stabilization and Development and administered by the EDB.

Knowledge products. Intervention will finance development, jointly with the EDB, of 1-3 knowledge products - such as analytical and technical studies, policy briefs, and surveys/analytical papers on issues of key significance for EDB clients and UNDP programme countries. This work will involve close cooperation with analytical departments of EDB and its Centre of Eurasian Studies, subject to internal procedures and policies of the Bank. The decision on the specific outputs to be produced will be taken between EDB project focal point and the Project Manager. To proceed with the financing of the deliverable, the UNDP Project Manager will seek "no-objection" from the Project Board.

Resources Required to Achieve the Expected Results

As capacity building and technical assistance is the main focus of the project, resources required to achieve the results would mostly constitute of expert and consulting services provision, organization of trainings and preparation of knowledge products, including analytical reports, policy briefs, technical studies, etc.

Parallel financing is provided by the EDB for the preparation of pre-feasibility and feasibility studies and other activities under Activity 2 (\$120,000) and is subject to EDB internal procedures.

The project will leverage resources of the IFIs by investing in the capacity development for development projects' preparation and implementation. Project documents and pre-investment reports developed with the project's support will contribute to raising funds from the RKDF and the EDB by the project beneficiaries.

Partnerships

As noted above the project will be implemented in close partnership with the EDB and the RKDF. The EDB finances major investment projects in Eurasia by offering long-term financing to state or private companies, contributing to the charter capital of organizations, by acting as a guarantor, by directly or indirectly financing private investment funds and by lending to commercial banks to enable those banks to lend to businesses. The RKDF is a primary source of investment finance for the Kyrgyz businesses, both directly and through the credit lines for small and medium business operating via major Kyrgyz banks. The two institutions are especially well positioned to support main projects goals. Partnership with local stakeholders from the CIS, such as intermediary banks, business associations, training centres, will also be supported during the project.

The project will seek cooperation with the relevant capacity development activities financed by the World Bank in the Europe and Central Asia region to strengthen complementary impacts.

Risks and Assumptions

Standard risk log is attached in Annex 1.

Stakeholder Engagement

Stakeholder engagement at the project development stage was facilitated by an international consultant. Extensive stakeholder consultations took place in the Kyrgyz Republic on April 11-16, 2016. The consultant has worked in Bishkek with the RKDF, the Ministry of Economy and the Investment Agency of the Kyrgyz Republic, key national commercial banks Aiy Bank and RSK Bank, the Eurasian Development Bank and other stakeholders to review progress in the initial operation of the RKDF, identify critical gaps in capacity and analyse needs for the technical assistance. The mission visited the Academy of Public Administration under the President of the Kyrgyz Republic and the Training Centre of the Union of the Kyrgyz Banks to identify a local partner - training organization, which could organize professional training for the project participants in the preparation and implementation of bankable development projects.

The project has been developed in close collaboration with representatives of the Eurasian Development Bank (EDB). Preparation also involved consultations with the task management of the Russian Federation financed and the World Bank administered Multi-Donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (TF071624, ECAPDEV) in view of their operational interest in the

deployment of a monitoring and evaluation training program in Kyrgyzstan. Stakeholders will be consulted on a regular basis throughout the project implementation. Engagement of the stakeholders will be supported by the communication through the UNDP Country Offices.

Stakeholder engagement into the bankable projects which preparation will be supported by the project will be ensured at a stage of project proposal selection and Social and Environmental Screening of the proposed projects.

Triangular Cooperation

The project follows a triangular cooperation modality (Russia, UNDP, EDB, partner countries) to achieve a greater development impact in partner countries by facilitating synergies and sharing of knowledge and expertise. Russia is the main donor of the project via the Russia-UNDP TFD and a source of expertise to be shared. UNDP will contribute to leveraging IFI efforts in program countries via its experience, skills, capacity and wide country presence by providing expertise needed for project development and initiation. EDB will provide financial and technical assistance with pre-investment research and innovation and support development in the partner countries via credit lines, subject to internal policies, procedures, including procurement procedures, reporting and other requirements, agreements and legal documents of the Bank.

Knowledge

Training materials would be one of the main knowledge products created by the project that can be shared with wide audiences. The project will foster visibility for knowledge and lessons learned on identification and preparation of bankable investment projects generated by the project so that wider audiences can benefit. Knowledge sharing will directly contribute to the project's goal on raising awareness and strengthening capacity of governmental ministries and agencies, national financial institutions, business entities and entrepreneurs in dealing with international finance institutions projects in the CIS.

Sustainability and Scaling Up

The project will rely on existing national systems to deliver capacity building interventions. Via fostering national ownership and investing in capacity building of local specialists the project would ensure sustainability of efforts to support efficient models of cooperation between national partners, UNDP and IFIs.

IV. PROJECT MANAGEMENT

The project will be implemented by UNDP through DIM modality. The UNDP CO in Kyrgyzstan as Lead Country will ensure regional project accountability, transparency, effectiveness and efficiency in implementation, whereas the UNDP CO in Armenia, Belarus, Kazakhstan, Tajikistan and other countries will ensure accountability, transparency, effectiveness and efficiency in implementation of the national component of the project. UNDP will in accordance with UNDP corporate regulations will be responsible for: (i) Identification and/or recruitment of project personnel; (ii) procurement of goods and services; (iii) financial services.

Financial oversight, including approval of expenditures and independent audits, monitoring and of progress and results will be also ensured by the UNDP country offices. The UNDP Kyrgyzstan CO will ensure the Final Evaluation of the project. Project manager will be outposted in Bishkek, Kyrgyzstan. The project will rely on support of the UNDP County Office in Kyrgyzstan for project support.

Cost efficiency and effectiveness will be achieved by leveraging activities and partnerships with other initiatives, such as ongoing UNDP projects financed by Russia, UNDP projects in Kyrgyzstan, Armenia, Tajikistan and other countries.

V. RESULTS FRAMEWORK

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:

UNDAF/CP OUTCOME 1: By 2022, inclusive and sustainable economic growth is increased through agricultural, industrial and rural development, decent work, improved livelihoods, food security and nutrition

Regional Programme Outcome 4: Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with our engagement principles

Partnership Framework Agreement: Collaboration in countries where the Russian Federation is providing bilateral development assistance with a view to enhancing effectiveness of such assistance.

Outcome indicators as stated in the Regional programme document for Europe and the Commonwealth of Independent States, 2014-2017, including baseline and targets:

UNDAF/CP OUTCOME 1: By 2022, inclusive and sustainable economic growth is increased through agricultural, industrial and rural development, decent work, improved livelihoods, food security and nutrition

Output.1.3: Women, youth and people from the regions with high poverty rate benefit from improved services and infrastructure, better skills, access to resources, sustainable jobs and livelihoods. (8, 110

Output Indicator 1.3.1. Number of full time equivalent jobs created for women and men, 15 or more years old

Regional Outcome Indicator: 4.4. Number of East-East and Triangular cooperation partnerships and institutionalized assistance programs facilitated or established with UNDP Istanbul Regional Hub support. Baseline: 2. Target: 4

Outcome Indicator 4.2. Number of East-East and Triangular cooperation partnerships and institutionalized assistance programs facilitated or established with UNDP support.

Output 3- South-South and Triangular cooperation partnerships established and/or strengthened for development solutions including through support to new and emerging development cooperation providers.

Output Indicator 4.3.1. Number of strategic partnerships institutionalized

Output Indicator 4.3.2. Number of capacity support programs to emerging donors

Output Indicator 4.3.3. Number of East-East and South-South cooperation initiatives, including in partnership with regional institutions

Applicable Output(s) from the UNDP Strategic Plan: Output 7.5 South-South and Triangular cooperation partnerships established and/or strengthened for development solutions

Project title and Atlas Project Number: Strengthening capacities for sustainable development finance in the CIS region

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS				DATA COLLECTION METHODS & RISKS
			Value	Year	2018	2019	2020	FINAL	
Output 1 Enhanced capacity of financial institutions and business entities in investment development projects preparation and implementation in the Kyrgyz Republic	1.1 Number of workshops and trainings for potential borrowers of the RKDF preferably with no less than 30% of women-borrowers	Project report	0	2017	1	1	0	2	Project report
	1.2 Number of gender-sensitive pre-feasibility studies, business plans, assessments developed under the technical assistance to potential borrowers of the RKDF	Project report	0	2017	2	2	1	5	Project report
	1.3 Number of projects that received RKDF loan out of the all projects supported under Activity 1	Project report	0	2017	10%	40%	70%	70%	Project report
Output 2 Enhanced capacity of the select CIS countries in accessing new development finance sources	2.1 Number of gender-sensitive pre-feasibility and feasibility studies, business plans, assessments, etc. developed under the technical assistance to potential borrowers of the EDB	Project report	0	2017	1	1	1	3	Project report
	2.2 Number of lending products and credit lines supported by the project	Project report	0	2017	0	1	1	2	Project report

The targets in the table above are indicative and may be corrected by the Project Board.

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring plan:

Monitoring Activity	Purpose	Frequency	Expected Action	Partners	Cost
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly	Slower than expected progress will be addressed by project management.	UNDP IRH, CO	Project staff cost
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNDP IRH, CO	Project staff cost
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Annually	Relevant lessons are captured by the project team and used to inform management decisions.	UNDP IRH, CO, EDB, RKDF	Project staff cost
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project, including gender mainstreaming.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNDP Programme analyst, CO M&E Analyst	Project staff cost
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	UNDP IRH, Ministry of Economic Development of KR, EDB, RKDF	Project staff cost
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved	Annually, and at the end of the project (final report)		UNDP IRH, Ministry of Economic	Project staff cost

	<p>against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.</p>			Development of KR, EDB, RKDF	
<p>Project Review (Project Board)</p>	<p>The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.</p>	<p>At least annually</p>	<p>Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.</p>	Project Board	Project staff cost
<p>Quality assurance</p>					

VII. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS AND PLANNED ACTIVITIES	ACTIVITIES AND BUDGET ITEMS	Budget by Year			RESPONSIBLE PARTY	BUDGET	
		1 st year	2 nd year	3 rd year		Funding Source	Budget Description
		Amount, USD					
Output 1. Enhanced capacity of financial institutions and business entities in investment development projects preparation and implementation in the Kyrgyz Republic	Action 1.1. Support to the strategic programming of development operations by the government Identification of the industries and key enterprises for strategic support with targeted investments Support to establishment of the Project Preparation Fund	15,000			UNDP	TFD	International Consultants (ICs) 15,000
		20,000	20,000		UNDP	TFD	ICs and Local Consultants (LCs) 40,000
	Action 1.2. Preparation of the high priority projects for RKDF financing						
Activity 1. Technical assistance to the Kyrgyz Republic in identification, preparation and implementation of bankable projects for financing from the RKDF	Sector-specific gender-sensitive technical, economic and financial expertise to support projects identification Development of pre-feasibility studies Training of the project participants Inception workshop	23,000	110,000	130,000	UNDP	TFD	Consulting Company (CC) 23,000
		20,000	20,000		UNDP	TFD	CC 350,000
							CC 40,000
							12,000
	Sub-total for Output 1						480,000
Output 2. Enhanced capacity of the select CIS countries in accessing new development finance sources Activity 2. Technical assistance in project preparation for	Action 2.1. Cooperation framework for targeted support to preparation of quality bankable projects for EDB's lending Advisor to the cooperation framework elaboration and implementation Preparation of documents for the pilot bankable project Capacity building, training and implementation of the cooperation framework with gender considerations	40,000	20,000	20,000	UNDP	TFD	IC 80,000
		70,000	50,000		UNDP	TFD	ICs / CCs 120,000
			100,000	120,000	UNDP	TFD	ICs / CCs 220,000

EXPECTED OUTPUTS AND PLANNED ACTIVITIES	ACTIVITIES AND BUDGET ITEMS	Budget by Year			RESPONSIBLE PARTY	BUDGET	
		1 st year	2 nd year	3 rd year		Funding Source	Budget Description
					TOTAL EDB		120,000

The targets in the table above are indicative and may be corrected by the Project Board.

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be directed by the Project Board. The Project Board will be responsible for making management decisions for the project when guidance is requested by the Project manager or UNDP acting as the Project Implementing Partner.

The key distinct roles of the members of the Project Board are identified in the scheme below:

- 1) An Executive: individual representing the project ownership to chair the group.
- 2) Senior Supplier: individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. A representative of the Russian Government and a representative of the EDB will act in this role.
- 3) Senior Beneficiary: individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. Nominated representatives of the UNDP Country Offices will serve on the Project Board in a capacity of the Senior Beneficiary.

The Project Board will:

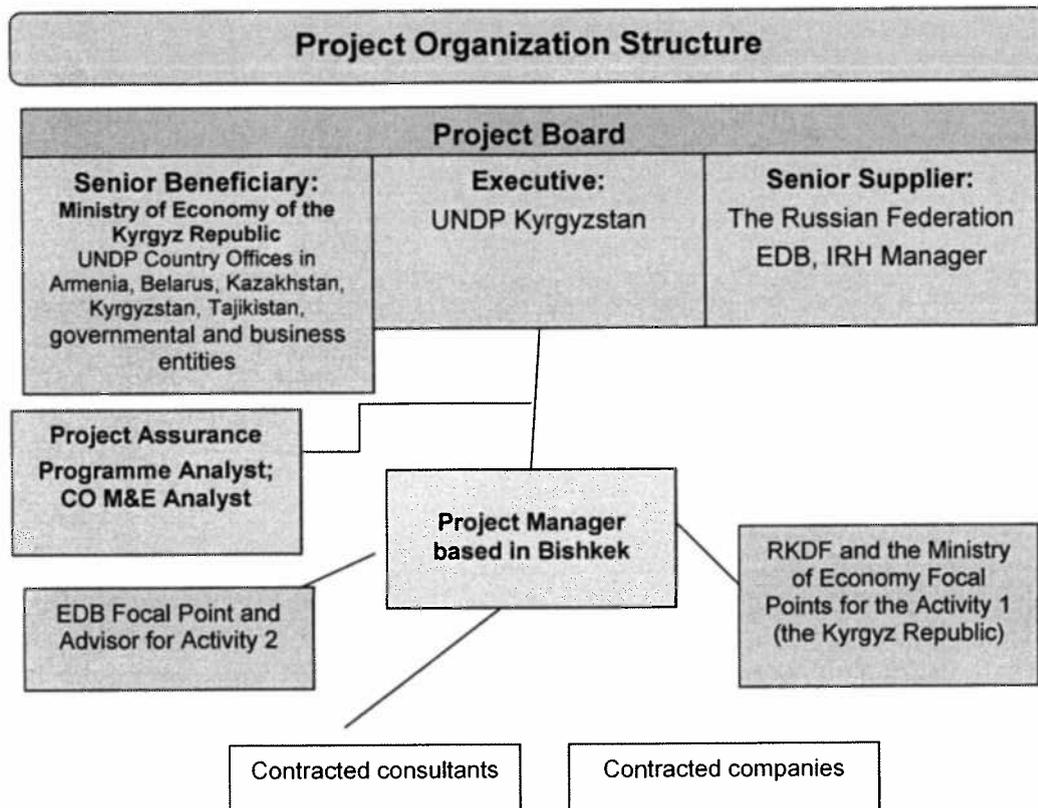
- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Make strategic decisions (i.e., changes in the project document);
- Authorize any major deviation from the project document and agreed annual plans;
- Review annual progress reports and make recommendations for follow on functions;
- Review and recommend for UNDP approval of end project report, including lessons learnt;
- Address project issues as raised by UNDP and/or project manager and make recommendations on follow-on actions;
- Provide guidance on new project risks and agree on possible countermeasures and management actions to address specific risks.

A more detailed operating framework for the Project Board, including the decision making process, will be defined subsequently between the EDB and UNDP with regard to the policies, procedures, reporting requirements, agreements and legal documents of the EDB and UNDP.

The project will be managed by a Project Manager, who has the authority to run the project on a day-to-day basis on behalf of UNDP. The Project Manager's prime responsibility is to ensure that the project produces the results (outputs) specified in the project document to the required standard of quality and within the specified constraints of time and cost. The Project Manager will be outposted to Bishkek, Kyrgyzstan. The Project Manager will report to the senior staff member (An executive) nominated by the UNDP Istanbul Regional Hub (IRH). Terms of Reference for the Project Manager are presented in Annex 2.

To ensure project alignment with activities implemented by partners Project Manager will be supported by several mechanisms. Implementation of the Activity 1 will be facilitated by senior level focal points in the RKDF and the Ministry of Economy of the Kyrgyz Republic. Coherent implementation of the Activity 2 will be ensured by close collaboration with a focal point in the EDB, who will coordinate participation of EDB's departments in the Project, including elaboration of a Cooperation framework for targeted support to preparation of quality bankable projects for EDB's lending and other proposed activities (knowledge products) to be supported by the Project, subject to internal policies, procedures, including procurement procedures, reporting and other requirements, agreements and legal documents of the EDB. Both Project manager and the EDB focal point will be supported by a short-term Advisor(s), who will be hired by the project and will report to both parties (selection and supervision will be also performed jointly). The Advisor will support Activity 2 by providing technical advice on a pilot investment project selection, preparation of TORs for pre-feasibility and other interventions, commenting on the project outputs. The Advisor's recommendations will not be binding; they will be advisory in nature. Investment project selection will be realized in accordance with the EDB internal procedures and policies.

Project assurance is the responsibility of UNDP IRH Coordination and Quality Assurance Team, and CO Programme Officer including performing oversight and monitoring functions.



IX. LEGAL CONTEXT AND RISK MANAGEMENT

This project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the "Project Document" instrument referred to in: (i) the respective signed SBAs for the specific countries; or (ii) in the Supplemental Provisions attached to the Project Document in cases where the recipient country has not signed an SBA with UNDP, attached hereto and forming an integral part hereof. All references in the SBA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by the UNDP ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

UNDP as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

UNDP agrees to undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via

hthttp://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).

The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

X. ANNEXES

- 1. Risk Analysis**
- 2. Terms of Reference of key management positions**
- 3. Responsibilities and Qualifications of Project Consultants**
- 4. Information note on the Technical Assistance Fund of the Eurasian Development Bank**
- 5. IFI energy efficiency credit lines - operational practices and lessons learned**
- 6. QA Assessment Report for Design Stage**

Annex 1. Risk Analysis

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
1	Limited awareness of businesses on the investment opportunities and available capacity support	September 2017	Operational	P = 3 I = 3	The project will ensure wide information sharing on the available capacity building opportunities via reaching out to local partners and business networks.	Project Developer	Project Developer		
2	Economic volatility affecting IFI budgets	September 2017	Financial	P = 2 I = 4	The project will strengthen financial understanding and vigilance of stakeholders in the CIS via targeted capacity building. It is assumed that this would help them diversify their approaches and avoid excessive reliance on any individual IFI.	Project Developer	Project Developer		
3	Poor coordination of various actors due to complex project design	September 2017	Operational	P = 2 I = 4	Project manager will be responsible for ensuring efficient communication among all project actors. UNDP Country Office in Kyrgyzstan will support Activity 1 in Kyrgyzstan given its well-established cooperation modalities and communication lines with national stakeholders.	Project Developer	Project Developer		

Annex 2. Terms of Reference of the Project Manager

The Project Manager reports to the UNDP Executive in the Project Board.

Overall responsibilities: The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

Specific responsibilities:

Overall project management

- Manage the realization of project outputs through activities;
- Provide direction and guidance to project team and consultants;
- Liaise with the UNDP and the Project Board to assure the overall direction and integrity of the project;
- Identify and obtain any support and advice required for the management, planning and control of the project;
- Responsible for project administration;
- Liaise with any suppliers;
- May also perform team manager and project support roles.

Running a project

- Plan the activities of the project and monitor progress against the initial quality criteria;
- Mobilize goods and services to initiative activities, including drafting TORs and work specifications;
- Monitor events as determined in the Monitoring and Evaluation plan (section VI of the project document), and update the plan as required;
- Manage requests for the provision of financial resources by UNDP, using advance of funds, direct payments, or reimbursement of expenses under the project using the FACE (Fund Authorization and Certificate of Expenditures);
- Monitor financial resources and accounting to ensure accuracy and reliability of financial reports;
- Manage and monitor the project risks as initially identified in the project document, submit new risks to the Project Board for consideration and decision on possible actions if required; update the status of these risks by maintaining the project risks log;
- Be responsible for managing issues and requests for change by maintaining an issues log;
- Prepare the annual review report, and submit the report to the Project Board;
- Based on the review, prepare the annual work plan for the following year.

Closing a project

- Coordinate the preparation of final project review reports to be submitted to the Project Board;
- Identify follow-on actions and submit them for consideration to the Project Board;
- Manage the transfer of project deliverables, documents, files, equipment and materials to national beneficiaries;
- Prepare final CDR/FACE for signature by UNDP;
- Coordinate managing recruitment, contracting and procurement for the project by UNDP respective administrative units.

Annex 3. Responsibilities and Qualifications of Project Consultants

1. Activity 1.1 Support to the strategic programming of development operations by the government

- Identification of the sub-sectors and industries for strategic support with targeted investments: senior level individual international consultants (ICs) will undertake the required economic and technical analysis and formulate strategic approach for Kyrgyz producers from the selected sub-sectors and industries to beneficially access the Eurasian markets. Team leader will also be responsible for drafting Terms of Reference for Consulting Company 1 (CC1) assignment under Sub-component A.2 - Preparation of the high priority projects for RKDF financing.

Qualifications of the ICs team (team leader and experts) would include: (i) deep familiarity with the economic and political context and with the business operating environment in Kyrgyzstan and the other countries of the Eurasian Economic Union, including knowledge of the applicable technical and other regulations that may impact the accessibility of the Eurasian markets for the Kyrgyz products; (ii) experience in preparation and implementation of investment projects technically relevant to the assignment, and (iii) experience in advising senior government officials and decision-makers on strategic and operational issues of identifying and resourcing development and investment priorities.

Experts would have specialized sub-sectoral / industrial technical background to be determined by the Ministry of Economy in consultation with the RKDF. Team leader would have experience in developing Terms of References for consultant companies involving project identification and preparation of the pre-feasibility studies.

- Support to establishment of the Project Preparation Fund under the Ministry of Economy of the Kyrgyz Republic: senior level International Consultants and Local Consultants (LCs) will be assigned to provide technical support and facilitate establishment of the financial and procedural arrangements for projects preparation.

Qualifications would include: (i) understanding of the mandate, operational practices and project eligibility requirements of the RKDF and other financial institutions, which are likely to finance projects prepared by the PPF, (ii) experience in preparation and implementation of investment projects financed by IFIs, including operations of the recipient-administered IFI-financed projects, (iii) experience in capacity development activities of business entities in project finance, and (v) deep familiarity with the relevant investment context in the Kyrgyz Republic.

2. Activity 1.2 - Preparation of the high priority projects for RKDF financing: the assignment will be performed by CC1 under Terms of Reference developed by the IC team under Intervention 1.1. CC qualifications would include: (i) sector-specific technical, economic and financial expertise to support identification of technically and financially sound investment projects in Kyrgyzstan in accordance with governmental and RKDF priorities, (ii) competence to prepare pre-feasibility studies or other project support documents for the selected highest priority projects from RKDF pipeline, and (iii) competence in capacity development of project participants and experience in developing and implementing training activities addressing bankable development projects preparation and implementation in the Kyrgyz operational context.

3. Activity 2.1 - Cooperation framework for targeted support to preparation of quality bankable projects for EDB's lending, including preparation of pre-feasibility studies and other activities for new projects directly financed by EDB would be performed by Consulting Companies (CCs) with the (i) relevant sectoral project preparation expertise, (ii) positive track-record of similar assignments in CIS countries, (iii) familiarity with the EDB project processing requirements, and (iv) knowledge of the operational context in the country of assignment.

Within this activity an International Consultant (Advisor) would also be engaged under a Short – Term Contract to (i) provide guidance on issues related to the selection of projects for preparation support and facilitate review of candidate projects, and (ii) draft and coordinate finalization of the Terms of Reference for CCs for the preparation of the specific pre-feasibility studies. Advisor should

possess an extensive interdisciplinary and leadership experience in the preparation of energy, environment and /or infrastructure projects for IFIs financing in the CIS countries.

4. Activity 2.2 - Capacity development for financial intermediary operations: the assignment would be performed by Consulting Company 2 (CC2) under Terms of Reference developed by UNDP and EDB in consultations with RKDF. The assignment will be implemented in a close coordination and collaboration with the CC1 engaged in Activity 1.2.

This assignment would require from the CC2 the following qualifications: (i) competence to develop new lending products administered by intermediary commercial banks, (ii) experience in the on-the-ground capacity development for financial intermediary operations, and (iii) experience in development of the project-related training programmes and competence to deliver training on project implementation, finance, and on the global access to the new sources of concessional funding.

Although the CC2 may be able to provide the full range of expertise required to implement these activities, Individual Consultants may also be engaged as needed to address specific technical issues.

5. Activity 2.3 - Knowledge management to improve accessibility of development financing: analytical studies, policy briefs would be developed as needed by International Consultants or Local Consultants with technical backgrounds and experience, which would be relevant to every specific assignment. The training of the project participants could be performed by Consulting Company 2 or by a CC assigned for the task.

Annex 4. Information note on the Technical Assistance Fund of the Eurasian Development Bank⁷⁶

The Technical Assistance Fund of Eurasian Development Bank commenced its operations in 2008. The value of the whole TAF's project portfolio is US\$ 7.2 million.

Current portfolio of the TAF consists of:

- The Programme of Technical Assistance as Part of Financing Investment Projects – 49%
- The Regional Integration Studies Programme – 34%
- The Innovative Economy Support Programme – 9%
- The Programme of Support for Interregional and International Programmes – 8%.

Under the Programme of Technical Assistance as Part of Financing Investment Projects, the Bank provides technical assistance to potential parties to investment projects in which the Bank may also participate in the future. The main objective of this Programme is to support identification of investment projects in priority economic sectors in the member states. It aims to reduce risks, shorten project preparation time, and enhance the efficiency of the projects.

The Programme supports following types of activities:

- feasibility study and environmental impact assessment of a project or a programme;
- market studies in order to ensure the efficiency of proposed projects;
- developing terms and mechanisms of financing large investment projects which require the resources of several participants (consortium);
- training and capacity development of the participants' staff involved in investment projects in order to build a strong profile of a potential borrower; and
- assessment of the need for institutional development, creating mechanisms as to the administration of the project and its monitoring during the implementation phase, and providing other support for project implementation.

The final phase of each project under this Programme culminates with the assessment of the project's efficiency and the preparation of recommendations for applying its results in other member states of the Bank.

The resources of this Programme may be helpful to those potential borrowers who do not have adequate funds for conducting a pre-project identification.

The Fund has completed several projects under the Program of Technical Support of Investment Projects Financing, including:

- comparative assessment of technical and economic characteristics of a new navigable channel between the Caspian Sea and the Azov and the Black Seas basins;
- polycrystalline silicon studies that contributed to an investment project involving the establishment of the first Russian polycrystalline silicon production complex;
- advising on marketing, legal and tax matters of the project involving acquisition by Armavia LLC of two Russian Regional Jets produced by Sukhoi Civil Aircraft CJSC;
- technical assistance for the update of the Audit Report on Technical Condition and Environmental Indicators at Ekibastuz Hydroelectric Power Plant-2 under the project involving construction of Power Generating Unit 3 at the plant.

⁶ Information on the EDB webpage was used to prepare the note. URL: <http://eabr.org/e/research/technical-assistance/>

Annex 5. IFI energy efficiency credit lines - operational practices and lessons learned.

Attractive opportunities to invest in energy efficiency are often passed up for lack of commercial financing. Donors and governments can solve this problem by setting up dedicated credit lines that allow financial institutions (often local banks) to on-lend funds to entities wishing to improve their energy efficiency. The success of a credit line depends to a great extent on the selection of competent and committed financial institutions. A technical assistance component built into the credit line helps lower the technical and financial risk of projects.

I. Experience of the World Bank A recent analysis of the energy efficiency lines of credit in the World Bank-financed projects identified useful lessons learned (ref. *Financing Energy Efficiency: Lessons from Brazil, China, India, and Beyond*, ESMAP / The World Bank, 2008; and *Designing Credit Lines for Energy Efficiency, Knowledge Note for Energy and Extractives Global Practice*, The World Bank). Key considerations applicable to the design of the energy efficiency credit lines by the international financial institutions are summarized below.

A. Availability of credit is essential for investments in energy efficiency

Many economically attractive opportunities to invest in energy efficiency are forgone because of various market barriers, notably the limited availability of commercial financing for energy efficiency projects. Once a government decides, as a matter of policy, to scale up energy efficiency, it typically must engage commercial banks to provide financing to the private end users who will carry out the energy efficiency projects needed to make the national policy a reality. Credit lines help banks establish an energy efficiency business line by mitigating the perceived high financial risk of energy efficiency projects and of the energy service companies that carry them out, and sometimes by building into the credit line a technical assistance component to improve understanding of the fundamentals of energy efficiency projects. They also reduce the transaction costs of project finance by standardizing the process of project appraisal and loan processing. For project developers, credit lines expand the pool of commercial debt financing for their projects. The technical assistance component helps lower the perceived technical and financial risks of energy efficiency investments. Energy efficiency credit lines make funds available to participating financial institutions (including local banks). Typically the credit line is extended to the financial institution as a low interest rate loan by a donor (such as a multilateral development bank or other international financial institutions) or by government. The recipient institution then on-lends the funds to borrowers (industries and other private entities) to invest in energy efficiency projects. Targeted IFIs' support for energy efficiency investments is warranted because current investment levels are suboptimal.

B. Design features critical to success of the credit lines

(i) *Appropriate financing terms.* The donor or government agency usually extends the credit line to a participating financial institution (typically a bank) at its standard rate and tenor. The financial institution then on-lends to project developers at terms specified in legal agreements between the donor or government and institutions. For example, World Bank credit lines typically require that on-lending occur at market rates to avoid creating market distortions and competitive advantages and that the participating institution provide co-financing on a one-to-one basis or better. For many World Bank projects, co-financing has equaled or significantly exceeded Bank lending, but in at least one case it was less than 20 percent of the loan amount. Using its standard project-appraisal criteria, the financial institution will typically finance about 70 percent of a project's total investment costs, requiring the project host or energy service company to finance the remaining 30 percent through equity investments. The participating financial institution will also demand collateral, often 120 percent or more of the loan amount, because it assumes all repayment risks. In this way, a credit line can leverage funds both from the financial institution and the project developer.

When the donor agency providing the credit line is an international financial institution, funds for the line are either lent to the participating financial institution via the national government or

directly to the institution with an accompanying guarantee from the government. The exchange rate risk is typically borne by the participating financial institution. Repayment occurs through the same channels followed to disburse the credit line. There is a risk that an energy efficiency credit line may end up subsidizing participating financial institutions, since financing from international financial institutions is generally less costly than from other sources and participating financial institutions are required to lend at market rates. The logic behind the cheaper credit provided by the international financial institution is that it partially offsets the costs incurred by participating financial institutions in establishing the new business line in energy efficiency lending. Since many energy efficiency investments have shorter payback periods than the typical tenors of loans from international financial institutions, there is also a risk that funds provided for the credit line could be used simply to finance the balance sheets of participating financial institutions once the initial energy efficiency investments are fully repaid. One potential remedy is to require the participating financial institutions to roll over funds to new project lending. Another is for international financial institutions to shorten the tenor of loans for credit lines. A third solution may be to exploit the potential to combine credit lines for energy efficiency and renewable energy.

(ii) *Accurate targeting of end users.* The selection of the end-use sector to be targeted depends on the policy goals to which the credit line is designed to contribute. In practice, credit lines more often target industry and large firms rather than smaller businesses and the residential sector. In part the bias toward larger enterprises is a consequence of the risk assessment and financial evaluation procedures that financial institutions use to determine whether a project developer will be eligible to borrow from it. Borrowers need to be creditworthy in the eyes of the lender, and most lenders do not recognize cash flow from energy savings as an acceptable form of collateral. The emphasis on asset-based or balance sheet financing limits lending to certain borrowers such as larger firms. Public sector agencies have rarely been the target of energy efficiency credit lines, those that KfW offers in Eastern Europe being an exception. Most commercial lenders are reluctant to provide debt financing to public sector agencies; reciprocally, most public agencies lack the inclination and capacity to borrow commercial funds on market terms.

(iii) *Project eligibility criteria.* The criteria for determining project eligibility can vary greatly depending on the end-use sectors targeted by the credit line, the amount of energy the user consumes, and the technical, social, and environmental characteristics of the project. The criteria may also include minimum energy savings or percentage savings. Portfolio risk management criteria usually preclude the commitment of a large share of the total amount of financing available through the credit line to any single project or company, as it would be undesirable to have the success of the credit line depend too heavily on just a few investments.

(iv) *Availability of the technical assistance.* The type of technical assistance needed to support a new credit line depends on the sectors targeted, the capacity of the participating financial institutions, and the availability of other technical assistance resources. The range of technical assistance activities is broad: conducting market studies; developing appraisal procedures to assess energy efficiency cash flows and risks; developing financial products for energy efficiency projects; training staff of participating financial institutions; supporting pilot programs; marketing, monitoring and evaluating programs; disseminating experience and lessons learned; adapting and disseminating planning tools; and supporting business development among energy service companies. To date, the most common focus of technical assistance has been building the capacity of participating financial institutions. An example of how these features work in practice is provided in a section below.

C. Detailed practical example of credit line characteristics

In the China Energy Efficiency Financing (CHEEF) Project (2008–2014), the World Bank has provided a line of credit to three commercial banks in China - China EXIM Bank, Minsheng Bank, and Huaxia Bank - to enable them to finance energy efficiency projects.

Financing terms. The line of credit was structured as a financial intermediary lending operation with a sovereign guarantee from China's Ministry of Finance. The World Bank loan was based on the London

Interbank Offer Rate (LIBOR), was denominated in U.S. dollars, and has a variable spread. Each of the three banks received \$100 million to be repaid in 17.5 years, including a grace period of five years. The funds were on-lent by the Ministry of Finance to the three banks at the same financial terms and conditions, and were in turn loaned by the banks at market rates to industrial enterprises and energy service companies. The participating banks are responsible for debt servicing and bear all of the financial risks associated with the World Bank loan. The World Bank required each bank to invest an additional \$100 million or more of its own resources in energy efficiency projects overall, while the participating banks required the recipient enterprises, to which they made project loans, to contribute about 30 percent of project costs. A Global Environment Facility (GEF) grant was used to provide technical assistance.

Targeted end users. The targeted end users are medium and large industrial enterprises in China having total annual revenues of at least CNY 30 million (US\$ 4.7 million equivalent), based on audited income statements no more than two years old. Under CHEEF III, sub-borrower eligibility was expanded to include industrial enterprises of all sizes, energy service companies (including leasing companies), and owners of buildings.

Project eligibility. Investments must be in renovation or rehabilitation. Any new construction must be within the boundaries of the existing premises. The cash flow benefit arising from energy savings associated with the project, as reviewed by the participating financial institution, must be adequate to repay the total investment cost of the subproject within 10 years. The sub-borrower must obtain approval from the appropriate Chinese environmental authorities.

Technical assistance. The GEF grant is used to train personnel in participating financial institutions; to develop new financial products for energy service companies; to adapt loan appraisal and underwriting criteria to energy efficiency investments; to conduct market-segment studies to broaden the end-use sectors and technologies in the portfolio; to build partnerships and engage selected bank branches in market development and in generating deals; and to develop market aggregation tools for projects and for small and medium-size enterprises. Policy related technical assistance focused on helping the National Development and Reform Commission to develop market-based mechanisms, such as schemes for trading energy savings certificates; developing and implementing high-priority energy conservation programs during the 12th Five-Year Plan (2011-2015); and strengthening the National Energy Conservation Center.

By the end of 2014 the credit line leveraged \$462 million from participating banks and industrial enterprises - a leverage ratio of 1:4. The investments made possible by the credit line are expected to save 1.7 million tons of coal equivalent (1.2 million tons of oil equivalent) and to reduce CO₂ emissions by 4.2 million tons each year.

D. Competence and commitment of the participating financial institutions is key to the success

Credit lines are just one mechanism for financing energy efficiency investments. Others include demand-side management by utilities, utility-funded consumer financing, energy efficiency funds, risk-sharing programs, energy saving performance contracting, and equity funds. All of these mechanisms work best within a context of clear national objectives for energy efficiency and supporting policies that create a market pull for investments in efficiency. The unique feature of credit lines is, however, their use of an existing delivery mechanism: the lending framework of the participating financial institution. This delivery mechanism presents both advantages and limitations. Where the existing lending framework has well established project appraisal procedures and institutions have a deep fund of professional expertise, implementation of the credit line may be quick and easy. Where participating financial institutions have limited capacity to manage energy efficiency projects, the credit line's effectiveness may be limited, and project appraisal procedures may restrict the pool of borrowers that can be reached by the credit line. Still, for donors, credit lines entail minimum risk, particularly if the funds are guaranteed by the national government (in case of sovereign lending). Furthermore, credit lines can be instrumental in developing the market for energy service providers.

Accumulated experience with energy efficiency credit lines is leading to the identification of good practices for design and implementation. In general, as with all types of support mechanisms, a credit line should be adapted to context, which includes the national economic, financial, legislative, and regulatory framework, as well as the specific characteristics of participating financial institutions, project developers, and targeted projects.

The overall success of a credit line depends to a great extent on the selection of competent and committed financial institutions. Institutions need management with an interest in and willingness to engage in energy efficiency as a new business line, as well as good access to, knowledge of, and relationships with the target market. Institutions should already be familiar with the sectors they intend to target. To deploy credit lines targeting small and medium-sized enterprises in India, JICA and KfW worked with the Small Industries Development Bank of India, which had the requisite experience with such customers. It is essential, too, that the institutions develop or work with a technical team that is experienced in energy efficiency technologies and their benefits. The energy efficiency business line should be handled by the department responsible for commercial loans to the target clients. Staff in the department should be motivated to develop business through performance incentives and other commercial management tools.

Technical assistance can help many financial institutions get the credit line working faster. To create a market conducive to sustained energy efficiency investments, capacity building for participating financial institutions and for the broader energy efficiency network is recommended. Technical assistance offered to end users and government can help develop the broader energy efficiency market, stimulate interest in energy efficiency projects, disseminate the positive results obtained from the credit line, and encourage other banks and local financial institutions to increase their lending for energy efficiency projects.

Concessional funding remains a major factor in securing the interest of small and medium enterprises in energy efficiency. Because the appraisal criteria of most financial institutions favor the financing of larger, more creditworthy energy users with strong balance sheets, a credit line targeted at small and medium enterprises or public sector projects may require credit enhancement techniques and much more forceful market development efforts.

On the operational front, simplifying project review and appraisal procedures wherever possible and integrating them into the financial institution's own systems can accelerate deployment of the credit line. A good example of this is JICA's credit line to SIDBI (India), in which simple eligibility criteria (projects were eligible if they included preapproved technologies or equipment) allowed loan officers to quickly appraise a project, enabling SIDBI to make a large number of sound loans very quickly.

It should be also kept in mind that a credit line that is jointly offered for both renewable energy and energy efficiency may tend to find more uptake in renewable energy investments than in energy efficiency investments, possibly because renewable energy projects are larger, have proportionally lower transaction costs, and involve assets that are easier to use as collateral.

II. Experience of the EBRD. The EBRD Sustainable Energy Financing Facilities (SEFFs) provide a good example of the replicable operational modality for the deployment in member countries of the energy efficiency lines of credit for the individual private / public sector clients. Since 2006, over 3 billion euros were allocated for credit lines in 24 countries. Lines of credit were extended through more than 100 local partner financial institutions (intermediary commercial banks). EBRD and the participating donor financing has reached overall more than 100,000 companies and residential borrowers, reportedly leading to over 6 million tons of CO₂ emissions reductions per year.

Through SEFFs in respective countries, the EBRD extends credit lines to local financial institutions that seek to develop sustainable energy financing as a permanent area of business. Finance for sustainable energy projects is provided for two key areas: energy efficiency and small-scale renewable energy. Local financial institutions on-lend the funds which they have received from the EBRD to their clients, which include small

and medium-sized businesses, corporate and residential borrowers, and renewable energy project developers.

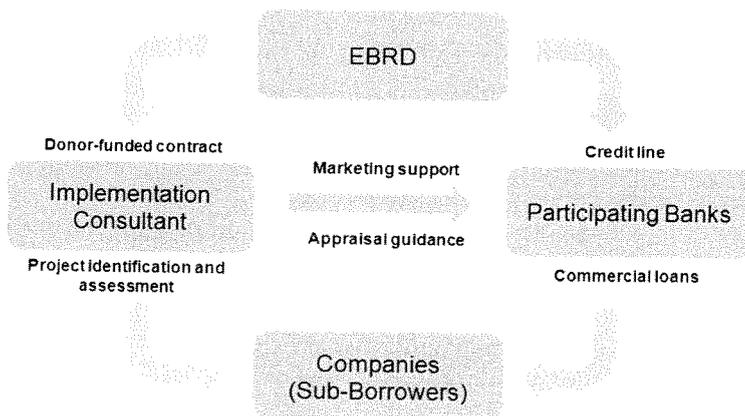
In addition to financing, each country-related SEFF establishes a Project Implementation Team, comprised of local and international experts who provide support to participating local financial institutions and their clients. They undertake a range of activities, such as training staff in promoting the new financial product and how to recognize technically eligible projects, marketing of the facility, providing technical advice and studies, and supporting the creation of standards for environmental due diligence. These experts also provide borrowers with support in identifying energy saving opportunities; developing financing applications; performing investment, technical and environmental analysis; enhancing project design, and advising on high performance technologies.

SEFFs financing for businesses typically ranges from a few hundred thousand to a few million euros to support the purchase and installation of equipment, systems or processes. Across the EBRD region, SEFF financing has supported diverse projects in virtually all sectors, ranging from agribusiness, food processing, and manufacturing to industry, construction and services.

Residential loans cover a few thousand to a few hundred thousand euros, most often to support improvements on the building envelope. Various groups have benefited from SEFF loans including individual owners, groups of home owners and multi-apartment associations.

Combining a loan with a grant funded advisory package is a significant strength of the SEFF operational approach. Where necessary, the EBRD is working closely with donors to provide not just financing for the technical support, but also grant investment support to overcome affordability constraints and address cost and risk barriers.

The SEFFs in the targeted countries (or regional) are established jointly with the interested bilateral and multilateral donor agencies and funds, which support operations with the grants and technical assistance. A typical functional scheme of a SEFF is presented in a chart below.



In the countries of interest, the SEFF operations are administered by the following entities:

Armenia - regional Caucasus Industrial and Residential SEFF through Energocredit Armenia (energocredit.am);

Belarus - Belarus Sustainable Energy Financing Facility (BelSEFF , www.belseff.by);

Kazakhstan - Kazakhstan Commercial Sustainable Energy Financing Facility (KazSEFF);

Kyrgyzstan - Kyrgyz Commercial and Residential Sustainable Energy Financing Facility (KyrSEFF, www.kyrseff.kg);

Tajikistan - Climate Resilience Financing Facility (CLIMADAPT, climadapt.tj).

In view of the high relevance to the project, key operational data for the EBRD Kyrgyz Commercial and Residential Sustainable Energy Financing Facility (KyrSEFF) is summarized below (source: *seff.ebrd.com* and *www.kyrseff.kg*).

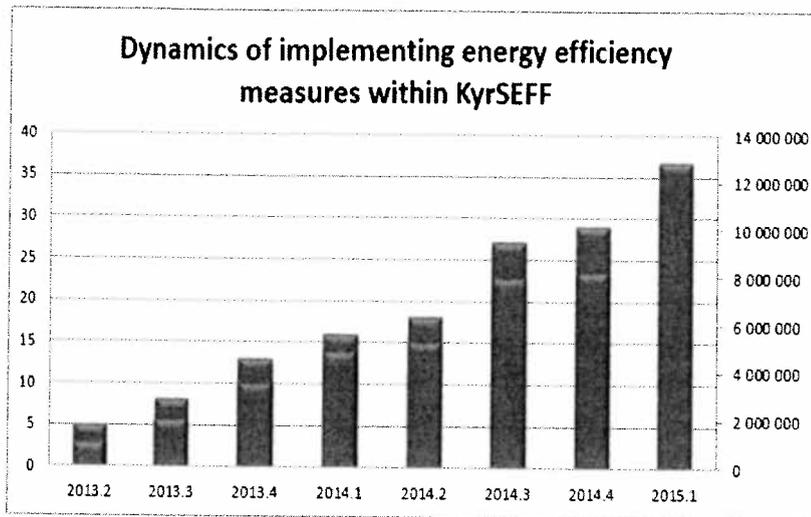
KyrSEFF features:

- \$20 million credit line facility from the EBRD to participating financial institutions (PFIs) in Kyrgyz Republic for on-lending to private companies and homeowners investing in energy efficiency and renewable energy measures.
- Loans of up to \$1 million to private companies and up to \$100,000 for residential borrowers for implementation of a large variety of energy saving and renewable energy technologies.
- Advisory package to prospective borrowers and PFIs from a team of highly qualified experts. Services may include energy audits, trainings, marketing and project assessments support.
- Investment incentives of up to 35% of loan amount for residential borrowers and up to 20% for private companies upon completion and verification of eligible projects.
- Additional investment incentives for using the pre-approved high performance technologies from the online Technology Selector. The listed technologies meet the high energy efficiency standards.
- Investment incentives and advisory package are funded by the donor, the Investment Facility for Central Asia (IFCA) of the European Union (EU). It aims to assist smooth project implementation and wider application of the sustainable energy solutions.

KyrSEFF project statistics

The statistical data below summaries the work carried out by KyrSEFF to date in terms of the number of project loans disbursed, the geographical distribution of projects, the most frequently implemented measures as well as the associated energy savings and avoided CO2 emissions.

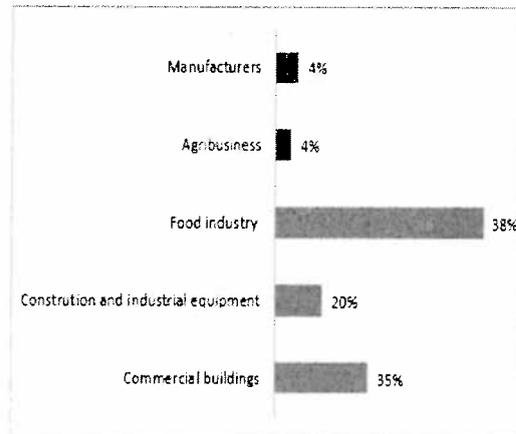
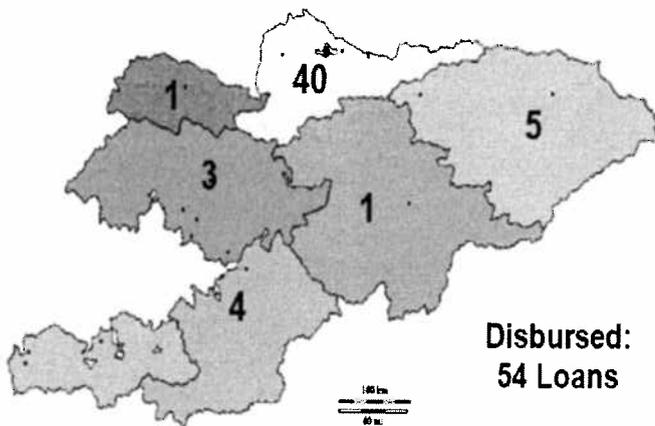
In the beginning of July 2016, under the KyrSEFF business credit line for offices and industrial premises, a total of 53 loans were disbursed with 34 companies finalizing the implementation of their energy saving measures and consequently receiving the investment grant.



14 496 713\$
Investments

Grants paid
1 146 112\$
Grants expected
2 193 188\$

Although loan applications to KyrSEFF are made from all regions of Kyrgyzstan, the map below illustrates that to date the majority of energy efficiency projects are centered in the Chui oblast area and Bishkek city. Recently, however, KyrSEFF noticed an increased interest in the credit line from other regions. Around 46% of the loans disbursed have been used to replace and optimize equipment in the food industry while 25% have been used to improve energy efficiency in commercial buildings.



Energy savings generated by the KyrSEFF projects in the commercial sector amount to 88,506 MWh per year, equal to energy from burning 19,790 tonnes of coal (with the energy content of 3,580 kcal/kg).

CO2 emissions savings from the energy efficiency projects implemented under KyrSEFF amount to 21,323 tonnes per year of CO2 emissions decrease, which is equal to emissions from 229 flights Moscow-Bishkek.

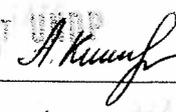
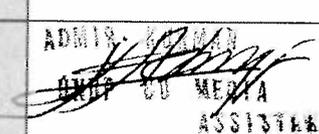
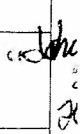
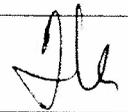
Clearance Slip for:

ProDoc
 AWP/ Revision
 Agreement/ Amendment
 MoU
 Other

Purpose: Clearance of the new project document funded by the Russia TFD

Project number/title: 00107048/ Strengthening capacities for sustainable development finance in the CIS region

Prepared by: Mr. Erkinbek Kasybekov, ARR

Cleared by	ProDoc	AWP/ Revision	MoU	Agreement/ Amendment	SIGNATURE/ DATE
Programme Analyst	Author	Compliance with Prodoc		Compliance with Prodoc	 NOZA SOLTOEVA
Programme Associate	Budget Author	Verification of document correctness (period, title, names, calculation) and grammar			 PROGRAMME AND POLICY ANALYST UNDP
M&E Officer	Compliance with format/template. Definition of outputs/indicators/baseline (RRF and AWP). Compliance with HACT (Programme).				
Country Gender Coordinator	Gender Marker	Gender specific activities and indicators			
SE Screening:					
<ul style="list-style-type: none"> Gender Human Rights Environment 	✓ ✓ ✓				
Communications Unit (communication plan)	Communication budget				 ADMIN. UNIT CO-MEDIA ASSISTANT
Procurement Unit		Procurement plan			
HR Unit		Recruitment plan			
Programme Finance Associate	Budget (GMS, TRAC, Donor funds)			Bank details; Budget (GMS, Donor funds)	 EILEEN SOLTOEVA PROGRAMME FINANCE ASSOCIATE 15.11.11
Finance Manager				HACT FP (Finance)	
OM	TRAC		✓	Where is OPC?	
ARR	Compliance with CPD			Compliance with pipeline	
DRR/RR	signs	signs	signs	signs	

OPC to be changed up to 20.000 USD