

PROJECT DOCUMENT**Kazakhstan**

Project Title: CREATING CONDITIONS FOR THE ATTRACTION OF INVESTORS IN ENERGY EFFICIENCY IN KAZAKHSTAN

Project Number: 00123506

Implementing Partner: Ministry of Industry and Infrastructure Development

Start Date: 27 August 2021

End Date: 31 December 2026

LPAC Meeting date: 13 April 2021

Brief Description

The Project aims to advance energy efficiency of buildings, infrastructure, and other facilities in Kazakhstan by attracting investment from private investors, banks and international financial institutions via the design, piloting, and development of a partial guarantee scheme supporting bank loans to small and medium-sized enterprises (SMEs) that have limited access to credit due to their lack of suitable collateral.

By facilitating investment into this sector, the Project will stimulate economic growth and sustainability among SMEs, thus creating and preserving jobs and accelerating economic recovery from the COVID-19 crisis. The Project will also help to fulfill Kazakhstan's national strategic goals for decreasing energy intensity of the GDP.

Toward these goals, the Project will create and pilot the loan guarantee scheme, conduct supporting activity in training and monitoring, and scale up the loan guarantee fund on the basis of initial results. Eligible businesses will include providers of energy-saving services and equipment; energy end-users seeking to upgrade efficiency of facilities and energy systems; and intermediaries (micro-finance organizations, leasing companies, factoring companies) that finance eligible businesses or projects mentioned above.

Result (UNDAF / CPD, RPD or GPD): According to the Country Program Document for Kazakhstan (2021-2025) <i>Outcome 4: By 2025, all people in Kazakhstan, in particular most vulnerable, benefit from increased climate resilience, sustainable management of environment and clean energy, and sustainable rural and urban development.</i> <i>Output 4.2: Solutions developed, financed and applied at scale for structural transformation of energy sector and improved public health</i> Gender marker: GEN2	Total resources required:	\$ 8,325,000	
	Total resources allocated:	UNDP:	\$ 2 775 000
		Government:	\$ 5 550 000

Agreed by (signatures):

Ministry of Industry and Infrastructural Development	UNDP in the Republic of Kazakhstan
Karabayev Marat Karimzhanovich Vice-Minister	Vitalie Vremis, Officer in Charge
Date:	Date:

I. DEVELOPMENT CHALLENGE

The long-term economic vision for the Republic of Kazakhstan, as embodied in the Strategy "Kazakhstan-2050" (the message of the President of the Republic of Kazakhstan - the leader of the nation N.A. Nazarbayev to the people of Kazakhstan dated December 14, 2012) calls for accelerated transition to a low-carbon economy, i.e. an economy characterized by low fossil fuel consumption and low environmental impact. It is widely understood that an important element of the transition to a low-carbon economy is implementation of the energy efficiency policy..

The Government's long-term commitment to sustainable development, based on diversification of the economy from its dependence on extractive, energy-intensive industry, is also embodied in the Concept for transition of the Republic of Kazakhstan to the green economy (Decree of the President of the Republic of Kazakhstan of May 30, 2013 #577), which calls for a transition to a "green" economy. This concept explicitly states the *need to reduce the energy intensity of GDP by at least 30% by 2030 and at least 50% by 2050* compared to 2008 baseline levels, and also notes that the expected investment needed to achieve this transition will be in the range of \$3-4 billion per year (about one percent of GDP), to come mostly from private investors. The action plan to implement this Green Economy Concept for 2021-2030, adopted in July 2020 (Decree of the Government of the Republic of Kazakhstan of 29.07.2020, No. 479) lays out Kazakhstan's strategic green development ambitions in further detail, calling for increased energy efficiency in residential and public buildings, industrial facilities, transport and construction, and public infrastructure, including heating networks and street lighting.

Fulfilling the challenges of green economic transition and energy efficiency hinges directly on the effective participation of small and medium enterprises (SMEs). SMEs – including, most notably, energy service companies (ESCOs) and vendors/installers of energy-efficient equipment and controls, already carry out hundreds of projects per year in lighting, heating, and industry throughout the country. But the full market potential of SMEs in energy efficiency, estimated in the range of tens of millions of dollars per year, remains unfulfilled, resulting in lost economic opportunity as well as unachieved greenhouse gas emissions reductions.

Financing difficulties for SMEs

Some of the most critical barriers that SMEs face pertain to the cost and accessibility of financing. Even before the COVID-19 crisis, the banking sector was facing a number of structural shortcomings, resulting in long-standing unrecognized credit losses and suppressed capital, lack of creditworthy borrowers in the corporate sector and supervisory gaps. These issues have been hampering effective lending from the financial organizations, with bank domestic credit declining from 50 percent of GDP a decade ago to 21 percent by 2020. Over the last three years the banking sector has gone through a massive clean-up of balances from non-performing loans that had been piling up since the financial turmoil of 2009. Such action included the bail-out of a systemically important bank and its merger with another large bank, capital injections into five medium-size banks by the National Bank of Kazakhstan (NBK) and liquidation of small insolvent banks.

As highlighted by the EBRD (European Bank for Reconstruction and Development), there is a marked and direct correlation between the size of a company and its ability to access bank loans. As a result, SMEs are more likely to face a shortage of loans¹. Although SME lending was on the rise in Kazakhstan from 2014 up to 2017, more recently the share of loans to SMEs in the total portfolio of business loans has decreased from the peak of 33,6% at the end of 2016 to 28.3% in 2018². Such circumstance is even worse in outermost regions of the county, since the geographic outreach of the banking sector in Kazakhstan is also rather low. Transaction costs increase for SMEs, having to bear high commuting times to reach the nearest local branch.

Even before 2020, low global oil prices have suppressed government revenues, placing stresses on the national budget, causing depreciation of the national currency, and also resulting in an uptick in inflation. Now, the COVID-19 pandemic and lockdowns have created profound further nationwide economic disruption, with a disproportionate impact on SMEs. An assessment by the

¹ EBRD Transition Report 2015-2016.

² According to the latest available data by the OSCE - <https://www.oecd-ilibrary.org/sites/20ee7990-en/index.html?itemId=/content/component/20ee7990-en>

United Nations in August 2020 revealed that nearly 70 percent of SMEs in Kazakhstan were forced to suspend their operations because of the pandemic, another 2.2 percent completely stopped their activities, 42 percent indicated a gap in their supply chains, and approximately 20 percent noted a lack of funds putting them at risk of liquidation.³ NBK estimates that financially vulnerable enterprises with capital less than 20 percent of assets and with negative capital accounted for 40 percent of small enterprises (as compared with 35 percent and 37 percent for large and medium enterprises respectively).

These tightened financial conditions and increased uncertainty not only place stress on the SMEs, but also expose banks to increased risk of potential losses and therefore, elicit a much more cautious attitude when they consider lending to these enterprises. Over the 2020 the total amount of loans extended to corporate clients and SMEs remained almost unchanged (just a very limited contraction in both segments occurred), but non-performing loans showed a significant increase from 2018 to 2020.

Given these risks, then, the cost and availability of loans to SMEs can be prohibitive. Commercial interest rates on bank loans for SMEs are quite high, currently in the range of 14 to 16 percent. Furthermore, SMEs in most cases lack assets that can serve as collateral to secure loans. This problem is especially acute among companies working on energy efficiency, as they tend not to hold much physical inventory, and whatever they do own tends to involve disparate system components and/or innovative, one-of-a-kind equipment, which is difficult for banks to appraise and resell and accept as collaterals.

Existing support to SMEs and the banking sector

The Government of Kazakhstan has been moving aggressively to sustain businesses and preserve jobs via economic stimulus, drawing heavily from its sovereign reserve fund despite uncertain prospects for replenishment in the foreseeable future. Notable among the government initiatives is ***Business Roadmap 2025*** (BR 2025), which offers commercial loan guarantees to many small and medium businesses via the national entrepreneurship fund DAMU – up to 50 percent of the loan for established businesses and up to 85 percent for start-up and micro enterprises. The COVID-19 crisis has also led to a number of systemic measures to support social solidarity efforts and to relieve the credit burden on citizens and SMEs affected by lockdowns. The ARDFM (the Agency for Regulation and Development of Financial Market) relaxed a number of capital requirements to prevent the reduction of credit to the production system on the whole and to contain pressure on the capital to finally increase or at least maintain the banks' credit capacity.

But these reasonable measures come at a significant cost. Not only do they directly affect the state budget, they also inevitably increase the credit losses on bank balances since a certain number of borrowers will default eventually. According to reputable players of the development finance sector, “policy-makers should revise the support mechanisms under state programs and focus on tools that reduce credit risks for borrowers, without distorting market interest rates and increasing competition with banks”⁴. This appeal was heard by the National Bank of Kazakhstan, which announced a phased withdrawal from state support programs by 2023, which will minimize the distortion of the cost of funding in the economy and pursue a more effective monetary policy.

Technical knowledge, awareness, and creation of a robust pipeline of projects and enterprises

As stressed by the UNDP Country Programme Document for Kazakhstan (2021-2025) human capital development is expected to improve skills and productive capacities for a knowledge-based economic transformation, while allowing the country to address emerging inequalities affecting the access to advanced education and technology.

Within the specific challenge of increasing financing for energy efficiency in Kazakhstan, this need for enhanced skills and capacities applies directly to both SMEs and banks. Among SMEs, there remains a broad need for increased capacity in developing technologies and services in energy efficiency, understanding markets, creating viable business plans, and understanding and

³ COVID-19 Socio-Economic Response and Recovery Plan. United Nations in Kazakhstan, August 2020.

⁴ *Banking Sector of Kazakhstan under COVID-19 Crisis*, Asian Development Bank, October 2020.

pursuing financing options, in order to expand the pipeline of bankable projects and businesses on energy efficiency to the needed scale. Among banks, there is a need for better understanding of the opportunities and true risks of energy efficiency investment, and specifically for the capacity to correctly interpret associated technical documentation presented by prospective borrowers. Both constituencies also need enhanced understanding of the implications of future tariff reforms on the business case for energy efficiency investment.

II. STRATEGY

As noted in the previous section, because of various barriers, SMEs in energy efficiency⁵ are not reaching their full potential in Kazakhstan, and as a result, GHG emissions reductions and economic development are both happening slower than needed.

The proposed Project seeks to address one particular barrier impeding investment in energy efficiency in Kazakhstan – the inability of SMEs to obtain affordable financing because of the lack of collateral.

To overcome this barrier, the Project will pilot a loan guarantee program for energy efficiency (the Energy Efficiency Loan Guarantee Program, or EELGP) to be implemented in partnership with the national entrepreneurship fund DAMU, "Electric Power and Energy Saving Development Institute" (EPESDI) or other interested financial agencies.

In conjunction with DAMU and EPESDI, the Project will also provide needed training and capacity support among SMEs, in order to ensure a robust pipeline of projects.

The immediate intended outcome of this Project is the mobilization of commercial bank loans for SMEs for activity on energy efficiency. This immediate outcome will in turn lead to several key development impacts, including the creation and preservation of private-sector jobs; reduction of social tension; increase in taxes and other revenues of the local budget; acceleration of the country's recovery from the COVID-19 crisis; saving of energy and reduction of greenhouse gas emissions; and the enhancement of living conditions and reduction of energy costs for building residents across the country. The Project will also contribute to gender mainstreaming by actively seeking and supporting businesses that employ women in large numbers⁶ and/or in management/ownership positions.

Figure 1 below presents a summary representation of the theory of change of the Project – that is, the relationship among identified barriers, strategic actions, and outcomes leading to development impacts.

⁵ In addition to energy efficiency in itself, the Project could also support small-scale renewable energy devices as parts of energy efficiency modernizations, e.g. replacement of traditional boiler at a school for a biomass-fired boiler, or installing roof-top solar water heating devices to increase energy efficiency of a residential building; precise definitions of eligibility criteria for such cases will be determined by the Project Board

⁶ Precise share will be fixed after consultations with the stakeholders after the beginning of the Project

Figure 1
Theory of Change of the Project

BARRIERS AND NEEDS	RESPONSE	OUTCOMES
<p>Because of their lack of an acceptable collateral, SMEs in Kazakhstan face difficulties in obtaining needed commercial financing in energy efficiency. Expanding portfolio of bankable projects is essential to realizing national ambitions to combat climate change</p>	<p>Creation of a loan guarantee program:</p> <ul style="list-style-type: none"> • Partial guarantee of commercial loans for qualifying investment projects and businesses on energy efficiency, including ones comprising small-scale renewable energy sources, as a means of additional increasing of energy efficiency • Training for relevant staff of DAMU, EPESDI and commercial banks • Documentation of performance of loans • After initial pilot phase, attraction of additional donors to expand the loan guarantee fund <p>Expansion of the pipeline of bankable projects:</p> <ul style="list-style-type: none"> • Technical support to raise capacity of borrowers and banks • Promotional outreach to attract applications 	<p>Mobilization of the private sector finance, leading to:</p> <ul style="list-style-type: none"> • Increased energy efficiency (SDG-7) • GHG emissions reduction (SDG 13) • Jobs creation in private sector (SDG 8)

Key principles for design of the proposed loan guarantee scheme

The proposed EELGP for energy efficiency has been designed based on both comprehensive stakeholder engagement in Kazakhstan and consideration of international experience and best practices with analogous guarantee programs.

In technical terms, a loan guarantee is generally an irrevocable commitment by the guarantor to the lender: if the borrower fails to repay the original loan, the guarantor will meet the borrower's obligations in accordance to the guarantee features (in full or in part, depending on the product as well as the guarantee facility's "mission"). By so doing the guarantee covers the losses incurred by the credit institution deriving from lending.

Heavy guarantees (more than 50% of coverage) are especially desirable to borrowers and lenders when new ventures are concerned, or when a particular strategic societal goal (for example, energy efficiency and emissions reductions) is being advanced. In spite of the most proactive evaluation of the investment proposals, it is well known that banks - in emerging and fully developed economies as well - tend to request real guarantees exceeding the requested loan, and often out of the reach from the average SMEs. On the other hand, the frequent opacity of SMEs' financials as well as frequent poor organization and delegation of decisions-making, make investment evaluation difficult from the lender perspective. Such a situation hinders the implementation of projects for which local investors might even have benefits and potential but lack the sufficient assets to guarantee the required loans.

Over the last few decades, numerous and varied guarantee schemes have been established in many countries, by means of financial companies, specific funds driven by industrial associations, banks, governments, cooperatives, etc. – all of them aimed at supporting SMEs to get access to credit. Several strategic key points are common to the great majority of guarantee programs in their respective markets.

- The social mission of the scheme. Guarantee schemes support SMEs because of their vital economic contribution to the national productive system and their key role in creating and sustaining employment, including jobs for economically vulnerable citizens and women. In the case of energy efficiency investment in Kazakhstan, the social mission of a guarantee scheme would also include the reduction of energy consumption and greenhouse gas emissions.
- Financial sustainability has become a crucial requisite for designing and managing a guarantee fund. Ideally, guarantee funds can become largely financially self-sustaining through investment of cash reserves and through borrower fees, even as continued governmental or donor inputs remain appropriate because of the social mission. The income and assets of the fund must be able to cover both the administrative and promotional costs, as well as payments in the event of defaults.
- Loan guarantees must take account of regulatory implications for the banking sector (e.g. capital adequacy and how requirements can affect the risk absorption from the bank standpoint).
- Additionality is also a must, meaning that the mechanism is justified in the extent to which it manages in the long run to add resources to end-users, improving efficiency in the overall system;
- To further help address present and prospective challenges, many guarantee facilities are often coupled with capacity development for both financial institutions and SMEs. In the case of the Project in Kazakhstan, such capacity development is needed to increase awareness on the green economy transition as well as to ensure proper preparation and review of documentation to mitigate the risk associated with financing climate-friendly investments.

Strategic positioning of the proposed new loan guarantee mechanism

At present, SMEs in Kazakhstan can already get access to a state-backed loan guarantee managed by DAMU, within the framework of the Business Roadmap 2025. Beneficiaries can receive guarantees up to 50 percent of the loan size for existing businesses, and up to 85 percent

for start-up enterprises. There is no borrower fee for such guarantees. Concessional interest rates are also available through the program.

The BR 2025 program is a cross-cutting facility with no special provisions for energy efficiency. **In contrast, the EELGP has been designed with the specific goal of promoting SMEs investment in energy efficiency, with key features that should make the EELGP more attractive to both borrowers and lenders than BR 2025**, thus accelerating investment in the energy efficiency.

The key incremental advantages of the EELGP as compared with BR 2025 with regard to facilitation of energy efficiency financing are as follows:

- The BR 2025 sets a maximum guarantee level of 85 percent of loan value for borrowers that are startup companies, but only 50 percent for borrowers that are already-established companies, the EELGP sets this maximum at 85 percent for any business pursuing qualifying energy efficiency activities, including existing businesses as well as startups. This provision will allow existing companies to receive a much larger guarantee, and therefore will stimulate banks to lend more openly to them. This maximum could be extended further, to 90 percent, for businesses that are in remote or depressed areas, or that have a qualifying proportion of women in management or staff positions.
- The EELGP will provide technical assistance to borrowers in design of energy efficiency projects, preparation of applications for loans and guarantees, quality assurance, and monitoring. BR 2025 provides no special technical assistance to borrowers with regard to energy efficiency design and implementation.
- In the case of default, BR 2025 requires verification and processing that may require 90 to 120 days before payment to the lending bank. In contrast, the EELGP anticipates a much faster process of disbursement in the case of default (as low as 30 days).

Table 1 below presents these and other main features and requisites of the proposed guarantee scheme.

Table 1
Proposed Key Features of the Energy Efficiency Loan Guarantee Program
(to be confirmed by the Project Board during the Inception Phase)

Program implementation period	Project runs through 2026, with the intention that the guarantee fund will be financially sustainable for continuation beyond that time	
Target segments	<ul style="list-style-type: none"> • Small and medium-sized enterprises (including ESCOs) • Association of owners (residential housing) • Leasing companies, factoring companies 	<ul style="list-style-type: none"> • Small and medium-sized enterprises (including ESCOs) located / operating in remote and depressed areas* and/or with a qualifying proportion⁷ of women workers or women in management positions
Guarantee coverage	85 percent of loan amount	90 percent of loan amount

⁷ The specific share will be determined after consultation with stakeholders after the start of the Project.

Loan collateral requirements	The loan guarantee will not cover over 85% of the loan amount; the borrower, if required by the lending bank, has to provide collateral in the form of movable / immovable property, as well as guarantees of founders and third parties for a loan with a value (as a collateral) of at least 15% of the loan amount	The loan guarantee will not cover over 90% of the loan amount; the borrower, if required by the lending bank, has to provide collateral in the form of movable / immovable property, as well as guarantees of founders and third parties for a loan with a value (as a collateral) of at least 10% of the loan amount
Interest rate	Up to NBK base rate + 5% per annum (in principle eligible for the Business Roadmap 2025 subsidy)	
Limit per borrower	Not more than 350 million tenge per 1 guaranteed loan (preferred/target average loan size: 70 million tenge); for micro loans – up to 20,000 monthly calculation units	
Type of guarantee	A direct unconditional, irrevocable and independent first demand guarantee	
Currency	Tenge	
Guarantee term	maximum 3 years (linked to the loan tenure)	
Guarantee fee	No fee to be paid by borrowers during the pilot phase (first two years of the Project)	
Recovery of defaults	The Project has to define the most suitable options to attempt to recover the funds used to repay the banks in case of the borrowers defaults, in an ethical way which provides for restoring of the normal operations of the borrowers in default	
Applicability of portfolio guarantee method	Possible in future, after initial piloting phase	
Priority sectors	No special preferences	
Eligible loan purposes	<ul style="list-style-type: none"> • Investments in physical equipment and upgrades to facilities • Working capital (up to 20% of the total for borrowers investing directly in equipment, and with no limits for ESCOs, vendors, and financial intermediaries) • Advance payments for work confirmed to be paid over time by clients (for example, under ESCO contracts) 	
Eligible activity to be covered by guaranteed loans	<p>Selection to be made in accordance to the taxonomy for energy efficiency and energy-saving small-scale renewable energy sources investments, developed by the AIFC, as well as recommendations from the Electric Power and Energy Saving Development Institute of the Ministry of Industry and Infrastructure Development. Eligible activity will include, but may not be limited to:</p> <ul style="list-style-type: none"> • Thermal protection improvements to the building envelope (walls, windows, roofs, basements, doorways, etc.) • Renovation and/or replacement of lighting systems • Replacement, reconstruction or modification of heating systems, including heat points, boilers, radiators and other heat delivery units, and controls; • Installation of new devices using and/or producing renewable energy (small-scale) • ESCO working capital needs • Financing needs of leasing and factoring companies for their financing of eligible investments in the energy efficiency sphere 	

Technical eligibility/adequacy of the investment and related monitoring (options)	<ul style="list-style-type: none"> • Declaration of the services/equipment producer (backed by relevant documentary evidences, i.e. energy performance certification) • Technology list • External independent opinion of third renowned institution • Energy saving threshold
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* A **depressed area** is defined as an administrative-territorial unit characterized by the presence of negative trends in employment, ecology, as a result of a long (five or more years) decline in production, low infrastructure (roads, telephone communication, energy supply, heat supply); (Resolution of the Government of the Republic of Kazakhstan No. 728 of June 28, 2014 On the Approval of the Regional Development Program until 2020). The **remoteness** of a single-industry town or a small town is determined by the criteria provided for in the State Program for the Development of Regions for 2020 - 2025 approved by the Decree of the Government of the Republic of Kazakhstan dated December 27, 2019 No. 990.

Additional notes on financial sustainability: guarantee fees and leverage

At present, beneficiary SMEs are not paying any fee to have the BR 2025 guarantee supporting the loan. As a consequence, for the time being it seems not reasonable to charge any fee to the end-users of the EELGP. Once the pilot stage will be completed, on the basis of outcomes and lessons learnt, a market fee charged to the end-user could be designed, taking account of expected default rate, pipeline development, appetite of banks and end users, prevailing financing conditions for SMEs in the sector, general situation in the economy, etc.

When compared to direct lending, guarantees have lower initial cash flow needs, and as such, have a leverage component, where leverage is defined as exposure-to-funding ratio (outstanding guarantees *versus* the loan guarantee fund's capital). It determines the impact on beneficiary companies per unit invested by the donor/government. As an example the average leverage of most loan guarantee funds and schemes for SME lending in Central, Eastern and South-Eastern Europe was close to 5 (for each euro of the guarantee fund, 5 euros of guarantees were issued).

Leverage reflects the multiplicative effect of the instrument, and the overall impact of donor funds. Indeed, the Project hopes to attract additional donors to the fund, but an expected prerequisite will be an acceptably high leverage ratio.

Thus leverage should be maximized to the extent possible, ***but only subject to the essential requirement that there must be enough cash to cover all guarantee payouts in the event of default by borrowers.*** If default rates are documented as consistently low and if market conditions are sufficiently stable, then possibilities emerge to expand leverage.

In many cases, this need to ensure sustainability triggers requirements for oversight and licencing of the guarantor as a credit institution, even if it does not take deposits. In such cases, loan guarantee funds are supervised by national financial authorities and subject to prudential regulation. Under such oversight, there generally exist no standard thresholds for maximum permitted leverage ratios. National regulators must exercise their own discretion in assessing the adequacy of a loan guarantee fund's capital in respect of its guarantee obligations. Neither the required leverage ratio nor even the role of the national banking regulator (if any) has yet been determined for the EELGP.

Given all of these factors, the Energy Efficiency Loan Guarantee Program is expected not to apply any multiplicative leverage effect in its pilot phase – that is, guarantees issued will not exceed the amount of cash in the fund. During the first stages of the Project, the goal will simply be to establish, promote, and test the mechanism, not to maximize its multiplicative effects. During this stage, the Project will closely monitor and analyse default rates and overall financial sustainability. Based on these initial findings, the Project will develop a robust assessment of the fund's capacity to absorb losses and maintain an adequate equity base, with leverage ratios (outstanding guarantees to equity) and the net loss ratio (payment of claims/outstanding guarantees) as the main indicators. Other factors that would influence the shaping of the features of the EELGP would be potential income from the placement of the funds, and also potential recovery rate of the defaults covered by the guarantees. These features will become clear after the pilot phase.

Only after the guarantee facility is well established, a gradual scale up of the operations will be planned over the six-year Project period. Though no forecast over such a timeframe can be completely clear, the Project envisages a leverage ratio of 3 as a reasonable and sustainable target. With possible involvement of other donors, international financial institutions, investors, some of which have already expressed an interest in principle.

The loan guarantee scheme created in the Project will eventually become sustainable due to the following:

- involving a large number of donors and the amount of funds in the guarantee mechanism to reduce the processing cost of providing each guarantee;
- levying a minimum fee from a large number of beneficiaries of guarantees (guarantee fees may be subsidized by other programs, such as programs to support women in business);
- income from the placement of resources provided by donors in instruments with a high investment rating (as agreed with the participants of the guarantee mechanism).
- partial recovery of the funds used to cover defaults.

III. RESULTS AND PARTNERSHIPS

Expected Results

In accordance with the strategic logic described above, the Project will design and pilot a loan guarantee mechanism for investments qualifying projects and enterprises in energy efficiency. The mechanism will be designed to be attractive to borrowers and banks and to offer features not currently reflected by the Business Roadmap 2025 guarantee program or other programs. Therefore, the EELGP will stimulate commercial loan financing that would not otherwise be available to borrowers. In turn, this financing will allow companies to sustain and expand their operations, create and preserve jobs, attract and serve new clients, and upgrade the efficiency and energy performance of facilities – and this economic activity will lead to energy savings and greenhouse gas emissions reductions.

The DAMU Fund and EPESDI act as the Responsible Parties for the implementation of the Project, attracted by the modality of preferred cooperation by UNDP based on the required HACT assessments of the project potential, carried out by UNDP in accordance with UNDP policies, rules and procedures. Relevant agreements will be concluded with partners during the implementation of the Project

Project components

The Project consists of five components, all centered around the loan guarantee scheme. Each component has its respective set of planned activities and outputs, as outlined below.

Component 1. Assessment of current and potential markets as well as investment needs among SMEs working on energy efficiency

Output 1.1. Assessment of potential SME activity in energy efficiency. Building upon previous work by UNDP-supported projects on energy efficiency, as well as the results of the ongoing work of the Electric Power and Energy Saving Development Institute of MIID, the Project will carry out a formal market assessment of bankable opportunities for SMEs to sell and provide services in the given areas. This assessment will cover the full range of end uses (lighting, heating, etc.), sectors (residential and public buildings, communal services and municipal infrastructure, industry, etc.), and regions of the country. The assessment will include an estimate of potential market size including prioritization of the most promising subsectors, potential GHG impact, and implications for jobs, as well as specific needs and potential with regard to women-owned companies and women employees.

Output 1.2. Assessment and gap analysis of the existing availability of financing and state support measures for energy efficiency and other "green" projects. In conjunction with Output 1.1, the Project will also carry out an assessment of barriers and potential remedies for financing and

investment in SME activity on energy efficiency and related green projects. This assessment will include a review of existing state-funded and donor-supported programs on concessional lending and loan guarantees, and will provide a basis for confirming and/or refining the specific elements of the EELGP.

Output 1.3. Organization and execution of study tours for decision-makers. The Project will arrange at least three study tours on the effective design and management of loan guarantee programs to support SMEs and energy efficiency. The destination countries and host organizations will be determined by screening during the implementation phase. The modality of the tours is flexible, with the possibility of virtual events if travel is restricted in any way.

Output 1.4. Study of international best practices. In conjunction with the previous three outputs, the Project will prepare a written review of best practices in financial support for SMEs involved with energy efficiency and related green projects, with an emphasis on loan guarantee programs. This output will contain analysis of how such best practices can or cannot be adapted for the EELGP and other support in Kazakhstan.

Output 1.5. Quantitative assessment of the potential volume and target leverage of the Loan Guarantee Program. In conjunction with the outputs mentioned above, especially outputs 1.1 and 1.2, the Project will generate an initial quantitative projection of the potential and volume of the EELGP, including expected loan volumes and loan sizes.

Output 1.6. Development of model business plans. The Project will develop documents for at least 10 typical investment projects in energy efficiency projects for various sectors of the economy, for use as templates in the preparation of business plans and investment projects for obtaining support in applications for bank loans / other funding.

Component 2. Designing the pilot loan guarantee system

Output 2.1. Design of the Energy Efficiency Loan Guarantee Program. Taking account of the findings of Component 1 as well as the initial findings of the Project preparatory period, the Project will design the Loan Guarantee mechanism. This design process will consider and resolve all of the following key details:

- Eligibility criteria for borrowers
- Confirmation of the key parameters of the guarantees, including the term, percentage of coverage of the loan amount, minimum and maximum guarantee amount, etc.
- Procedures and forms for applying for loans and associated guarantees
- Procedures for oversight of loans and associated projects, including monitoring by independent consultants
- Conditions under which EELGP guarantees could be approved in conjunction with other concessional financing [see Partnerships below]
- Conditions for approval of guarantees
- Development of internal regulatory documents and software modules for management of the EELGP within DAMU, and for management of relevant loans by banks
- Development of model agreements between the EELGP and participating commercial banks
- Integration of the application process with the online government-supported portals for SMEs, e-gov.kz and online.damu.kz
- Procedures for cash management in accordance with both program needs and UNDP rules
- Procedures for audit and financial oversight of the Project
- Identification and prioritization of the initial expected pipeline of loan applicants

Design of the EELGP will be carried out jointly by Project staff, MIID of the RK, and DAMU, with support from the Electric Power and Energy Saving Development Institute, as well as other donor agencies involved with financing of energy efficiency and green projects in Kazakhstan. At least one international consultant with experience in donor-funded loan guarantees will be engaged and

encouraged to provide a fresh outside perspective on Project design, in order to ensure sound strategic logic and consistency with international best practices.

Output 2.2. Establishing and formalizing partnerships. The Project will establish partnerships necessary for putting the EELGP into operation. UNDP will engage DAMU as a responsible partner based on the Collaborative Advantage approach. UNDP and DAMU will make a Responsible Party Agreement, which will set forth the obligations of both parties with regard to program operations, cash transfer modalities, financial management and reporting, effective management of the guarantee fund during and after the six-year Project period, and so on. This agreement will also reflect negotiated administrative fees to be paid by the Project to DAMU.

UNDP has conducted a HACT (Harmonized Approach to Cash Transfer) micro-assessment of Damu in 2017, which yielded a positive appraisal and assessment of low risk in DAMU's management of UNDP project funds. This HACT assessment will remain valid until May 31, 2022. Under this output, starting in late 2021, the Project will undertake a new assessment using UNDP's Partner Capacity Assessment Tool, to replace this 2017 HACT assessment upon its expiration.

This output will also include formalization of agreements among the Project, DAMU, and commercial banks that are to issue loans guaranteed by the EELGP.

Component 3. *Piloting the system for supporting investments into energy efficiency projects, review of lessons learned on its performance with subsequent transformation of the system into a sustainable national structure.*

Output 3.1. Piloting the loan guarantee scheme. The Project will launch the loan guarantee scheme during the first Project year. During the pilot phase, the Project may offer additional support measures (for example, subsidizing the interest rate or part of investment costs) beyond the guarantee itself, in order to attract borrowers and lenders to the mechanism.

Output 3.2. Facilitation the implementation of supported projects. The Project will provide technical support to help ensure the technical and financial success of projects supported in the pilot phase, including consultations on their assessment, monitoring, and adjustment, if necessary.

Output 3.3. Evaluation of the performance of the tested prototype of the loan guarantee system and recommendations for its final structure. Results from each of the first three years of operation of the loan guarantee system will be compiled. This compilation will include a detailed assessment of default rates and implications for the leverage ratio, as well as operations, management, marketing, and promotion, with recommendations on how all of these elements will be reflected when adjusting the loan guarantee scheme in the final three years of the Project.

Output 3.4. Formation of the final structure of the loan guarantee system. This output will formally design all of the procedural and financial details of the EELGP for the final three years of the Project and beyond.

Component 4. *Strengthening capacity of stakeholders (banks, the private sector, specialised institutions etc.) to ensure sustainability of the support system and for pipeline development.*

Output 4.1. Development of a roadmap (plan) for education, training, retraining of personnel and raising awareness of persons involved in the system of guarantee support for energy efficiency projects. This roadmap will define contents and delivery plans for training to all personnel involved with delivering and administering guaranteed loans – most notably DAMU officers and commercial bank representatives around the country -- as well as specialists at the Electric Power and Energy Saving Development Institute and other agencies involved with promotion and oversight.

Output 4.2. Development and dissemination of information and educational resources. The Project will develop and deliver information on the guarantee mechanism and eligible projects in both electronic and paper form, as well as in video format (at least 2 introductory / training films, etc.) and in three languages (Kazakh, Russian and English).

Output 4.3. Development of Internet resources. The Project will create and maintain a suite of new web resources on the EELGP and types of qualifying beneficiaries and their projects. These web

resources will be housed within the information portal www.eep.kz and will include a "mirror" leading to the corresponding web resources of DAMU.

Output 4.4. Assessment of awareness of target groups. The Project will develop a methodology (most likely involving sampling and surveys) and on that basis will assess the awareness levels among target groups about the EELGP and other relevant market-related, financial, and technical issues relevant to SMEs working on energy efficiency and other green areas. This assessment will be carried out at the beginning, middle, and end of the Project.

Output 4.5. Delivery of trainings and workshops for capacity building. On the basis of the roadmap developed in output 4.1, the Project will deliver at least 45 training sessions or workshops for decision-makers and other stakeholders (including DAMU, EPESDI and bank staff as well as borrowers) on the loan guarantee mechanism and associated issues.

Component 5. Monitoring and evaluating the Project

The Project will also include a separate component on monitoring and evaluation. Please see Section VI for more details.

Partnerships

During the implementation of the Project the UNDP will engage at least 2 responsible partners a) DAMU for implementation Components 2 and 3 of the Project and b) "Electric Power and Energy Saving Development Institute" for implementation Component 1 and and selected activities under Components 2, 3 and 4 of the Project.

Partnership with DAMU will build upon the foundation of collaboration built under the currently implemented joint project of the Government of the RK and UNDP, "Sustainable Cities for Low-Carbon Development in Kazakhstan," which is funded by the Global Environment Facility. That project used a mechanism of stimulating investments in energy efficiency of urban infrastructure by attracting funds of the GEF grant in the amount of about US \$3.0 million. A partner of the project since 2017, DAMU acts the administrator and a financial partner of project-funded investment support mechanism to subsidize and guarantee investments in eligible activities – low carbon urban projects. Furthermore, DAMU has significant experience specifically with loan guarantees in Kazakhstan for the SMEs, not necessarily focused on energy efficiency, through its work on the Business Roadmap 2025 program, as well as the Enbek Programme, and Damu Optima.

Beyond its leading role in national programs and its strong relations and experience with UNDP, DAMU also brings a strong reputation, backed by its charter and reflected in a high rating. Consequently, bank loans guaranteed by DAMU carry a lower risk weight (presumably zero risk weight), for capital adequacy calculation purposes⁸, in turn making provision of loans cheaper.

The "Electric Power and Energy Saving Development Institute", a designated national development Institution for energy saving and energy efficiency in the Republic of Kazakhstan, will also be involved in the implementation of the Project as a responsible partner. The Institute has more than 30 years of experience in the field of energy expertise, energy audit, analytical and consulting expertise with energy analysis, implementation of energy saving and energy efficiency projects, participation in improving the legislation of the Republic of Kazakhstan, which ensures the high competence of the Institute in the field of energy saving and energy efficiency. The Institute has a basis of many years of experience of cooperation with international organizations (World Bank, ADB, USAID Kazakhstan Climate Change Mitigation Program, dena German Energy Agency, JICA (Japan), N.I.Danilov Energy Saving Institute, Ministry of Energy and Housing and Communal Services of the Sverdlovsk region).

⁸ The risk weights are in principle determined by external ratings. If guarantees are applied as credit risk mitigation, the exposure should consist in two parts: the component protected and the part not protected by collateral. For each part of the exposure, risk weights are assigned. In principle, under the standardized approach 100 percent is the risk weight for all exposures, unless an external rating is attributed to them or they represent some "privileged exposure class," such as: exposure to a central bank, exposure to an international organization, exposure to a multilateral development bank, where a zero percent risk weight may be used (Source: Credit Guarantee Schemes for

SME lending in Central, Eastern and South-Eastern Europe. A report by the Vienna Initiative Working Group on Credit Guarantee Schemes).

As the specialized national technical institution for the development of electric power supply and energy conservation, this Institute is authorized to implement government support measures in these areas. This Institute is capable to provide knowledge, as well as analytical, consulting and expert support in all matters related to electricity supplies and energy efficiency. Notably, it already keeps a register of energy efficiency projects and enterprises within the country. In light of the Institute's position and core strengths, UNDP will engage Electric Power and Energy Saving Development Institute for implementation in the following areas:

- Identification of qualifying companies and projects on energy efficiency
- Provision of training on Project design
- Support for monitoring and evaluation of energy savings and associated emissions reductions
- Inputs on strategic direction of the EELGP, based on assessment of loan performance and the evolving needs of borrowers

The Project will also work closely with stakeholders on identifying potential investment. The Project will develop its eligibility criteria to be fully consistent with goals and objectives of the Project.

Other donors, their activities on green and SME financing, and their potential support for the EELGP

From the beginning of the Project, UNDP and MIID will coordinate the EELGP with the green finance programs of international financial institutions, including EBRD, ADB, the European Investment Bank, the Eurasian Development Bank, and the World Bank. The foundation for such coordination has already been established in meetings during the Project preparatory period. This coordination will not only help assure streamlining among programs (thus helping to magnify benefits for borrowers while preventing redundancy or excessive risk), but will also help create the necessary conditions and mutual understanding so that these institutions would consider joining the fund as donors after the pilot phase.

These discussions and potential partnerships with donor agencies have emerged within the context of their already extensive support for both green (including energy efficiency) and SME financing in Kazakhstan. All of the aforementioned agencies have some such activity. Most notable among these are:

- EBRD's Green Economy Financing Program, which has provided a loan equivalent to US \$5.0 million (in tenge) to the microfinance institution LLP MFO "KMF"⁹ (KMF) for lending projects to micro, small and medium-sized enterprises, as well as the housing sector in Kazakhstan aimed at improving energy efficiency, resource efficiency and the development of renewable energy sources.
- The World Bank's project *Improving Energy Efficiency in Kazakhstan*, which has a budget of US \$ 21.7 million¹⁰ seeks to establish an Energy Efficiency Fund by piloting alternative financing models and implementing energy efficiency measures in buildings and providing technical assistance to improve the enabling environment for sustainable financing in the field of energy efficiency.
- The European Investment Bank provided USD 30 million (in tenge) to KMF for the financing of small and medium-sized businesses. According to the agreement, 13.1 million US dollars were allocated for lending to entrepreneurs in their main area of activity - business development, the remaining 16.9 million US dollars were allocated to finance the implementation of measures and the purchase of equipment aimed at reducing the impact of on the environment, improving the energy efficiency of business in Kazakhstan.
- ADB plans to provide green loan in tenge in the amount of up to USD 80 million¹¹ to DAMU under the state guarantee. The purpose of the loan is to support the adoption of green investments by micro, small and medium-sized enterprises (MSMEs), which will contribute to a faster recovery of Kazakhstan's economy in the world after the COVID-19 pandemic by

⁹ <https://kmf.kz/credits/business/geff/>

¹⁰ <http://kazee.kz/energy-efficiency-in-kazakhstan/>

¹¹ <https://www.adb.org/projects/52312-002/main#project-overview>

strengthening the long-term resilience of the MSME sector. The program has a main focus on microfinance with a certain share of banks' participation, the process of obtaining a state guarantee can take up to 18 months.

- The EDB is developing a Green Finance Program, one of the priorities of which will be to finance green projects that will improve the environmental situation in the region, reduce emissions of harmful substances, save energy and energy efficiency of the economy.¹² The EDB focuses on lending to large projects; the bank's role in the development of green financing can be limited to the issuance or purchase of green bonds on the Astana International Exchange, since it does not implement programs of wide coverage of business lending through banks.
- Bitfury Group, as a supporter of new technologies for energy efficiency and care for the environment, plans to create a Green Funding Fund. This initiative will help Kazakhstan attract additional investment in the green economy sector and the development of innovative and environmentally friendly industries.¹³

Thus it is clear that these agencies and their projects are directly aligned with the EELGP in terms of social and environmental mission, as well as target beneficiaries. This alignment is helpful, on the one hand, in that it creates strong foundation for collaboration. In the short term, such collaboration could include consideration of situations when borrowers could receive donor-supported concessional loan terms in addition to a guarantee from the EELGP. In the longer term, as noted above, given the alignment of overall goals, there are promising possibilities for engaging these agencies as donors to the EELGP if success is demonstrated and conditions are met during the pilot phase.

On the other hand, the crowded ecosystem of IFI support for financing energy efficiency and SMEs in Kazakhstan could create the potential for confusion, redundancy, and weakened need for support. The conceptualization of the EELGP, with its narrow focus on a niche that is not addressed by the other international agencies – the collateral problem at the intersection of energy efficiency and SMEs – directly reflects the intention to avoid these problems.

Risks and Assumptions

The table below presents expected risks that might affect Project implementation, and proposed measures to mitigate them.

Table 2
Project Risks and Proposed Mitigation Measures

Risks	Probability	Impact	Mitigation measures
Political Frequent changes in the Government may lead to unpredictable changes in policy which may impact the ability of the Project to reach its objectives	Moderate	moderate	Constant monitoring of the situation, risks analysis, refining the strategy of the Project, taking into account the current situation
Operational Discussion and agreement upon details of the guarantee scheme takes more time than	Moderate	moderate	Use of the experience of the UNDP-GEF projects that successfully established co-operation schemes with DAMU and the schemes already developed, inviting the governmental bodies to participate,

¹² <https://gfc.aifc.kz/ru/news/aifc-green-finance-centre-summarised-the-results-of-2020/>

¹³ <https://fintech.aifc.kz/ru/news/mezhdunarodnyi-finansovyi-tsentr-astana-i-blokchein-kompaniya-bitfury-dogovorilis-o-strategicheskoy-sotrudnichestve/>

anticipated, prompting delays in delivery of outputs and outcomes			gaining political support, strict control over the financial decisions and ensuring good quality of operations. UNDP rules will, at least initially, restrict the modalities by which Project funds can be transferred for capitalization of the guarantee fund. These restrictions involve the expectation that any cash advanced to a responsible party must be disbursed (spent) before further advances can be issued, and the further understanding that guarantee funds are committed to secure loans but not actually disbursed except in the case of default. UNDP will work to clarify these rules, to resolve restrictions where possible, and to work within them as needed. It can be expected that funds from other donors will likely not be subject to these same restrictions.
Economic Low energy tariffs persist and disincentivize energy saving investments by companies	High	High	Search for niches where guarantees are still needed and the projects are viable, co-ordination and coupling guarantees with other existing support programs (subsidies), allocating a part of the budget of the fund to provide subsidies at pilot phase
Political COVID-19 pandemic persists and the related quarantine measures are tightened, complicating economic activity	Low	moderate	Maximizing the use of online technologies, focus on work with beneficiaries in remote low-populated areas that have lower risk associated with lower density of populations and gatherings
Organizational Banks are not willing to participate in the scheme, as it is more complicated than the Business Roadmap 2025 program (contains additional requirements)	moderate	Low	The Loan Guarantee has to be a more robust mechanism, especially in terms of speed of defaults coverage
Economic Business Roadmap 2025 program competes with the Loan Guarantee for borrowers, thus reducing the impact of both,	Low	moderate	Improving the mechanism to be more attractive than the Business Roadmap 2025 for the beneficiaries, in terms of transparency, simplicity, conditions offered, and also for the banks (faster coverage of defaults, easier processing); making the mechanism sustainable to continue operating after the BR2025 scheme is closed.
Economic Banks do not have enough green projects, eligible to get guarantees	High	moderate	Increasing the limit per 1 project, informational campaign in mass media using the pipeline building capacities of the partners, including regional networks of DAMU and commercial

			banks to generate a stream of projects, active search of alternative underserved segments for energy efficiency projects (e.g. such large segments as associations of home owners), using experiences of UNDP-GEF projects (e.g. mini-webinars for banks), more active use of alternative funding instruments and channels (leasing, factoring, micro-finance organizations)
Economic High default rates and / or high operation costs dry up the Loan Guarantee fund	Low	moderate	Gradual improvement of the scheme and the procedure to ensure adequate rate of defaults, reducing limits of guarantees provided via banks with high rates of defaults, reducing the maximum size of guarantees for better diversification of risks, other organizational measures, such as assistance in business planning to improve the viability of the projects
Organizational Low level of awareness and competency of the participants in guarantee schemes	High	moderate	The risk is viewed as very likely and work to mitigate it is a part of the activity of the Project, planned from the beginning. Active informing through mass media, seminars and study tours are planned; preparing and dissemination of informational and training materials is planned; repeated knowledge gap analysis would help to tailor these activities.
Organizational IFIs take a wait-and-see approach and do not participate in the scaling-up of the scheme	moderate	moderate	IFIs would be attracted as observers from the beginning of the realization of the Project, to get their feedbacks and to tailor and enhance the scheme to be attractive to them; alternative sources of funding will be sought to replace needed additional funding if it is not coming from the IFIs (public funds, support from industry associations, payments from environment polluters, etc.)

Stakeholder Engagement

Already during the Project preparatory period, UNDP and MIID of the RK have established connections and obtained input from a comprehensive range of stakeholders including MIID of the RK; the Electric Power and Energy Saving Development Institute; DAMU; commercial banks and microfinance institutions; the Asian Development Bank; EBRD; the European Investment Bank; the Asian Development Bank; the World Bank; energy service companies; the national small-business chamber of commerce Atameken; and the Astana International Financial Centre. The Project has been designed based on input from all these stakeholders, as well as the many stakeholders, beneficiaries, and partners of past UNDP-supported projects involving energy efficiency and financing. The Project will continue to connect with all of these entities throughout the implementation period.

The main official beneficiary of the Project is the Ministry of Industry and Infrastructure Development, but the ultimate beneficiaries of the Project results will be Kazakhstani companies, as well as property owners promoting energy saving technologies. These can be ESCO companies,

construction companies, equipment distributors and other companies implementing energy efficiency projects. Also, the beneficiaries are the ultimate owners of facilities that introduce energy saving technologies and receive various types of benefits from this process (namely, saving utility costs for energy and other types of resources, increasing comfort as a result of optimizing energy consumption, as well as environmental ones - in the form of reducing environmental costs due to reduction of emissions of greenhouse gases and other pollutants).

As noted in previous sections, the Project will work especially with the Electric Power and Energy Saving Development Institute and other stakeholders to establish and maintain connections with companies and other entities that are pursuing existing and/or new activity in energy efficiency, and to connect these entities with technical assistance and financing with EELGP guarantees. Stakeholder outreach will be conducted in close association with the various market-assessment activities, and will include a wide range of methods, including events, online training, and so on.

DAMU, which will be the financial partner of the Project, can also be seen as a beneficiary that will increase its capacity to expand the coverage of guarantees for SMEs, improve its knowledge of this and other related instruments by participating in the created loan guarantee model, as well as participating in relevant training within the Project. DAMU and commercial banks will not only be the target audience of certain training and engagement activities (see especially Output 4.1), but will also help the Project to promote the EELGP and associated loans via their offices, which are located throughout the country.

South-South and Triangular Cooperation (SSC/TrC)

This Project will build on previous successful experience in implementing projects in cooperation between the private sector and government agencies in the field of energy efficiency, small-scale renewable energy sources and reducing greenhouse gas emissions in Kazakhstan through a set of measures to stimulate investment in these sectors to achieve socio-economic and environmental results, contributing to building a green economy and achieving the relevant SDGs.

The Project will provide a high degree of interaction, communication and exchange of experience, best practices and lessons learned with other similar projects implemented by UNDP and other donors in the region of Central Asia, Caucasus, Eastern Europe, and in particular, Ukraine (factoring), Uzbekistan, Armenia (green subsidy), etc. It is also expected that during the implementation of the Project, representatives of other countries can meet to share their experiences and discuss how best to implement the recommendations contained in the reports. The Project will support the participation of Kazakhstan in meetings and conferences of the parties on green finance issues to exchange lessons learned.

Knowledge management

Knowledge management – the compilation and analysis of quantitative and qualitative findings – is an essential aspect of the Project, not only for sharing with other relevant initiatives, but also for defining and refining the Project itself. Component 1 is entirely devoted to ensuring that the Project team has all available knowledge of market conditions and international best practices. Then the focus of knowledge management during the pilot phase will shift to documentation of all aspects of lending and energy-efficiency activity supported by the EELGP – promotion, administration, evaluation of applications, issuance of loans, monitoring of projects and loan servicing, and especially evaluation of the overall performance of the guaranteed loans, with quantitative assessment of default rates. The results will be analyzed and on the basis of this, the final model of the sustainable guarantee system for financing energy saving projects will be created.

The Project will compile its results in summary form suitable for external sharing, in order to allow national and international stakeholders to understand the Project's activities, its successes, and its lessons learned. These results will be presented via webinars to various key stakeholders, including government agencies, DAMU offices, and commercial banks, and will also be presented via regional UNDP knowledge-sharing channels as well as the Project's website.

Sustainability and Scaling Up

The strategic essence of the Project is its focus on creating a loan guarantee mechanism that can deploy inputs from the state budget and from donors with maximal efficiency and scaled-up impact, while also ensuring financial sustainability throughout the Project period and beyond.

Regarding financial sustainability, the guarantee mechanism should be able to cover its own costs and possible defaults on guaranteed loans with the income from the assets placement and (in the mature phase) fees for the guarantees provided. In addition, the stability of the guarantee fund should be facilitated by the work to recover a of part of the funds used to cover defaults, based on the gradual restoration of the solvency of borrowers who had difficulties in repaying loans.

Technical assistance and careful due diligence applied to borrowers and their projects will help to ensure the technical and financial success of activity supported by loans guaranteed by the EELGP. This success, in turn, is expected to lead to low default rates, thus supporting both financial sustainability and the possibility of extending leverage and attracting new donors during the last three years of the Project.

To improve and scale up the guarantee mechanism, it is planned to increase the role of such organizations as the Electric Power and Energy Saving Development Institute in the Project, to assess the volume of required investments and attract foreign investments into the economy.

Efforts to improve the competence of participants in the guarantee scheme should also contribute to its sustainability. Sharing risks with banks and other financial intermediaries and relying on their expertise in project appraisal will be an important means of ensuring the sustainability of the guarantee fund, by increasing the quality of the due diligence of the applicants for guarantees and reducing the costs of issuing the guarantees. This synergy will create a systematic approach, operational efficiency and provide an opportunity for scaling and sustainable development of the guarantee mechanism at the national level.

Thus the Project will establish a financial and institutional foundation for post-project continuation of the EELGP. During the final two years of the Project, the Project Board and DAMU will seek agreement on the continuation of the EELGP after the end of the Project period, including definitions of institutional responsibilities and stewardship of the fund's assets. It is preliminarily envisioned that this post-project arrangement would involve continuation of the fund, with assets held in a specific account at DAMU under a formal agreement on how funds would be used for the strategic purposes, as confirmed with the Project and MIID.

IV. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMENDED)

Cost Efficiency and Effectiveness

As noted in previous sections, after the Project establishes financial viability and administrative efficiency during the pilot phase, it will seek both to ensure sustainability and maximize leverage during the second half of the Project. This focus on leverage is a direct reflection of the priority of cost-effective use of state budget funds. It is expected that success during the pilot phase and then during the post-pilot phase could attract additional investment in the fund by IFIs, thus magnifying the impact of the initial funding support from the Ministry of Industry and Infrastructural development.

Administrative costs of DAMU, as well as costs of promotion, will be covered by the Project budget at levels determined and negotiated based on analogous other donor-funded financing programs implemented with DAMU. Commercial banks and borrowers will join the Project in sharing the risks of the loans. The banks are expected to assume a role outside the Project budget in promotion of EELGP-supported loans, thus further extending cost-effective use of the state budget support.

SMEs face various challenges in obtaining funding, including high interest rates, low capacity, and so on. This Project seeks to address one specific challenge – the lack of collateral among SMEs involved with energy efficiency. The chosen loan guarantee mechanism has been demonstrated in many countries to be the most direct and effective way to address this challenge by lifting most of the collateral requirement.

An annual financial audit will help to ensure the proper cost-effective management of Project funds. The Project Board will determine the costs of these audits, based on the needed depth and expected subject matter, and will adjust the Project budget accordingly.

Project Management

In accordance with the Memorandum of Understanding between the Government of the Republic of Kazakhstan and the United Nations Development Program on cooperation at a new stage of national development, approved by the Resolution of the Government of the Republic of Kazakhstan dated October 26, 2009 No. 1681, MIID of the RK will play a key role in decisions related to the planning of activities and implementation of the Project. Operational activities, Project management will be executed by the UNDP in accordance with UNDP rules and procedures for programs and projects. UNDP already has strong connections with national and international experts with deep recent experience in green finance for UNDP energy efficiency and renewable energy portfolio. Project will be located in Nur-Sultan.

V. RESULTS FRAMEWORK¹⁴

Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework:

By 2025, all people in Kazakhstan, especially the most vulnerable, benefit from inclusive, resilient, and sustainable economic development with improved productive capacities, skills and equal opportunities for sustainable and decent jobs, livelihoods, and businesses

By 2025, all people in Kazakhstan, in particular most vulnerable, benefit from increased climate resilience, sustainable management of environment and clean energy, and sustainable rural and urban development.

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

Energy intensity measured in terms of primary energy and GDP

Baseline: 0.4 (2018)

Target: 0.39 (2025)

Output 4.2: Solutions developed, financed and applied at scale for structural transformation of energy sector and improved public health

• *Indicator 4.2.1: Volume of CO2 emissions and polluting substances avoided through the introduction of new energy - efficient and renewable energy supply solutions*

Baseline: 0 tons (2020)

Target: 1.8 million tons/130 million kilograms per ton (2025)

Applicable Output(s) from the UNDP Strategic Plan: 2.5.1 Solutions developed, financed and applied at scale for energy efficiency and transformation to clean energy and zero-carbon development, for poverty eradication and structural transformation

¹⁴ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED OUTPUTS	OUTPUT INDICATORS ¹⁵	DATA SOURCE	BASELINE		OBJECTIVES							DATA COLLECTION METHODS & RISKS
			Value	Year	Year1	Year2	Year3	Year4	Year 5	Year 6	Total	
Output 1.1. Assessment of potential SME activity in energy efficiency.	<i>Completion of assessment (see Results and Partnerships for details on contents)</i>	<i>Regulatory framework of the Republic of Kazakhstan</i> <i>Energy Efficiency Map of Kazakhstan, State energy register, results of energy audits carried out earlier and completed projects, incl. projects by international organizations.</i> <i>Detailed overview of publicly available secondary market information for SME sectors, government plans, programs and technology markets in Kazakhstan.</i>	0	2020	1	0	0	0	0	0	1	<i>A report with an assessment of the potential of projects and the forecasted volume of required investments in energy saving, by the largest sectors of the economy will be produced by PIT, including short-term experts and partners.</i> <i>The executive summary provides an overview of the more important findings and recommendations, which are detailed in the report.</i>

¹⁵ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant

Output 1.2. Assessment and gap analysis of the existing availability of financing and state support measures for energy efficiency and other "green" projects.	<i>Completion of assessment (see Results and Partnerships for details on contents)</i>	<i>Bureau of National Statistics of the Agency of Strategic Planning and Reforms of the Republic of Kazakhstan, expert estimates</i> <i>Detailed overview of the public secondary information regarding investments and the results of the provision of state support measures based on data of development institutions, international financial organizations, commercial banks, National Bank of the Republic of Kazakhstan</i>	0	2020	1	0	0	0	0	0	1	<i>Social and economic performance assessment report for the investments and government support measures for energy efficiency and, in a broader sense, for "green" projects will be produced by PIT, including short-term experts and partners.</i> <i>The executive summary provides an overview of the most important findings and recommendations, which are detailed in the report.</i>
	<i>Completion of assessment regarding improved access of women entrepreneurs to mid-term loans for SMEs:</i> <ul style="list-style-type: none"> • 5% increase of number of women-entrepreneurs, having received funding in form of bank loans, micro-loans, leasing or factoring 				0	0	1	0	0	1	2	<i>Report with an assessment of the support to women in business will be produced by the PIT and the gender expert of the UNDP Country Office.</i> <i>The executive summary provides an overview of the most important findings and recommendations, which are detailed in the report.</i>
Output 1.3. Organization and execution of study tours for decision-makers.	<i>Execution of study tours</i>	<i>Information from open sources about existing leading guarantee funds, online learning programs, support schemes consultations with international organizations...</i> <i>Needs assessment and defining the topics for organizing study tours has to be based on interviewing employees involved in the guarantee program.</i>	0	2020	1	2	0	0	0	0	3	<i>Study tours organized and completed, technical reports prepared, study tour programs finalized, list of participants guarantee programs prepared by the PIT with support of the UNDP Country Office.</i>

Output 1.4. Study of international best practices.	<i>Completion of studies (see Results and Partnerships for details on contents)</i>	<i>Open source information on existing support schemes for energy efficiency and small- scale renewable energy projects in different countries, the results of the conducted study tours (see paragraph 1.3.)</i>	0	2020	1	1	0	0	0	0	2	<i>Report with an assessment of the international best practices for the support of energy efficiency and renewable energy investments, recommendations, taking into account the context of the RK prepared, inter alia, based on the results of the study tours (in the first year of the Project); a report with an assessment of the international best practices for capitalizing the developed guarantee mechanism and recommendations for the context of Republic of Kazakhstan (in the second year of the Project). Reports will be produced by the PIT, Project Partners and the short-term experts</i>
Output 1.5. Quantitative assessment of the potential volume and target leverage of the Loan Guarantee Program.	<i>Completion of assessment</i>	<i>Statistical data of the Bureau of National Statistics of the Agency of Strategic Planning and Reforms of the Republic of Kazakhstan, Detailed overview of publicly available secondary information of the National Bank of the Republic of Kazakhstan, including statistics on the rates of defaults on loans, other publicly available information on typical organizational operation costs and other relevant data. Reports of International Financial Organizations for the Republic of Kazakhstan, annual reports of DAMU, results of international projects and programs to support investments in energy efficiency and small-scale renewable energy sources.</i>	0	2020	1	0	0	0	0	0	1	<i>A report with an assessment of the optimum and minimum volumes of the loan guarantee program for the Republic of Kazakhstan (including MS Excel modelling of the guarantee scheme, to identify its minimum and optimum parameters for its sustainability, based on realistic cost and other assumptions) and recommendations for successful implementation of the activities under Components 2 and 3 of the Project. Reports will be produced by the PIT, Project Partners and the short-term experts</i>
Output 1.6. Development of model business plans.	<i>Completion of model business plans (see Results and Partnerships for details on contents)</i>	<i>Results of the work of programs and projects to support energy efficiency and small-scale renewable energy investment projects, and information on potential projects available in the energy efficiency map</i>	0	2020	10	0	0	0	0	0	10	<i>Report covering the results of preparation of documents sets for 10 typical projects. Reports will be produced by the PIT, Project Partners and the short-term experts</i>

Output 2.1. Design of the Energy Efficiency Loan Guarantee Program	<i>Completion of design of guarantee system (see Results and Partnerships for details on contents)</i>	<i>Results of consultations with representatives ESCO, SME, DAMU, commercial banks, MIID, micro-finance organizations, etc. interested parties, information obtained during the study-tours (Component 1).</i>	0	2020	0	1	0	0	0	0	1	<p><i>A conceptual scheme for guaranteeing loans, mechanisms for the participation of stakeholders, rules with conditions for the participation of SMEs in it, operational scheme from application to termination of guarantees, assets placement recommendations, risk management, desired income structure, non-performing loans treatment rules, establishment of limits for the partner banks, other relevant features for the smooth and sustainable functioning of the loan guarantee scheme.</i></p> <p><i>The scheme will be produced by PIT, including short-term experts and partners.</i></p> <p><i>Completion form - minutes of approval of the developed prototype of the loan guarantee system at the meeting of the Project Board (PB)</i></p>
Output 2.2. Establishing and formalizing partnerships.	<i>Completion of formal Responsible Party Agreement or equivalent with DAMU and other agencies as needed</i>	<i>Results of consultations with representatives ESCO, SME, DAMU, commercial banks, MIID, micro-finance organizations, etc. interested parties, materials of reports prepared under points 1.5., 1.6 and 2.1. above</i>	0	2020	0	1	0	0	0	0	1	<p><i>Consultations and negotiations were held with the DAMU Fund, commercial banks, International Financial Institutions (IFIs), Associations, etc. A full package of necessary documents was prepared and signed to start a prototype of a loan guarantee system. Press conference on the launch of the loan guarantee system. Documents will be produced by PIT, including short- term experts and partners</i></p>

Output 3.1. Piloting the loan guarantee scheme.	<i>Number of loan guarantees issued</i>	<i>Standard project documentation developed in Component 1, applications received for Project support that meet the criteria for support in the form of guaranteeing loans</i>	0	2020	6	20	21	15	5	3	70	<i>Annual reports of the UNDP-MIID Project with information on the support of at least 70 projects for the entire implementation period (disaggregated on annual basis), including the necessary confirming documents from commercial banks and DAMU and other reporting documents of commercial banks and DAMU, expert groups opinions, other applicable documents, including monitoring reports. Reports will be produced by PIT, with support of the UNDP Country Office.</i>
Output 3.2. Facilitation the implementation of supported projects.	<i>Number of beneficiaries (borrowers receiving guaranteed loans) receiving technical support from Project</i>	<i>Annual reports on Project support, monitoring reports of DAMU, commercial banks and UNDP, results of visits and inspection of pilot projects.</i>	0	2020	6	20	21	15	5	3	70	<i>Annual reports on the monitoring of the results of supported pilots presented at the Project Board. Completion form – Project Board minutes. Reports will be produced by PIT, with assistance of the Project partners.</i>

Output 3.3. Evaluation of the performance of the tested prototype of the loan guarantee system and recommendations for its final structure.	Completed evaluation (see Results and Partnerships for contents)	Annual reports on Project support, monitoring reports of DAMU, commercial banks and UNDP, results of consultations with all participants in the loan guarantee system.		0	0	1	1	1	0	0	3	Reports for years 2, 3 and 4 of the implementation of the loan guarantee system, including an expert assessment of its performance and recommendations for its improvement and the final structure. Reports will be produced by PIT, including short-term experts and partners
	Improving DAMU's capacity to ensure continued access to finance for women entrepreneurs implementing energy efficient projects. Indicators: • Baseline data available on women entrepreneurs implementing energy efficiency projects • Gender issues in SMEs identified and resolved by stakeholder groups and used to help develop energy efficiency financial products for women entrepreneurs • Gender-disaggregated data for the following indicators are available on the DAMU information base: number of borrowers, opened credit accounts, number of jobs created, loan amount	Information from DAMU and commercial banks / financial intermediaries with the help of the National Commission for Women and Family and Demographic Policy and the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan		0	0	0	1	0	0	1	2	Establish a mechanism for collecting and analyzing information on gender issues in SMEs and monitoring / evaluating directions through: conducting an in-depth survey on gender issues in SMEs and integrating basic statistics on the gender structure of SMEs in the DAMU information system DAMU data collection mechanism should include at least seven gender-related indicators by the end of the Project

	<i>in tenge, loan purpose, type of business, region, sector</i>											
Output 3.4. Formation of the final structure of the loan guarantee system	<i>Completion of written plan for structure of Energy Efficiency Loan Guarantee Program</i>	<i>Results of pilot projects implementation, results of stakeholder consultations</i>	0	2020	0	0	0	1	1	1	1(3)	<i>Preliminary reports (for the 4th and 5th years of the Project implementation) and the final report (for the 6th year of the Project implementation) have been prepared, including a complete description of the final structure of the loan guarantee system in the form of a sustainable structure with a long-term development strategy. The reports were heard and approved by the Project Board. Reports will be produced by PIT, including short-term experts and the Project partners.</i>
Output 4.1. Development of a roadmap (plan) for education, training, retraining of personnel and raising awareness of persons involved in the system of guarantee support for energy efficiency projects.	<i>Completion of roadmap (see Results and Partnerships for contents)</i>	<i>Results of the conducted study tours, results of consultations with stakeholders, available materials for capacity building in the field of energy conservation and small-scale renewable energy sources.</i>	0	2020	1	0	0	0	0	0	1	<i>Roadmap (plan), including a description of target groups, tasks, methods, activities, timing of organization and implementation of coaching, training, retraining of personnel and raising awareness of persons involved in the guarantee support system and its performance monitoring and verification. The plan will be produced by PIT, including short-term experts and the Project partners.</i>

Output 4.2. Development and dissemination of information and educational resources.	<i>Type and number of information and educational resources</i>		0	2020	0	<i>At least two types of printed materials developed (3000 copies)</i>	<i>At least two additional types of printed materials developed (3000 copies)</i>	<i>At least two additional types of printed materials developed (3000 copies)</i>	<i>At least two videos developed</i>	0	0	<i>Information and training materials for the implementation of training activities, including printed products, handouts (in printed or electronic forms) posted on Internet resources. Information will be produced by PIT, including short-term experts, with support of the UNDP Country Office and the Project partners..</i>
Output 4.3. Development of Internet resources.	<i>Completion of new web materials at www.eep.kz, including organization of a "mirror", leading to the corresponding web-resources of DAMU Foundation.</i>		0	2020	1	0	0	0	0	0	1	<i>A dedicated section at information portal www.eep.kz was created in the first year of the UNDP-MIID Project; in subsequent years, support was organized to update this web resource with a systematic reflection of news, analytics, publication of reports and other materials prepared within the framework of the Project. Information will be produced by PIT, including short-term experts, with support of the UNDP Country Office.</i>

Output 4.4. Assessment of awareness of target groups.	Assessment of awareness carried out		0	2020	1	0	0	1	0	1	3	The methodology for assessing the level of awareness was formed in the first year of the Project and was used to assess the level in the first (one report), fourth (one report) and sixth (one report) years of the Project. Total 3 reports. Reports will be produced by PIT, including short-term experts and the Project partners
	Assessment of the awareness of women entrepreneurs about offered financial products in the field of energy efficiency, meeting the needs of women entrepreneurs through the existing regional offices of DAMY, Number of women who received business consultations through the following contacts: hotlines (telephones); online resources; personal consultations	Information from DAMU, local authorities, academic institutions, commercial banks / financial intermediaries NGOs, service providers	0	2020	0	0	0	1	0	1	2	Awareness Assessment Report on Energy Efficiency Opportunities for Women Entrepreneurs Report will be produced by PIT, including short-term experts and partners, with support of the UNDP Country Office.

Output 4.5. Delivery of trainings and workshops for capacity building.	<i>Number of trainings and workshops, plus number of attendees</i>		0	2020	0	15 events, 150 total attendees, including 50 women	15 events, 150 total attendees, including 50 women	15 events, 150 total attendees, including 50 women	0	0	45 events, 450 total attendees, including 150 women	<i>Summary information on date, location and attendees at training events with a full list of materials used. Information will be produced by PIT, including short-term experts and partners</i>
	<i>Completion of the assessment on the coverage of women entrepreneurs by the financial services by the following indicators: Promote greater participation of women in training programs (Number of women in the total number of trained at least 150 women; Number of women who completed the training / seminar)</i>		0	2020		50 women (SMEs)	50 women (SMEs)	50 women (SMEs)			150 women (SMEs)	<i>Evaluation report on raising the awareness and skill level of women entrepreneurs on financial knowledge, as well as knowledge and opportunities to improve energy efficiency. The executive summary provides an overview of the most important findings and recommendations, which are detailed in the report. Report will be produced by PIT, including short-term experts and partners, with support of the UNDP Country Office.</i>

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the Project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to Project context, as needed]*

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
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, or in the frequency required for each indicator.	Slower than expected progress will be addressed by Project management.	Project Board, DAMU	
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.	Project Board, DAMU	
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.	At least annually	Relevant lessons are captured by the Project team and used to inform management decisions.	DAMU	
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.	Annually	Areas of strength and weakness will be reviewed by Project management and used to inform decisions to improve Project performance.	Project Board, DAMU	
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.	Project Board, DAMU	

Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual Project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the Project (final report)			
Project Review (Project Board)	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.	Annually	Any quality concerns or slower than expected progress should be discussed by the Project Board and management actions agreed to address the issues identified.		
Mid term evaluation	An independent mid-term evaluation is carried out in the middle of the Project implementation period. The mid-term evaluation determines the progress of the Project in achieving results and identifies the necessary changes. The results of this review will be included as recommendations for implementation at the final stage of the Project.	2024	The organization, terms of reference and timing of the mid-term evaluation will be clarified during the Project implementation period. Terms of reference for the midterm assessment will be prepared by the UNDP Country Office	Project Board, PIT, Partners	25,000 USD
Final evaluation	An independent final evaluation is carried out three months prior to the final PB meeting in accordance with UNDP guidance. The final evaluation will aim to assess the achievement the Project results as originally planned (and adjustments after the mid-term evaluation, if any). The final	2026	The Terms of Reference for this assessment is prepared by the UNDP Country Office.	Project Board, PIT, Partners	25,000 USD

	assessment also includes determining the impact and sustainability of the results, including contributions to capacity development and the achievement of global goals.				
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VII. MULTI-YEAR WORK PLAN ¹⁶¹⁷

All anticipated programmatic and operational costs to support the Project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the Project budget under the relevant output(s). This includes activities that directly support the Project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the Project need to be disclosed transparently in the Project document.

¹⁶ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

¹⁷ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the Project Board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

Activities anticipated	Activities planned	Annual budgets, USD K						Responsibl e parties	Planned budgets, USD K							
		Y1	Y2	Y3	Y4	Y5	Y6		Sourc e	Budget code	2021	2022	2023	2024	2025	2026
Component 1. Assessment of current and potential markets as well as investment needs among SMEs working on energy efficiency																
Output 1. The potential of projects and the estimated amount of investments required to improve energy efficiency in the sectors of the economy that can be covered by the activities of small and medium-sized businesses with the support of the debt financing guarantee system are assessed	1.1. Assessment of the potential of projects that can be covered by the activities of small and medium-sized businesses and the required investments in the subsectors of energy saving: buildings, lighting, heating, water treatment and sanitation, housing and communal services and other relevant	58,15	0,00	0,00	0,00	0,00	0,00	UNDP, MIID	MIID	71400 – Service contracts (individual)	12,00	0,00	0,00	0,00	0,00	0,00
										72100 – Contracted services -- companies	43,65	0,00	0,00	0,00	0,00	0,00
										75700 – Training, workshops	2,50	0,00	0,00	0,00	0,00	0,00
	1.2. Assessment of the socio-economic efficiency of investments and state support measures in energy efficiency and, in a broader sense, in "green" projects	55,43	0,00	4,00	0,00	0,00	4,00	UNDP, MIID	MIID	71400 – Service contracts (individual)	8,50	0,00	0,00	0,00	0,00	0,00
										72100 – Contracted services -- companies	44,43	0,00	0,00	0,00	0,00	0,00
										75700 – Training, workshops	2,50	0,00	0,00	0,00	0,00	0,00
	1.2.1 Assessment to support women in business.									71400 – Service contracts (individual)	0,00	0,00	2,00	0,00	0,00	2,00
										72100 – Contracted services -- companies	0,00	0,00	2,00	0,00	0,00	2,00

	1.3. Organization and conduct of stage-tours for decision-makers on financial support of projects (host countries and organizations in them will be determined by screening at the stage of Project implementation)	28,90	28,90	0,00	0,00	0,00	0,00	UNDP	MIID	71600 -- Travel	19,90	19,90	0,00	0,00	0,00	0,00
										72100 -- Contracted services -- companies	6,00	6,00	0,00	0,00	0,00	0,00
										74220 -- Interpretation and translation services	3,00	3,00	0,00	0,00	0,00	0,00
	1.4. Assessment of the best foreign practices, including innovative financing models that can be used to support projects in the field of energy efficiency and, in a broader sense, "green" projects, taking into account the conditions of the Republic of Kazakhstan	83,68	0,00	0,00	0,00	0,00	0,00	UNDP	MIID	71200 International consultants	83,68	0,00	0,00	0,00	0,00	0,00
	1.5. Assessment of the potential and desirable volume of the loan guarantee program in the Republic of Kazakhstan, which will be created under component 2;	83,68	0,00	0,00	0,00	0,00	0,00	UNDP, MIID	MIID	71200 International consultants	59,68	0,00	0,00	0,00	0,00	0,00
										72100 Contracted services	24,00	0,00	0,00	0,00	0,00	0,00
	1.6. Development of documentation for at least 10 standard projects on energy efficiency / small renewable energy sources for various sectors of the economy for use as samples in the preparation of business plans and investment projects for obtaining support measures for lending	47,57	0,00	0,00	0,00	0,00	0,00	UNDP	MIID	72100 -- Contracted services -- companies	25,57	0,00	0,00	0,00	0,00	0,00
										71400 -- Service contracts (individual)	17,00	0,00	0,00	0,00	0,00	0,00
										75700 -- Training, workshops	5,00	0,00	0,00	0,00	0,00	0,00

	1.7.Coordination of Component 1	22,74	22,74	22,74	22,74	22,74	22,74	UNDP, MIID	MIID	71400 – Service contracts (individual)	22,74	22,74	22,74	22,74	22,74	22,74
	1.8.Reimbursement of non-relevant administrative personnel costs	31,05	4,13	1,82	1,82	1,82	1,82	UNDP, MIID	MIID	75100 General Management Support	31,05	4,13	1,82	1,82	1,82	1,82
	Total for Component 1.	411,20	55,77	28,56	24,56	24,56	28,56				411,20	55,77	28,56	24,56	24,56	28,56
Component 2. Designing the pilot loan guarantee system																
Output 2. A prototype of a loan guarantee system (LGPEE) was created and a loan subsidy scheme was improved for the implementation of energy efficiency projects.	2.1. The previously tested support mechanism for urban energy service initiatives has been improved (taking into account the ongoing LGPEE program).	29,53	88,60	0,00	0,00	0,00	0,00	UNDP, MIID	MIID	72100 Contracted services	12,00	12,00	0,00	0,00	0,00	0,00
										71200 International consultants	10,00	40,00	0,00	0,00	0,00	0,00
										71400 – Service contracts (individual)	7,53	36,60	0,00	0,00	0,00	0,00
	2.2. Partnerships have been established with potential participants in the LGPEE (DAMU Fund, commercial Banks, International Financial Organizations (IFIs), Associations, etc.)	0,00	15,86	0,00	0,00	0,00	0,00	UNDP, MIID	MIID	72100 Contracted services	0,00	7,93	0,00	0,00	0,00	0,00
										71400 – Service contracts (individual)	0,00	7,93	0,00	0,00	0,00	0,00
	2.3.Coordination of Component 2	22,74	22,74	22,74	22,74	22,74	22,74	UNDP, MIID	MIID	71400 – Service contracts (individual)	11,37	11,37	11,37	11,37	11,37	11,37
										72100 Contracted services	11,37	11,37	11,37	11,37	11,37	11,37
	2.4.GMS	4,18	10,18	1,82	1,82	1,82	1,82	UNDP, MIID	MIID	75100 General Management Support	4,18	10,18	1,82	1,82	1,82	1,82
	Total for Component 2.	56,46	137,38	24,56	24,56	24,56	24,56				56,46	137,38	24,56	24,56	24,56	24,56

Component 3. Piloting the system for supporting investments into energy efficiency projects, review of lessons learned on its performance with subsequent transformation of the system into a sustainable national structure

Output 3. The created system for supporting investments in energy efficiency projects was piloted, lessons were learned on its performance with its subsequent transformation into a sustainable national structure.	3.1. Piloting support for at least 70 pilot projects in the form of loan guarantees, as well as in the form of other support measures (subsidizing the interest rate / part loan principal), including 6 projects in 2021	273,39	873,51	1 006,87	662,45	294,10	286,12	UNDP, MIID	MIID	72100 – Contracted services -- companies	246,05	786,16	906,18	596,21	264,69	257,51
										71400 – Service contracts (individuals)	27,34	87,35	100,69	66,25	29,41	28,61
	3.2. Facilitation in the implementation of supported projects in the pilot phase, including consultations on their assessment, monitoring, and adjustment, if necessary.	0,00	63,43	63,43	0,00	0,00	0,00	UNDP, MIID	MIID	72100 – Contracted services -- companies	0,00	31,72	31,72	0,00	0,00	0,00
										71400 – Service contracts (individuals)	0,00	31,72	31,72	0,00	0,00	0,00
	3.3. Evaluation of the performance of the tested prototype of the loan guarantee system and recommendations for its final structure	0,00	12,86	15,86	7,93	0,00	3,00	UNDP, MIID	MIID	71200 – International consultants	0,00	3,52	3,52	1,98	0,00	0,00
										71400 – Service contracts (individuals)	0,00	5,81	5,81	3,47	0,00	0,00
										72100 – Contracted services -- companies	0,00	3,52	3,52	2,48	0,00	0,00
										71400 – Service contracts (individuals)	0,00	0,00	1,50	0,00	0,00	1,50
	3.3.1. Establishing a mechanism for collecting and analyzing information on gender issues in SMEs									72100 – Contracted services -- companies	0,00	0,00	1,50	0,00	0,00	1,50
	3.4. A loan guarantee system (LGPEE) has been created for the conditions of the Republic of Kazakhstan, taking into	0,00	0,00	0,00	7,93	15,86	15,86	UNDP, MIID	MIID	72100 – Contracted services -- companies	0,00	0,00	0,00	2,27	4,53	4,53

	account the experience of the pilot phase in the form of a self-sufficient structure with a long-term development strategy (final report with recommendations)									71400 – Service contracts (individuals)	0,00	0,00	0,00	5,66	11,33	11,33
	3.5.Coordination of Component 3	22,74	22,74	22,74	22,74	22,74	22,74	UNDP, MIID	MIID	71400 – Service contracts (individuals)	11,37	11,37	11,37	11,37	11,37	11,37
										72100 Contracted services	11,37	11,37	11,37	11,37	11,37	11,37
	3.6.GMS	23,69	78,04	88,71	56,08	26,62	25,98	UNDP, MIID	MIID	75100 General Management Support	23,69	78,04	88,71	56,08	26,62	25,98
	Total for Component 3.	319,83	1050,59	1197,61	757,14	359,32	353,70				319,83	1050,59	1197,61	757,14	359,32	353,70
Component 4. Strengthening capacity of stakeholders (banks, the private sector, specialised institutions etc.) to ensure sustainability of the support system and for pipeline development.																
Output 4. The potential of stakeholders (akimats, banks, the private sector, etc.) has been increased in order to ensure the sustainability of the established support system.	4.1. A roadmap (plan) has been developed and implemented for education, training, retraining of personnel and raising awareness of persons involved in the system of guarantee support for energy efficiency projects	0,00	0,00	0,00	0,00	10,00	10,00	UNDP, MIID	MIID	72100 – Contracted services -- companies	0,00	0,00	0,00	0,00	5,00	5,00
										71400 – Service contracts (individuals)	0,00	0,00	0,00	0,00	5,00	5,00
	Output 4.2. Development and dissemination of information and educational resources.	0,00	0,00	0,00	0,00	17,00	17,00	UNDP, MIID	MIID	71400 – Service contracts (individuals)	0,00	0,00	0,00	0,00	8,5	8,50
										72100 – Contracted services – companies	0,00	0,00	0,00	0,00	8,5	8,50
	Output 4.3. Development of Internet resources.	0,00	0,00	0,00	0,00	6,04	6,04	UNDP, MIID	MIID	72100 – Contracted services -- companies	0,00	0,00	0,00	0,00	6,04	6,04
	Output 4.4. Assessment of awareness of target groups.	0,00	0,00	3,00	0,00	17,16	20,16	UNDP, MIID	MIID	71400 – Service contracts (individuals)	0,00	0,00	0,00	0,00	5,00	5,00

										72100 – Contracted services – companies	0,00	0,00	0,00	0,00	12,16	12,16
	Output 4.4.1 Assessing awareness of energy efficiency opportunities for women entrepreneurs									71400 – Service contracts (individuals)	0,00	0,00	1,50	0,00	0,00	1,50
										72100 – Contracted services – companies	0,00	0,00	1,50	0,00	0,00	1,50
	Output 4.5. Delivery of trainings and workshops for capacity building.									71400 – Service contracts (individuals)	0,00	6,59	6,59	6,59	0,00	0,00
	Assessment to raise awareness and skills of women entrepreneurs	0,00	19,77	19,77	19,77	0,00	0,00	UNDP, MIID	MIID	72100 – Contracted services – companies	0,00	6,59	6,59	6,59	0,00	0,00
										75700 – Training, workshops	0,00	6,59	6,59	6,59	0,00	0,00
	4.2.Coordination of Component 4	22,74	22,74	22,74	22,74	22,74	22,74	UNDP, MIID	MIID	71400 – Service contracts (individuals)	11,37	11,37	11,37	11,37	11,37	11,37
								UNDP, MIID		72100 Contracted services	11,37	11,37	11,37	11,37	11,37	11,37
	4.3.GMS	1,82	1,82	1,82	1,82	8,45	8,45	UNDP, MIID	MIID	75100 General Management Support	1,82	1,82	1,82	1,82	8,45	8,45
	Total for Component 4.	24,56	44,33	47,33	44,33	81,39	84,39				24,56	44,33	47,33	44,33	81,39	84,39
Component 5 – monitoring and evaluation																
Output 5. Monitoring and evaluation activities of the Project were carried out.	5.1.Salaries of permanent employees	10,36	10,36	10,36	10,36	10,36	10,36	UNDP, MIID	MIID	72100 – Contracted services – companies	5,18	5,18	5,18	5,18	5,18	5,18
										71400 – Service contracts (individuals)	5,18	5,18	5,18	5,18	5,18	5,18

	5.2.Office rent	10,61	10,61	10,61	10,61	10,61	10,61	UNDP, MIID	MIID	74500 - прочее	10,61	10,61	10,61	10,61	10,61	10,61
	5.3.Depreciation of the fixed assets	0,97	0,97	0,97	0,97	0,97	0,97	UNDP, MIID	MIID	74500 - прочее	0,97	0,97	0,97	0,97	0,97	0,97
	5.4.Monitoring visits	8,16	8,16	8,16	8,16	8,16	8,16	UNDP, MIID	MIID	74500 - прочее	8,16	8,16	8,16	8,16	8,16	8,16
	5.5.Introductory seminar	9,98	0,00	0,00	0,00	0,00	0,00	UNDP, MIID	MIID	74500 - прочее	9,98	0,00	0,00	0,00	0,00	0,00
	5.6.Closing seminar	0,00	0,00	0,00	0,00	0,00	7,99	UNDP, MIID	MIID	74500 - прочее	0,00	0,00	0,00	0,00	0,00	7,99
	5.7.Cost Recovery	17,62	17,62	17,62	17,62	17,62	17,62	UNDP, MIID	MIID	74500 - прочее	17,62	17,62	17,62	17,62	17,62	17,62
	5.8.GMS	3,21	2,41	2,41	2,41	2,41	3,05	UNDP, MIID	MIID	75100 General Manageme nt Support	3,21	2,41	2,41	2,41	2,41	3,05
	Total for Component 5.	60,90	50,12	50,12	50,12	50,12	58,75				60,90	50,12	50,12	50,12	50,12	58,75
	ВСЕГО ПО ПРОЕКТУ	872,9 5	1 338,2 0	1 348,2 0	900,7 2	539,9 7	549,9 7				872,9 5	1 338,2 0	1 348,2 0	900,7 2	539,9 7	549,9 7

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The Project will be implemented in accordance with the established UNDP procedures applied to national implementation of development projects. The Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan (MIID of the RK) will be the Implementing Partner. UNDP will provide support services in Project implementation in accordance with the Standard Letter of Agreement on the provision of support services.

The MIID of the RK will appoint a National Project Director (NPD), who will be a civil servant of the MIID of the RK with the sufficient authority to provide general supervision and coordination of Project activities and can guarantee the involvement of the relevant governmental institutions in the achievement of the Project results. The NPD will chair the Project Board (PB), which will be set up for strategic guidance, coordination and policy support of the Project. The PB will consist of key partners from the side of the Government, UNDP and other stakeholders, namely: Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan, UNDP, Ministry of National Economy of the Republic of Kazakhstan, Ministry of Energy of the Republic of Kazakhstan, Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan, Ministry of Finance of the Republic of Kazakhstan, the National chamber of entrepreneurs of the Republic of Kazakhstan "Atameken", Astana International Financial Center, Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, Association energy auditors of the Republic of Kazakhstan, the Association of Financiers of the Republic of Kazakhstan. The full composition of the PB will be agreed upon during its first meeting.

The PB meetings take place at least once a year to endorse the annual review report and the annual workplan for the following year. If needed, the PB can hold additional meetings in the course of the year. The Project Manager will regularly meet with the National Project Director to inform and coordinate the Project activities at the technical level. Only strategic decisions will be made at the PB.

Project Implementation Team (PIT), following the UNDP procedures for the implementation of projects, a Project Manager, an International Technical Advisor to the Project, a Project Administrative and Finance Assistant, national experts, responsible for the implementation of individual Project components will be hired, as well as short-term international, national experts and consultants will be involved, if necessary, to achieve individual Project results. National and international companies can also be involved in the implementation of the Project. These consultants and companies will be hired in accordance with UNDP standard procedures.

Project Manager will carry out day-to-day Project management. Technical support to the Project manager will be provided by national and international consultants. The hiring of specialists, the purchase of any equipment and materials for the implementation of the Project will be carried out in accordance with the rules and procedures for the procurement of goods and services. The Project Manager will carry out the implementation of the Project on a daily basis on behalf of the Implementing Partner within the scope of the responsibilities established by the ToR. The Project Manager will complete his / her functions upon submission of the final Project implementation quality assessment report and other documentation required by UNDP.

International Technical Advisor assists the manager in achieving the goals and objectives of the Project and provides the technical part of the Project. The advisor ensures effective communication with national and international stakeholders and works in close cooperation with the Ministry of Industry and Infrastructure Development and other Project partners. The advisor provides advice and assistance for the timely solution of problems that may arise during the implementation of the Project. The advisor, in close cooperation with the UNDP Sustainable Development and Urbanization Department in Kazakhstan, through direct participation in the preparation of all Project reports, successful coordination and use of Project resources will contribute to the quality implementation of the entire Project. The advisor must

perform the following functions: (1) Participate in the development and oversee the implementation of the work plans for the management of the Project; (2) Take an active part in the development and approval of terms of reference for experts and companies that will be involved in the implementation of the tasks of the Project; (3) Ensure a smooth exchange of information between the beneficiaries, the team of experts and the UNDP country office; (4) Build and maintain productive relationships with a wide range of experts in areas related to the Project, in addition to members of the Project team; (5) Regularly inform UNDP about the status of the Project implementation, update the relevant databases as necessary; (6) Provide technical advice to beneficiaries, review technical reports for each component, and track work carried out on each component of the Project; (7) Develop draft presentations, reports, etc. for the Project, as well as for each component as needed; (8) Provide services to assist the Project team in achieving their objectives (administrative, organizational and other Project management, etc.)

The Project team will be supported by the **Administrative and Finance Assistant** who will be supporting the Project Manager and will be responsible for administrative and financial issues. In accordance with the structure of the UNDP Country Office, the Project Assistant will be part of the Project Implementation Unit within the Management and Programme Support Unit (MPSU) and will work in close day-to-day collaboration with the Project Manager. The Project Manager and Project team will get broader support from the UNDP CO that will include support with the administrative and financial transactions, as well as procurement, human resources, asset management, and others as may be required during the Project implementation stage.

National Experts of the Project (1) on structuring and piloting financing for energy efficiency, (2) on developing capacity to support energy efficiency. The activities of the experts will be aimed at fulfilling official duties aimed at achieving the goals and objectives of the UNDP Project. The expert on structuring and piloting financing for energy efficiency is responsible for the development of a prototype guarantee system for financing energy saving projects (component 2), including organizing and conducting the necessary consultations with stakeholders, preparing the necessary rules, conditions and other organizational issues in which the future loan guarantee system for energy efficiency initiatives. After the launch of the pilot phase of the loan guarantee system, this expert will also be responsible for piloting the created system for supporting energy efficiency investments, including organizing the process of considering projects applying for a guarantee, coordinating support for the implementation of supported projects, including consulting on their assessment, monitoring, and adjustments, if necessary, as well as preparation of performance assessments of the prototype of the loan guarantee system and recommendations for its final structure. The expert on capacity development for energy efficiency support is responsible for raising awareness of those involved in the system of guarantee support for energy efficiency projects, including coordinating the preparation of the necessary training, information, PR-materials, Project publications, as well as conducting relevant seminars, master classes designed to train various target groups for their participation in the system of guaranteeing loans to improve energy efficiency. The capacity development specialist assists in the development of training modules, the organization of trainings.

Procurement Specialist, as a part of the UNDP Country Office team, will provide support to the Project on procurement behavior in accordance with the goals and objectives of the Project and in accordance with the requirements and rules of UNDP.

Gender Policy Specialist, as a part of the UNDP Country Office team, will provide support to the Project to strengthen gender policy issues in the education system.

UNDP Country Office will provide programme quality assurance.

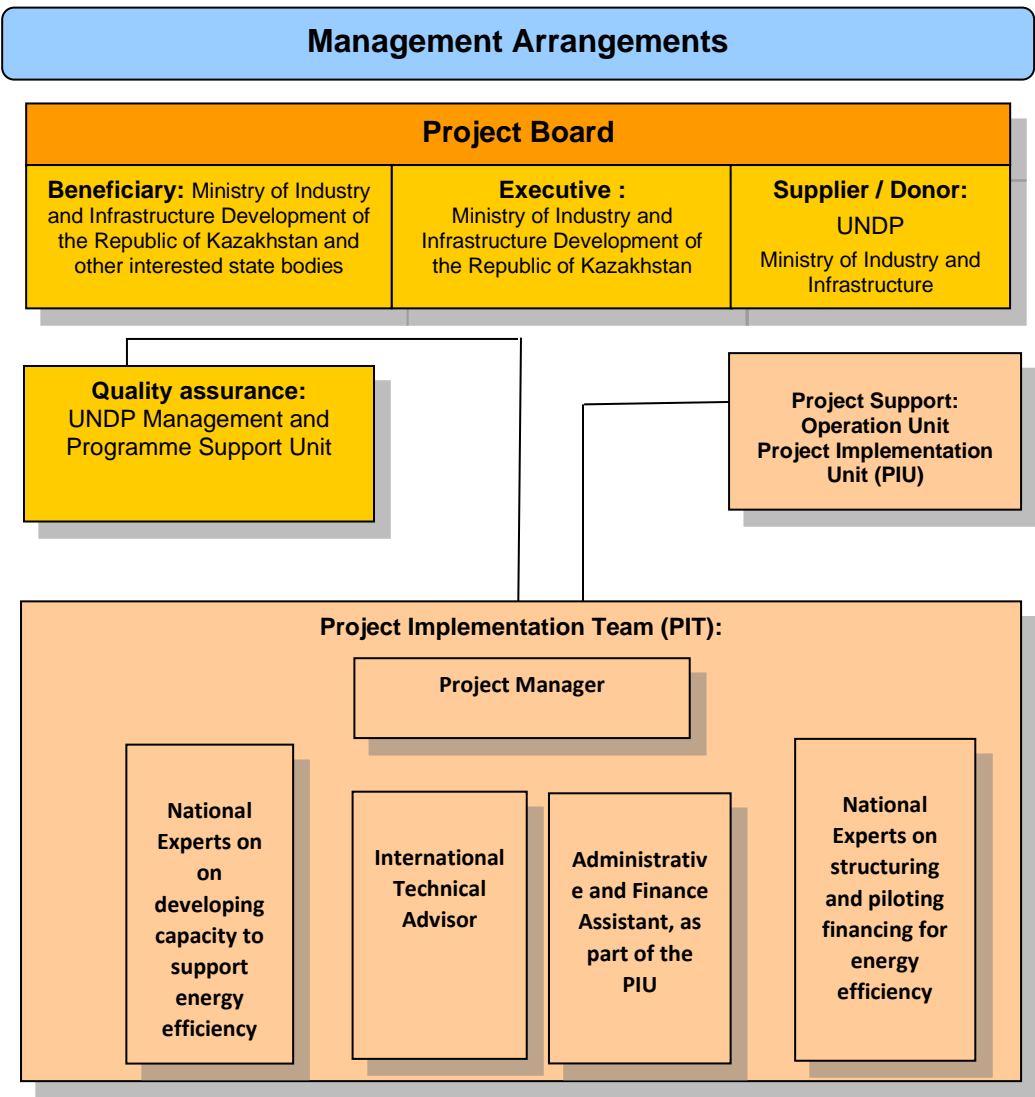
In the beginning of each year (except Year 1), the Project team will prepare an annual workplan that will be submitted to the Project Board for endorsement. It will be the main instrument for the distribution of the Project's resources. The annual workplan is prepared in consultations with all stakeholders. The Ministry and UNDP will conduct regular monitoring of plan implementation. For reporting purposes, the Project team will prepare an annual review report. It will specify progress

achieved by the Project in delivering on the planned outputs and include, if relevant, justifications for the Project's course corrections.

Terms of Reference for key Project personnel are provided in Annex 5.

The diagram below shows strategic and operational management of the Project.

The Project's organizational structure is as follows:



IX. LEGAL CONTEXT

This Project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Republic of Kazakhstan and UNDP, signed on 4 October 1994.

All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This Project will be implemented by Ministry of Industry and Infrastructure (“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.

X. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA *[for the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the Implementing Partner¹⁸ and its personnel and property, and of UNDP’s property in the Implementing Partner’s custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
 - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the Project is being carried;
 - b) assume all risks and liabilities related to the Implementing Partner’s security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner’s obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document 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 http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.
4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
 - (a) In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General’s Bulletin ST/SGB/2003/13 of 9 October 2003, concerning “Special measures for protection from sexual exploitation and sexual abuse” (“SEA”).
 - (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual

¹⁸ In this Project, the Executive Partner (MIID RK) also acts as a donor financing this Project, together with UNDP in the Republic of Kazakhstan. In this regard, in this section and further, the Executive Partner is also referred to as Donor.

harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.

5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:
 - i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
 - ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;
 - iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;
 - iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
 - v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.
- b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.
6. 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>).
7. 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.
8. 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.

9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the Project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
10. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
11. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.
12. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP Project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

13. UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement.
14. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
15. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the Project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
16. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

- 1. Project Quality Assurance Report (to be submitted separately)**
- 2. Social and Environmental Screening Check List**
- 3. Risk Analysis.**
- 4. Capacity Assessment:** Results of capacity assessments of DAMU Fund (HACT Micro Assessment)
- 5. Capacity Assessment:** Results of capacity assessments of EPESDI (HACT Micro Assessment)
- 6. Project Board Terms of Reference and TORs of key management positions**

ANNEX 2. SOCIAL AND ENVIRONMENTAL SCREENING TEMPLATE (2021 SESP TEMPLATE, VERSION 1)¹⁹

The completed template, which constitutes the Social and Environmental Screening Report, must be included as an annex to the Project Document at the design stage. Note: this template will be converted into an online tool. The online version will guide users through the process and will embed relevant guidance.

Project Information

Project Information	
1. Project Title	CREATING CONDITIONS FOR THE ATTRACTION OF INVESTORS IN ENERGY EFFICIENCY IN KAZAKHSTAN
2. Project Number (i.e. Atlas project ID, PIMS+)	
3. Location (Global/Region/Country)	Kazakhstan
4. Project stage (Design or Implementation)	Design
5. Date	March 2021

Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?

Briefly describe in the space below how the project mainstreams the human rights-based approach

The project seeks to support small and medium enterprises in gaining access to financing for energy efficiency. All aspects of the project are consistent with ensuring fulfillment of the obligations of duty-bearers and advancement of the interests of rights-holders, including minorities, women, and economically vulnerable groups.

Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment

¹⁹ **NOTE:** THIS TEMPLATE IS COMPLETED AT THE STAGE OF DEVELOPMENT OF THE PROJECT DOCUMENT, PROVIDES A REPORT ON SOCIAL AND ENVIRONMENTAL ASSESSMENT AND IS INCLUDED AS AN ANNEX TO THE PROJECT DOCUMENT.

The project, in defining eligibility criteria for guaranteed loans, will take note of ownership of firms by women, as well as women employees. It will specifically emphasize engagement of women via promotional efforts for the loan guarantees, as well as via training for financial and business stakeholders. The project will report on relevant gender-related indicators in its monitoring and evaluation.
Briefly describe in the space below how the project mainstreams sustainability and resilience
The core focus of the project is expansion of activity in energy efficiency, which in turn directly advances resilience (via resource conservation, enhanced building performance even under temperature extremes, and so on) and environmental sustainability (via greenhouse gas emissions reductions, as well as reduction of local pollution).
Briefly describe in the space below how the project strengthens accountability to stakeholders
The project has been designed based on active engagement of numerous diverse stakeholders, including small businesses, commercial banks, IFIs, microfinance institutions, and government agencies. The project will continue to engage all these stakeholders and will take their feedback into account in compiling lessons learned and enhancing services provided by the project, particularly as the project moves from its pilot phase to its later phases.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? <i>Note: Complete SESP Attachment 1 before responding to Question 2.</i>	QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>Note: Respond to Questions 4 and 5 below before proceeding to Question 5</i>			QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High
Risk Description (broken down by event, cause, impact)	Impact and Likelihood (1-5)	Significance (Low, Moderate, Substantial, High)	Comments (optional)	Description of assessment and management measures for risks rated as Moderate, Substantial or High
Risk 1 (Standard 3, Risk 3.1): The Project will lead to some construction and renovation of buildings, as well as possible modifications to infrastructure such as district heating networks and facilities, as well as street lighting	I = 1 L = 3	Low	The Project will require that all applicants seeking support from the Project demonstrate that their projects comply with all applicable health, safety, and occupational safety	

			laws. It is expected that this risk will be minimal or insignificant in almost all cases, as the construction/renovation activity will involve well-understood equipment and technology, without hazardous materials or working conditions.	
Risk 2 (Standard 8, Risk 8.2): The Project may lead to installation of new equipment that would involve the removal of old equipment and materials, which would then need to be treated as waste.	I = 1 L = 2	Low		
QUESTION 4: What is the overall project risk categorization?				
		Low Risk	<input checked="" type="checkbox"/>	
		Moderate Risk	<input type="checkbox"/>	
		Substantial Risk	<input type="checkbox"/>	
		High Risk	<input type="checkbox"/>	
QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)				
Question only required for Moderate, Substantial and High Risk projects				
		<u>Is assessment required? (check if "yes")</u>	<input type="checkbox"/>	Status? (complete d, planned)
		<i>if yes, indicate overall type and status</i>	<input type="checkbox"/>	Targeted assessment(s)
			<input type="checkbox"/>	ESIA (Environmental and Social Impact Assessment)

		<input type="checkbox"/>	SESA (Strategic Environmental and Social Assessment)	
	Are management plans required? (check if “yes)	<input type="checkbox"/>		
	<i>If yes, indicate overall type</i>	<input type="checkbox"/>	Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)	
<input type="checkbox"/>		ESMP (Environmental and Social Management Plan which may include range of targeted plans)		
<input type="checkbox"/>		ESMF (Environmental and Social Management Framework)		
	Based on identified <u>risks</u>, which Principles/Project-level Standards triggered?		Comments (not required)	
	Overarching Principle: Leave No One Behind			
	Human Rights	<input type="checkbox"/>		
	Gender Equality and Women’s Empowerment	<input type="checkbox"/>		
	Accountability	<input type="checkbox"/>		
	1. Biodiversity Conservation and Sustainable Natural Resource Management	<input type="checkbox"/>		
	2. Climate Change and Disaster Risks	<input type="checkbox"/>		
	3. Community Health, Safety and Security	<input type="checkbox"/>		
	4. Cultural Heritage	<input type="checkbox"/>		

	5. Displacement and Resettlement	<input type="checkbox"/>	
	6. Indigenous Peoples	<input type="checkbox"/>	
	7. Labour and Working Conditions	<input type="checkbox"/>	
	8. Pollution Prevention and Resource Efficiency	<input type="checkbox"/>	

Final Sign Off

Final Screening at the design-stage is not complete until the following signatures are included

Signature	Date	Description
QA Assessor		UNDP staff member responsible for the Project, typically a UNDP Programme Officer. Final signature confirms they have “checked” to ensure that the SESP is adequately conducted.
QA Approver		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have “cleared” the SESP prior to submittal to the PAC.
PAC Chair		UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the Project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks	
INSTRUCTIONS: The risk screening checklist will assist in answering Questions 2-6 of the Screening Template. Answers to the checklist questions help to (1) identify potential risks, (2) determine the overall risk categorization of the Project, and (3) determine required level of assessment and management measures. Refer to the <u>SES toolkit</u> for further guidance on addressing screening questions.	
Overarching Principle: Leave No One Behind Human Rights	Answer (Yes/No)
P.1 Have local communities or individuals raised human rights concerns regarding the Project (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
P.2 Is there a risk that duty-bearers (e.g. government agencies) do not have the capacity to meet their obligations in the Project?	No
P.3 Is there a risk that rights-holders (e.g. Project-affected persons) do not have the capacity to claim their rights?	No
<i>Would the Project potentially involve or lead to:</i>	
P.4 adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
P.5 inequitable or discriminatory impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups, including persons with disabilities? ²⁰	No
P.6 restrictions in availability, quality of and/or access to resources or basic services, in particular to marginalized individuals or groups, including persons with disabilities?	No
P.7 exacerbation of conflicts among and/or the risk of violence to Project-affected communities and individuals?	No
Gender Equality and Women's Empowerment	

²⁰ Prohibited grounds of discrimination include race, ethnicity, sex, age, language, disability, sexual orientation, gender identity, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender and transsexual people.

P.8	Have women's groups/leaders raised gender equality concerns regarding the Project, (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
<i>Would the Project potentially involve or lead to:</i>		
P.9	adverse impacts on gender equality and/or the situation of women and girls?	No
P.10	reproducing discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
P.11	limitations on women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
P.12	exacerbation of risks of gender-based violence? <i>For example, through the influx of workers to a community, changes in community and household power dynamics, increased exposure to unsafe public places and/or transport, etc.</i>	No
Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below		
Accountability		
<i>Would the Project potentially involve or lead to:</i>		
P.13	exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	No
P.14	grievances or objections from potentially affected stakeholders?	No
P.15	risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the Project?	No
Project-Level Standards		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
<i>Would the Project potentially involve or lead to:</i>		
1.1	adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2	activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3	changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	risks to endangered species (e.g. reduction, encroachment on habitat)?	No
1.5	exacerbation of illegal wildlife trade?	No

1.6	introduction of invasive alien species?	No
1.7	adverse impacts on soils?	No
1.8	harvesting of natural forests, plantation development, or reforestation?	No
1.9	significant agricultural production?	No
1.10	animal husbandry or harvesting of fish populations or other aquatic species?	No
1.11	significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.12	handling or utilization of genetically modified organisms/living modified organisms? ²¹	No
1.13	utilization of genetic resources? (e.g. collection and/or harvesting, commercial development) ²²	No
1.14	adverse transboundary or global environmental concerns?	No
Standard 2: Climate Change and Disaster Risks		
<i>Would the Project potentially involve or lead to:</i>		
2.1	areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	No
2.2	outputs and outcomes sensitive or vulnerable to potential impacts of climate change or disasters? <i>For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes</i>	No
2.3	increases in vulnerability to climate change impacts or disaster risks now or in the future (also known as maladaptive or negative coping practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
2.4	increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	No
Standard 3: Community Health, Safety and Security		
<i>Would the Project potentially involve or lead to:</i>		
3.1	construction and/or infrastructure development (e.g. roads, buildings, dams)?	Yes
3.2	air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No
3.3	harm or losses due to failure of structural elements of the Project (e.g. collapse of buildings or infrastructure)?	No
3.4	risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	No

²¹ See the [Convention on Biological Diversity](#) and its [Cartagena Protocol on Biosafety](#).

²² See the [Convention on Biological Diversity](#) and its [Nagoya Protocol](#) on access and benefit sharing from use of genetic resources.

3.5	transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.6	adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	No
3.7	influx of Project workers to Project areas?	No
3.8	engagement of security personnel to protect facilities and property or to support Project activities?	No
Standard 4: Cultural Heritage		
<i>Would the Project potentially involve or lead to:</i>		
4.1	activities adjacent to or within a Cultural Heritage site?	No
4.2	significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No
4.3	adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.4	alterations to landscapes and natural features with cultural significance?	No
4.5	utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
<i>Would the Project potentially involve or lead to:</i>		
5.1	temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No
5.2	economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	risk of forced evictions? ²³	No
5.4	impacts on or changes to land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
<i>Would the Project potentially involve or lead to:</i>		
6.1	areas where indigenous peoples are present (including Project area of influence)?	No
6.2	activities located on lands and territories claimed by indigenous peoples?	No
6.3	impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected	No

²³ Forced eviction is defined here as the permanent or temporary removal against their will of individuals, families or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Forced evictions constitute gross violations of a range of internationally recognized human rights.

	peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to screening question 6.3 is “yes”, then the potential risk impacts are considered significant and the Project would be categorized as either Substantial Risk or High Risk</i>	
6.4	the absence of culturally appropriate consultations carried out with the objective of achieving FPIC ²⁴ on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 5 above</i>	No
6.7	adverse impacts on the development priorities of indigenous peoples as defined by them?	No
6.8	risks to the physical and cultural survival of indigenous peoples?	No
6.9	impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 4 above.</i>	No
Standard 7: Labour and Working Conditions		
<i>Would the Project potentially involve or lead to: (note: applies to Project and contractor workers)</i>		
7.1	working conditions that do not meet national labour laws and international commitments?	No
7.2	working conditions that may deny freedom of association and collective bargaining?	No
7.3	use of child labour?	No
7.4	use of forced labour?	No
7.5	discriminatory working conditions and/or lack of equal opportunity?	No
7.6	occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the Project life-cycle?	No
Standard 8: Pollution Prevention and Resource Efficiency		
<i>Would the Project potentially involve or lead to:</i>		
8.1	the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
8.2	the generation of waste (both hazardous and non-hazardous)?	Yes

²⁴ FPIC means free, prior and informed consent

8.3	the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	No
8.4	the use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the <u>Montreal Protocol</u>, <u>Minamata Convention</u>, <u>Basel Convention</u>, <u>Rotterdam Convention</u>, <u>Stockholm Convention</u></i>	No
8.5	the application of pesticides that may have a negative effect on the environment or human health?	No
8.6	significant consumption of raw materials, energy, and/or water?	No

Annex 3. Risk Analysis

Project Title: CREATING CONDITIONS FOR THE ATTRACTION OF INVESTORS IN ENERGY EFFICIENCY IN KAZAKHSTAN				Project Number:	Date: March 2021
#	Description	Risk Category	Impact & Likelihood = Risk Level	Risk Treatment / Management Measures	Risk Owner
1	Frequent changes in the Government may lead to unpredictable changes in policy which may impact the ability of the Project to reach its objectives	Political	<p>This risk could lead to the following effects on the Project:</p> <ul style="list-style-type: none"> * Lessened support for broad strategic objectives * Organizational and administrative delays * New or changed regulatory environment for energy efficiency and financial regulations <p>P = 3²⁵ I = 3</p> <p>Moderate</p>	Constant monitoring of the situation, risks analysis, refining the strategy, taking into account the current situation	MIID and UNDP
2	Discussion and agreement upon details of the guarantee scheme takes	Operational	<p>This risk could lead to delays in launch and subsequent implementation of</p>	Use of the experience of the UNDP-GEF projects that successfully established co-operation schemes with DAMU and the schemes already developed, inviting the governmental bodies to participate, gaining	UNDP and DAMU, with the support of MIID

²⁵ P – probability, I – impact

	more time than anticipated, prompting delays in delivery of outputs and outcomes		<p>the loan guarantee program.</p> <p>P = 3 I = 3</p> <p>Moderate</p>	<p>political support, strict control over the financial decisions and ensuring good quality of operations.</p> <p>UNDP rules will, at least initially, restrict the modalities by which pProject funds can be transferred for capitalization of the guarantee fund. These restrictions involve the expectation that any cash advanced to a responsible party must be disbursed (spent) before further advances can be issued, and the further understanding that guarantee funds are committed to secure loans but not actually disbursed except in the case of default. UNDP will work to clarify these rules, to resolve restrictions where possible, and to work within them as needed. It can be expected that funds from other donors will likely not be subject to these same restrictions.</p>	
3	Low energy tariffs persist and disincentivize energy saving investments by businesses	Financial	<p>This risk could dampen the overall economic value of energy efficiency, thus reducing both the number and the financial viability of businesses and other entities pursuing efficiency upgrades.</p> <p>P = 4 I = 4</p> <p>Substantial</p>	Search for niches where guarantees are still needed and the projects are viable, co-ordination and coupling guarantees with other existing support programs (subsidies), allocating a part of the budget of the fund to provide subsidies at pilot phase	UNDP, with support of Electric Power and Energy Saving Development Institute
4	COVID-19 pandemic	Social and Environmental	This risk could complicate the	Maximizing the use of online technologies, focus on work with beneficiaries in remote low-	UNDP

	persists and the related quarantine measures are tightened, complicating economic activity	Financial Political	overall business environment in Kazakhstan, including disruption of supply chains and increased hesitancy to invest among both companies and lenders. P = 1 I = 3 Low	populated areas that have lower risk associated with lower density of populations and gatherings	
5	Banks are not willing to participate in the scheme, as it is more complicated than the Business Roadmap 2025 program (contains additional requirements)	Organizational Operational	This risk could complicate the uptake of the proposed new loan guarantee mechanism, detracting from both the speed and volume of issuance of supported loans. P = 3 I = 2 Low	The Loan Guarantee has to be a more robust mechanism, especially in terms of speed of defaults coverage	UNDP and DAMU, with support from MIID
6	Business Roadmap 2025 program competes with the Loan Guarantee for borrowers, thus	Financial Operational	This risk could reduce the volume of issuance of loans via the new guarantee facility. It could also lead to dampened	Improving the mechanism to be more attractive than the Business Roadmap 2025 for the beneficiaries, in terms of transparency, simplicity, conditions offered, and also for the banks (faster coverage of defaults, easier processing); making the mechanism	UNDP and DAMU, with support from MIID

	reducing the impact of both,		enthusiasm for implementation within DAMU. P = 2 I = 3 Moderate	sustainable to continue operating after the BRM2025 scheme is closed.	
7	Banks do not have enough green projects, eligible to get guarantees	Financial Operational	This risk could lead to issuance of supported loans at levels and timetables inconsistent with project targets. P = 4 I = 3 Moderate	Increasing the limit per 1 project, informational campaign in mass media using the pipeline building capacities of IGTIC, regional networks of DAMU and commercial banks to generate a stream of projects, active search of alternative underserved segments for energy efficiency projects (e.g. such large segments as associations of home owners), using experiences of UNDP-GEF projects (e.g. mini-webinars for banks), more active use of alternative funding instruments and channels (leasing, factoring, micro-finance organizations)	UNDP and DAMU, in partnership with commercial banks, Electric Power and Energy Saving Development Institute
8	High default rates and / or high operation costs dry up the Loan Guarantee fund	Financial Operational	This risk could compromise the sustainability of the fund and force its early closure or the search for infusions of more cash. P = 1 I = 3 Low	Gradual improvement of the scheme and the procedure to ensure adequate rate of defaults, reducing limits of guarantees provided via banks with high rates of defaults, reducing the maximum size of guarantees for better diversification of risks, other organizational measures, such as assistance in business planning to improve the viability of the projects	UNDP and DAMU
9	Low level of awareness and competency of the participants	Operational	This risk could lead to operational ineffectiveness or inefficiency.	The risk is viewed as very likely and work to mitigate it is a part of the activity of the Project, planned from the beginning. Active informing through mass media, seminars and study	UNDP and DAMU, with support from Electric Power and Energy Saving Development Institute

	in guarantee schemes		<p>P = 4 I = 3</p> <p>Moderate</p>	tours are planned; preparing and dissemination of informational and training materials is planned; repeated knowledge gap analysis would help to tailor these activities.	
10	IFIs take a wait-and-see approach and do not participate in the scaling-up of the scheme	Financial Organizational Operational	<p>This risk could reduce the prospects for long-term sustainability and scale-up of the guarantee fund.</p> <p>P = 3 I = 3</p> <p>Moderate</p>	IFIs would be attracted as observers from the beginning of the realization of the Project, to get their feedbacks and to tailor and enhance the scheme to be attractive to them; alternative sources of funding will be sought to replace needed additional funding if it is not coming from the IFIs (public funds, support from industry associations, payments from environment polluters, etc.)	UNDP and MIID, with support from DAMU, in partnership with IFIs (EBRD, ADB, EIB, Eurasian Development Bank, World Bank)

Annex 4: Capacity Assessment: Capacity Assessment Conclusions for DAMU

Partner Capacity Assessment Tool - Introduction & Overview		
<p>Background: This Partner Capacity Assessment Tool (PCAT) is designed to streamline UNDP's approach to capacity assessments of project Implementing Partners (IPs) and Responsible Parties (RPs). It does this by consolidating all of the existing partner capacity assessment checklists, and eliminating duplicative questions and questions that don't add value. The PCAT also saves time by: (i) providing rapid guidance on which capacity assessments will ensure project risks are identified; and (ii) generating a summary report of the resulting risk assessments, risk mitigation actions and associated budgets for inclusion in the Project Document. The PCAT also includes capacity assessments for new programming instruments, including On-Granting and Performance-Based Payment Agreements.</p>		
<p>Purpose: The UNDP Enterprise Risk Management (ERM) Policy identifies 'Capacities of the Partners' as a key Strategic Risk to be managed for the success of UNDP's work. The PCAT is designed to assess the level of risk that is present when UNDP works with Partners to implement programmes and projects. The level of risk is identified by analyzing partner capacity and matching project management and oversight with the level of risk assessed. By identifying areas for capacity improvement, the PCAT should also help to reduce future Partner risk levels if the capacity building actions are implemented and sustained.</p>		
<p>Applicability: The PCAT is applicable to all Partners, including IPs and RPs, in all contexts, including crisis contexts. It also applies to Grantees for determining eligibility to receive a grant. The PCAT outlines the minimum requirements for capacity assessments based on UNDP thresholds (such as USD 150,000 for HACT). This does not preclude offices doing additional capacity assessments for Partners that fall below the thresholds should they consider this to be beneficial for their office.</p>		
<p>Responsibility and Timing: The PCAT should be completed by the Project Developer as soon as possible during the Project Design phase, with HACT Micro-Assessment inputs from the Third-Party Service Provider where required. The PCAT generates a summary of the results of the Partner capacity assessments that can be attached to the Project Document, eliminating the need to write long-form/narrative reports on capacity assessment results.</p>		
How to Use the PCAT: Follow these 4 steps:		
<p>Step 1: Review Pre-Requisites for Partnering:</p>	<p>Start the PCAT with 'Pre-Requisites for Partnering.' Here you will enter background information about your office and the Partner, and then review 5 questions to assess whether the Partner meets certain basic criteria for partnering with UNDP (such as not being on UN Sanctions, UNDP Vendor Sanctions or UN Global Marketplace Ineligibility Lists). If the Partner meets the 'Pre-Requisites for Partnering,' you will then move to the next section 'Capacity Assessment Scoping.' If the Partner does not meet the 'Pre-Requisites for Partnering,' you will be advised to do no further assessments as the Partner cannot work with UNDP.</p>	<p>Go to Pre-Requisites for Partnering</p>

Step 2: Complete Capacity Assessment Scoping	The PCAT is a dynamic tool that will display only the capacity assessments you need based on the answers you provide to 9 'assessment scoping' questions. These questions include: (i) whether or not this is a humanitarian project for which a rapid capacity assessment is needed; (ii) what role the Partner will fulfill on the project (IP vs RP vs Other); (iii) what type of organization the Partner is (Govt, CSO/NGO, Private Sector etc); (iv) whether the Partner will receive more than USD 150,000 during the Programme Period; (v) whether a HACT Micro-Assessment has been done; (vi) whether the Partner will be <u>managing</u> construction activities; (vii) whether the Partner will undertake grant-making activities on behalf of UNDP (on-granting); (viii) in the case of RPs, whether a Performance-Based Payment Agreement (PBPA) will be used for the project; and (ix) whether the PBPA will exceed USD300,000. Your answers to these questions will determine which capacity assessments are displayed for completion. You will be provided with a link that will take you straight to the assessment(s) to be completed. Also, all of the background information you entered above for your office and the Partner will automatically be brought forward.	Go to Capacity Assessment Scoping
Step 3: Complete the Capacity Assessment(s)	Complete the capacity assessment(s) as needed. Based on the results of the capacity assessment and the level of assessed risk, you will be asked to identify risk mitigation strategies (such as capacity building actions and/or enhanced monitoring & assurance activities) and the associated budget required to implement those strategies.	Follow the links provided on the Capacity Assessment Scoping page
Step 4: Conclude on the Capacity Assessment(s)	The PCAT will automatically summarize the results of the completed capacity assessments, providing you with a concise document to attach to your Project Document.	Go to Conclude on Capacity Assessment

Capacity Assessment Conclusions		
Return to PCAT Overview page	Return to Capacity Assessment Scoping	
<p>Purpose: This worksheet is designed to capture the results of the Capacity Assessments completed and the resulting mitigation strategies for the risk levels identified. Risk mitigation strategies can include capacity building and/or enhanced monitoring and assurance activities. These activities should be included in the Project Document and the associated Project Budget. When completed, attach this worksheet to the Project Document.</p>		
<p>Responsibility & Timing: This Capacity Assessment Conclusion page is automatically generated based on the results of the assessments completed in the PCAT. It should be reviewed by the Project Developer for completeness and accuracy and attached to the Project Document. If changes need to be made to this Conclusion page, they should be done on the relevant Capacity Assessment Worksheet (i.e., Programme-Project Mgt, Construction Assess, On-Granting Assess, PBPA Proposal Due Diligence, Private Sector Due Diligence, etc) so that the corrections will be captured in the relevant assessments and automatically displayed here.</p>		
Background Information (carried forward from 'Partner Pre-requisites' worksheet)		
Region	CEE/CIS	Comments: (Optional)
Office	Kazakhstan	A reputable national SME support organization, with an investment-grade rating (Moody's, S&P) in local currency, experienced in the provision of general purpose loan guarantees of similar kind as planned by the project for the energy efficiency, a partner of the UNDP in a number of similar projects, with a great potential of scaling up and making sustainable the green development support mechanisms.
Programme Start	27.August.21	
Programme End	31.Dec.26	
Partner Name	«DAMU» Entrepreneurship Development Fund» JSC	
Partner budget for this Project (USD)	\$ 2 953 000	

Capacity Assessment Conclusions for this RP					
Automatically Generated					
Capacity Assessment Component	Overall Risk Assessment for this Component	Risk Mitigation Strategies (i.e. capacity building actions and/or enhanced monitoring and assurance activities)	Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document	Estimated budget required for these activities (include in the Project Budget) (\$US)	Comments (Optional)
Conclusion on Private Sector Due Diligence	All Conclusions are green - approve without conditions	No actions considered necessary	Refer Risk Log & Monitoring Plan	\$0	No risks identified, obvious and strong advantages.
			Total	\$0	
Comments on Overall Capacity Assessments for this RP: (Optional)					
<p>The partner will participate in the implementation of the joint Project of the UNDP and the Government of Kazakhstan "CREATING CONDITIONS FOR THE ATTRACTION OF INVESTORS IN ENERGY EFFICIENCY IN KAZAKHSTAN", funded by the Government of Kazakhstan and UNDP, as a responsible partner for the implementation of Components 2 and 3 with a budget of US \$ 2,953,000 for 6 years of life project. Furthermore, DAMU has significant experience specifically with loan guarantees in Kazakhstan for the SMEs, through its work on the Business Roadmap 2025 program and other similar programs. Beyond its leading role in national programs and its strong relations and experience with UNDP, DAMU also brings a strong reputation, backed by its charter and reflected in a high rating. Consequently, bank loans guaranteed by DAMU carry a lower risk weight (presumably zero risk weight), for capital adequacy calculation purposes , in turn making provision of loans cheaper.</p>					

Annex 5: Capacity Assessment: Capacity Assessment Conclusions for the Electric Power and Energy Efficiency Development Institute

Partner Capacity Assessment Tool - Introduction & Overview		
<p>Background: This Partner Capacity Assessment Tool (PCAT) is designed to streamline UNDP's approach to capacity assessments of project Implementing Partners (IPs) and Responsible Parties (RPs). It does this by consolidating all of the existing partner capacity assessment checklists, and eliminating duplicative questions and questions that don't add value. The PCAT also saves time by: (i) providing rapid guidance on which capacity assessments will ensure project risks are identified; and (ii) generating a summary report of the resulting risk assessments, risk mitigation actions and associated budgets for inclusion in the Project Document. The PCAT also includes capacity assessments for new programming instruments, including On-Granting and Performance-Based Payment Agreements.</p>		
<p>Purpose: The UNDP Enterprise Risk Management (ERM) Policy identifies 'Capacities of the Partners' as a key Strategic Risk to be managed for the success of UNDP's work. The PCAT is designed to assess the level of risk that is present when UNDP works with Partners to implement programmes and projects. The level of risk is identified by analyzing partner capacity and matching project management and oversight with the level of risk assessed. By identifying areas for capacity improvement, the PCAT should also help to reduce future Partner risk levels if the capacity building actions are implemented and sustained.</p>		
<p>Applicability: The PCAT is applicable to all Partners, including IPs and RPs, in all contexts, including crisis contexts. It also applies to Grantees for determining eligibility to receive a grant. The PCAT outlines the minimum requirements for capacity assessments based on UNDP thresholds (such as USD 150,000 for HACT). This does not preclude offices doing additional capacity assessments for Partners that fall below the thresholds should they consider this to be beneficial for their office.</p>		
<p>Responsibility and Timing: The PCAT should be completed by the Project Developer as soon as possible during the Project Design phase, with HACT Micro-Assessment inputs from the Third-Party Service Provider where required. The PCAT generates a summary of the results of the Partner capacity assessments that can be attached to the Project Document, eliminating the need to write long-form/narrative reports on capacity assessment results.</p>		
How to Use the PCAT: Follow these 4 steps:		
<p>Step 1: Review Pre-Requisites for Partnering:</p>	<p>Start the PCAT with 'Pre-Requisites for Partnering.' Here you will enter background information about your office and the Partner, and then review 5 questions to assess whether the Partner meets certain basic criteria for partnering with UNDP (such as not being on UN Sanctions, UNDP Vendor Sanctions or UN Global Marketplace Ineligibility Lists). If the Partner meets the 'Pre-Requisites for Partnering,' you will then move to the next section 'Capacity Assessment Scoping.' If the Partner does not meet the 'Pre-Requisites for Partnering,' you will be advised to do no further assessments as the Partner cannot work with UNDP.</p>	<p>Go to Pre-Requisites for Partnering</p>

Step 2: Complete Capacity Assessment Scoping	The PCAT is a dynamic tool that will display only the capacity assessments you need based on the answers you provide to 9 'assessment scoping' questions. These questions include: (i) whether or not this is a humanitarian project for which a rapid capacity assessment is needed; (ii) what role the Partner will fulfill on the project (IP vs RP vs Other); (iii) what type of organization the Partner is (Govt, CSO/NGO, Private Sector etc); (iv) whether the Partner will receive more than USD 150,000 during the Programme Period; (v) whether a HACT Micro-Assessment has been done; (vi) whether the Partner will be <u>managing</u> construction activities; (vii) whether the Partner will undertake grant-making activities on behalf of UNDP (on-granting); (viii) in the case of RPs, whether a Performance-Based Payment Agreement (PBPA) will be used for the project; and (ix) whether the PBPA will exceed USD300,000. Your answers to these questions will determine which capacity assessments are displayed for completion. You will be provided with a link that will take you straight to the assessment(s) to be completed. Also, all of the background information you entered above for your office and the Partner will automatically be brought forward.	Go to Capacity Assessment Scoping
Step 3: Complete the Capacity Assessment(s)	Complete the capacity assessment(s) as needed. Based on the results of the capacity assessment and the level of assessed risk, you will be asked to identify risk mitigation strategies (such as capacity building actions and/or enhanced monitoring & assurance activities) and the associated budget required to implement those strategies.	Follow the links provided on the Capacity Assessment Scoping page
Step 4: Conclude on the Capacity Assessment(s)	The PCAT will automatically summarize the results of the completed capacity assessments, providing you with a concise document to attach to your Project Document.	Go to Conclude on Capacity Assessment

Partner Capacity Assessment Tool: Step 4: Capacity Assessment Conclusions		
Return to PCAT Overview page	Return to Capacity Assessment Scoping	
<p>Purpose: This worksheet is designed to capture the results of the Capacity Assessments completed and the resulting mitigation strategies for the risk levels identified. Risk mitigation strategies can include capacity building and/or enhanced monitoring and assurance activities. These activities should be included in the Project Document and the associated Project Budget. When completed, attach this worksheet to the Project Document.</p>		
<p>Responsibility & Timing: This Capacity Assessment Conclusion page is automatically generated based on the results of the assessments completed in the PCAT. It should be reviewed by the Project Developer for completeness and accuracy and attached to the Project Document. If changes need to be made to this Conclusion page, they should be done on the relevant Capacity Assessment Worksheet (i.e., Programme-Project Mgt, Construction Assess, On-Granting Assess, PBPA Proposal Due Diligence, Private Sector Due Diligence, etc) so that the corrections will be captured in the relevant assessments and automatically displayed here.</p>		
Background Information (carried forward from 'Partner Pre-requisites' worksheet)		
Region	CEE/CIS	Comments: (Optional)
Office	Kazakhstan	Partner budget is US\$ 354,314 at the current exchange rate.
Programme Start	27.August.21	
Programme End	31.Dec.26	
Partner Name	JSC "Electric power and energy saving development Institute"	
Partner budget for this Project (USD)	\$ 354 314	

Capacity Assessment Conclusions for this RP					
Automatically Generated					
Capacity Assessment Component	Overall Risk Assessment for this Component	Risk Mitigation Strategies (i.e. capacity building actions and/or enhanced monitoring and assurance activities)	Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document	Estimated budget required for these activities (include in the Project Budget) (\$US)	Comments (Optional)
Conclusion on HACT Micro-Assessment (manually enter here based on results of HACT Micro-Assessment completed by independent Third-Party Service Provider)	Low	The UNDP Country Office will oversee the implementation of the project through the Responsible Partner (RP) through appropriate activities: annual spot checks with a budget exceeding USD 50,000 for the partner; audits, if the budget exceeds 200 thousand US dollars per year; monitoring visits to a partner; regular working discussions with the partner's team; control of partner reporting; monitoring of risks throughout the entire period of implementation of the agreement with the responsible party	The UNDP Country Office will oversee the implementation of the project through the Responsible Partner (RP) through appropriate activities: annual spot checks with a budget exceeding USD 50,000 for the partner; audits, if the budget exceeds 200 thousand US dollars per year; monitoring visits to a partner; regular working discussions with the partner's team; control of partner reporting; monitoring of risks throughout the entire period of implementation of the agreement with the responsible party	To be specified during the implementation of the Project.	None
Conclusion on Private Sector Due Diligence	All Conclusions are green - approve without conditions	No actions considered necessary	Refer Risk Log & Monitoring Plan	\$0	No issues or specific risks were identified, co-operation is desirable.
			Total	\$0	

Comments on Overall Capacity Assessments for this RP:
The cooperation with the entity and all related matters will be monitored as a part of the general monitoring and evaluation plan by the project; while no risks were identified at the due diligence stage, the risk log will be updated by the Project Manager on an annual basis.

Annex 6: Project Board Terms of Reference and TORs of key management positions

Project Board (Project Steering Committee)

The Project Board bears responsibility for the execution of the following functions:

1. To ensure proper coordination of Project activities at national and local levels.
2. Upon agreement, to establish permissible changes in annual work plans and budgets at the request of the Project Manager, with the participation of the National Project Director.
3. To monitor and control the implementation of Project activities at the strategic level and specifically, to assess the scale and effectiveness of the Project impact, taking into account the invested funds.
4. To monitor and minimize risks in the most efficient way.
5. To organize Project Board meetings under the chairmanship of the National Project Director on a regular basis, the frequency of which will be determined in an agreement between the National Project Director and the Project Manager, but at least once a year.
6. To assess the progress of the Project in achieving the planned results from the point of view of the Project Executive and beneficiaries.
7. Monitoring of the targeted spending of the Project funds to obtain the planned results.
8. To ensure timely receipt of financing for the implementation of the Project from the donor.
9. To defend the interests of the Project to resolve any conflicts related to the provision of financial resources for the implementation of the Project.
10. To ensure that the planned results and activities are in line with the real needs of the Project beneficiaries.
11. To provide information on meetings that are relevant to the implementation of the Project at the national level, including regional events organized through partnerships.
12. To promote the adoption of changes in national legislation and programs necessary to consolidate the successful results of the Project.
13. To assess Project progress annually and provide management and financial recommendations, including hiring a Project implementation team, evaluating and approving annual reports, budgets, work plans.

The responsibilities of the Project Board include:

1. Defining strategic priorities of the Project

- Review and approval of the Project Plan (if required for consideration by PB) on an annual basis.

2. Project inception

- Definition and oversight of responsibilities of the Project Manager and other members of the Project implementation team;

- Review and agreement on a detailed Project plan and annual work plan, including reports in the ATLAS²⁶ system on results, quality criteria, risks, monitoring plan and communication plan.

3. Project implementation

- General management and planning of the Project in order to minimize known risks and barriers;
- Solving problematic issues on the Project, submitted for consideration by the Project Manager;
- Leading and agreeing on the measures and actions required to overcome specific risks encountered during the Project;
- Agreeing on the authority of the Project Manager to amend the quarterly and annual work plans, if necessary;
- Conducting regular meetings to review quarterly Project progress reports and provide recommendations to ensure that planned results are achieved;
- Review of financial statements prior to approval by the National Implementing Partner;
- Review of the Project's annual report, development of recommendations for the next annual work plan, reporting on Project results and evaluation;
- Consideration and approval of the final Project report, development of recommendations for further actions based on the results achieved;
- Providing special instructions and recommendations in exceptional situations when the powers of the Project Manager are exceeded;
- Evaluation and decision-making on changes to the Project within the framework of audits.

4. Closing the Project

- Ensuring the successful achievement of all Project results;
- Review and approval of the final Project report, including lessons learned;
- Development of recommendations for scaling Project results, which should be presented to the Project Board;
- Provision of Project appraisal (only if necessary by Partnership agreement)

5. Responsibilities of the Project Implementing Partner / Donor (See Project Organizational Structure), as part of the above responsibilities of the Project Board

- Maintaining an agreed organizational structure of the Project and logical plans;
- Coordination of changes proposed by the manager to the annual work plan and other documents;
- Ensuring monitoring and control over the progress of the Project at the strategic level;
- Ensuring monitoring of risks and implementation of effective measures to minimize them;
- Informing the PB and other stakeholders about the progress of the Project;
- Organization of PB meetings together with the Project Manager;
- Contribution to the achievement of the results of the Project from the point of view of the Implementing Partner of the Project;
- Facilitating and supporting the concentration of efforts on achieving the results of the Project from the point of view of the Implementing Partner of the Project;
- Providing access to the resources of the Project;

²⁶ Internal system for resource planning, human resource management, financial management and asset management

- Expression of opinion on decisions of the PB on amendments to the DRAFT;
- Facilitating and resolving conflicts under the guidance of the Project Manager or in relation to Project resources.
- Providing recommendations on the choice of strategy, approach and methods for the implementation of project activities;
- Ensuring compliance with all standards set for the Project;
- Monitoring potential changes and their impact on the quality of results from the point of view of the Implementing Partner of the Project;
- Monitoring of risks during the implementation of the Project.

6. Responsibilities of beneficiary (as part of the above responsibilities of the Project Board)

- Ensuring that the expected results and related activities of the Project are defined correctly;
- Ensuring that the achievement of results meets the requirements and expectations of the beneficiaries;
- Keeping the Project focused on expected results;
- Prioritizing and expressing views and needs of beneficiaries regarding Project Board decisions on proposed changes;
- Resolution of priority conflicts.

7. The responsibilities of beneficiaries to ensure the quality of the Project include:

- Ensuring that the needs of the beneficiaries are clearly and fully articulated;
- Monitoring the implementation of activities at all stages to ensure compliance with the needs of the beneficiaries;
- Assessment of potential changes from the point of view of the beneficiaries;
- Monitoring risks for beneficiaries.

Terms of Reference for Project Implementation Team

The process of hiring Project staff will take account of recommendations on gender-sensitive recruitment, consideration, and selection of candidates.

1. Project Manager

General information

The Project Manager is responsible for overall Project management, including technical coordination and mobilization of all Project resources, overseeing Project staff, consultants and subcontractors. The Project Manager will be tasked with the day-to-day management of Project activities, as well as dealing with material, financial and administrative reporting. The main responsibility of the Project Manager is to ensure that the Project achieves the planned results and fulfills planned Project performance by implementing the necessary activities specified in the Project Document, in accordance with the required quality standards and within the specified time and cost constraints. This will require linking indicators to the workplan to ensure results-based management.

The Project Manager will report to the UNDP Country Office on all programmatic and administrative issues of the Project. The Project Manager will be providing support for fulfilling the Government's commitments to the Project and will act as a liaison with the Government, UNDP and other UN agencies, NGOs and other Project partners.

Duties and responsibilities:

- Supervise and coordinate the Project ensure its results in accordance with the Project document and the rules and procedures established in the UNDP POPP;
- Bear responsibility for the day-to-day management of the - both organizational and substantive issues - budgeting, planning and overall monitoring of the Project;
- Ensure adequate flow of information, discussion and feedback among the various stakeholders in the Project;
- Ensure adherence to the Project work plan, and to revise the work plan if required;
- Bear overall responsibility for efficient logistics related to Project workshops and events;
- Prepare and reconcile UNDP Terms of Reference for national and international consultants and subcontractors;
- Supervise the work of consultants and subcontractors and oversee adherence to the agreed work plan;
- Maintain regular contacts with the UNDP Country Office in Kazakhstan and the Government partner on the implementation of the Project within the relevant competencies;
- Monitor expenditures, commitments and balance of funds within the Project budget and make changes to the budget as necessary;
- Have overall responsibility for achieving budget utilization targets set in the agreed annual work plans, Project reporting and monitoring;
- Liaise with Project partners to ensure their declared co-financing within the agreed terms;
- Be responsible for reporting on the progress of the Project based on the indicators specified in the logical framework of the Project;
- Carry out any other activities related to the Project, as requested by UNDP or the government;
- Provide technical assistance and coordination of Project activities and results;

- Provide technical coordination among the consultants who will be hired by the Project.

Required qualifications

- Proven management skills - the ability to respond flexibly to the political, technical and managerial challenges faced by the Project Manager on a daily basis;
- Higher education in one or more of the following areas: engineering, environmental sciences, international relations, business administration or related sciences. An advanced degree is an advantage;
- At least 10 years of experience in project / program management in the field of energy saving and energy efficiency. Experience in the UN system in implementing related grants with the Government would be a valuable asset;
- Experience (at least 5 years) in the implementation of organizational and financial schemes to support energy efficiency (for example, ESCO, PPP, etc.);
- Experience in working with ministries, national institutions;
- Ability to effectively coordinate a large multi-stakeholder project;
- Ability to administer budgets, work effectively with fellow partners at all levels and with all groups involved in the project;
- Excellent design and reporting skills;
- Excellent computer skills and in particular, mastery of all MS Office applications and Internet search;
- Knowledge in the field of energy efficiency, supporting energy efficiency in Kazakhstan, financing energy efficiency, reducing the impact on the global climate, including the political, institutional and socio-economic contexts;
- Good written and spoken English skills.

2: International Technical Advisor

General information

The International Technical Advisor is responsible for the implementation and coordination of activities in Kazakhstan within the framework of the Project. The International Technical Advisor will be responsible for the overall management of the project teams of experts, ensure timely rational planning, implementation of activities and execution of the annual work plans, and ensure the timely achievement of the Project results in accordance with the Project Document.

Duties and Responsibilities

- General technical support and quality assurance of the Project;
- Focused technical assistance in development and monitoring of the loan guarantee mechanism, for both the pilot phase and post-pilot phase;
- Assisting the Project Manager in defining expert consultant roles and supervising the work of these consultants, including monitoring of implementation of activities and work plans, and also quality assurance / quality control of the information / reports provided by the experts;
- Assistance in the development of annual work plans;
- Timely and high-quality execution of Project tasks in accordance with the work plan, Project document and instructions of the Project Manager;
- Assistance in the preparation of appropriate methodological, thematic and informational materials within the framework of the Project objectives;
- Preparation of technical reports of the Project in its areas;
- Preparation and adjustment of the current work plan and work schedule with partners in agreement with the Project Manager;
- Preparation of quarterly, semi-annual and annual reports and other forms of reporting in areas;
- Participation in the preparation, organization and implementation of Project activities;
- Performing other tasks at the request of the Project Manager, aimed at achieving the goals and objectives of the Project, as well as requests from the UNDP head office;
- Timely submission of proposals on urgent issues within the components and setting priorities based on legal consultations of the Project;

Required qualifications

- Higher education in Economics or a closely related field;
- 7 years of experience in developing and / or advising technical assistance projects in the field of energy, preferably in the field of energy efficiency;
- 7 years of experience in the private sector or with the private sector on energy projects (preferably energy efficiency projects), which includes experience in financing energy efficiency projects and successfully raising capital; experience in designing and/or implementing loan guarantee schemes would be an asset;
- 5 years of experience in working with international institutions / organizations. Experience in the UN system would be a valuable asset;
- 5 years of experience and good knowledge of working on energy projects in developing countries and / or countries with economies in transition, CIS countries;
- Specific experience in the development and / or implementation of financial support mechanisms, including experience with banking / financial / credit / investment organizations.

3: Administrative-Finance Specialist

General information

The Administrative/Finance Specialist will provide support for major programmatic activities and administrative functions, including facilitating information exchange, annual work planning, procurement, recruitment and operational logistics. In addition to administrative tasks, the Administrative/Finance Specialist will assist the Project Manager with the technical tasks and activities specified in the Project Document in accordance with the required quality standards and within the specified time and cost constraints. Thus, the qualifications for this position include knowledge and experience in energy efficiency and/or financing support for SMEs.

Duties and responsibilities:

- Provide technical assistance and coordination of activities related to Project activities;
- Assist the Project Manager in technical coordination among the consultants who will be hired by the Project;
- Assist the Project Manager in managing Project personnel;
- Assist the Project Manager in developing terms of reference for key positions of Project experts;
- Assist the Project Manager and Project experts in ensuring timely delivery of Project results;
- Prepare quarterly progress reports of the Project, as well as any other basic and administrative reports requested by the Implementing partner and UNDP;
- Fulfill the duties of the Project Manager in case of his/her absence;
- In general, provide all the necessary support to the Project Manager in the implementation of the Project, with regard to programmatic and administrative content;
- Provide general administrative support for the Project implementation team;
- During the visits of international experts, provide visa support, transport, hotel accommodation, etc.;
- Control the use of durable equipment (keeping records, drawing up regular inventories);
- Organize business trips;
- Perform any other programmatic and administrative duties as requested by the Project Manager

Required qualifications

- Higher education;
- At least 6 years of experience in international projects; Experience in the UN system is a significant plus;
- Excellent planning and reporting skills for international projects;
- Good organizational and clerical skills;
- Knowledge of the administrative procedures of the Government;
- Good computer skills in common word processing (MS Word), spreadsheets (MS Excel) and financial accounting software;
- Appropriate skills in English, Kazakh and Russian, both oral and written.

4: National expert on energy efficiency projects and financing

General information

The national expert on energy efficiency projects and financing is responsible for research, development, stakeholder engagement, training, and monitoring for energy efficiency projects and associated financial support from the energy efficiency loan guarantee system.

The main responsibilities of the national expert include:

1. Assist in the development of rules and procedures for the loan guarantee scheme, for both the pilot phase and the post-pilot phase;
2. Assist in organizing and conducting necessary consultations with stakeholders;
3. Assess awareness of energy efficiency support mechanisms;
4. Assess the needs of target groups for capacity building on commercial loans and associated guarantees for energy efficiency;
5. Develop the training roadmap for target groups;
6. Coordinate the preparation of the necessary training, information, materials, publications on the loan guarantee system;
7. Coordinate the preparation of the necessary training, information, materials, publications on pilot projects, which were supported during the testing of the loan guarantee system;
8. Organize and update information on the appropriate web-platforms for the purpose of promoting the Project;
9. Organize the preparation and execution of relevant seminars, master classes designed to train various target groups using innovative methods and ways of presenting information;
10. Participate in the development of training modules for target groups, applying innovative approaches to visualization and presentation of information;
11. Participate in the preparation of study tours for decision-makers to countries with advanced credit guarantee systems for energy efficiency.

Required qualifications

- Higher education in the field of energy, economics or related fields;
- General work experience of at least 7 years;
- Work experience in the energy system, energy efficiency for at least 5 years. Experience with financial mechanisms is an advantage;
- Experience in organizing events for target groups in the field of energy saving / energy efficiency for at least 2 years;
- Excellent knowledge of modern methods of dissemination and visualization of information;
- Experience in carrying out activities to highlight energy and resource conservation in the media;
- Excellent writing and presentation skills;

- Good computer skills in word processing (MS Word), spreadsheets (MS Excel) and accounting software;
- Appropriate knowledge of English, Kazakh and Russian languages, both oral and written.