FACT SHEET

Title of the proposed Joint Programme: SDG Finance Accelerator

UNCT: Kazakhstan	

Date: March 26, 2020	

RCO focal point: Dina Khassenova, UN Coordination Officer and RCO Team Leader	

Lead UN entity and contact person: UNDP (Vitalie Vremis, Deputy Resident Representative)	

Participating UN entities and contact persons: UNDP, UNEP, UN ESCAP	

Relevant Cooperation Framework Outcome/s and Output/s:
UN Partnership Framework for Development 2016-2020
- Outcome 1.3: Ecosystems and natural resources are protected and sustainably used, and human settlements are resilient to natural and manmade disasters and climate change
- Outcome 3.1: The Government, together with partners, promotes the achievement of Sustainable Development Goals (SDGs) in the region and leads in promoting and implementing United Nations principles, standards and Conventions

Relevant objective/s from national strategic document/s:
Kazakhstan 2050
- A diversified knowledge-based economy in which competitive entrepreneurs make effective and sustainable use of the country's natural resources

Strategic Plan 2025
- Reform 6: Green economy and environment

SDG targets on which the progress will be accelerated (includes targets from a range of SDGs and development pillars):
- SDG 13 (Climate Action)
- SDG 11 (Sustainable Cities and Communities)
- SDG 12 (Responsible Consumption and Production)
- SDG 7 (Affordable and Clean Energy)
- SDG 9 (Industry, Innovation and Infrastructure)

SELF-ASSESSMENT

Eligibility criteria	Yes/No
The proposal reflects the integrated nature of the SDGs	Yes

The proposal is based on an inter-agency approach (two to more UN entities involved), with RC coordinating preparation and implementation	Yes
The proposed results are part of the UNDAF/Cooperation Framework and aligned with national SDG priorities	Yes
The proposed Joint Programme will be endorsed by government and include key national stakeholders	Yes
The proposal is based on country-wide consultations, as explained in the Concept note, and endorsed by the government (the letter of endorsement)	Yes
The proposal is based on the standard template for Concept Notes, it is complete, and it includes: - Theory of Change demonstrating contribution to SDG acceleration, - Results-oriented partnerships, including a strategy to engage and partner with IFIs/MDBs - "Quick wins" and substantive outcome-level results, and - Initial risk assessment and mitigation measures.	Yes
The proposal is expected to leverage resources for the SDGs at scale	Yes

PROPOSAL FOR JOINT PROGRAMME

1. Summary of the Joint Programme.

Max 400 words

=> Provide an overview of the Joint Programme by summarizing:
- Overall purpose of the Joint Programme
- The problem/s that the Joint Programme intends to solve, including the needs/gaps it addresses
- Expected results by the end of the Joint Programme period
- Technical description of the financing solution, mechanism or product that would result from a successful Joint Programme
- Current stage of the initiative [pre-design, proof of concept, feasibility study, piloting, minimum viable product]

Technical Criteria Associated to Answer: All, as relevant.

The SDG Finance Accelerator, a Joint Programme of UNDP, UNEP, and ESCAP, will implement and scale up financial mechanisms to mobilize and leverage public and private investment in SDG-aligned technology, practices, and enterprise in Kazakhstan.

The economy of Kazakhstan is one of the most carbon-intensive on Earth, with the 8th-highest kgCO2/GDP of 190+ countries. Kazakhstan ratified the Paris Agreement in 2016. It has also set official national targets of 3% renewable electricity supply by 2020, 10% by 2030, and 50% by 2050. On its present trajectory, however, Kazakhstan is not on track to fulfill its potential nor its commitments on GHG reductions and energy transition.

Considering all forms of state, commercial, and IFI financing together, green investment in Kazakhstan has been estimated at only 1/40 of the level needed to achieve Kazakhstan's Nationally Determined Contributions (US $9-11 billion). In order to address this shortfall, and to fill even broader gaps in investment toward all SDGs, Kazakhstan urgently needs scaled-up investment, especially in the private sector, delivered via innovative mechanisms and supporting policies. (See Section 2 for fuller elaboration of barriers and needs.)

The Joint Programme targets the new mobilization of at least $150 million in private finance and $90 million in public funds, reaching 400+ projects (including 100 SMEs and 100 run by women) by 2024. The SDG Finance Accelerator will achieve these results by implementing new state, private, and blended finance mechanisms together with numerous confirmed partners, and by enhancing the pipeline linking SDG-aligned projects and enterprises with such financing.

The Joint Programme is a multi-component platform, comprising several elements already proven viable for scale-up, plus innovations to be piloted, leading to the following solutions.

1. New leveraging of private investment
   -- Scale-up of green financial mechanisms already successfully piloted by UNDP (interest subsidy, collateral waiver, microfinance), with transition from donor funding to blended government/private finance
   -- ESCO and commercial finance mechanisms for housing and utility services
   -- Pooling mechanisms for carbon credits, enabling participation of SMEs and apartment associations

2. New mobilization of public funds
   -- Unlocking and optimization of state spending, including dedicated SDG-aligned funds, via clarified policy and eligibility criteria

3. Pipeline support

-- Confirmed role in pipeline support for green bonds developed by Astana International Financial Centre (AIFC), green venture fund of ADB, concessional loans of EBRD, and instruments mentioned above

4. Prioritization and de-risking of public and private investment via "big data"

2. Thesis and theory of change of the Joint Programme.
Max 500 words

=> Explain how the proposed Joint Programme is expected to accelerate progress on the SDGs: How will the initiative address a blockage in flows of private and public capital?

Be sure to clearly identify the causal chain between the Joint Programme and the expected progress on the SDGs through the unblocking of private and public capital flows.

Technical Criteria Associated to Answer:
1.1 Relevance of the approach (criticality of the approach towards the financing of the SDGs; potential for scaling-up and replication)
1.2 Rationale for the proposal (clarity of the intervention within the broader context of financing the SDGs)
1.3 Theory of Change (clarity and quality of)

The Joint Programme reflects a multidimensional theory of change. Barriers are met with matching actions, leading to the mobilization and leveraging of both public and private financing, and ultimately to environmental, social, and economic impacts.

Barrier 1: For many businesses, commercial financing for SDG-aligned activity remains inaccessible because of high interest rates and collateral requirements. Remedies (subsidies, guarantees, ESCO financing, microfinance) have been successfully piloted by recent UNDP projects, but they have not been scaled up, and remain dependent on limited donor funding.

Response: Continuation and scale-up of these mechanisms, with transition from donor funding to blended government/private finance. UNDP is already working with national agencies on revising the national energy-efficiency law, under which the Ministry of Industry would apply budget resources to subsidies and guarantees now covered by GEF. The Joint Programme will expand commercial financing and microfinance within these mechanisms, as well as completely new instruments (see section 4).

Barrier 2: Some stakeholders (SMEs, apartment owner associations, women entrepreneurs) face additional barriers to commercial finance because of low administrative/financial capacity, organizational complexities, and M&V burdens.

Response: Training, pooling of projects, and delivery of unified M&V protocol for documenting energy savings, cost savings, emissions reductions, and other SDG impacts.

Barrier 3: State budget resources for green finance are limited. There is a significant untapped opportunity to direct national budget resources at much higher volumes and greater efficiency – especially dedicated funds from pollution fees and waste tariffs.

Response: Clarification of specific policies, eligibility criteria, and disbursement processes for these funds, with technical support for implementation and oversight.

Barrier 4: The mere existence of financial instruments is not enough. There remains a pressing need for an enhanced pipeline connecting bankable SDG-aligned projects to financial instruments.

Response: The new International Green Technologies and Investments Center (IGTIC) has a state mandate to develop green enterprise, but lacks effective financing linkages. At IGTIC's request, the Joint Programme will deliver incremental pipeline support, including guidance to enterprises on financing options; support for due diligence; technical review; and short-listing of projects. The pipeline will include linkages not only with the aforementioned subsidy, guarantee, microfinance, and state-funded mechanisms, but also with green bonds, venture capital, carbon credits, and concessional loans.

Barrier 5: "Big data" on energy consumption, building stock, population, landscape types, and other parameters are disjointed, with no integrated analysis to identify, optimize, and de-risk investment opportunities.

Response: Integration and analysis of big data by a core of experts, focusing initially on buildings and utilities (identifying worst-performing buildings and most vulnerable residents, prioritizing upgrades).

By lifting targeted barriers, all these actions will lead to mobilization of commercial, public, and blended finance at an unprecedented level, leading directly to scaled GHG emissions reductions and other SDG impacts.

This theory of change is based on assumptions of government support for SDG-aligned investment, availability of funds from government and IFIs, and alignment with priorities of private-sector investors and implementing entities. Initial consultation with government, commercial banks, IFIs/MDBs, and national experts indicates that these assumptions involve low risk and uncertainty.

3. What are the expected results of the proposed Joint Programme?

(If the Concept note is approved, this will be the basis for Results Framework of the full Joint Programme document).

Max 400 words

=> Use bullet points to present the results expected by the end of the Joint Programme. Include both "quick wins" and longer-term, outcome-level results regarding SDG acceleration. Explain how you plan to measure the contribution of the proposed results to SDG acceleration.

=> Briefly show how the results sought are part of the UNDAF/Cooperation Framework and aligned with national SDG priorities, as defined in national development strategy/plans, other relevant strategies/plans and/or (multi)annual budget frameworks. Highlight cross-cutting issues.

=> Indicate how you plan to ensure the sustainability of results after the end of the Joint Programme.

Technical Criteria Associated to Answer:
1.1 Relevance of the approach (criticality of the approach towards the financing of the SDGs; potential for scaling-up and replication)
1.2 Rationale for the proposal (clarity of the intervention within the broader context of financing the SDGs)
1.5 Cross-cutting issues (e.g. inclusion of gender)

The Joint Programme aims to achieve the following results by the end of 2024. All targets are indicative and will be confirmed or refined during the preparation of the full Joint Programme.

• New private commercial finance for SDG-aligned projects and enterprises, leveraged via interventions of the Joint Programme
Target result: $150 million
Verification means: Written agreements, program documentation, required financial reporting under various mechanisms, with anonymization and disclosure procedures to be agreed upon with banks and other implementing entities. (Definition of "green" and "SDG-aligned" based on national policy frameworks.)

• New state budget allocations to SDG-aligned projects and initiatives
Target result: $90 million
Verification means: Official state budget figures; reporting on spending by national agencies and regional/local administrations.

• IFI financing for SDG-aligned projects and enterprises, leveraged via interventions of the Joint Programme
Target result: $30 million
Verification means: Written agreements, program documentation, required financial reporting under various mechanisms, with documentation of how the Joint Programme's pipeline support led directly to connections with the respective IFIs

• Greenhouse gas emissions reductions
Target result: 9 million tonnes CO2eq
Verification means: Project-by-project evaluation of energy savings and avoided emissions

• Number of beneficiary companies
Target result: 400 companies, including 100 SMEs and 100 women-owned or women-run entities
Verification means: Written agreements, program documentation, required financial reporting under various mechanisms

The SDG Finance Accelerator will focus initially on projects with climate impact, with greenhouse gas (GHG) emissions reductions as the primary SDG-related indicator. During preparation of the full Joint Programme, and into the first two years of implementation, the SDG Finance Accelerator will assess opportunities to expand into other areas, such as waste reduction, land reclamation, and health care delivery. SDG indicators for these areas will be added and tracked as projects are identified.

Monitoring and evaluation in all areas, especially those involving governmental and blended finance, will take place in conjunction with ongoing joint development by UNDP and the government of Kazakhstan of a permanent unified platform for planning and tracking of SDG-aligned programs and spending. The enabling framework of this platform, as well as the actual mechanisms implemented by the Joint Programme, will persist even after 2024, continuing and expanding SDG-aligned investment flows.

These targeted results are all directly aligned with the current UN Partnership Framework Document (especially Outcomes 1.3 and 3.1), as well as Kazakhstan's Strategic Plan 2025 (Reform 6 on Green Economy) and Kazakhstan 2050 (commitment to economic diversification and sustainability).

4. Describe the innovative nature of the Joint Programme
Max 400 words

=> How is the approach innovative, as defined in the call?
The way an initiative is innovative can be described as:
- Innovation from a financial standpoint, in terms of not being widely adopted in the financial markets (such as a lending facility where the cost of borrowing is tied to borrower's contribution toward the achievement of the SDGs, such as by progressive reductions in water usage).
- Innovation in terms of its application to a new specific sector or geography (such as educational loans for migrants whose repayment is set as a percentage of future income).
- Innovation in terms of attracting new participants and investors (such as commercially oriented investors).
- Innovation in terms of its use within the UN system, in accordance with UN reform principles (for example, where multiple UN agencies collaborate on the setting of the parameters for due diligence of the pipeline of an SDG-aligned private equity fund).

Why has a tool or product such as the one proposed by the Joint Programme not been successfully pursued previously? What suggests an elevated likelihood of success in the current initiative? Why is the implementation of this specific Joint Programme timely?

=> Briefly explain how this Joint Programme builds on what has been done or is currently being done by the UN and by other actors, with a particular eye toward key IFIs and DFIs.

=> Briefly explain what the alternative approaches/ideas are and why is this proposal the best approach. Have you or do you plan to prototype / test and cost alternative solutions?

Technical Criteria Associated to Answer:
3.1 Innovativeness of the approach (scope-outcome indicator of the Fund)

The Joint Programme will deliver innovation in multiple ways.

• New commercial financing mechanisms that are now nonexistent or have negligible market traction in Kazakhstan
-- Green bonds (pipeline support to AIFC)
-- Green venture capital (pipeline support to ADB)
-- Collateral waiver for projects for which reflows are stably established, thus freeing the collateral for new projects

• New commercial financing mechanisms to reach stakeholder groups for whom existing instruments are inaccessible
-- Pooled ESCO service delivery and commercial financing for apartment owner associations, which currently lack the cash to pursue building energy-efficiency upgrades
-- Monetization of GHG emissions reductions via new mechanisms for carbon credits, especially involving entities facing administrative or M&V barriers (municipalities, apartment associations, SMEs)
-- Expansion of microfinance to stakeholders not reached by existing programs and instruments (e.g., livestock and water management in remote regions to prevent overgrazing)

• New public funding mechanisms
-- Application of large dedicated funds collected from pollution fees and waste tariffs, with guidance to local administrations on how to prioritize projects, disburse funds, and track results

• New blended public-private financing mechanisms
-- New state budget support for interest subsidies and loan guarantee mechanisms currently supported by GEF funds
-- Expanded access of microfinance organizations to global credit markets, with credit secured by bonds issued by state enterprise fund DAMU

• New methods for executing and tracking finance transactions, such as the use of blockchain for ESCO contracting. The Kazakhstan office of Bitfury, the world's leading blockchain technology company, has expressed readiness to work with the SDG Finance Accelerator on piloting such methods.

• Application of new "big-data" analysis methods to prioritize and de-risk green and SDG-aligned investments and to help scope out new and alternative program interventions

• Application of new design-based thinking, sense-making, solution mapping, and experimentation in keeping with best practices promoted by UNDP's global learning network of 60 Accelerator Labs.

These innovations are new to Kazakhstan because the approaches and tools are themselves new, having just been conceived by UNDP projects, or having arrived after recently emerging elsewhere in the world. Introduction of these innovations now is extremely timely in Kazakhstan, given the country's prominent strategic commitment to technological innovation, economic diversification, private-sector development, and emergence as Central Asia's leader in global financial markets. Eventually, the tested solutions of the Joint Programme in Kazakhstan can be disseminated via UN knowledge-sharing networks, filling gaps in SDG financing across Central Asia and the RBEC region.

5. Expected added value of the UN and the Joint SDG Fund

Max 300 words

=> Demonstrate the expected added value of the UN (i.e. it would not happen without the UN) and how this will be different from "business as usual" in your specific context (e.g. new partnerships, practices, methods, ideas).

Explain why the initiative requires Joint SDG Fund support to succeed. Were it not for the Joint SDG Fund, how and from what entity would the initiative find support?

=> Given that the initiative centers around finance and catalytic investments, explain why the UN is the appropriate entity to undertake it.

Technical Criteria Associated to Answer:
1.4 UN Value-add (additionality of UN and appropriateness in positioning) and Joint SDG Fund Value-add

During project scoping, the UN in Kazakhstan has assiduously sought to define a clear niche within the ecosystem of agencies currently supporting green and SDG-aligned finance in Kazakhstan, so as to tap synergy, avoid redundancy, and assure additionality. After direct consultation, all these agencies have agreed on the proposed role and additionality of the Joint Programme.

The SDG Finance Accelerator will perform vital functions that no other agency – national or international, public or private – is currently carrying out. Through the accelerator, the UN will create and sustain financial mechanisms that no other institution currently offers (see especially Section 4 above), reaching large economic sectors and major stakeholder groups such as SMEs and apartment associations, for whom "business-as-usual" offerings are inaccessible. Furthermore, government, commercial and IFI partners all note that pipeline support via the Joint Programme will fill a critical void, thereby expanding financing via both new and existing mechanisms to levels far beyond the status quo.

The Joint Programme is built on the foundation of the UN's unique experience in SDG finance in Kazakhstan, especially UNDP's expertise and recent successes in piloting green finance mechanisms for energy efficiency and renewable energy. UNDP, UNEP, and UN ESCAP also bring a comprehensive network of contacts and an unmatched position as trusted partners of government ministries, national agencies, local administrations, utility service providers, IFIs, private-sector enterprises, national technical experts, and civic associations.

The Joint SDG Fund's support will be essential in the initial launch of the SDG Finance Accelerator, covering 40 percent of projected operating costs from late 2020 through 2024. Other anticipated sources of support to cover the remaining 60 percent (see section 8 below) are not yet secured. Therefore the Joint SDG Fund grant would be the cornerstone not only of all initial project activity, but also all subsequent fundraising.

6. Leadership and implementation of the Joint Programme

Max 300 words

=> Outline the roles, including RCO, UN entities, (sub)national government, civil society, the private sector, trade unions, international development partners, and other actors.
=> Where capacity is currently lacking, indicate how you intend to enhance the capacities for implementation of the Joint Programme.
=> Outline what additional help and capacity, besides Joint SDG Fund support, the Joint Programme needs to succeed.
Reference (1) required partnerships, (2) technical capacity that is currently available for the initiative, and (3) plan to convene additional capacity. Be specific and address the ability to provide or secure quality expertise.

Technical Criteria Associated to Answer:
2.1 Roles and responsibilities (Clarity and appropriateness of)
2.2 Capacities (Technical capacities and/or ability to access technical capacities)

The Joint Programme will be implemented by UNDP, UNEP, and ESCAP. The UN Resident Coordinator and RCO will oversee implementation, agency coordination, evaluation, and reporting.

UNDP will play the central role in project management, as well as most aspects of technical support, development and deployment of financial instruments, managing partnerships, engagement of women, and monitoring and evaluation. UNDP already has a core of program staff and national experts with deep recent experience in green finance for energy efficiency, renewable energy, and sustainable land management.

UNEP is already working closely with UNDP and the government on updating the Green Economy Concept. Building on these connections, as well as its recent work on green public procurement and financing, UNEP will contribute to the Joint Programme especially in development of a "Green Finance Framework" containing policies and eligibility criteria for green bonds and other new instruments. Collaboration on this framework has already been confirmed with the AIFC.

ESCAP's in-house regional finance team will provide additional technical support based on agency experience with green bonds (recently introduced in Bhutan) and public-private partnerships. ESCAP's statistical division will support the Joint Programme on best practices in accounting and SDG impact assessment. ESCAP will also serve as the project's focal point for relevant space agencies with regard to satellite imagery and "big data" analysis.

Collectively, these three agencies, together with national and international partners outside the UN, have the full broad financial know-how and management capacity needed to make the Joint Programme a success.

7. Expected period of implementation

Max 200 words

=> Indicate the period planned for implementation of the Joint Programme and provide brief justification.
=> Include the 3-4 most critical milestones (intermediary results) and indicate how they align with plans and initiatives of the government, PUNOs and other UN entities, and other partners.

Technical Criteria Associated to Answer:
2.3 Duration and milestones (Clarity and appropriateness of)

This Joint Programme seeks funding from the Joint SDG Fund for the first four calendar years of operation (2021-2024). This time period is needed to allow for implementation and scaling of existing and new mechanisms, verification and evaluation of both financial performance and SDG impacts, and transition to subsequent sources of funding.

During the four-year grant period, the Joint Programme will track the indicators listed in Section 3, with reporting annually and/or at the two-year midterm point, as required. In addition, the project will aim for these "quick wins" and milestones achieved by midterm, which are fully aligned with the aforementioned national strategies and associated legislation.

- Successful transition of subsidy and guarantee mechanisms for green finance from donor funding to blended government/private finance.

• Establishment of at least one new mechanism for mobilization of public funding, one for blended funding, and two new mechanisms for commercial finance, involving a total of at least $40 million per year.

• Delivery of at least 100 projects into the pipeline for existing and new financial mechanisms, yielding completed deals.

• Completion of integrated data analysis of building stock, heat and electricity use, and associated prioritization of energy efficiency upgrades in at least one city.

8. Cost, co-funding, and co-financing of Joint Programme

Max 400 words

=> Indicate the overall cost for implementation and how the funds are intended to be utilized, and then justify its cost-efficiency or value for money.
=> Indicate the percentage of the total amount requested from the Joint SDG Fund. Indicate, if applicable, the amount and source/s of cost sharing or co-funding (with respect to implementation costs).

Technical Criteria Associated to Answer:
2.4 Budget adequacy (Cost-efficiency and appropriateness)
3.3 Expected co-finance leverage (scale-outcome indicator of the Fund)

The total anticipated cost for creation of the SDG Finance Accelerator and implementation of proposed activities from late 2020 through 2024 is US $17,200,000. This amount will cover the following costs:

- Full-time project staff, including the director; staff experts in finance (2), data (2), policy, and communications; and an administrative assistant;
- National and international consultants on finance, data, media, technical review, etc.;
- Subsidies and guarantee funds for piloting new financial mechanisms;
- Domestic travel to all regions of Kazakhstan for project management, research, and outreach;
- International travel for knowledge-sharing (projected at one event per year);
- Internet and communications fees;
- Printing, publications, events, and other costs of outreach;
- Office space;
- Office equipment and supplies.

The UN in Kazakhstan is requesting $6,880,000 from the Joint SDG Fund to support the SDG Finance Accelerator during this period. This requested sum would cover 40 percent of the projected total cost from inception through 2024. The remaining 60 percent will be covered via other grant funds sought by UNDP and UNEP; contributions from Bitfury and other private companies; and cost-sharing by partner organizations and agencies. Contributions of other organizations will cover a share of the cost of subsidies and guarantees; hiring of consultants; free or steeply reduced rental of office space, most likely on the premises of IGTIC; and other expenses to be determined. The UN will also seek support for the SDG Finance Accelerator from the government of Kazakhstan.

The projected $17.2 million includes the operating expenses and revenues of the Joint Programme itself. Projected leveraged co-financing created by the SDG Finance Accelerator is estimated separately at $270 million. See sections 3 and 11 for details on projected co-financing and leverage.

All of these projections of costs, revenue, co-funding, and co-financing are indicative and will be confirmed during the project preparatory period.

9. Risk assessment

Max 400 words

=>Indicate the main risks and response strategies for the Joint Programme, including an evaluation of which specific contextual factors might influence effective, efficient and sustainable implementation of the Joint Programme.

=>Explain the main assumptions underlying the risk and mitigation assessment.

=>Address to what extent the implementation of the Joint Programme might affect safeguarding UN principles and international norms and standards, and whether the implementation of the Joint Programme may pose reputational risks to the UN.

Technical Criteria Associated to Answer:
2.6 Risk Management (including mission drift and reputational exposure)

The proposed Joint Programme builds upon a stable foundation of previous initiatives, enabling conditions, and UN partnerships. Still, there are risks to monitor and manage. They fall into four main categories, each with its own proposed mitigation approach.

• Investment risk. Green and SDG-aligned investments in Kazakhstan are still new and therefore may involve heightened risk. A core principle of the Joint Programme is to apply targeted support (subsidies, guarantees, concessional interest rates, etc.) to reduce investment risk for commercial investors, lenders, and borrowers alike, thus setting the stage for scaled, financially sustainable SDG-aligned services and practices. Due diligence will be applied for all supported investments to help ensure bankability and reduce risk. New mechanisms will be piloted and evaluated before scale-up.

• Other market risk. There is also a risk that uptake of SDG-aligned investment will lag because of low readiness among implementing companies, especially in remote regions. This too will be a primary focus of the Joint Programme (see discussion of pipeline support above). In conjunction with IGTIC (whose very mission is to nurture such expertise and bring it to market), the Joint Programme will apply particular effort to identifying and filling the greatest gaps, helping skilled companies expand into new regions, and developing indigenous technical capacity.

• Political risk. Since becoming the nation's second president in March 2019, Kassym-Jomart Tokayev has emphasized the importance of consistency and continuity of reforms, in accordance with its 2050 strategy, as well as its stated commitments to GHG reductions and transition to renewable energy. The risk of drastic changes to Kazakhstan's overall trajectory and aspirations is very low.

Certain policies to be promoted under the Joint Programme (for example, definition of rules and eligibility criteria for green investments and national funds) do involve a complex balancing of stakeholder input. This process, though not entirely predictable, is manageable via a normal process of negotiation and feedback. The UN has unmatched experience with this policy-development process at all levels in Kazakhstan, from broad national strategy to specific legislation.

• COVID-19 risk. The government is aggressively seeking to contain the novel coronavirus and its economic impact. Still, as in all countries, risks of disruption may apply. As needed, the Joint Programme will align its initiatives with national economic stimulus measures.

This Joint Programme will not conflict with UN safeguarding principles, nor any applicable international norms and standards. It does not pose any foreseeable reputational risks to the UN.

10. Convening the private sector and engaging IFIs/DFIs

Max 200 words

=>Explain how the initiative intends to convene and crowd-in private/financial sector players, including IFIs and DFIs

Convening refers to the ability to engage the private sector for development results and involves the active participation of the private sector. While convening can take different shapes, ranging from inviting into formal partnerships to hosting ongoing technical consultations, it generally centers on efforts that seek to activate in a collaborative way private sector assets, connections, and expertise. Crowding-in refers to the creation of the circumstances that enable the participation of additional actors that would otherwise (or have historically) not have been involved in initiatives of this sort.

=>Explain the steps taken or intended to engage the private sector and IFIs and DFIs.

Technical Criteria Associated to Answer:
3.2 Ability and strategy to convene the private sector and to engage key IFIs, DFIs and other partners (scope-outcome indicator of the Fund)

For the scoping of this Joint Programme, building upon strong existing ties developed over years of collaboration across multiple projects, the UN team led by UNDP has conferred with representatives of numerous national and international agencies involved with green finance, as well as commercial banks and private-sector enterprises, including IGTIC, AIFC, DAMU, EBRD, ADB, the World Bank, Sberbank, and others. These discussions have included individual meetings as well as an open multi-agency convening on January 30, 2020. These discussions have led to broad affirmation of the concept for this Joint Programme, as well as feedback that has been broadly integrated here. (UNDP expects to add other agencies involved with green and SDG-aligned finance, including the Islamic Development Bank, to this list after further discussions.)

During implementation, the SDG Finance Accelerator will continue this approach of collaborative convening, welcoming inputs and nurturing partnerships as a top priority. The Joint Programme will also actively pursue "crowding-in," engaging with a wide range of stakeholders not traditionally involved with green or SDG-aligned finance, from apartment owner associations and SMEs to the blockchain giant Bitfury and other progressive companies.

11. Leverage and catalytic function
Max 400 words

=>Present evidence of the initiative's ability to leverage additional capital at scale if successful.

=> Indicate the expected/estimated co-finance leverage of the Joint Programme.
"Co-financing" refers to the parallel financing of programs or projects through loans, grants or other financial investment. (Note that it differs from "co-funding," which refers to funding directly transferred to the JPs by the UNCT). "Leverage" refers to the ability to trigger the mobilization of additional resources to achieve the same objective and should be measured as the ratio of co-funding to the total funding amount.

=> Indicate the expected/estimated private finance leverage of the Joint Programme.
"Private finance leverage" refers to amount of complementary investment from private sources (non-ODA and non-public budgets) that is attracted into the initiative. "Leverage" should be measured as the ratio of private finance investments to the total funding amount.

=> Describe the thesis around the potential replication of the solutions and results brought forth by the Joint Programme across other sectors or geographies.

Technical Criteria Associated to Answer:
3.3 Expected co-finance leverage (scale-outcome indicator of the Fund)
3.4 Expected private finance leverage (scale-outcome indicator of the Fund)

Through three recent GEF-funded projects in Kazakhstan, UNDP has compiled a successful track record creating financial leverage and driving projects into pipelines for commercial and blended financing.

- UNDP has created a mechanism to reduce interest rates for energy-saving projects by 10 percentage points via a GEF-funded subsidy, run through DAMU with commercial bank financing. This mechanism has led to the issuance of 36 commercial loans, in which every $1 of subsidy mobilized about $9.50 in investment, including $4.40 in loans.

• UNDP has created a mechanism to use GEF funds to guarantee loans by covering 85 percent of collateral requirements. This mechanism has supported seven projects to date, in which every $1 in provided guarantees mobilized about $4.40 in investment, including $3.40 in commercial loans.

• Taken together, these two mechanisms have mobilized about $10.8 million in investment (including $5 million in loans and $5.8 million in companies' own resources) from about $1.3 million in subsidies and guarantees. Administrative costs (staff salaries, promotion, etc.) paid by GEF constitute a small fraction of the subsidies and guarantees themselves, with minor additional administrative costs covered in kind by DAMU and participating banks.

Therefore, in all, the leverage ratio of these mechanisms is about 7:1 (defined here as total mobilized private investment divided by donor contribution).

UNDP foresees that similar private finance leverage can be achieved via continuation and scale-up of these mechanisms. Note that if such leverage is to be calculated as the total mobilized investment divided by Joint SDG Fund dollars spent, then the leverage ratio will likely be much higher than 7:1 because most or all of the subsidies and guarantees would be covered by the government, not the Joint SDG Fund grant.

UNDP further estimates that similar or greater leverage ratios can be achieved through the other mechanisms to be promoted by the SDG Finance Accelerator (see sections 3 and 4 above). Mobilization of government funds and IFI funds will yield particularly efficient leverage of the Joint SDG Fund grant (possibly in the range of 10:1 or much higher), because results will be driven by policy and pipeline support, which are less cash-intensive than direct subsidies and guarantees.

All activity of the Joint Programme will follow the process, successfully established in the GEF-funded projects, of initial piloting and then scale-up across subsectors and regions. Some mechanisms are ready for such scale-up already, while others will be developed and tested first.

12. Technical support and seed funding

Max 400 words

=>Please indicate the expected technical and financial support required to complete the drafting of the joint programme.

=> Please indicate the budget required to be transferred to the lead agency for preparation work. Please not that the budget will be deducted from the maximum amount and should be counted in the budget submitted along the Joint Programme.

Technical Criteria Associated to Answer: Not related to technical criteria.

The UNCT in Kazakhstan requests $120,000 to complete the drafting of the full proposal for the Joint Programme, to be transferred to UNDP as the lead developer and "pen-holder." This amount will cover the cost of one international consultant and one or more national consultants to fully elaborate project plans, analyze mechanisms, and calculate quantitative results. The preparatory funds will also cover the effort of UN agency staff in overall management and coordination, as well as formal affirmation of partnerships.

Thus the total amount requested, between project preparation ($120,000) and implementation ($6,880,000), is US $7,000,000.

The need for additional technical support from the Joint SDG Fund is not currently anticipated, because of the strong base of expertise and contacts that UNDP, UNEP, and ESCAP already possess. Nevertheless, the UNCT in Kazakhstan does welcome any feedback and recommendations from the Joint SDG Fund about expert assistance that might further strengthen project preparation.

SIGNATURE PAGE

This template should first be adjusted depending on who the partners are (and if they are confirmed), then printed, signed, and scanned. It should be uploaded at the very end of the on-line application.

Title of the proposed Joint Programme	SDG Finance Accelerator
Country	Kazakhstan
Proposed duration of implementation	4 years
Overall cost	$17.2 million
The amount requested from the Joint SDG Fund	$7 million

Resident Coordinator Name:	Signature: Date:
Lead UN entity: UNDP Name and title:	Signature: Date:
Participating UN entity: UNEP Name and title:	Signature: Date:
Participating UN entity: UN ESCAP Name and title:	Signature: Date: