

AGREED BY UNDP RESIDENT REPRESENTATIVE

Resident Representative

Signature

M. Aka

Date

6. 11. 15

GfAP Programme Component: Energy and Environment
 ATLAS Project Award: 00091492
 ATLAS Project ID: 00096687
 PIMS Project ID: 5490
 Management Arrangement: DIM

Total budget: US\$150,000
 Allocated resources:
 • GEF US\$150,000

Project Title: De-risking Renewable Energy Investment in Kazakhstan
 Country: Kazakhstan
 Initiation Plan Start Date: 01 November, 2015
 Initiation Plan End Date: 31 October, 2016



INITIATION PLAN
FOR A GEF PROJECT PREPARATION GRANT (PPG)

A. Brief Description of Initiation Plan:

The purpose of this Initiation Plan (IP) for Project Preparatory Grant (PPG) is to support the development of the UNDP-GEF "De-risking Renewable Energy Investment in Kazakhstan" FSP (Full Size Project). The project is aimed at promoting private-sector investment in large and small-scale renewable energy in order to achieve Kazakhstan's 2030 renewable energy target.

The IP consists of the project preparatory activities including (1) Conduct baseline studies and surveys to come up with the pertinent data and information that are required to verify and confirm the earlier identified baseline projects; (2) Conduct a logical framework analysis (LFA) mainly to verify and firm up the project results framework (log frame); (3) Identification and assessment of demonstration schemes including calculation of Global Environmental Benefits; (4) Detailed design of the project components and activities; (5) Conduct stakeholder and project partner coordination meetings (e.g., demonstration hosts and co-financers), and establishment of the appropriate project implementation and management arrangements; (6) Preparation of the UNDP-GEF Project Document (Prodoc), UNDP Social and Environmental Screening Report, GEF CEO Endorsement Request (CER) Document and GEF Climate Change Mitigation Tracking Tool, based on the GEF-approved project concept, i.e., GEF-approved PIF; and (7) Finalization of the Prodoc and CER Document. The final output of the initiation plan will be a UNDP-GEF project document and GEF CEO endorsement template with all required supporting documentation, including but not limited to Co-financing Commitment letters, an Environmental and Social Screening and the relevant GEF Tracking Tools for the above mentioned project ready for submission to UNDP and the GEF within the agreed upon timeframe.

The overall approach for the project strategy and main components of the project were identified during the preparation of the PIF. However, to enable the final assessment, definition and costing of the priority actions, the PPG resources will be used to support more detailed analysis and consultation to define the roles and responsibilities of different institutions for project implementation. The final outputs of the UNDP-GEF Project Document and GEF CEO Endorsement Request template will be achieved through the implementation of 5 component activities in this Project Preparation Phase, namely: A) Technical reviews and studies, B) Institutional arrangements, monitoring and evaluation, C) Financial planning and co-financing investments, D) Validation workshop and E) Completion of final documentation.

UNDP Kazakhstan will lead the project development process and manage the IP budget. The IP Atlas budget is presented in the Section D "Total Budget and Work Plan". UNDP Kazakhstan will be responsible for selection and recruitment of IP consultants (local and international), developing TORs, arranging IP relevant travel and meetings. Summary of responsibilities of local and international consultants to be engaged is presented in Annex 2. Quality assurance and technical advice for the full project development will be provided by the UNDP Regional Hub in Istanbul.

B. Project preparation activities:

A. Component A: Analysis of the renewable energy investment framework in Kazakhstan based on UNDP's DREI Framework

- Application of UNDP's methodology for De-risking Renewable Energy Investment Framework to undertake analysis of the RE Investment Framework in Kazakhstan, specifically:
- Collection of data on the status of existing/planned investment in selected renewable energy technologies in Kazakhstan, identify barriers to investment and prepare a multi-stakeholder barrier and risk table
- Undertaking interviews with RE developers and other relevant stakeholders to assess barriers and associated risks, construct risk waterfall for the Kazakhstan RE investment framework

- Determining the levelised cost of electricity (LCOE) for the baseline energy mix and assess impact of a particular risk on the costs of financing (debt and equity) for renewable energy projects (using UNDP's Financial Tool)
 - Proposing a set of specific policy and financing de-risking tools and measures to address identified risks and barriers and discuss proposed strategy with key private sector stakeholders
 - Determining LCOE under alternative scenario (after implementation of suggested policy and financing de-risking measures)
- Output of Component A will be delivered in the form of report "Kazakhstan: De-risking Renewable Energy Investment" in English and Russian language.

B. Component B: UNDP-GEF project design and preparation of the full submission package

The output of Component A (i.e. DREI analysis for Kazakhstan) will be used as technical input to Component B for the formulation of the UNDP-GEF project document.

- Finalization of project results framework: Further define the results framework with appropriate objective-level and outcome-level quantitative and qualitative SMART indicators, and end-of-project targets. Special attention will be made to include socio-economic and sex disaggregated indicators.
 - Definition of monitoring and evaluation (M&E): A detailed M&E work plan will be developed, including clear identification of responsibilities and accountabilities, as well as an appropriate M&E budget. The plan will be based on the standard template provided in the UNDP-GEF project document template that reflects the mandatory requirements of the GEF M&E Policy.
 - Define sustainability plan: The sustainability plan will outline the principles and guidelines for ensuring the long-term sustainability of project achievements. It will also outline an exit strategy, seeking the continuation of key activities/achievements without the need of long-term international financing.
 - Definition of management arrangements: The organisational structure governing the project will be decided. This will include identification of the project board.
1. Stakeholder consultations during Component B: Involve key agencies in the development of the project strategy to ensure a strong national ownership. In close collaboration with key government representatives and other stakeholders ensure full participation in the development of the project results framework and ensure agreement on the project objectives and outcomes. Undertake consultations to secure agreement(s) on project implementation arrangements; including roles, responsibilities, and accountabilities of lead and partner agencies. Document these consultations.

C. Component C: Financial planning and co-financing investments:

- Prepare a detailed multi-year budget following the standard template provided in the UNDP-GEF project document template that reflects the mandatory requirements of the GEF M&E Policy.
- Explore multilateral and bilateral co-financing opportunities: Undertake series of consultations with partners to ensure a coherent and sustainable financing package for the project including post-GEF grant phase.
- A co-financing guarantee will be collected from participating government institutions, bilateral development partners, multilateral development partners and NGOs who wish to provide cash or in kind contributions to the project.

➤ Stakeholder consultations during Component C: Stakeholder consultations will be conducted at the national, regional (sub-national) and local levels involving all the key stakeholders identified during the PIF preparation and PPG implementation stages that will be involved in project implementation and will provide national co-financing. Stakeholder meetings will be held in Astana (central government bodies), in main cities of regions will be selected for demonstration projects (to be determined during the PPG phase, etc.) and others, targeted districts in piloting provinces.

D. Component D: Validation workshop
A validation workshop will gather representatives from all relevant stakeholders to present, discuss and validate the final draft project document.

C. Project preparation activities work plan, timeframe, responsibilities and budget:

PPG Activity	Timeframe (in months) ¹												Responsibility	Budget US\$	
	1	2	3	4	5	6	7	8	9	10	11	12			
Component A	X	X	X	X	X	X	X							Contracted company with support from UNDP-GEF RTA and UNDP-GEF HQ	30,000
Component B		X	X	X	X	X	X	X	X	X				Contracted company with UNDP CO and UNDP-GEF RTA support	70,000
Component C				X	X	X	X	X	X	X	X	X	X	Contracted company with UNDP CO support	35,000
Component D											X			Contracted company with UNDP CO support	15,000

D. Total Budget and Work Plan:

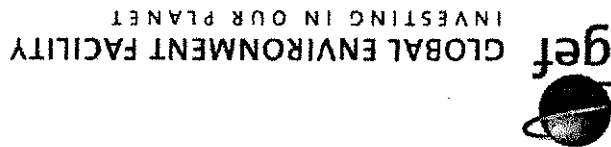
Award ID:	00091492
Award Title:	PPG: De-risking Renewable Energy Investment in Kazakhstan
Business Unit:	KAZ 10
Project Title:	PPG: De-risking Renewable Energy Investment in Kazakhstan
Project ID:	00096687
Implementing Partner (Executing Agency)	UNDP Kazakhstan CO (DIM)

¹ If an FSP project please add additional six months noting 18 month deadline between GEF approval of the PIF and GEF CEO endorsement of the project document

GEF Outcome/Atlas Activity	Responsible Party/	Fund ID	Donor Name	Atlas Budgetary Account Code		ATLAS Budget Description	Amount US\$	Budget Notes
Project preparation grant to finalize the UNDP-GEF project document for project "De-risking Renewable Energy Investment in Kazakhstan"	UNDP	62000	GEF TRUSTEE	71600		Travel	10,000	1
				72100		Contractual services - companies	110,000	2
				72500		Supplies	1,500	3
				74500		Miscellaneous Expenses	10,500	4
				75700		Trainings, workshops	18,000	5
PROJECT TOTAL							150,000	

BUDGET NOTES:

1. This line will be paid to cover the local travel to the project sites in the regions
2. This line will be used to pay a contracted company that will be responsible for undertaking DREI analysis and preparing the full-size project proposal
3. This line will be used to cover the costs of office supplies
4. This line will be used to cover miscellaneous expenses e.g. bank charges, audio, visual, printing
5. This line will be used to cover all expenses related to the organization of training, workshops



Naoko Ishii
CEO and Chairperson

September 15, 2015

Ms. Adriana Dinu, GEF Executive Coordinator
United Nations Development Programme
New York, NY 10017

Dear Ms. Dinu:

I am pleased to inform you that I have cleared the project concept detailed below for inclusion in the upcoming work program. I have also approved your request for project preparation grant.

Decision Sought:	Project Identification Form (PIF) Clearance for Work Program Inclusion and Project Preparation Grant (PPG) Approval	
GEFSEC ID:	9192	
Agency:	UNDP	
Agency ID:	5490	
Focal Area:	Climate Change	
Project Type:	Full Size Project	
Country:	Kazakhstan	
Name of Project:	De-risking Renewable Energy Investment in Kazakhstan	
Indicative GEF Project Grant:	\$4,510,000	
Indicative Agency Fee:	\$428,450	
PPG Grant:	\$150,000	
PPG Agency Fee:	\$14,250	
Funding Source:	GEF Trust Fund	
Break-down of Indicative Agency Fee:		
Trust Fund	40% Fees to be committed at Council Approval	\$171,380
Agency	Fees to be committed at CEO Endorsement	\$257,070
UNDP		
GFT		
Total (US\$)		\$428,450

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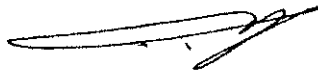
Ms. Adriana Dinu

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September 15, 2015

This PIF clearance and PPG approval is subject to the comments made by the GEF Secretariat in the attached project review document. It is also based on the understanding that the project is in conformity with GEF focal areas strategies and in line with GEF policies and procedures. Please ensure that your final project document, with all Secretariat and Council comments fully addressed, is submitted such that CEO endorsement can be provided within 18 months of Council approval of the work program.

Sincerely,



Naoko Ishii

Chief Executive Officer and Chairperson

Attachment: GEFSEC Project Review Document

Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee

Annex 2: Summary of Consultants Financed by the Initiation Plan

Summary Tasks to be Performed	
Contracted Companies	
<p>The company will be contracted to lead the design of UNDP-GEF project document and undertake DREI analysis. Its main responsibility will be to prepare and finalize the UNDP project document, the GEF Request for CEO Endorsement, the GEF tracking tool and UNDP's Social and Environmental Screening Report for submission to the GEF Secretariat. The company will also be responsible for undertaking full DREI analysis and producing accompanying report (as per Component A).</p> <p>The company will be responsible for preparing the overall project design and strategy and taking the lead on preparing the Project Results Framework, in cooperation and with support from UNDP Country office and the UNDP-GEF RTA in IRH. It will be responsible for quality control and delivery of the following points:</p> <ul style="list-style-type: none"> - Undertake DREI analysis and produce DREI Report for Kazakhstan - Conduct baseline analysis: this will include a precise definition of baseline projects, activities, budgets, goals and co-financial links to GEF outcomes; definition of GEF incremental value per outcome and output; presentation of results of the incremental cost-analysis in matrices; - Prepare a quantified assessment of global environmental benefits through relevant climate change mitigation activities; - Conduct stakeholder analysis and consultation in Kazakhstan and abroad; - Develop stakeholders' involvement strategy, including: <ul style="list-style-type: none"> ▪ stakeholder matrix ▪ stakeholder involvement plan ▪ stakeholder capacity building needs and plan ▪ recommendations for the full-sized project on the stakeholder involvement in promoting market transformation for renewable energy. - Discuss and agree all recommendations and implementation plan with project partners and stakeholders; - Develops project monitoring and evaluation system for the FSP, and prepares M&E plan and budget; - Complete the Tracking Tool on Climate Change Mitigation, including a set of indicators, baselines and targets - Support formulation of opportunities/risks identified during an environmental and social screening of the project proposal; - Finalize a Logical Framework of the project with appropriate objective-level and outcome-level quantitative and qualitative SMART indicators, and end-of-project targets as well as with special attention to include socio-economic and sex disaggregated indicators; - Undertakes 2 missions (8 working days) to Kazakhstan. Mission 1 envisages dialogues with national partners, key stakeholders and the UNDP CO. Mission 2 includes participation in a validation workshop that will gather representatives from all relevant stakeholders to present, discuss and validate the final draft project document; - Addresses comments of GEF Secretariat with support of UNDP CO and UNDP-GEF RTA from IRH. 	<p>Lead Project Development Specialist Financial consultant – Renewable Energy Investment Energy Investment Financial modeler Local Renewable Energy Advisor Local PPG Coordinator</p>