



INITIATION PLAN TEMPLATE FOR A GEF PROJECT PREPARATION GRANT (PPG)

Project Title: Green Energy SMEs Development Project

Country: Tajikistan

UNDAF Outcome(s): 2

Expected CP Outcome(s): *Outcome 2:* People in Tajikistan benefit from equitable and sustainable economic growth through decent and productive employment, stable energy supply, improved access to specialized knowledge and innovation and more favourable business environment especially for entrepreneurs and farmers.

Expected CPAP Output (s): Output 2.1: National and subnational systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment and livelihoods-intensive:

Output 2.3: Inclusive and sustainable solutions adopted to achieve increased energy efficiency and energy access (especially off-grid sources of renewable energy): The project will

- create full-time equivalent jobs, sex-disaggregated;
- facilitate adoption of policies, systems and/or institutional measures at the national and subnational levels to generate and strengthen employment and livelihoods;
- create schemes which expand and diversify the productive base, based on the use of sustainable production technologies
- develop new partnerships with funding for improved energy efficiency and/or sustainable energy solutions targeting rural communities, prioritising women and vulnerable;
- improve access to renewable energy in winter

Initiation Plan Start Date: 10 July 2016

Initiation Plan End Date: 09 July 2017

CPAP Programme Component: ATLAS Project Award: 00085267 ATLAS Project ID: 00092981 PIMS Project ID: 5476 Management Arrangement: DIM	Total budget: US\$ 76,650.00 Allocated resources: <ul style="list-style-type: none">• GEF US\$ 70,000.00• UNDP US\$ 6,650.00
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AGREED BY UNDP RESIDENT REPRESENTATIVE

Resident Representative

Signature

Date: day/month/year

JAUHARFEST, Rai

29.06.2016



A. Brief Description of Initiation Plan:

The objective of the PPG is to develop a full-sized project that will promote green energy small and medium enterprise (SME) development in Tajikistan through identifying, supporting and promoting scalable, private sector-led business models for provision of affordable and sustainable energy products and services for Tajikistan's rural population, with a focus on solar-based applications (PV and solar water heating). The project will have three consecutive steps to achieve its objectives.

First, the project will work towards enabling policy framework and technical capacity development for green energy SMEs. The project will work with the Ministry of Energy and Water Resources and other relevant governmental agencies (e.g. Ministry of Finance, Ministry of Industry and New Technologies, etc) to put in place and implement enabling policies and regulations for green energy SMEs. The project will also support the establishment of Info-Educational Centers on Green Energy, which will provide information and capacity building to local stakeholders about renewable energy and energy efficiency equipment, products and services. Through the Centers, SMEs will be able to disseminate information about their products, and also learn about new market opportunities, receive information on financing schemes for green energy, as well as other type of business support, training and advice. Also, the Centers will implement a number of educational and market outreach activities.

Secondly, the project will facilitate access to finance, loan and equity, for green energy SMEs under terms and conditions, which match the risk/reward profile of their products and services. The project will partner with national and international financial organizations, ADB, EBRD and local MFIs, to offer loans and microcredits to green energy SMEs and their customers, as well as explore new and innovative ways of leveraging green energy financing, such as through crowdfunding platforms.

Lastly, the project will introduce new business model for green energy SMEs (RESCOs). The project will address market demand risk stemming from low affordability of green energy products/services for rural residents, in particular when it comes to high upfront cost of solar PV and other RES applications. This risk will be circumvented by designing and supporting Renewable Energy Service Company (RESCO) model for delivery of green energy services and products in rural areas. Business models may include several options, e.g. a *leasing model*, whereby the clients rent a RES system (PV) and operation/maintenance risks are borne by the RESCO; a *hire-purchase model* (whereby RESCO retains ownership of the RES system until user has completed payments over the lease period); or even a *concession model* (whereby one or more RESCOs are contracted on a fee-for-service basis by the Government to – for example – provide energy services to the public sector facilities, schools or hospitals). No single business model provides unambiguous benefits vis-à-vis the others, and further work will be undertaken during the PPG phase to elaborate the design options for RESCO support. The main advantage of the RESCO and its fee-based model is that it will remove the high upfront capital costs that users face, as well as will move the responsibility for maintenance of RES systems from residents, communities and public sector to the private sector, thus creating a scalable model for sustainable RES-based energy service provision in rural areas.

UNDP Tajikistan will lead the project development process and manage the PPG budget in close collaboration with national authorities. The PPG Atlas budget is presented in the Section D. "Total Budget and Work Plan". UNDP Tajikistan will be responsible for the procurement of PPG team composed of local and international consultants, developing TORs, arranging travel and meetings, and maintaining project disbursements.

Quality assurance and technical advice for the project development will be provided by the UNDP/GEF Regional Unit in Istanbul.

Regular consultations (working meetings) will be carried out among key project stakeholders to plan and manage project preparation activities. These consultations will also serve to confirm the amount of co-financing to support the project activities. During the initiation plan period, a number of studies will also be undertaken with the view to further develop the project concept that has been approved (see GEF CEO Approval letter attached as Annex 1)

into a fully formulated project document. The final output of the initiation plan will be a [UNDP-GEF project document](#) and [GEF CEO endorsement template](#) ready for submission to UNDP and GEF.

B. Project preparation activities:

A. Component A: Technical review

- I. **Baseline studies:** Baseline studies will be undertaken to review and assess the individual, institutional, and systemic capacities that will inform the strategic and technical design of the project. These include the following:
 - a. Baseline information on current situation and activities related to investment in renewable energy in Tajikistan. These will include review and assessing the current strategic policy and legislative framework in Tajikistan.
 - b. Conduct market research and identify the most suitable companies/private businesses and communities which could be engaged in the project to advance the concept of developing green energy SMEs.
- II. Studies to address any opportunities/risks identified during an environmental and social screening of the project proposal: Completion of SESP (Social and Environmental Screening Procedure) Template.
- III. Undertake gender assessment
- IV. Identification of specific sites for intervention
- V. Integration with development plans, policies, budgets and complementary projects: Potentials for integration with the currently implemented and prospective pipelined projects and initiatives undertaken by the government, international and national organizations, including but not limited to microcredit institutions operating to promote renewable energy will be sought.
- VI. Completion of GEF focal area tracking tool: climate change mitigation tracking tool
- VII. Stakeholder consultations during technical review: Mobilize and engage stakeholders during project design. Negotiate partnerships with on-going projects to align their activities and the project to build synergies. Document these consultations.

B. Component B: Institutional arrangements, monitoring and evaluation

The outputs of Component A will be used as technical input to Component B for the formulation of the UNDP-GEF project document.

- I. **Finalization of project results framework:** Further define the results framework with appropriate objective-level and outcome-level quantitative and qualitative SMART **Error! Bookmark not defined.** indicators, and end-of-project targets. Special attention will be made to include socio-economic and sex disaggregated indicators.
- II. **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.
- III. **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.

- IV. Definition of management arrangements: The organisational structure governing the project will be decided. This will include identification of the project board.
 - V. 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:
- I. 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.
 - II. 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.
 - III. Ensure completion of required official endorsement letters: An official endorsement letter will be prepared by the GEF Operational Focal Point of the Government. 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.
 - IV. Stakeholder consultations during Component C: Stakeholder consultations will be conducted at the 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 cofinancing.
- 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\$
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		
Baseline Studies	X	X	X	X									UNDP	12,000
Stakeholder consultations	X	X	X	X	X								UNDP	10,000
Project Document/CEO Approval request preparation					X	X	X	X	X	X	X	X	UNDP	40,000
Inception & Validation Workshop	X							X					UNDP	14,650

D. Total Budget and Work Plan :

Award ID:	00085267
Award Title:	Green Energy SME Development Project
Business Unit:	TJK10
Project Title:	Green Energy SMEs Development Project
Project ID:	00092981
Implementing Partner (Executing Agency)	UNDP Tajikistan

GEF Outcome/Atlas Activity	Responsible Party/	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount US\$	Note
Project preparation grant to finalize the UNDP-GEF project document for		62000	GEF TRUSTEE	71200	International Consultants	32,500	International consultant's daily rate is estimated at US\$ 650 for a required period of 50 days

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

project "Green Energy SMEs Development Project"				71300	Local Consultants	12,000	2 local consultants at a daily rate of US\$ 200 for a period of 30 days each
				71600	Travel	12,000	2 x Airfare to and from Tajikistan, daily subsistence allowance and travel within Tajikistan for international and local consultants
				72500	Supplies	600	Stationary and logistical arrangements.
				74500	Miscellaneous Expenses	1,000	Unforeseen expenses
				75700	Trainings, Workshops, Conferences	11,900	2 validation workshops
					TOTAL GEF	70,000	
Project preparation grant to finalize the UNDP-GEF project document for project "Green Energy SMEs Development Project"		00012	UNDP	75700	Trainings, Workshops, Conferences	2,750	2 validation workshops
				72500	Supplies	2,500	Stationary and logistical arrangements.
				74500	Miscellaneous Expenses	1,400	Unforeseen expenses
					TOTAL UNDP	6,650	
					PROJECT TOTAL	76,650	

Annex 1: GEF CEO PIF approval letter



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Naoko Ishii
CEO and Chairperson

May 4, 2016

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:	9191
Agency:	UNDP
Agency ID:	5476
Focal Area:	Climate Change
Project Type:	Full Size Project
Country:	Tajikistan
Name of Project:	Green Energy SMEs Development
Indicative GEF Project Grant:	\$2,519,963
Indicative Agency Fee:	\$239,396
PPG Grant:	\$70,000
PPG Agency Fee:	\$6,650
Funding Source:	GEF Trust Fund

Break-down of Indicative Agency Fee:

Agency	Trust Fund	40% Fees to be committed at Council Approval	Fees to be committed at CEO Endorsement	Total (US\$)
UNDP	GET	\$95,758	\$143,638	\$239,396

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Ms. Adriana Dinu

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May 4, 2016

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

GEF ID: 9191 - Green Energy SMEs Development