

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

Project Title: Market Transformation for Sustainable Rural Housing Project

Country: Uzbekistan

Initiation Plan Start Date: 15 May, 2015

Initiation Plan End Date: 14 April, 2016

CPAP Programme Component: Increased availability of institutional products and services for the conservation and sustainable and equitable use of natural resources.

ATLAS Project Award: 00088696 ATLAS Project ID: 00095234 PIMS Project ID: 5392

Management Arrangement: DIM

Total budget:

US\$150,000

Allocated resources:

GEF US\$100,000UNDP US\$50,000

AGREED BY UNDP RESIDENT REPRESENTATIVE

Mr. Stefan Priesner

Resident Representative UNDP Uzbekistan

Signature

4 June 2015
Date: day/month/year

A. Brief Description of Initiation Plan:

The objective of this Initiation Plan (IP) is to develop a full project document for a UNDP/GEF project aiming at transforming the rapidly growing rural housing sector in Uzbekistan towards a more sustainable and low-carbon development pathway by designing, piloting and scaling-up a green mortgage market mechanism, which will boost the demand for low-carbon housing among the Uzbek rural population. The GEF CEO approval letter for the Project Identification Form (PIF) and Project Preparation Grant (PPG) is attached as Annex 1.

UNDP Uzbekistan 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 Uzbekistan will be responsible for selection and recruitment of IP consultants (local and international), developing TORs, arranging IP relevant travel and meetings. List 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.

During the initiation plan period, a number of studies and stakeholder consultations, including government agencies (State Committee for Architecture and Construction, State Committee of the Republic of Uzbekistan on Land Resources, Geodesy, Cartography and State Cadastre, Ministry of Economy, Ministry of Finance, and regional and district municipal authorities), private sector (banks, local self-governance, homeowners associations, manufacturers and distributers of construction materials and technologies), research organizations and NGOs, and Multilateral Organizations (ADB and IDB) will be undertaken with the view to further develop the approved project concept into a fully formulated project document.

The final output of the initiation plan will be a <u>UNDP-GEF project document</u> and <u>GEF CEO endorsement template</u> ready for submission to UNDP and GEF.

B. Project preparation activities:

A. Component A: Technical review

- I. Baseline studies: Conduct thorough analysis of the current rural housing construction programme, including its national policy, legislation and institutional frameworks as well as currently applied approaches/practices, undertake a pre-feasibility study related to establishing green mortgage scheme and potential incentives to home owners to invest in houses that feature low-carbon design and technologies, design of the green mortgage products, elaborate demonstration projects that can test prototype EE and low-carbon designs for rural houses and settlements as well as domestic supply chain and capacities for design and construction of low-carbon housing, and estimate short and long-term emission reduction from project interventions, including the demonstration projects.
- II. Studies to address any opportunities/risks identified during an environmental and social screening of the project proposal: see attached pre-screening.
- III. Identification of specific sites for intervention
- IV. Integration with development plans, policies, budgets and complementary projects: Detailed analysis of the existing national, regional (sub-national) and local development strategies, programmes and plans along with the appropriate policy and regulations such as energy efficient building codes and minimum-energy performance standards (MEPS), and secondary legislation that can promote green mortgage scheme aimed at increasing energy efficiency and greening rural housing construction, moreover land-use plans and zoning regulations improved to maximize efficient resource use and incorporate climate considerations will be considered.

- V. Completion of GEF focal area tracking tool: Climate Change Mitigation
- VI. 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.

- Finalization of project results framework: Further define the results framework with appropriate
 objective-level and outcome-level quantitative and qualitative SMART indicators, and end-ofproject 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:

- 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, 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 Tashkent (central government bodies), in main cities of regions will be selected for demonstration projects (e.g. Fergana Valley, Republic of Karakalpakstan, Bukhara, Samarkand and Khorezm regions, 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:

Timeframe (in months)¹ X		Timeframe (in month 6 7 X X X X X X X X X X X X X X X X X X
4 × × ×	2 X X X X X X X X X X X X X X X X X X X	1 X X X X X X X X X X X X X X X X X X X
	× × ×	x x x x x x x x x x x x x x x x x x x

D. Total Budget and Work Plan:

Award ID:	96988000
Award Title:	Market Transformation for Sustainable Rural Housing Project
Business Unit:	UZB10
Project Title:	Market Transformation for Sustainable Rural Housing Project
Project ID:	00095234
Implementing Partner	
(Executing Agency)	UNDP Uzbekistan CO, DIM

GEF Outcome/Atlas Activity	Responsible Party/	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount US\$	Budget Notes
Project preparation grant				71200	International Consultants	70,000	1
to finalize the UNDP-GEF			****	71300	Local Consultants	18,000	2
project document for				71600	Travel	3,000	3
project "Market	UNDP	62000	GEF TRUSTEE	72500	Supplies	2,000	4
ransformation for				74500	Miscellaneous Expenses	3,000	5
Sustainable Kural Housing				75700	Trainings	4,000	9
rio]ect				Sub-total (GEF)		100,000	

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

UNDP	04000	UNDP	71400	Contractual services -	25,000	7
	327			Individuals		
			72100	Contractual services -	10,000	8
	2011. 22			Companies		
			71600	Travel	5,000	6
			73500	Reimbursement costs	5,000	10
			74200	Audio, Visual& Printings	3,000	11
			74500	Communication	2,000	12
			Sub-total (UNDP TRAC)	RAC)	20,000	
				PROJECT TOTAL	150,000	

BUDGET NOTES:

- guide the local team (56 w/d x USD 750 plus cost of one mission), and 2) International Consultant on Financing/Banking (Green Mortgage) (34 w/d x USD 650 plus cost This line will be used to pay two international consultants who will draft the full-size project proposal: 1) International Consultant on Climate Change Mitigation to
- national legal/institutional/regulatory frameworks and stakeholder consultations (250 w/d x USD 40); 2) Local Consultant on design and construction of low-carbon This line will be used to pay the team of local consultants who will provide inputs into the project proposal. The project will involve: 1) Lead National Consultant on housing (100 w/d x USD 38); 3) Local Consultant on economics/finance/banking (mortgage) (120 w/d x USD 35). 2
 - This line will be paid to cover the local travel to the project sites in the regions
 - This line will be used to cover the costs of office supplies for the team of consultants (stationery, cartridges etc.) 8. 4.
- This line will be used to cover miscellaneous expenses e.g. bank charges etc.
- This line will be used to cover all expenses related to the organization of workshops, meetings
- This line will be used to pay for administrative support, e.g. Task Manager, AFA
- (central government bodies), in main cities of regions will be selected for demonstration projects (e.g. Fergana Valley, Republic of Karakalpakstan, Bukhara, Samarkand This line will be used to pay local event management companies for arrangements required for stakeholder consultations/meetings to be conducted in Tashkent and Khorezm regions, etc.) and others, targeted districts in piloting provinces 8 7 . 6
- This line will be paid to cover the local travel to the project sites in the regions by CO staff 9. 10.
 - This line will be used to cover DPS costs
- This line will be used to cover translations, printing
- This line will be used to cover the cost of internet, phones and other means of communication

Annex 1: GEF CEO PIF approval letter



Naoko Ishii CEO and Chairperson

May 4, 2015

Ms. Adriana Dinu GEF Executive Coordinator United Nations Development Programme One United Nations Plaza 304 East 45th St. FF Bldg., 10th floor 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:	6913
Agency(res):	UNDP
Agency ID:	5392 (UNDF)
Focal Area:	Climate Change
Project Type:	, Full Size Project
Country(ies):	Uzbekistan
Name of Project:	Market Transformation for Sustainable Rural Housing Project
Indicative GEF Project Grant	\$6,000,000
Indicative Agency Fee	\$570,000
PPG Grant.	\$100,000
PPG Agency Fee:	\$9,500
Funding Source:	GEF Trust Fund

Agency	Trust	40% Fees to be committed at Council Approval	Fees to be committed at CEO Endorsement	Total (US\$)
UNDP	GET	\$228,000	\$342,000	\$570,000

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

18 (8 H Street, NW + Washington, DC 20433 + USA Tet +1 (207) 473 1202 - Fax +1 (207) 522 3249 E-mail: gefceo@thegef.org Ms. Admana Dinu

May 04, 2015

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.

Julyn Grango Johns Le Nacko Ishii bentive Officer and Charperson

Attachment

Copy to

GEFSEC Project Review Document Country Operational Focal Point, GUF Agencies, STAP, Trustee

Annex 2: Summary of Consultants Financed by the Initiation Plan

ummary Tasks to be Performed	
Task Manger (SC-8)	
Fask Manger (SC-8) – full time - TM	Task Manager provides operational services ensuring high quality, accuracy and consistency of work. The Task Manager works in close collaboration with the Government counterparts, project, operations, and Programme's staff in the CO staff exchange information and ensure consistent service delivery, and undertake day-to-day responsibility for operational support services for the satisfactory achievement of the outputs, through lead and coordination of national and international consultant group
ocal Consultants	outputs, through lead and coordination of national and international consultant group
	Lead National Consultant on national logal/institutional/regulators from events and
Lead National Consultant on national legal/institutional/regulatory frameworks and stakeholder consultations – 250 working days (Uzbek National) – NC#1	Lead National Consultant on national legal/institutional/regulatory frameworks and stakeholder consultations will play the main role in collecting data and information related to the development of project document on Market Transformation for Sustainable Rural Housing, including: - Ensures integration with development plans, policies, budgets and complementary projects through conducting detailed analysis of the existing national, regional (sub-national) and local development strategies, programm and plans along with the appropriate policy and regulations such as energy efficient building codes and minimum-energy performance standards (MEPS), and secondary legislation that can promote green mortgage scheme aimed at increasing energy efficiency and greening rural housing construction; - Studies relevant land-use plans and zoning regulations to maximize efficient resource use and incorporate climate considerations; - Mobilizes and engages stakeholders during project design; conducts stakeholder consultations 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 implementatic and will provide national co-financing; - Defines roles and responsibilities of all relevant stakeholders to be involved at national and sub-national levels; - Negotiates partnerships with on-going projects to align their activities and the project to build synergies; - Provides required inputs, in cooperation with the International Consultant on Climate Change Mitigation and International Consultant on Financing/Banking (Green Mortgage) into development of the full sized project proposal, including an overall workplan and detailed TORs and workplans for all local consultants; - Coordinates project preparation with all partners engaged (co-financiers, loca authorities, Government); - Guides the work of consultants and subcontractors and oversee compliance with the agreed work plan; - Develops a

Summary Tasks to be Performed	
Local Consultant on design and construction of low-carbon housing - 100 working days (Uzbek National) – NC#2	 Drafts an initial Action plan for incorporation of gender aspects in the project, with quantifiable baseline and target indicators, as per GEF and UNDP guidance; Conducts studies to address any opportunities/risks identified during an environmental and social pre-screening of the project proposal; Provides inputs to address STAP, GEF Sec and Council comments on the project to be finalized by the International Consultant on Climate Change Mitigation; Facilitates preparation of the GEF focal area tracking tool: Climate Change Mitigation, with support of other local consultants; Ensures obtaining co-financing letters for all project stakeholders; Facilitate organization of validation workshop that will gather representatives from all relevant stakeholders to present, discuss and validate the final draft project document. The Local Consultant on design and construction of low-carbon housing will support the development of the project document through conducting the relevant baseline studies, including: Conducts thorough analysis of the current rural housing construction programme, including its national policy, legislation and institutional frameworks as well as currently applied approaches/practices; Analyses appropriate policy and regulations to identify barriers/gaps in enforcement/meeting the minimum-energy performance standards (MEPS) in construction of low-carbon housing and settlements; Undertakes a pre-feasibility study related to promoting design and construction of low-carbon housing, including the existing barriers and gaps; Assesses capacities of Gosarchitectstroy and its territorial divisions to appraise standard EE/low-carbon home design under the green mortgage scheme; Elaborate demonstration projects that can test prototype EE and low-carbon designs for rural houses and settlements;
Local Consultant on	Mitigation by the Team Leader The Local Consultant on economics/finance/banking (mortgage) will support the
economics/finance/banking (mortgage) – 120 working days (Uzbek National) – NC#3	development of the project document through conducting the relevant baseline studies, including: - Ensures integration with the relevant national policies, budgets and complementary projects through conducting detailed analysis of the existing economic/financial legislation, regulations, strategies, annual government investment programs; - Arranges all relevant stakeholder (economics/finance/banking (mortgage)) meetings in Tashkent (central government bodies), in main cities of regions will be selected for demonstration projects (e.g. Fergana Valley, Republic of

Summary Tasks to be Performed

- Karakalpakstan, Bukhara, Samarkand and Khorezm regions, etc.) and others, targeted districts in piloting provinces; and documents those consultations;
- Collects data/information on domestic utility tariffs, subsidized cost of this fuel to residential consumers and its domestic and export price of fuels used in rural housing;
- Analyses capacities of financial institutions to design and operate dedicated financial products for low-carbon housing;
- Undertakes a pre-feasibility study related to establishing the national green mortgage scheme, including the existing barriers and gaps preventing promoting Green Mortgage in Uzbekistan;
- Undertakes a pre-feasibility study focused on potential incentives to home owners to invest in houses that feature low-carbon design and technologies;
- Explores multilateral and bilateral co-financing opportunities, with support of International Consultant on Financing/Banking (Green Mortgage), through undertaking series of consultations with partners, and documents those consultations;
- Undertakes a study on economic/financial incentives/benefits from green mortgage scheme for low-carbon housing;
- Elaborates on the relevant socio-economic indicators the project logical framework:
- Defines needs in increased public awareness about the benefits and advantages of low-carbon housing;
- Proposed measures to promote and meet the growing demand for low-carbon housing among homebuyers.

International consultants

International Consultant on Climate Change Mitigation/Chief Technical Adviser - 56 working days, 1 mission of 5 working days to Uzbekistan – IC#1 The main responsibility of the International Consultant on Climate Change is to prepare and finalize the UNDP project document, the GEF Request for CEO Endorsement and the GEF tracking tool for submission to the GEF Secretariat. He/she will be responsible for preparing the overall project design and strategy and taking the lead on preparing the Project Results Framework. the International Consultant on Climate Change will guide the work of the national consultants, in cooperation with UNDP Country office and GEF RTA in IRH, and is responsible for quality control and delivery of the following points:

- Reviews and finalizes TORs for a team of local and international consultants to be hired under the PPG;
- Reviews baseline information delivered by the local experts, and provides feedback on the quality of data and further information required;
- Assesses level of energy consumption and associated GHG in the existing rural family houses public buildings based on the information collected by local experts;
- Compiles a list and analyzes barriers to market transformation for sustainable rural housing in Uzbekistan, based on inputs provided by local consultants; and develops a strategy and a set of measures to remove the identified barriers based on the approved project logframe;
- Analyzes information on the existing policies, legal and regulatory and institutional framework for construction of low-carbon housing in Uzbekistan, collected by local experts; and defines deficiencies in the policy and legal framework:
- Based on the inputs from national experts and in close cooperation with the key national stakeholders compiles final baseline/situational analysis for the FSP.
 This will include a precise definition of baseline projects, activities, budgets, goals and co-financial links to GEF outcomes; definition of GEF incremental

Summary Tasks to be Performed

- value per outcome and output; presentation of results of the incremental costanalysis in matrices;
- Assesses scope, feasibility and capacities for implementing low-carbon housing at the national context;
- Suggests international best practices to market transformation for sustainable rural housing (low-carbon housing and green mortgage schemes), including successful institutional models and best practices from past and on-going EE buildings projects in GEF portfolio;
- Based on the inputs from national experts and the best international practice, prepares a quantified assessment of global environmental benefits through relevant climate change mitigation activities;
- Oversees and guides stakeholder analysis among national and sub-national stakeholders to be conducted by local experts;
- Identifies stakeholders' interests and current and potential roles in low-carbon housing and green mortgage scheme activities;
- Assess and tailor stakeholder capacities for low-carbon housing and green mortgage scheme;
- Assesses opportunities for public-private partnerships;
- Proposes capacity building and awareness raising measures;
- Facilitates stakeholder consultations to ensure local and national ownership of the proposed project;
- Develops stakeholders' involvement strategy with a particular focus on the monitoring of energy consumption levels in low-carbon rural housing, including:
 - stakeholder matrix
 - stakeholder involvement plan
 - stakeholder capacity building needs and plan
 - recommendations for the full-sized project on the stakeholder involvement in promoting low-carbon housing and green mortgage schemes.
- Discuss and agree all recommendations and implementation plan with project partners and stakeholders;
- Analyses of the training, public awareness raising and other capacity building needs and finalizing the project's capacity training strategy and activities;
- Based on national experts input, elaborates Stakeholder Involvement and Public Participation plans, along with an action plan for incorporation of the gender aspects in the project;
- Based on the international experience, assists in reconfirming/specifying the project strategy, finalizing project sections on: (a) An assessment of the social, economic and financial sustainability of proposed project activities; (b)
 Assessment of alternatives to the project strategy and establishing the cost effectiveness of the preferred strategy and suite of activities; (c) A replication strategy for project activities; (d) Assessment of the risks to the proposed project activities and identifying measure to mitigate these risks; (e) incremental cost analysis;
- Based on national experts inputs, develops project monitoring and evaluation system for the FSP, and prepares M&E plan and budget;
- Completes the Tracking Tool on Climate Change Mitigation, including a set of indicators, baselines and targets; based on inputs to be proved by local consultants;

Summary Tasks to be Performed

- Supports formulation of opportunities/risks identified during an environmental and social screening of the project proposal, and based on the studies conducted by the local consultants;
- Finalizes a Logical Framework of the project with appropriate objective-level and outcome-level quantitative and qualitative SMART indicators, and end-ofproject targets as well as with special attention to include socio-economic and sex disaggregated indicators, based on draft/inputs to be provided by local consultants:
- Undertakes a mission (5 working days) to Uzbekistan that can potentially include participation in a validation workshop that will gather representatives from all relevant stakeholders to present, discuss and validate the final draft project document.
- Addressing comments of STAP, Council and GEF Secretariat with support of local Consultants and CO staff.

International Consultant on
Financing/Banking (Green Mortgage) – 34
working days, 1 mission of 5 working
days to Uzbekistan – IC#2

The main responsibility of this consultant is to prepare pre-feasibility studies:

- Maps all relevant stakeholder (economics/finance/banking (mortgage))
 available at national and sub-national levels; and identifies their
 roles/responsibilities in establishing and implementation of green mortgage
 scheme in Uzbekistan; using findings of analysis of capacities of financial
 institutions to design and operate dedicated financial products for low-carbon
 housing to be conducted by local consultant
- Assesses data/information on domestic utility tariffs, subsidized cost of this fuel
 to residential consumers and its domestic and export price of fuels used in rural
 housing provided by local consultants;
- Formulates a strategy to overcome barriers to establishing the national green mortgage scheme in Uzbekistan, based on the pre-feasibility study developed by local consultant;
- Formulates a strategy on introduction of potential incentives to home owners
 to invest in houses that feature low-carbon design and technologies, as well as
 measures to promote and meet the growing demand for low-carbon housing
 among homebuyers, based on the pre-feasibility study developed by local
 consultant;
- Formulates economic/financial incentives/benefits from green mortgage scheme for low-carbon housing, based on inputs to be provided by national consultants:
- Explores multilateral and bilateral co-financing opportunities, with support of International Consultant on Financing/Banking (Green Mortgage), through undertaking series of consultations with partners, and documents those consultations;
- Formulated the relevant socio-economic indicators the project logical framework, with support of local consultant;
- Formulates needs in increased public awareness about the benefits and advantages of low-carbon housing, based on best international practices and inputs from local consultant;
- Formulates the explored multilateral and bilateral co-financing opportunities (ADB and IDB), using inputs provided by the Local Consultant on economics/finance/banking (mortgage), to ensure a coherent and sustainable financing package for the project including post- GEF grant phase.

Template effective 29 May 2013

Annex 3: ESSP

See separate file