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MIDTERM EVALUATION
FULLSIZED GEF FINANCED AND UNDP SUPPORTED PROJECT
NATIONALLY APPROPRIATE
MITIGATION ACTIONS FOR LOW-
CARBON URBAN DEVELOPMENT IN
KAZAKHSTAN

Atlas Business Unit, Award 00071893
GEF Project ID (PIMS) 4670
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LIST OF ABBREVIATIONS AND ACRONYMS

APR	Annual Project Review
ADS ZhKH	Agency on Construction, Housing and Municipal Infrastructure (Kazakhstan)
BTOR	Back to Office Report
CAO	Association of Apartment Owners
CO	UNDP Country Office
CEO	Chief Executive Officer
CSO	Civil Society organization
CJSC	Closed Joint Stock Company
CLIM	Climate Laws, Institutions and Measures
CRNMP	Committee for Regulation of Natural Monopolies and Protection of Competition of MNE (previously ARNM)
Damu	Damu Entrepreneurship Development Fund of Kazakhstan.
EE	Energy Efficiency
ES	Energy Saving
EA	Executing Agency
EU	European Union
EBRD	European Bank for Reconstruction and Development
ESCO	Energy Service Contract
EAEU	Eurasian Economic Union
Facility	GEF-supported UNDP-implemented Municipal Energy Efficiency Investment Support Facility in RK
FSP	Full-Sized Project
GEF	Global Environment Facility
GoK	Government of the Republic of Kazakhstan
GHG	greenhouse gas
HACT	Harmonized Assessment for Cash Transfer
HQ	Headquarter
IR	Inception Report
LGGE	Low Greenhouse Gas Emission
LogFrame	Logical Framework Matrix
Ltd	Limited Liability Company
MINT	Ministry of Industry and New Technologies of the Republic of Kazakhstan
MID	Ministry of Investments and Development of the Republic of Kazakhstan
MEP	Ministry of Environmental Protection of the Republic of Kazakhstan
MEMR	Ministry of Energy and Mineral resources of Republic of Kazakhstan
MEBP	Ministry of Economy and Budget Planning of the Republic of Kazakhstan
MoH	Ministry of Health of the Republic of Kazakhstan
MNE	Ministry of National Economy of the Republic of Kazakhstan
MTE	Midterm Evaluation
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MRV	Monitoring, Reporting and Verification
NGO	Non-Governmental Organization
NAMA	Nationally Appropriate Mitigation Actions
NEX	Nationally Executed
NIM	National Implementation Modality
NPFE	National Portfolio Formulation Exercise
OJSC	Open Joint Stock Company
ProDoc	Project Document
PIF	Project Information Form
PRF	Project Results Framework
PIU	Project Implementation Unit
PIMS	Project Information Management System (UNDP GEF)
PIR	Project Implementation Review

PPP	Public Private Partnership
PM	Project Manager
PB	Project Board
RCU	Regional Coordinating Unit
RK	Republic of Kazakhstan
RTA	Regional Technical Advisor
SNIP	Building Code of the Republic of Kazakhstan (Строительные Нормы РК)
SE4ALL	Sustainable Energy for All
SNiP	Building Code and Regulations (from Russian Строительные Нормы и Правила)
SMART	Specific, Measurable, Assignable, Realistic and Time-related (indicators)
SWM	Solid Waste Management
TOR	Terms of Reference
TOT	Training of Trainers
TRAC	Target for Resource Assignments from the Core
US	United States
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
USAID	United States Agency for International Development
WB	World Bank
W	Watt
RUS	Russian
TBD	To Be Determined
UN	United Nations
WEEC	World Energy Engineering Congress
WP	Work Program/Plan
ZD	Zhasyl Damu

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1. EXECUTIVE SUMMARY

This report describes the findings, conclusions, recommendations and lessons learned of the Midterm Evaluation (MTE) of the UNDP-supported GEF-financed Full-Sized Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670. The Project)”. This is a five-year project launched on 22 April 2015 and carried out by the UNDP Country Office in Astana, Kazakhstan until its end by 30 April 2020. The midterm evaluation was conducted by an independent international consultant. The evaluation mission to Astana took place from 14-19 January 2018. The purpose of the MTR is to provide the management (Project Implementation Group, UNDP in Kazakhstan Country Office and at the level of UNDP/GEF) with the options on more effective and efficient achievement of the Project deliverables and their improvement.

The Project is fully consistent with the GEF-5 Climate Change (CC) Focal Area Strategy which envisages that in large, medium-income developing countries, such as Kazakhstan, the GEF will support programs and projects that will bring significant GHG reductions, such as market transformation in the building, industry and transport sectors. Specifically, the Project will contribute to the achievement of the GEF CC Objective 6 “Support Enabling Activities under the Convention” and Objective 4 “Promote energy efficient, low-carbon transport and urban systems” by building human and institutional capacities and supporting design and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector. Nationally Appropriate Mitigation Action (NAMA) refers to a set of policies and actions that countries undertake as part of a commitment to reduce greenhouse gas emissions. The term NAMA recognizes that different countries may take different nationally appropriate action based on equity and in accordance with common but differentiated responsibilities and respective capabilities. It also emphasizes financial assistance from developed countries to developing countries to reduce emissions. NAMA was first used in the Bali Action Plan as part of the Bali Road Map agreed at the United Nations Climate Change Conference in Bali in December 2007 and formed part of the Copenhagen Accord issued following the United Nations Climate Change Conference in Copenhagen (COP 15) in December 2009.

Kazakhstan has completed its National Portfolio Formulation Exercise (NPFE) and communicated its priorities to the GEF Secretariat in 2011¹. The Project was identified and included in the list of priorities under the title “Sustainable Cities Program” based on unanimous agreement of all concerned national parties and GEF Agencies consulted during the NPFE.

The Project objective is fully aligned with the strategies of the UNDP and the UN Country Team in Kazakhstan. Priorities of UNDP Kazakhstan reflects the emerging aspirations for the SDGs, as important parallels exist between the global post-2015 development agenda and Kazakhstan’s 2050 strategy, which articulates a vision for the future that rests on core values of human rights, equity and sustainability. UNDP’s Country Programme Document for 2016-2020 sets the Goal No.2. “Sustainable Human Settlements, and Natural Resources Management” and Partnership Framework for Development (PFD) sets the goal that “Ecosystems and Natural Resources are protected, and sustainably used, and human settlements are resilient to natural and manmade disasters and climate change”.

The essentials of the evaluated project are present in the following Table 1:

Table 1. Project Summary of UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan, Kazakhstan”				
Project Title:	Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan, Kazakhstan			
GEF Project ID:	4670 (PMIS #)		<i>at endorsement (US\$)</i>	<i>at MTR (US\$)</i>

¹ The letter from Kazakhstan OFP to GEF Secretariat dated June 2011

UNDP Project ID:	00091328 (PIMS# 4670) 00082364 (Atlas ID)	GEF financing:	5,930,000	1,558,750
Country:	Kazakhstan	IA/EA own:		
Region:	RBEC/CA	Government (co-financing):	30,893,435	26,695,723.24
		UNDP	60,000	36,960
		Total cash	36,883,435	28,291,433.24
Focal Area:	Climate Change Mitigation (CCM)	Other in-kind:	33,435,659	1,653,887.955
FA Objectives, (OP/SP):	GEF CC Objective 6 “Support Enabling Activities under the Convention” and Objective 4 “Promote energy efficient, low-carbon transport and urban systems”	UNDP in-kind:	1,000,000	300,000
		Total in-kind co-financing:	34,435,659	1,953,887.955
Executing Agency:	Ministry for Investments and Development RK	Total Project Cost:	71,319,094	1,418,580.087
Other Partners involved:	Ministry of National Economy, Local and oblast Akimats. Public and private organizations. DAMU Fund	ProDoc Signature (date project began):		22 April 2015
		(Operational) Closing Date:		30 April 2020

The Project supports the identification, design, and implementation of NAMAs in the urban sector. NAMAs, consisting of investments in infrastructure supported by capacity building, awareness raising and technical assistance, will contribute to achieving the country’s GHG emission reduction voluntary target by 15% by 2020 below 1990 emissions and by 25% by 2050² while improving urban services and the quality of life of citizens in Kazakh towns and cities. The Project is the first effort in Kazakhstan to adopt a comprehensive approach to reduce GHG emissions in cities through development of a new financial mechanism to attract investments for low carbon bankable public private partnership projects.

The direct Objective of the Project is to support the Government of Kazakhstan in the identification, development and implementation of NAMAs in the urban sector to achieve voluntary national GHG emission reduction targets.

² “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670), 1.2. Rationale for the Project, page 8

The Project is designed along five (5) components. The five Components each work towards one key Outcome, which are formulated based on the strategic approach in the following manner:

Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions	Outcome 1 will enable participating municipalities to articulate their climate-related priorities and identified and prioritized urban mitigation actions (urban NAMAs).
Component 2: Institutional framework for urban NAMAs	Outcome 2 will put in place the enabling institutional framework to facilitate the implementation of urban mitigation actions.
Component 3: Financing for urban NAMAs	Outcome 3 will establish new and additional financing for urban NAMAs.
Component 4: Implementation of pilot urban NAMA	Outcome 4 will identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication.
Component 5: Monitoring, verification and knowledge management	Outcome 5a will establish a monitoring, reporting and verification (MRV) system to allow for the systematic MRV of the GHG emission reductions of implemented urban NAMAs.
	Outcome 5d will increase the awareness of, and access to, information and guidance on urban NAMAs in Kazakhstan.

The Project preparation phase including development and approval of the Project Document (ProDoc) lasted 2 years (end of 2010-2012). The Project was approved in February 2012, with a planned duration of five (5) years (April 2015 – April 2020). Total project budget is 71,319,094USD of which:

In cash:		In-kind contributions:	
GEF	5,930,000 USD;	Other	33,435,659 USD;
UNDP	60,000 USD;	UNDP	1,000,000 USD;
Government	30,893,435 USD;		
Total cash	36,883,435 USD.	Total in-kind	34,435,659 USD.

Of the total combined GEF and UNDP cash budget of 5,990,000USD (GEF of 5,930,000USD), 3,000,000USD are allocated as a grant to support implementation of a financial mechanism under the Component 3, and 700,000USD are allocated for implementation of pilot urban NAMAs under the Component 4. Implementation of the financial mechanism (Component 3) is a crucial and the most challenging component of the project. More than half (55%) of the whole project budget is allocated to this Component 3 – to establish GEF-supported UNDP-implemented Municipal Energy Efficiency Investment Support Facility in RK (Facility) and to introduce a financial mechanism for subsidizing and guaranteeing the contributions of small and medium-sized business projects on energy efficiency, creating a content base for projects of NAMA in Kazakhstan.

Urban infrastructure and low-carbon projects have been traditionally financed from public/state budget in Kazakhstan. There are existing examples of public-private partnerships and private investment, however, these cases have been so far rather rare. During 2015, oil and raw materials world prices continued to decrease. This creates additional pressure on economy and public budgets of Kazakhstan, as an oil exporting country. National currency was devalued, and financing from public budget became less available due to budget cuts.

The Project execution has been through the UNDP CO and the Government of Kazakhstan involving on initial stages of the project implementation the Ministry for Investments and Development RK (MID). The five-year full-size project was planned to be completed by April 30, 2020. The Project implementation started in April 2015 (signing of the ProDoc by all parties in March 2015). The inception Workshop took place in January 2016

after 9 months after project beginning. During the inception period the situation analysis was updated, and the ProDoc was revised and updated based on the findings. Project risks, project work plan, activities, some objective and outputs indicators, project results framework (logframe) were reconsidered and the project schedule of work was elaborated during the Inception phase. The logic and the structure of the project, including project outcomes and outputs remain unchanged (except for minor change in one output).

The Project has the following design and progress of outcomes under each component:

Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions.

Component 1 works with 15 partner cities to help them identify, prioritize and prepare bankable low-carbon projects. Within this component, it is planned to provide technical and methodological support to 15 partner cities in the collection, processing and analysis of data on urban low-carbon planning. In selected cities, priority measures are identified in the urban sector, which contribute to energy saving and energy efficiency. Component 1 supports partner cities with development and adoption of municipal/city-wide energy saving/GHG emission reduction targets.

In the framework of approbation of preparation of low-carbon plans for human settlements, a pilot initiative "Development of Low-Carbon Strategy for the Settlement (Arnasay settlement)" was implemented in 2016. An inventory of GHG emissions has been prepared, priority measures for reducing emissions have been identified, and emission reduction targets have been established and agreed with the local community.

An introductory seminar "Foundations of Low-Carbon City Planning" was held for representatives of 15 pilot cities, which presents methodology, approaches and practices for low-carbon urban planning, identification of low-carbon projects in urban sectors (heat, electricity, water, buildings, utilities, urban transport, waste management, etc.). At the seminar held in 2017 in Astana, international and local experts presented, as well as gave recommendations on improving regulatory acts, selecting key milestones for upgrading buildings and utilities infrastructure for the optimal financial package.

In eight pilot cities: Lisakovsk, Satpayev, Kapshagai, Aktobe, Oral, Shymkent, Kostanay and Temirtau, an inventory of greenhouse gases was carried out by urban sectors according to the international methodology, and an analysis of the state of the municipal economy and a SWOT analysis of municipal opportunities for low-carbon development in all urban sectors. The main urban sectors that form indirect GHG emissions in cities are: heat and electricity for residential buildings (60%), urban transport (18.4%), and municipal services - street lighting, pumping stations, heating and budget lighting / urban buildings, etc. (6.8%).

Based on the studies carried out and considering Kazakhstan's obligations under the Paris Climate Agreement, the five cities have defined the goals of reducing greenhouse gas emissions in the short-term (up to 2020) and long-term (up to 2030) prospects, priorities for achieving the objectives and the amount of required investments, economically sound low-carbon city projects are presented, which can be financed through attraction of loan investments. The analysis of risks associated with the implementation of projects and initiatives was carried out, and opportunities for attracting debt financing and co-financing for project implementation were assessed.

The results of the conducted studies are presented in these cities at the expanded meetings of working expert groups, City plans have been finalized considering the recommendations.

For the 2 pilot cities: Taraz and Lisakovsk, an analysis of the Action Plan for Sustainable Energy Development (SEAP) developed under the Mayors-East Agreement was completed and the investment portfolio was updated, including: expected benefits for the population and the environment.

After the completion of research work in the regions, Astana hosted in 2017 the final conference-round "Identification of Low-Carbon Projects and Assessment of Required Investments in Urban Sectors: Energy, Public Transport, Buildings, Municipal Waste" with participation of representatives of city administrations presented all the results of studies in 7 pilot cities.

The outcome partially achieved its two midterm targets with some shortcomings. The rating for this Component is Moderatory Satisfactory as it is feasible to reach all the end-of-project targets in 2018.

Component 2: Institutional framework for urban NAMAs.

The Component 2 is aimed at assisting in the construction/modification of the organizational scheme for attracting investments in urban infrastructure, including budget/communal property (through public-private partnerships), as well as in multi-apartment housing facilities (through ESCO models).

Component 2:

- supports municipalities in preparing documents for public-private partnership - the only legal modality in Kazakhstan whereby public sector can enter into long-term agreement with private sector.
- develop standardized guidance for PPP-based ESCO contract whereby it is accepted that theoretic (calculated) energy use baseline is used to determine the level of savings and consequently the level of repayments.
- supports the development of standardized legal package for EPC contract based on PPP model.
-

In 2016 a roster of companies (ESCOs) has been prepared, which can act as executors of projects in pilot cities. Coordinators in the pilot cities inform these companies about the opportunities for implementing low-carbon projects and the conditions for obtaining technical and financial assistance from UNDP within the framework of the UNDP-GEF project.

To promote the PPP models, three republican training seminars were held to explain PPP mechanisms for the urban waste sector, electricity and heat, transport.

To eliminate barriers for the implementation of energy efficiency projects in the housing sector in the pilot example of Shymkent, the joint initiative of UNDP and the Akimat of Shymkent "Building a Management System and Energy-Efficient Housing Maintenance in Shymkent" was launched. The goal is to form a housing management system in Shymkent, which will allow implementing EE projects in the municipalities of the region based on the ESCO model.

Within the framework of approbation of the PPP model for the purposes of the EE, the project provided expert assistance in preparation for the implementation of the PPP project for the modernization of the lighting system in the Transport Towers building. The concept of the project of the future implementation has been prepared and submitted to the MIR RK.

For the selected pilot cities, a list of standard projects in the urban sector has been prepared that will promote energy saving and energy efficiency, economic calculations for standard projects have been carried out, risks and actions to reduce them have been identified. Preparation of standard documents (concepts and contracts) for PPP-projects on energy efficiency (modernization of heat supply, lighting of buildings, replacement of pumping equipment, modernization of boiler houses, etc.) has begun.

5 standard solutions were developed for the implementation of low-carbon city projects (heat consumption of buildings - smart ATP, water supply - pumps with VFR, lighting - replacement of lamps with LED, waste management - collection and primary sorting of household waste, heat supply - modernization of boiler equipment) public-private partnership. The potential for energy saving from the implementation of these projects in reducing energy consumption is at least 15% for heat and at least 45% for lighting in all municipal buildings in the cities of Kazakhstan.

Each typical PPP project solution contains a project concept; draft contract, draft tender documentation. The concept of the project is based on the example of a specific object that was proposed by the municipality for development and includes an example of the project description, starting from the baseline calculation, marketing analysis, institutional scheme at each stage of implementation (pre-investment, investment, post investment periods), payment terms, risks and responsibilities of the parties, etc. The draft contract was drawn

up based on the applicable forms of PPP contracts, where the terms and responsibilities of the parties were developed considering the specifics of the project - energy saving.

The prepared standard solutions were sent to the akimats of the pilot cities and representatives of SMEs for use in the process of their work. The documentation is also available on the project's web portal www.eep.kz.

Overcoming the institutional barriers that arise in the promotion of energy efficient technologies in residential buildings by the ESCO model is carried out with the implementation of a separate UNDP and Government Project "Improvement of the Housing Relations System to Increase Investment Attractiveness and The Development of Small and Medium-Sized Businesses in the Housing and Communal Services Sector".

The Component 2 will help to lay the foundation for relations between private business and residential property owners through the adapted legal and regulatory framework for residential relations, using best practices to differentiate the responsibilities of the parties, introducing minimum content standards, managing housing, conditions for business participation, financial schemes for attracting investment to modernization, raising awareness of owners and businesses in management issues. Within the framework of this work, proposals and additions were made to the housing legislation, participation in the working group under the Ministry of Investment and Development was made. Completion of work is expected in 2018. Component 2 is rated as Moderately Satisfactory (MS) as all the midterm-project targets are partially met.

Component 3: Financing for urban NAMAs.

This Component 3 is aimed at creating and implementing a system that will attract investments from the private and banking sectors in energy saving projects. Because of intensive consultations during 2016-2017 with the Ministry, the Damu Entrepreneurship Development Fund of Kazakhstan, second-tier banks and other interested parties, three models for supporting the implementation of low-carbon city projects were formed:

- A model for subsidizing the interest rate of a bank;
- Model of guarantee;
- A model for subsidizing part of investment costs.

All three models provide mechanisms to support the implementation of urban projects by UNDP (as part of the grant of \$ 3 million provided by the GEF) under several conditions by project applicants. The compliance of the project with one of the identified thematic areas and the corresponding threshold level of energy conservation that should be achieved because of the project. The developed models were presented at the Ministry, the Damu Entrepreneurship Development Fund and discussed at a special round table in Almaty in 2016 with the participation of stakeholders, including ESCOs, second-tier banks, etc. The analysis of the real interest of the private sector in the participation and financing of energy efficiency projects in the city economy was carried out, which showed the existence of such interest and the need for financing energy efficiency projects through banks, as well as the business's desire to have any preferences in the form of subsidies, etc.

Of the models submitted³, the Project partners supported 2 models out of 3 proposed (Bank Interest Rate Subsidy Model and Guarantee Model). By decision of the PMC, these two models were approved. Support to eligible sub-projects under the Facility will be provided in the form of:

- a) Interest rate subsidy (up to 10% on commercial loan interest rate); and/or
- b) Partial loan guarantee (up to 50% of the loan amount).

The Project team developed and agreed with all participating parties the Rules for Subsidizing and Guaranteeing Low-Carbon City Projects, developed an algorithm for implementing models, as well as draft subsidy and guarantee agreements.

One of the two support mechanisms aim to subsidize the interest rate on commercial loans in the amount of 10% of the nominal rate (no more than 19%) and the second support mechanism aims to provide partial loan

³ See “Municipal Energy Efficiency Investment Support Facility: Proposed Design Options under UNDP-GEF project “NAMAs for Low-Carbon Urban Development in Kazakhstan”. Astana, 2017. Marina Olshanskaya.

guarantee to the bank at a rate up to 50% of the loan amount. Support can be received by projects that are aimed at energy saving in city heating, water supply, public and residential buildings; urban sewage and treatment systems; street and interior lighting.

Between the line ministry (MIR) and the executive partner (Damu Entrepreneurship Development Fund), an Agreement on Cooperation on Implementing the Mechanism for Stimulating Investments in Energy Efficiency of the Urban Infrastructure of the Republic of Kazakhstan was signed within the framework of the UNDP-GEF Project.

An evaluation of the activities of the executive partner - Damu Entrepreneurship Development Fund of Kazakhstan under the Harmonized Cash Transfers (HACT) procedure, where, after being highly evaluated and at low risk from hired independent consultants, approved support models can be tested using the UNDP-GEF grant. UNDP initiated HACT in January 2017 and based on positive results of the HACT and similar agreements implemented earlier under UNDP-GEF NIM projects in Kazakhstan (biodiversity and climate change mitigation) UNDP approved the Damu Entrepreneurship Development Fund as the Financial Partner for the Project in May 2017. In April 2017 after the intensive consultation process with private and banking sectors the Project Board has approved a financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the Damu Entrepreneurship Development Fund. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, Financial Partner and UNDP. The system of investment support was launched in the testing phase in October 2017. This mechanism provides that each quarter will be announced a competition to support low-carbon city projects. At the end of each quarter, applications will be evaluated by an expert commission and decisions on support measures will be made on them. The first 2 applications were received at the end of November 2017.

One of the ultimate goals of the implementation of the third component in the long term is the transformation of the chosen mechanism for supporting EE projects into the existing support system, implemented, for example, through the state program Business Road Map-2020. The project has already begun consultations with key groups to ensure continuity of the established support mechanism and its inclusion in any of the state programs. The next steps in establishing of these two financial support mechanisms will start with conducting tests in accordance with the accepted and approved support rules. The UNDP Project team has received applications from many small and medium-sized businesses for the implementation of urban energy efficient projects. With the involvement of international technical consultants all these applications will be assessed. Currently their technical assessment has already been carried out. The Project Management Committee (SC) will decide whether to approve the support of these projects (an interest rate subsidy and / or a loan guarantee). After approving the support, the project applicant must go to the bank and obtain a loan for the implementation of his project. UNDP, through a grant from the GEF, will subsidize the interest rate during the repayment of the loan debt and / or guarantee up to 50% of the loan amount under the loan. In the first quarter of 2018, the first SC meeting will be held, at which the first 7 projects will be reviewed, which were received in the first 3 months of testing this model. Next, it is planned to hold meetings of the SC to review projects every quarter.

The rating for this Component is Moderatory Unsatisfactory as it feasible to reach its indicators by the end -of- project targets in case of additional project duration extension.

Component 4: Implementation of pilot urban NAMA.

The work under the Component 4 starts after progress under Component 1-3. Within the framework of the Component 4, it is planned to implement 1 pilot urban project - to carry out a comprehensive modernization of the micro-district of one of the pilot cities, including the modernization of buildings, structures, engineering networks, waste management systems and transport infrastructure. This component is expected to test the combined funding of a low-carbon project.

Some draft criteria were developed for the selection of the pilot facility. It is expected that the city will participate in the co-financing of the project (first, the renovation of the communal infrastructure), involving private companies in the project to realize the recouped part of the project using the debt financing mechanisms with the proposed support measures. The participation of private companies (including foreign companies) wishing to demonstrate more efficient technologies and provide investments, including grants, was also welcomed. USD 700,000 of the UNDP-GEF grant part would be used to coordinate the preparation of the project, as well as, as part of the financing of hard-to-recover modernization costs (first, measures to warm the building envelope).

At the end of December 2016, a letter was sent to Akimats of pilot cities with a proposal to provide a list of facilities suitable for the implementation of this component. At the end of 2016, 6 applications were received, and Project staff visited all possible sites for the implementation of a pilot project in Shymkent, Taraz, Temirtau, Aktobe, Kostanay, Lisakovsk, Kapshagai and Astana. The Expert Committee and the PMC approved the application from the Akimat of Astana with the proposal to modernize the urban five apartment buildings. In the proposed city district, the replacement of the supplying heating networks in 2017 has already been carried out by Akimat, and work is planned to improve the buildings, the modernization of yard lighting. Within the framework of the UNDP-GEF project, it is planned to carry out a comprehensive modernization of the residential area (quarter), including thermal upgrading of buildings, structures, engineering networks, waste management systems and transport infrastructure. It is also planned to test the combined funding of a low-carbon project using a GEF grant.

To establish contact with residents, the Project held several meetings with the Chairman of the KSK, conditions for the implementation of the Project were negotiated. Also, in conjunction with the representatives of the Akimat of Astana and the Ministry for Investments and Regional Development, an extended meeting was held with the activists of the pilot houses to agree on the terms of participation in the Project, clarify the needs of the residents, etc.

Now, the Council of Owners of each residential building and a working group for the implementation of the Project from the number of apartment owners are being formed.

The first phase of the pilot project is planned to prepare a Master plan for the complex low-carbon modernization of the urban quarter, which includes: an assessment of the baseline for energy consumption (thermal, electric) and water, an assessment of the actual condition of the facilities (buildings), yard area and their needs for low-carbon modernization; the concept of such modernization with the preparation of the necessary consolidated calculations on the cost of the necessary measures. For these purposes, a local engineering company and an international consultant have been hired. The local engineering company has been working on assessment of the baseline (situation) within each residential quarter. Also, the assessment of needs for low-carbon modernization and preparation of the concept of such modernization with the preparation of the necessary consolidated calculations for the cost of the necessary measures, considering the current national building codes and regulations. Given the lack of experience of local companies in Kazakhstan to plan low-carbon activities in the urban sector, UNDP additionally hired an international expert for necessary consultations. The purpose of the international consultant's work includes: (i) assisting the local company in assessing the baseline (situation) within each selected city block, (ii) in assessing the needs for low-carbon modernization, and (iii) preparing a concept for such modernization, carrying out the necessary consolidated calculations on the cost of the necessary measures, using the positive international experience. The hired Kazakh company works in close coordination with an international expert to achieve the final goal of the pilot project.

All work on the preparation of the master plan is expected to be completed in the 1st quarter of 2018. The end-of- project target, namely “4,750 t/co2 of direct annual GHG emission reductions from pilot urban mitigation action” is likely to be met with some shortcomings. Although due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 4.1 “Pilot urban NAMA project implemented” it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. Therefore, Component 4 is rated as Moderately Unsatisfactory (MU).

Component 5: Monitoring, verification and knowledge management.

The work under Component 5 includes development of national MRV guidelines and standard methodologies for urban NAMAs, development of rules and procedures for certification of emission reduction credits from NAMAs and import into domestic ETS, and dissemination of knowledge resources and gained lessons learned. A draft package of documents was prepared to introduce amendments and additions to the legislation to improve the GHG trading system that ensure the inclusion of reduced GHG emissions from urban low-carbon projects into the National Trading System of the Republic of Kazakhstan (ETS). The work on building the capacity of public councils and involving the public in building sustainable cities in the Republic of Kazakhstan was continued, and training seminars were held in 6 pilot regions. It is expected that based on the results of the training, students will support the promotion of projects on low-carbon urban development, based on knowledge of the legislative framework for access to environmental information.

A questionnaire was conducted to assess the baseline of the awareness-raising (awareness) index of target groups in low-carbon development issues. The overall index of awareness of target groups in cities was 5.5 points out of 10 possible. Only 16% of the respondents are aware of the established targets in the urban development sectors, including environmental indicators. To increase the level of stakeholder awareness of key programs and awareness of the opportunities for sustainable low-carbon development, it is necessary to reduce and remove barriers to stakeholder participation in local development of the city and region, provide access to basic information to raise awareness, use different forms and channels of information for raising stakeholders' awareness of local development. These tasks will be addressed by the project in subsequent years, including during the implementation of pilot initiatives through the implementation of an awareness-raising plan.

2 Centres of Competence for Sustainable Urban Development - Shymkent and Taraz. In Taraz, based on the Competence Center, work was organized to disseminate knowledge using budget funds from the Akimat of Zhambyl Oblast: 3 seminars were held on topical issues in energy saving, management of condominium objects, and energy management in the housing stock. The first regional conference in the field of improving the functioning of urban infrastructure was held.

Two issues of the newsletter of the Sustainable Cities project, available in electronic format on the project website www.eep.kz, were published.

The account on Facebook for prompt information about the project work is updated on an ongoing basis. The section "Sustainable Cities", posted on the web portal of UNDP-GEF projects "Energy Efficiency Plus" (www.eep.kz), is updated regularly.

Developed in 2016 mobile application "CO2. Calculate Your Carbon Footprint", which allows one to calculate the amount of greenhouse gas emissions generated by households, was supplemented with algorithms for calculation of transportation, as well as products and goods, and was presented as one of the exhibits at EXPO 2017 in Astana in the Pavilion of International Organizations.

The infographic of the project on the ESCO mechanism was published for demonstration to key target groups and explaining the principle of this mechanism. The flyer "Carbon footprint", a graphic and informative memo, revealing the notion of "carbon footprint" was published.

In June 2017, within the framework of the Astana Economic Forum (AEF-2017), the Project organized a special session "Smart and Sustainable Cities of the Future", with the participation of a high segment: heads of international agencies, mayors of cities, international experts, etc., The Memorandum of Understanding between the United Nations Development Program in the Republic of Kazakhstan and the Akimat of Astana was signed. Based on the results of the event, a statement was adopted on promoting openness, security, resilience and environmental sustainability of cities and settlements in the framework of achieving the Sustainable Development Goals in Kazakhstan.

In November 2017, the Project took part in the International Exhibition EXPO-HCS-2017 and became the organizer of a special side event "Improving the mechanisms of managing multi-apartment houses to increase the investment attractiveness of the housing sector and the presentation of the country review of the housing economy of the Republic of Kazakhstan." The main goal is to increase the awareness of stakeholders and discuss international and national practices in the housing and communal services sector.

The project continued to work with the media: Project experts regularly give interviews to television channels and print media, participate in press briefings, press conferences and television programs. All references in the media are displayed on the FB page of the project <https://www.facebook.com/profile.php?id=100012843423706> and on the link <http://sustainable.eep.kz/press-center/media-about-us/> web-portal of the project www.eep.kz . Materials on the project published in 14 editions in 2017.

The Midterm target, namely “Awareness Index increased by 50%” has not been met. From July to September 2016 the Project has conducted a survey to estimate baseline level on awareness of key urban stakeholders in 15 pilot cities regarding low-carbon development. The base line was not established earlier during the inception phase because the selection of 15 pilot cities was not completed by that time. Therefore, Component 5 is rated as Moderately Unsatisfactory (MU).

The following Findings and Conclusions are presented in the MTR report:

1. The UNDP-supported GEF-financed Full-Sized Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670)) has been implemented with some delays and nevertheless it’s expected to be closed in due time scheduled for 30 April 2020. UNDP made a great effort by assigning the office staff and financial resources to support the Project implementation from 2015-2017. The total disbursement rate of all resources as of December 2017⁴ is 44.39%. The Total Project budget and work plan includes 71,319,094USD, of which GEF resources accounts for 5,930,000USD (8.3%), 1,060,000US of UNDP TRAC (1.49%) and US\$ 30,893,435 USD (43.3%) co-financed by Government of RK, and 33,435,659USD (46.88%) from other sources such as IFC, EBRD, and private companies.
2. Based on the evidence available (mission reports, purchase orders, descriptions of training events) the Evaluator concludes that the outputs have been partially delivered and 26.2% disbursements of GEF grant and 61.6% of UNDP co-financing and 30% of UNDP in-kind disbursements is reached by December 2017 (Table 2).

Table 2: Annual project disbursements by Components, 2013-2017

<i>Project Outcomes</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>Total</i>	<i>% of Total Approved Budget</i>
Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions	-	-	63,552.98	129,758.93	156,250.64	349,562.55	87%
Component 2: Institutional framework for urban NAMAs	-	-	35,788.06	64,350.82	160,816.00	260,954.88	37%
Component 3: Financing for urban NAMAs	-	-	28,118.74	82,212.99	62,001.52	172,333.25	5,7%
Component 4: Implementation of pilot	-	-	-	9,635.10	25,003.49	34,638.59	4,9%

⁴ CDR (Combined Delivery Report) for the project 2017 delivery will be submitted in February 2018.

urban NAMA							
Component 5: Monitoring, verification and knowledge management	-	-	21,665.6	250137.07	158,994.63	430,797.3	78%
PMU (Component 6: Project Management)	-	-	59,096.26	14,791.97	48,456.98	122,345.21	43,6%
Total:			220,541.64	563,206.88	624,530.00	1,408,278.52	
GEF			208,221.64	550,886.88	612,210.00	1,371,318.52	23,1%
UNDP			12,320.00	12,320.00	12,320.00	36,960	61,6%

The main disbursements were done in procurement area, thus in Component 1- the contractual services make up for 87% for integrated municipal planning, targets and prioritization for urban mitigation actions, in the Component 5 – the contractual services for monitoring, verification and knowledge management make up 78%, and expenses in the Component 2 – make up 37% for contractual services for institutional framework for urban NAMAs and in project management make up 43.6%.

The project was not a subject for any financial audits since its beginning as project in 2015 and in 2016 did not exceeded its annual expenditures the threshold of US\$600,000. The first financial audit will be conducted in 2018 for 2017 year of project implementation.

- Co-financing from the side of Government and private sector delivered in amount of 31,663,901.280USD (43.3%) regardless the fact that some other organizations were not been contributing as planned. Relating to the lack of low-carbon projects by December 1, 2017, co-financing from EBRD, IFC and Grundfos has not yet been raised. The obligation of co-financing from the Ministry of Energy for the "Development of Action Plans of the National Solid Waste Management Program" in amount of 3,093,435USD is not possible due to the cancellation of the corresponding state program. The contribution of the Ministry of Investment and Development of RK to the development and approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms of the Subsidy and Guarantee Agreements, the creation of the Institutional Framework for the implementation of projects in the residential sector of buildings, PPP projects, and framework for the creation of mechanisms for supporting energy efficiency was mobilized in amount of 1,415,580 USD, which is 11% of the expected co-financing from MID.
- The Stakeholders Analysis section of the ProDoc had highlighted that the Center for Utilities Modernization and Development under the Ministry of National Economy (MNE) was established as the principal body in charge of the implementation of Household Public Utilities (HPU) Modernization Program (NMP) and the designated entity for operation and management of the HPU Modernization Fund. Therefore, the MNE and its Center was suggested by project developers as a critical player in directing HPUMP funding to priority climate change mitigation actions in cities and to ensuring that the public funding can serve to catalyse investment from the private sector. Unfortunately, these expectations did not come true later in the implementation of the project. The additional examination and evaluation of the HPU Modernization Fund carried out by the Project in 2015 showed a completely different picture. Problems were revealed with a low reputation of the HPU Modernization Fund, it did not have the means for capitalization and moreover the HPU Modernization Fund did not have the status of a financial institution and was not developed a financial mechanism for funding. At the same time, the designers of the project did not include the Damu Entrepreneurship Development Fund of Kazakhstan as a possible partner, which already existed since 2010, and now it has become the most important partner of the project to establish GEF-supported UNDP-implemented Municipal Energy Efficiency Investment Support Facility in RK (Facility) and to introduce a financial mechanism

for subsidizing and guaranteeing the contributions of small and medium-sized business projects on energy efficiency, creating a content base for projects of NAMA in Kazakhstan. The experience of this additional evaluation of the HPU Modernization Fund and the identification of all problems associated with it on the one hand demonstrates a good example of adaptive management and successful work of the project manager, but on the other hand it shows that it is necessary to assess partners in the project design stage in more detail and meticulously, to prevent all possible risks.

5. This Project is innovative both in its scope and scale: it is not industry specific project, but it covers all urban sectors, and it is focused on mobilizing private/commercial financing starting from May 2018. Because of this innovative nature, and because of rapidly changing conditions in Kazakhstan, there were arising number of challenges and issues, that were not fully recognized at preparatory phase. Because a financial management and mechanism of funds disbursements under Facility had to be guided by UNDP financial rules and regulations and the NIM Guidelines the process of selection of reliable and reputable national financial institution took a long time from November 2016 to August 2017. In addition in order to assess national financial institution operational capacities and compliance with required fiduciary standards for implementation of the GEF-supported Facility, UNDP initiated the Harmonized Assessment for Cash Transfer (HACT) in January 2017 and based on positive results of the HACT and similar agreements implemented earlier under UNDP-GEF NIM projects in Kazakhstan (biodiversity and climate change mitigation) UNDP approved the Damu Entrepreneurship Development Fund of Kazakhstan as the Financial Partner for the Project in May 2017. Regardless of these a financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the Damu Entrepreneurship Development Fund of Kazakhstan has been designed after the intensive consultation process with private and banking sectors and finally approved by the Project Board in April 2017. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, Financial Partner and UNDP. Financial mechanism formally launched in 4rd QR 2017.
6. The slow implementation of Component 4 was observed through unexpected changes of the already preselected place for the pilot project in Prigorodnoye. Although the pilot project in Prigorodnoye has been already analysed and prepared under a separate UNDP project funded by the Government of RK, the pilot was not ready for financing and implementation for several reasons, including technical, financial and institutional. The pilot project was designed to implement additional energy savings measures in an apartment building in Prigorodnoye – in addition to heating energy efficiency retrofit planned to be financed from the public budget. However, the new local administration was not ready to implement the project because of uncertainty in heating options in that location in the future due to lack of development plans, lack of coordination with new private developers, due to public budget cuts and lack of public funding available, newly identified risk of flooding of the basement in the housing estate and a risk of project cost increase, and generally because of a lack of willingness to implement the project. The process of finding new place required additional work on negotiating and determination the new pilot areas and conducting long consultation processes with direct beneficiaries (household owners), local governments and key partners as well as developing and formalizing new agreements. Therefore, the installation of the pilot projects was significantly delayed.
7. The Project Results Framework was corrected after the Inception report in January 2015. During the Inception it was suggested to develop municipal plans in all 15 municipalities in two phases, however under one contract and within one year (and not to work and to develop NAMA projects first with pilot cities only, and only after that to start working with remaining cities). Therefore, mid-term targets for Outcome 1 and 2 have been increased up to 15 NAMA Urban projects. The evaluator has observed some discrepancies in figures for mid-term targets for Project Objectives (4 projects) and mid-term targets for Outcome 1 and Outcome 2 (15 projects) related to the number of Urban NAMAs development.
8. The ProDoc was signed on April 2015 within five months since the receipt of official communication from the GEF Secretariat. The delay had happened because the Ministry of Regional Development, Project’s National Implementing Partner as foreseen in the ProDoc, was abolished in 2014; its functions were divided between two newly created national entities: The Ministry of Investment and

- Development (MID) and the Ministry of Economy (ME). The Project’s Executing Agency/Implementing Partner role was assumed by the Ministry of Investments and Development of the Republic of Kazakhstan (MID) only since 20 April 2015 when the ProDoc was signed.
9. The Project had significant delays in implementation of its activities due to different internal and external factors (see findings 8 -12) affecting the speed and included procurement delays and frequent government restructuring. Therefore, the timing for receiving of the final Inception Report has been delayed by 9 months due to complexity of the project design and ambitious targets which had required very thorough and careful review due to administrative reforms and economic situation in the country. The first inception mission took place from 31 August 2015 to 4 September 2015 in 4 months after project beginning and the first inception meeting was held on 27-28 August 2015. The second inception mission was conducted from 3-7 November 2015 and final inception report was provided to UNDP CO on January 2016 in 9 months after the Project beginning. During the inception period the situation analysis was updated and based on the findings the project document was revised and updated, when needed, including project risks, project work plan, activities, project results framework (logframe), and the project schedule of work was elaborated. The logic and the structure of the project, including project outcomes and outputs remain unchanged (except for minor change in one output).
 10. The five-year Project period (including Inception Phase) for implementation of such a complex Project seems to be very ambitious, if not unrealistic. The Project includes municipal planning, approval of targets, identification, selection and approval of investment projects based on the planning results, project development for financing (feasibility study), development of an institutional framework for the new financial mechanism and implementation modalities (for example Public-Private Partnership), securing financing and implementation of low-carbon projects (construction), contracting and sale of verified carbon savings from implemented projects in operation on the local ETS market. Each of these project segments will require significant time to develop and implement (a year or more), which combined could be easily more than five years in total.
 11. The template which was generated for the 2017 PIR is based on the ProDoc PRF which was already updated during the Inception Workshop in January 2016 and moreover have been already used for 2016 PIR. Therefore, it is required to updated 2017 PIR using the correct template.
 12. Although the Project does not have formulated Communication Strategy it undertakes targeted activities to communicate its objectives and results to executive authorities and various groups through media coverage, dissemination of visual materials, workshops, trainings and public events on NAMAs implementation solutions. For example, the Project created awareness and capacity on NAMA and low carbon development issues of more than 118,000 project beneficiaries that they would have difficulty to receive without organized effort by a knowledgeable team. This includes 3,000 people participated in project’s seminars and workshops in addition to 115,000 people covered by social media and radio broadcasting. The evaluator believes the involvement of the large number of stakeholders as well as significant number of project beneficiaries, which benefitted from awareness raising and capacity building is a good achievement and is to the credit of the Project team and the Government key partners. Promoting NAMA issues through broad awareness campaigns is an important pre-condition for project successful implementation and sustainability. The Project accompanied with a wide raising awareness campaign and implemented by the Project in 2015-2017.
 13. The Evaluator found the local counterparts and the UNDP Country Office highly committed to the Project. The Evaluator observed constructive working relations between the UNDP and the Project Management and the key national counterparts. The Project management deserves credits for these great results.
 14. As for the implementing partners, it appears that excellent inter-relationships were established between the three parties: PMU, UNDP CO and MIR, as observed during this MTR. Throughout this process, the essential functions of the national implementing partner continued without interruption. Notably, key committees and departments dealing with Climate Change Mitigation issues continued to respond essentially to the same chain of command. Following internal changes in the Government there were four (4) National Project Directors (NPD) throughout the project lifespan since April 2015 until beginning of MTR in December 2017. Therefore, at the level of personnel as well as the agency itself, communication between project staff and the NPD also remained steady throughout the evaluated project period, within and outside business hours.

Table 3. MTR Ratings & Achievement Summary Table for (UNDP-supported GEF-financed Full-Sized Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670)).

Measure	MTR Rating	Achievement Description
Project Strategy	<i>N/A</i>	The choice of the five (5) Project Components was, and are still very relevant although seems ambitious, and the choice of the planned outputs/strategies is overall relevant as it was showed by the experience during the past 2.5 years of the Project implementation, as well as by the interviews with key Government and Private sector stakeholders conducted in the framework of the current MTE. The initial project design, including the definition of these Components, remained largely unchanged between the PIF and of the Project preparatory and Inception stages. Similarly, during project implementation until its midterm evaluation in January 2018, the structure and components of the project proved to be enduringly relevant and well aligned with real needs.
Progress Towards Results⁵	Objective Achievement Rating: <i>MU</i>	The Midterm targets for the Indicators against the main Objective of the project were not met or partially met, but there is a room for certain corrective actions and efficient work planning for the remaining time. Implementing and Executing agencies have worked well together, serviced by a very competent PIU that has established effective working relations with key partners and more widely at 11 oblasts (provinces) and 15 cities. The Project team has been persistent in working with the Government, houses owners, schools, hospitals, private sector and NGOs that resulted with involvement into the Project activities of a high percentage of relevant stakeholders, despite the challenges.
	Outcome 1 Achievement Rating: <i>MS</i>	The outcome partially achieved its two midterm targets with some shortcomings. Procurement of consultancy services under Component 1 for development of municipal GHG inventories, baseline and specification of GHG emission reduction targets have been delayed. This is due to a) under-estimation of the consultancy budget (all received bids significantly exceeded the allocated amount), as well as the lack of experience of the bidders with new e-procurement system introduced by UNDP (some potentially technically qualified bidders were disqualified for not meeting formal application requirements). The tender has been re-advertised twice, but with no positive outcome. It was re-advertised once again, taken into consideration lessons learnt in two previous rounds. The company has been contracted and the results of work from the service provider has been received in 7 cities. For the rest 8 cities the results are expected to receive in the second quarter of 2018.
	Outcome 2 Achievement Rating: <i>MS</i>	The Midterm target, namely “15 bankable project documents prepared” has been partially met as 17 bankable projects ideas identified and the scope of required assistance agreed with project proponents. The projects are in the various stages of development. Based on the developed five standard PPP project concepts, projects are being prepared in 15 pilot regions, which will be submitted as applications for financial support from the UNDP-GEF project. As of the end of March, we have information on five projects being prepared in different regions. But the procedures for the mutual coordination and approval of PPP projects by different responsible structures in Kazakhstan are lengthy, and therefore there is a risk of delaying the start of financing of such projects. The Midterm target, namely “Up to 4 public service contracts signed / tariffs agreed” has been partially met. Three PPP projects are at advanced planning stage. One of them is in the process of signing the contract with the investor. The end-of- project target, namely “Up to 15 public service contracts signed / tariffs agreed”, is likely to be met.

⁵ Using a six-point rating scale: 6: Highly Satisfactory (HS), 5: Satisfactory (S), 4: Marginally Satisfactory (MS) , 3: Marginally Unsatisfactory (MU), 2: Unsatisfactory (U) and 1: Highly Unsatisfactory (HU)

	Outcome 3 Achievement Rating: MU	The Midterm target, namely “10 million capitalization of funding mechanisms for urban NAMAs” has not been met. Although Financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the Damu Entrepreneurship Development Fund of Kazakhstan has been designed and approved by the Project Board in April 2017. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, financial partner and UNDP. Financial mechanism formally launched in 4rd QR 2017.
	Outcome 4 Achievement Rating: MU	Due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 4.1 “Pilot urban NAMA project implemented” it seems that end-of-year target is at high risk of not being delivered by the end of the project and it is requiring of the Project management close attention.
	Outcome 5a Achievement Rating: MU	Analysis of legal and regulatory framework for national ETS in Kazakhstan has been conducted to identify gaps and opportunities for inclusion urban GHG emission reduction projects in the scope of “eligible” activities under ETS. Corresponding package of regulatory documents is currently being developed by local experts. Implementation of Kazakhstan national ETS has been postponed until January 2018 for two years since January 2016. The Midterm target was not set and therefore it is not applicable and the end-of-project target, namely – “1 emission reduction purchase agreement signed”, is likely to be met although its success relates to implementation of Component 3. A mechanism for certification and subsequent sale of reduced amounts of greenhouse gases will be tested on one of the supported low-carbon City Projects in 2018, considering the legislation in force in the Republic of Kazakhstan on the sale of emission quotas.
	Outcome 5b Achievement Rating: MU	The Midterm target, namely “Awareness Index increased by 50%” has not been met. From July to September 2016 the Project has conducted a survey to estimate baseline level on awareness of key urban stakeholders in 15 pilot cities regarding low-carbon development. The base line was not established earlier during the inception phase because the selection of 15 pilot cities was not completed by that time. There was a large variety of the activities related to public awareness raising and training. The Project created awareness and capacity on NAMA and low carbon development issues of more than 118,000 project beneficiaries. This includes 3,000 people participated in project’s seminars and workshops in addition to 115,000 people covered by social media and radio broadcasting.
Project Implementation & Adaptive Management⁶	S	Project implementation and adaptive management of the Project is rated as S on the basis that Implementing and Executing agencies have worked well together, serviced by a very competent PIU that has established effective working relations with key partners at the levels of Central Government, Oblasts and selected small cities. The Project team has been persistent in working with the akimats, schools, hospitals, private sector and NGOs that resulted to a high percentage of involved relevant stakeholders, despite the challenges.
Sustainability⁷	ML	While the fact that the lion share of project activities will rely on the establishment of a sustainable is at financial support mechanism which will be a critical introduction level which is a supportive factor for the sustainability prospects of the project, at the same time but there is a room for the substantial improvement of the sustainability prospects while testing the financial mechanism for selected pilot projects on the following stages of the Project. After the inception phase the project management has involved international CTA who has very reach experience with financial mechanisms.

⁶ Using a six-point rating scale: 6: Highly Satisfactory (HS), 5: Satisfactory (S), 4: Marginally Satisfactory (MS), 3: Marginally Unsatisfactory (MU), 2: Unsatisfactory (U) and 1: Highly Unsatisfactory (HU)

⁷ Using a four-point rating scale: Likely (L); Moderately Likely (ML); Moderately Unlikely (MU); Unlikely (U)

The following Table 4 summarizes the main recommended corrective measures for the UNDP Kazakhstan CO until end of the Project in April 2020 in the order of priority. The Project management should:

Table 4. Main recommended corrective measures for the UNDP Kazakhstan CO until end of the Project in April 2020 in the order of priority

Recommendation:	Recommendation Explained:
1 – Correct figures from mid-term targets and submit a revised project logframe	It is recommended to correct figures for mid-term targets for Project Objective in PRF in line with mid-term targets for Outcome 1 and Outcome 2 related to the number of Urban NAMA programme development as it was suggested by the Inception report (5 by midterm review and 15 by end of project). Provided that this does not result in a reduction in the overall level of ambition for the project. Based on these corrections, a revised project logframe (Project Results Framework) should be prepared and submitted for approval.
2 – Revision of second objective indicator	In the current version of the second Objective indicator: “Value of Urban NAMA projects implemented (USD) = cumulative financing realized” the wording of this indicator does not reflect the amount of the Project’s contribution allocated through the financial mechanism of \$ 3,000,000 for NAMA projects in the actual implementation phase in the total amount of expected funds raised for all NAMA projects in the pilot cities. It is recommended that this indicator be clarified by indicating in brackets the amount denoting the contribution of NAMA, being at the implementation stage. Therefore, the recommended revision will be the following: “Value of Urban NAMA under development, (including those under implementation) = cumulative financing realized (USD)”. The midterm- and end of the project targets accordingly will be the following: “20 million USD (including - 3 million USD)” and “70 million USD (including 3 million USD)”.
3 -Clarification of Indicator 3.1 of the Component 3 “Capitalization of funding mechanisms for urban NAMAs”	In the current version of the indicator 3.1 of the Component 3 “Capitalization of funding mechanisms for urban NAMAs” it is not clear what volume of financing is provided to urban projects from the NAMA Pilot Fund in the total amount of capitalization. It is recommended to clarify this indicator, indicating in parentheses the amount that indicates the amount of financing that will be provided to urban projects from the NAMA Pilot Fund. Therefore, the recommended revision will be the following: “Capitalization of funding mechanisms for urban NAMAs (including financing provided to urban NAMA projects from Pilot NAMA fund. USD)”. The midterm- and end of the project targets accordingly will be the following: “10 million USD (2 million USD)” and “44 million USD (8 million USD)”.
4-Preparation of a step by step project video	Preparation of a step by step project video that clearly explains the process of applying for and receiving subsidies and guarantees from the Damu Foundation for NAMA project applicants is one of the recommendations of the MTR. A project video would also allow the Project to be easily used for sharing knowledge and experiences among broader audience. It can visualize all complicated procedures and explain to potential NAMA project applicants what and how to process documents for receiving subsidies and guaranties from Damu Foundation for energy efficient projects. It will help to simplify understanding of the application process.
5- Focusing the awareness raising on project preparation in order to increase the chances of pilot projects being successfully developed, submitted for subsidies and/or guarantees and funded.	Within the remained period of the project, the awareness raising should be more concentrated on priority aspects and regions of the project implementation to mobilize the community in selected areas to support the suggested NAMA approach and specifically to help key local stakeholders to design, prepare, submit and obtain approval for new NAMA proposals to the Damu Foundation. The agreement and understanding of the key stakeholders in pilot areas in addition to the promotion of the financial mechanism developed in cooperation with Damu Foundation, private companies, akimats and local population seems to be the key input for the success of the Project as whole. Therefore it is recommended to hire an NGO or a knowledgeable and experienced individual as a community mobiliser to develop stakeholders engagement strategy with public hearings and participatory input from local stakeholders as well as for day-to-day work for assistance on the development of particular project/s area/s to help with any possible issues with documentation and information to promote the project tasks, explain benefits for the people and receiving their full support on delivery of the expected results – identified and prepared projects in line with municipal development priorities, utilizing simplified methodology and inputs from stakeholder participation within a limited timeframe available until end of the project in April 2020.
6- Paying more attention	It is recommended that the project pay more attention to address gender dimension aspects in the

to address gender dimensions aspects	design of activities as well as engagement of women, recognizing their role as stakeholders regarding climate change mitigation aspects in the country. Professional training and public outreach should be designed with a special eye toward both gender equity and responsiveness to gender-specific issues. It is also important to note mandatory Annex on Gender Mainstreaming Analysis and Action Plan for future GEF projects and start working on it.
7- Adding an indicator related to the mainstreaming of women's participation	It is recommended to add to the Component 5 (Output 5a) and to the revised Project Results Framework one indicator related to the mainstreaming of women's participation in the NAMA Projects and their participation in the use of the results of these projects, such as the “% of women and men involved in the preparation and execution of NAMA projects”. The percentage can be determined because of an additional statistical study organized by the Project with the involvement of an expert on statistics when specific projects will be selected.
8- Joining forces for better promotion of business involvement for introduction of new non-burn technologies through PPP programmes/mechanisms.	It is recommended considering joining forces with central and local Government agencies, private companies and business associations, UN agencies, international donors and NGOs for promotion of changes in the laws/regulations in the country to allow better promotion of business involvement for introduction of new non-burn technologies through Private Public Partnership (PPP) programmes/mechanisms. The project should consider applying the PPP approach towards the preparation of new NAMA projects to the Damu Foundation and this should be included in the TOR of the Team national advisors, which are experts in the national legislation on PPP and PPP projects’ preparation under guidance of the International CTA. It is planned to start in April 2018.
9- Implementing the project in the most cost-effective way possible and therefore considering adaptive management for Component 3 if there is not substantial progress by July 2018	It is recommended to implement the project in the most cost-effective way possible and therefore to consider adaptive management for Component 3 if there is not substantial progress by April 2018. In April 2018 it is recommended to revise the design of the financial mechanism in 2 nd Q 2018 after the end of its pilot phase. There are several potential options to be considered. First, if the project doesn’t receive sufficient number of quality applications, it could consider allocating funds under Outcome 3 to support project design and preparation (as pre-investment grant). Alternatively, it may consider the expand the scope of eligible projects (i.e. from other municipal sub-sectors), or it may consider increase the volume of investment support (high rate of interest subsidy) and/or provision of complementary investment grants for certain category of projects, such as thermal modernization of residential buildings. It is recommended to expedite the work with the current international CTA on innovative financing to work on the re-design of the financial support mechanism if it is not working by April 2018.
10-Considering the project extension for at least 12 months	Keeping in mind the significant delays with implementation of the project components UNDP CO should introduce post-project monitoring of operation of the pilot project’s financial mechanisms within one-two years after the project closer. The following Output 3.3 “Public service contracts signed/tariffs agreed”, Output 4.1 “Pilot urban NAMA project implemented”, Output 5.4 “National database for urban inventories and registry for NAMAs operational at MEWR” and Output 5.5 “Knowledge resources and lessons learned from the pilot urban NAMAs disseminated” are at high risk of not being delivered by the end of the project and needs special attention. Another important reason for prolongation is the serious devaluation of the KZT. At the time when the project document was being prepared, the dollar-to-tenge ratio was 1: 150, but now this ratio is 1: 330 and it is gradually increasing. The amount in KZT allocated to the financial mechanism has increased by more than two times and the project takes more time to implement support for projects in an amount that is actually twice as much as the initial amount of support (as you know, support is provided in tenge). It is recommended to consider the project extension for at least 12 months until 1 May 2021 due to the tight remained time until the end of project comparing within initially planned time frame for delivering these outputs. Additional time allows the project management to finish the preparation of NAMA projects and their implementation, which in general are a deterrent to the timely completion of these outputs. This issue can be a subject for discussion with RTA and UNDP/GEF in September 2018 during the planned substantial revision.
11-Continuing assistance in accelerating Government’s work for determining needs for improvement national regulations for promoting low carbon development in Kazakhstan	It is recommended that the Project Management to continue assistance to the Government in accelerating its work for determining needs for improvement national regulations for promoting low carbon development in Kazakhstan. The project has very knowledgeable experts and good relationship with key partners in the country. It can create a good basis for any new potential project in waste management, transportation or municipal buildings for new UNDP low carbon development project related to sustainable cities.

12- Developing a sustainability plan/exit strategy for the project	It is recommended for the Project Management to start developing a sustainability plan/exit strategy for the project, for each project component, including all the main streams of activities of the project: training, public awareness, replication of the pilots, work of Facility and reflect possible different scenarioizes for exit strategy by July 2018 before the substantial revision.
13-Expediting implementation of projects in different municipalities.	If, for any reason, it will not be possible to identify and develop for implementation sufficient number and size of suitable and bankable projects in all 15 partner municipalities selected in Component 1 that would generate sufficient GHG savings, the Project should implement adaptive management and implement projects in different municipalities that were not originally involved in Component 1 – municipal planning. A decision on this matter by the Project Management in consultation with the UNDP CO already taken on March 2018. Also, attention can move to urban NAMA projects include low-carbon projects in urban areas regardless of ownership. Projects should not be limited to municipally owned projects only, although it is a priority area, but should be open to third-party, incl. privately owned facilities/projects as well.
14-Preparing project extension request	It is recommended to consider the need and required time-frame for project extension one year before project’s scheduled completion in May 2020. most likely such extension will be required due to many complexities involved and fast changing environment in Kazakhstan. Project is innovative both in its scope and scale: it is not industry specific project, but it covers all urban sectors, and it is focused on mobilizing private/commercial financing. Because of this innovative nature, and because of rapidly changing conditions in Kazakhstan, there were arising number of challenges and issues, that were not fully recognized at preparatory phase. For example, design and implementation of a pilot urban NAMA under Component 4 involving comprehensive modernization of the city district requires at least 2 years only to prepare and approve technical design and secure financing from multiple funding sources (originally planned to be completed within 0,5 year). Therefore, more time is needed to consider all these shortcomings and drawbacks of the project design that would allow to finish the work according to the plan. We must pay tribute to the project management, which managed to develop a financial mechanism and its solution will allow to accelerate and complete the implementation of all other aspects of the project in the time of extension.

The Project generated useful learning experiences. The Evaluator has identified the following Lessons that can be drawn from the Project:

1. The current portfolio approach of organizing projects’ management within UNDP CO is allowing better utilization of available national staff as managers of GEF and non-GEF projects, evaluators and experts on different relevant subjects within all planned interventions of UNDP CO in Kazakhstan and it drastically reduce time for hiring a national staff and expedite beginning of implementation of UNDP new projects.
2. Establishing a close collaboration early-on with similar projects in other countries, with similar socio-economic conditions, is an effective and efficient way to learn from the experiences and challenges that others have faced while providing support and advice to projects that are at an earlier implementation phase. At the same time the evaluator observed that the Project Team should consider endless re-establishing effective working relations with NPD, MID, Local Akimats and other organizations due to very high national organizations’ staff rotation and this impacts on timely implementation and delivery results. This risk is well captured by the project management and monitored. Nevertheless, the issue of high government staff rotation should be reflected and discussed in the Project Exit Strategy.
3. Planning the duration of the project period should be considered with sufficient time to complete the monitoring of the testing of financial mechanisms and analysing lessons learned. Implementation of the Project is designed for 5 years. At the same time the average time of Energy Service Contracts is 6-7 years therefore at the end of the Project the first NAMA projects launched in the pilot mode would not be completed within the Project lifespan.
4. Generating useful learning experiences, as only GEF-5 project dealing with NAMA financial mechanisms, which may serve as input for future UNDP and GEF programming not only in Central Asian region but for whole CIS. Therefore, the capacity of the Project staff of capturing lessons on regular basis and documenting the collected information from different formal and informal sources is very important for its improving through monitoring, available training and mentoring from UNDP CO side.

5. Sharing the Project experience on the regional level by end of project has a good framework since for years Kazakhstan has been providing official development and humanitarian assistance, helping various countries in the Central Asian region and beyond. It is also can help to improve design and implementation of future national GEF and non-GEF projects.
6. Expediting promoting successful development and implementation of pilot projects through broad awareness campaigns targeted to the specific needs and improving understanding among beneficiaries is an important pre-condition for benefit from assessing and evaluation of pilot project results and completion the project within its lifespan as planned.
7. Working closely with all relevant decision makers at all levels that might have impact on barriers removal for private sector involvement (including legislators, and governmental decision makers) is very important for promotion this type of projects. To strengthen a project ownership responsibility, and motivation of key partners to help removing potential barriers, all relevant decision makers (institutions) should be invited to participate in the Steering Committee at least on an ad hoc basis during the project implementation period.
8. Finding of innovative and creative approaches through analysing the legislative framework for possible co-financing by local partners can contribute to projects' financial sustainability. The implementation of pilot projects allowed to learn that local Akimats receive funding from the central government and they would not have flexibility to support financially replication of the pilot projects in future. It would be valuable to consider broad information campaign on promoting and utilizing current PPP mechanisms as well as other implementation modalities such as direct implementation by private/public facility owners. Without promoting this type of public-private cooperation, it will remain difficult for local authorities and social institutions to get an access to funding from private sector.
9. Providing management training for new national staff by the national staff who is already engaged in the UNDP projects' implementation should be mandatory and it need to be annually updated and reviewed by responsible units' staff with possible certification of the received skills and knowledge.
10. Considering the innovative and pilot feature of such projects, especially regarding the creation of a financial support mechanism, it is very important to involve an international expert with experience in creating such financial support mechanisms design and implementation, which at the design or inception stage could be involved in the project.

2. INTRODUCTION

The Government of Kazakhstan and UNDP formulated a project proposal entitled “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” to reflect Government’s priorities to promote sustainable development and the commitment to mitigate GHG emissions under the UNFCCC. In 1995 Kazakhstan ratified the UNFCCC as a non-Annex I party, and in 1999 committed to join industrialized nations in their effort to limit GHG emissions and accept a binding and quantified emission limitation of 100% over a 1992 baseline. Further, in 2010 Kazakhstan announced and communicated to the Parties its additional voluntary commitments to reduce GHG emissions by 15% by 2020 below 1990 emissions and by 25% by 2050. The Government of Kazakhstan also has a stated strategic objective to be an energy-efficient economy⁸, with ambitious low emissions objectives⁹ as well as an ambitious strategy to reduce energy intensity by 25% by 2020¹⁰. To this end, in 2012, the Law on Energy Savings and Energy Efficiency (LES) was passed. Kazakhstan has also been developing a GHG Emissions Trading System (ETS) since 2012. The Kazakhstan national ETS was intended to have a cap on GHG emissions for major emitters, but this has been postponed since January 2016 until January 2018, and further delays are possible, given opposition to its implementation.^{11 12}

The proposed Project is also fully aligned with the national priorities to strengthen economic and energy independence of Kazakhstan by promoting resource efficiency and climate resilient growth.

The project collaborates with central authorities as well as with many akimats and NGOs. The project provides support for strengthening the implementation of UNFCCC international convention obligations and guidelines and is expected to improve cross-sectoral governance for low-carbon actions and projects in the urban sector at the national and local levels. Therefore, as clearly stated in the Project Document (ProDoc) the direct objective of the full-sized UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” aim is to support identification, prioritization, design, financing and implementation of Nationally Appropriate Mitigation Actions (NAMAs)/low-carbon actions and projects in the urban sector in Kazakhstan.

Achievement of the Project objective was supposed to be reached within the framework of the following five (5) Components:

- Improve the capacity of municipalities to carry out municipal planning, make targets and prioritize urban mitigation actions (Component 1).
- Support the creation and strengthening of institutional structures that will allow public and private sector investments in identified infrastructure and technical assistance (Component 2).
- Provide facilitation of financing of urban NAMA through creation of a dedicated fund (Component 3).
- Piloting of an urban NAMA through investments in modernization and upgrading of the urban infrastructure (Component 4).
- Linking the project with the national GHG mitigation efforts, including through standards, rules and procedures for monitoring, reporting and verification (MRV), promoting better

⁸ World Bank Group: “Kazakhstan: Adjusting to Lower Oil Prices; Challenging Times Ahead” (Fall 2015)

⁹ USAID/CENTRAL ASIA. RFTOP No. SOL-176-16-000008. (15.6.2016)

¹⁰ Zakon.kz: Asset Issekeshiev: “Global demand for primary energy will grow by a third by 2030” (13.04.2016)

¹¹ Gomez A., Dopazo C. and Fueyo N., 2014. “The causes of the high energy intensity of the Kazakh economy: A characterization of its energy system.” *Energy*, 71, pp. 556-568.

¹² Akhmetov A. 2015. “Effect of Kazakh ETS on Industrial Energy Intensities.” Seminar in Risk Engineering. University of Tsukuba

information dissemination to stakeholders, and linking the NAMA process with the domestic Emission Trading Scheme (ETS) for industrial emitters (Component 5)

These planned activities will be carried out along with the establishment of required partnerships and dissemination and replication of results in the country with the overall target. The Government of Kazakhstan was involved on initial stages through the Ministry of Regional Development and later since April 2015 the project’s Executing Agency/Implementing Partner role was assumed by the Ministry for Investments and Development RK (MID).

The Project preparation phase including development and negotiation of the Project Document (ProDoc) lasted 2 years (beginning of 2013¹³-2014). The Project was approved by GEF CEO in 4 December 2014 with a planned duration of five (5) years (22 April 2015 – 30 April 2020). The Local Project Appraisal Committee (LPAC) meeting took place on 6 January 2015 and in 3 months the ProDoc was signed by UNDP and the Government project execution agency and UNDP CO on 22 April 2015. The Government of Kazakhstan was involved on initial stages through the Ministry of Regional Development and later the Ministry for Investments and Development RK (MID) was appointed as Executing Government Agency since project the Project implementation started on 22 April 2015. The five-year full-size project was planned to be completed by April 30, 2020.

The first inception mission took place from 31 August 2015 to 4 September 2015 in 4 months after project beginning and the first inception meeting was held on 27-28 August 2015. The second inception mission was conducted from 3-7 November 2015 and final inception report was provided to UNDP CO on January, 2016¹⁴ in 9 months after the Project beginning. During the inception period the situation analysis was updated and based on the findings the project document was revised and updated, when needed, including project risks, project work plan, activities, project results framework (logframe), and the project schedule of work was elaborated. The logic and the structure of the project, including project outcomes and outputs remain unchanged (except for minor change in one output).

The full project budget is 71.3 million USD, with contribution of GEF of 5.93 million USD. Total project budget is 71,319,094 USD of which:

In cash:

GEF	5,930,000 USD
UNDP	60,000 USD
Government	30,893,435 USD
Total cash	36,883,435 USD

In-kind contributions:

Other	33,435,659 USD
UNDP	1,000,000 USD
Total in-kind	34,435,659 USD

Of the total combined GEF and UNDP cash budget of 5,990,000USD (GEF of 5,930,000USD), 3,000,000USD are allocated as a grant to support implementation of a financial mechanism under the Component 3, and 700,000USD are allocated for implementation of pilot urban NAMAs under the Component 4. Implementation of the financial mechanism (Component 3) is a crucial and the most

¹³ PIF approval date 20 January 2013.

¹⁴ Project Inception Report of UNDP/GEF Project. Nationally Appropriate Mitigation Actions for Low-Carbon Urban Development, Kazakhstan “Low Carbon Urban Development – Sustainable Cities” by Jiří Zeman, International Consultant – Technical Advisor, January 2016.

challenging component of the project. More than half (55%) of the whole project budget is allocated to this Component 3 – to establish GEF-supported UNDP-implemented Municipal Energy Efficiency Investment Support Facility in RK (Facility) and to introduce a financial mechanism for subsidizing and guaranteeing the contributions of small and medium-sized business projects on energy efficiency, creating a content base for projects of NAMA in Kazakhstan.

Urban infrastructure and low-carbon projects have been in Kazakhstan traditionally financed from public/state budget. There do exist already examples of public-private partnerships and private investment, however, these cases have been so far rather rare. During 2015, oil and raw materials world prices continued to decrease. This creates additional pressure on economy and public budgets of Kazakhstan, as an oil exporting country. National currency was devalued, and financing from public budget became less available due to budget cuts.

The Project execution was through UNDP CO and the Government of Kazakhstan involving on initial stages of the project implementation the Ministry for Investments and Development RK (MID). The five-year full-size project was planned to be completed by April 30, 2020. The Project implementation started in April 2015 (signing of the ProDoc by all parties in March 2015). The inception Workshop took place in January 2016 after 9 months after project beginning. During the inception period the situation analysis was updated and based on the findings the project document was revised and updated, when needed, including project risks, project work plan, activities, project results framework (logframe), and the project schedule of work was elaborated. The logic and the structure of the project, including project outcomes and outputs remain unchanged (except for minor change in one output).

The five (5) Components of the Project included:

1. The first component is related to improvement the capacity of municipalities to carry out integrated municipal planning, make targets and prioritize urban mitigation actions.
2. The second component is aimed at supporting the creation and strengthening of institutional structures that will allow public and private sector investments in identified infrastructure and technical assistance.
3. In the third component, the plan is to conduct activities, aimed at taking measures to provide facilitation of financing of urban NAMA through creation of a dedicated fund.
4. The fourth component is aimed piloting of an urban NAMA through investments in modernization and upgrading of the urban infrastructure.
4. The fifth component is linking the project with the national GHG mitigation efforts, including through standards, rules and procedures for monitoring, reporting and verification (MRV), promoting better information dissemination to stakeholders, and linking the NAMA process with the domestic Emission Trading Scheme (ETS) for industrial emitters. Because of this project direct emission reductions of 370,000 tCO₂, direct post project emissions of 275,000 tCO₂ and indirect emission reductions of between 1 and 5 million tCO₂ are expected.

Below Figure 1 illustrates the Project’s structure, showing key relationships between the five Components.

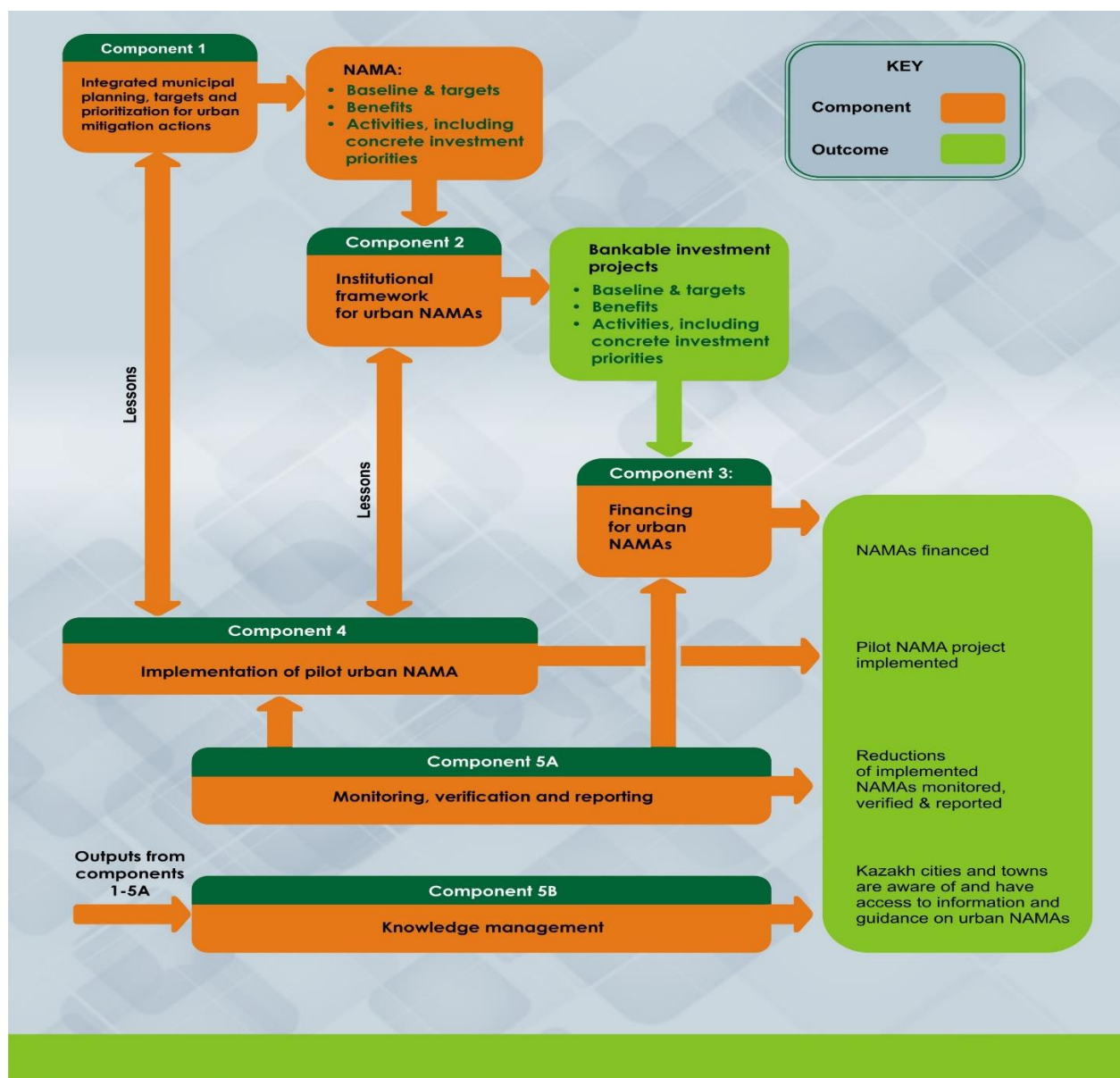


Figure 1. The Figure describes the Results chain for the project presented in the ProDoc (confirmed with the project team). The Project is fully consistent with the GEF-5 Climate Change Focal Area Strategy and the project outcomes correspond to thematic areas of GEF, namely Climate Change Mitigation. Many international organizations in Kazakhstan support the Government in achieving its development goals including in the energy efficiency sector. These include WB and EBRD. UNDP GEF project has established cooperation with International Finance Cooperation (IFC), Eurasian Development Bank, Grundfos, Ergonomica Ltd and EnKom-ST. The Project remains, however, a partner of choice for the Government for the policy related matters.

There were two key assumptions underlying the design for the objective of the Project¹⁵ for the Outcome 2:

¹⁵ As detailed in the Project Results Framework (see also ToR for the Midterm Evaluation).

(1) Project opportunities are identified and (2) Akimats choose to access project support.
One assumption for the Outcome 3: Bankable projects are identified, and banks invest.
Two assumptions for the Outcome 5a: (1) The domestic ETS continues to function and (2) Political will exists to establish mechanisms to import credits into domestic ETS.

The Project Document has properly analysed and summarized project risks in its Annex 8.1. It has rated most risks to be moderate, one risk to be low, and one risk - “Lack of bankable projects and Low private investment” - to be high. Also, the following risks were described in the ProDoc:

1. Political risk of Kazakhstan withdrawing its commitment under UNFCCC.
2. Lack of bankable projects in pilot cities.
3. Lack of private sector interest and motivation to invest in urban mitigation actions.
4. Low capacity of city authorities to implement required regulatory changes.
5. Insufficient coordination between administration at regional and city levels in implementing NAMA projects.
6. Highly centralized decision-making.
7. Frequent changes in akimats, institutional memory is lacking.
8. Inadequacy of building / service maintenance standards.
9. Legislation not incentivizing improvements (for example in waste or building management).
10. Climate Change impacts.
11. Combination of two innovative approaches and instruments, such as PPPs and carbon finance, in one project makes project design more complex and its implementation inherently risky.

At the Inception Phase of the Project implementation period, the most additional important risks have been assessed to be:

1. Lack of public funding (governmental, municipal).
2. Lack of bankable low-carbon projects.
3. Financial mechanism/fund not operational.
4. Insufficient time for implementation.
5. Barriers for private involvement.

The Project was advised by the Inception report to properly analyse these barriers and to propose adequate solutions, negotiate with decision makers, and work together to overcome and to remove these remaining barriers. If that would require institutional or legislative changes, there will be additional challenge for the Project results to be delivered within the five-year implementation period.

2.1 PURPOSE AND SCOPE OF THE EVALUATION

The full-sized UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” a five-year project until 30 April 2020, was launched on 22 April 2015, and is being implemented by UNDP Kazakhstan CO. In accordance with UNDP and GEF M&E policies and procedures, all full and medium-sized UNDP support GEF financed projects are required to undergo a Midterm evaluation.

This evaluation focused on providing evidence and information for the UNDP-supported GEF-financed project to help determine: what the Project components and activities have worked well and why; which have not worked so well and why; lessons learned; and recommendations on how the program can be improved in its remaining implementation period to 30 April 2020 and in future activities.

The evaluation linked the program design, assumptions, planning, implementation, risk management,

and adaptive management of the Project components and activities to the outputs, outcomes and lessons learned and recommendations that are drawn from the Project to date. The evaluation highlighted specific ways in which the Project can be improved in its remaining implementation period to 30 April 2020 and in future activities, and to inform the planning of the proposed any new follow-on project scheduled for following years. The primary audience for the evaluation is the UNDP-supported GEF-financed project through the UNDP CO in Kazakhstan. The secondary evaluation audiences are the Government of Kazakhstan (GoK), program stakeholders, beneficiaries, and other donors.

Initially it was expected that the evaluation team will be composed of 1 international evaluator and 1 national evaluator (see Annex 1). Due to difficulties to find experienced national evaluator in the given timeframe it was suggested that the work will be conducted only by one international evaluator with requirement to have fluent Russian language ability. The evaluation team (ET) was represented by Dr. Zharas Takenov, International Evaluator. Dr. Takenov was responsible for ensuring the overall technical delivery of the contract. This includes managing the development of all written deliverables and providing final review and sign off on the technical quality of all deliverables. Dr. Takenov was involved in all phases of the evaluation including the desk review, data collection, and the analysis and report writing.

2.2 KEY ISSUES ADDRESSED

In agreement with the inception plan for the MTR and meetings held with UNDP CO on January 15 and 19, 2018 it was decided that the MTR would focus especially on the aspects of The Project implementation and lessons learned that are relevant for improvement the implementation of the Project, including:

- The Project relation to the main objectives of the GEF focal area, and to the environment and development priorities at the local, regional and national levels;
- Achievement of expected outcomes and objectives of the Project;
- The Project implementation in-line with international and national norms and standards;
- The Project long-term sustainability and financial, institutional, social-economic, and/or environmental risks to sustaining long-term project results.
- The Project contribution or its role in enabling progress toward, reduced environmental stress and/or improved ecological status.

The Regional Bureau in Istanbul could provide useful information about the expectations regarding the Project.

2.3 METHODOLOGY OF THE EVALUATION

The methodology followed for the MTR is based on the UNDP/GEF M&E guidelines¹⁶ and the Terms of Reference and consists of:

- A review of the project documentation submitted by UNDP to the evaluator;
- Collection of lacking information from UNDP Country Office;
- Collection of additional information regarding The Project implementation context;

¹⁶ Guidance for Conducting Midterm Reviews of UNDP-supported, GEF-Financed Projects. Projects Level Monitoring. UNDP-GEF Directorate, 2014, UNDP.

- Conducting semi-structured interviews with the national project stakeholders, UNDP CO staff¹⁷, Project Manager, RTA; and retained consultants;
- Analysis of information;
- Assessment of the outputs, outcomes and impact of The Project in relation to the objectives and indicators set forth in the project logical framework;
- A review of the assumptions and the strategy of The Project;
- A review of the achievements made by the Project in terms of NAMA financial mechanism and pilot projects preparation and implementation; and:
- One visit in Astana.

The desk review has looked at the documents supplied by UNDP CO and Project Team. The Evaluator has reviewed all relevant sources of information, such as the project document, project reports – including Annual APR/PIR, project budget revisions, midterm review, progress reports, GEF focal area tracking tools, in particular evaluator shall validate the data in the GEF CCM Tracking Tool (how the tool is filed in and confirmed the figures there filled in by the project team), project files, national strategic and legal documents, websites of relevant projects and any other materials that the evaluator considers useful for this evidence-based assessment. A list of documents that the project team has provided to the evaluator for review is included in Annex 6. The Evaluator has added supplemental documents and links to the desk review identified during the evaluation mission to Astana.

The Evaluator has used a mixed-methods approach to collect data for the evaluation. There were two phases of data collection: 1) a desk review and 2) fieldwork involving Key Informant Interviews (KIIs). The desk review phase has largely been completed prior field missions. The desk review provided the necessary context for the field evaluation, preparing the Evaluator for the development of data collection tools, and identifying data gaps, regarding the development disparities between women and men. In terms of location, the Evaluator focused data collection in Astana were the partners identified in the inception phase as specific partners for the Project operations and management. Additional data was collected in Almaty after the mission completed.

An initial list of respondents for the KIIs has been created based on input from UNDP CO, Project Team, and desk review. The following types of individuals/entities has been targeted (see also Annex 5):

UNDP:

- 1 Ms. Munkhtuya Altagerel, DRR, UNDP CO.
- 2 Ms. Irina Goryunova, ARR.
- 3 Ms. Zhanetta Babasheva, M&E focal point.
- 4 Mr. Rassul Rakhimov, Head of SD Unit.
- 5 Ms. Victoria Baigazina, Programme Associate of SD Unit.

UNDP-GEF Project:

- 1 Mr. Alexandr Belyi, Project Manager.
- 2 Mr. Birzhan Yevniyev, Project Expert, 2,3 Components.
- 3 Ms. Aiman Shopayeva, Project Expert, 4 Component.
- 4 Mr. Tolebay Adilov, Project Expert, 1 and 5.1 Components.
- 5 Ms. Dinara Abdrakmanova, PR Expert, 5.2 Component.
- 6 Ainur Amirkhanova, Project Procurement Expert.

¹⁷ Specifically: UNDP RK’s Deputy Resident-Representative, Assistant Resident Representative, Programme Analyst, Programme Associate.

RTA & International Adviser:

- 1 Ms. Cynthia Page UNDP-GEF RTA.
- 2 Ms. Marina Olshanskaya International Adviser.

Ministry for Investments and Development RK – Main Partner:

- 1 Mr. Zhaksylyk Tokayev, National Project Director - Head of Energy Efficiency Department .
- 2 Ms. Enkik Dautbayeva, Expert, Energy Efficiency Department.

Project Partners:

- 1 Mr. Daulet Абилкаиров, Deputy Chairperson, Damu Foundation (Almaty).
- 2 Ms. Tokzhan Almatayeva, Director of Department of Investments, Damu Foundation (Almaty).
- 3 Ms Aliya Agybayeva, Director of Department of Subsidies and Guaranties, Damu Foundation (Almaty).
- 4 Mr Daniyar Rasulov, Chief Manager, Department of Subsidies and Guaranties, Damu Foundation (Almaty).
- 5 Mirambek Kalumbayev, Focal Point, Damu Foundation (Almaty).
- 6 Mr. Baurzhan Smagulov, Chairperson, Institute of Electric Energy and Energy Saving.
- 7 Mr. Olzhas Alibekov, Deputy Chairperson and former national director of UND/GEF project Institute of Electric Energy and Energy Saving.
- 8 Mr. Nanat Ysin, Chef Manager, Institute of Electric Energy and Energy Saving.
- 9 Mr. Aman Tleubayev, Consultant, Ltd «Astana-Sell».
- 10 Mr. Alexander Entin, General Director, Ltd «EnKom-ST».
- 11 Mr. Aman Taukenov, General Director, Ltd «Led system media».
- 12 Ms. Aigul Solovieva, Consultant.
- 13 Ms. Tatyana Nemcan, Director, PF «Ak-Bota».

Due care was taken by the Evaluator to avoid bias regarding the Project design, situation and baseline analysis, implementation, risk assessment and management, project outputs/results and so forth. The Evaluator has spent 10 days for the field mission in Astana and 1 day for meeting with Damu Foundation staff in Almaty.

The Evaluator examined evidences from all data sources using a combination of pre/post, descriptive, and qualitative analysis. The findings from these analyses were used to triangulate findings in response to each evaluation question, allowing the Evaluator to substantiate conclusions. All findings were supported with quantitative project performance monitoring data when possible, as well as other program documentation, interviewee statements, and other secondary data identified during the fieldwork evaluation phase. Where it exists, the Evaluator conducted secondary data analysis.

Findings examined both intended and unintended impacts affecting women and men, discussions of gender-sensitive issues, and were disaggregated by sex as appropriate. Data analysis continued after the field-based phase of the evaluation has been completed. Oral briefings of the preliminary findings of the evaluation has been presented to the UNDP CO and Project Team in Astana on the last day of the field missions on 19 January 2018. Upon UNDP approval of the final report, the Project Team will translate the Executive Summary of the report into Russian and submit it to the GEF National OFP.

2.4 STRUCTURE OF THE EVALUATION

The evaluation report follows the general document structure¹⁸ as suggested for this purpose. Section 3 provides a description of the Project and the devised strategy in relation to its development context. Section 4 presents the findings of the Evaluator covering project design, implementation and results. The sections 5 and 6 summarize the conclusions, recommendations and lessons learned.

3 THE PROJECT AND ITS DEVELOPMENT CONTEXT

The Project has presented some achievements for the benefit of analysis for improvement of the Project implementation by the time of its scheduled midterm stage after 2.5 years of implementation since April 2015.

3.1 PROJECT START AND ITS DURATION

The project proposal entitled “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670)” was endorsed by GEF CEO on 4 December 2014¹⁹ under umbrella of GEF Focal Area Climate Change and GEF Strategic Objective 6 “*Support Enabling Activities under the Convention*” and Objective 4 “*Promote energy efficient, low-carbon transport and urban systems*”. LPAC took place on 6 January 2015 and the ProDoc was signed on April 22, 2015 within five months since the receipt of official communication from the GEF Secretariat. The Project Manager, three project experts (energy efficiency, financing and emission trading) have started their work from April 2015. The process of hiring of remained two project’s office staff and a driver was completed by August 2015. The Project’s inception period between April 2015 and January 2016²⁰ took nine (9) months and included the following three stages:

1. The first Internal Inception Workshop was held with the Project Manager, Mr. Alexandr Belyi, and the Regional Technical Advisor, Ms. Marina Olshanskaya, on August 27-28, 2015 at the UNDP GEF Regional Hub for Europe and the CIS in Istanbul, Turkey. During this Internal Inception Workshop, consultations were held also with other 6 UNDP Regional Hub experts.
2. The first inception mission to Astana was held from August 31 to September 4, 2015 and interviews were held with all project team members, UNDP country office, project implementing partners, relevant ministries, municipalities, development banks. In total with 33 relevant local and international stakeholders.
3. During the second mission to Kazakhstan on November 3-7, 2015, the second Inception workshop back-to-back to international conference on “Transition to Low-carbon Urban Development: Global Trends and Prospects for Kazakhstan and Central Asia” was held in Astana on November 5-6, 2015. The second Inception Workshop has gathered over 130 representatives, including the Vice Minister for Investment and Development, representatives of the Parliament of Kazakhstan, Ministry of Energy, Ministry of National Economy, GEF Secretariat, UNDP Country Office and Istanbul Regional Hub for Europe and CIS, municipalities, Eurasian Development Bank, Astana Teplotranzit JSC, Water service marketing LLP, Aspan Energy LLP, and other local stakeholders. The participants did not made remarks on the project scope and objectives, except some changes of wording of one output and some project activities and inclusion of additional activities. The project met with positive feedback and was of high importance.

¹⁸ Project-Level Evaluation: Guidance for Conducting Midterm Evaluations of UNDP-Supported, GEF-Financed Projects, Evaluation Office, 2012, United Nations Development Programme

¹⁹ PIF approval date – 20 January 2013.

²⁰ Jiří Zeman, International Technical Advisor for the Inception Period was hired for a period July 2015 – January 2016.

The Project LogFrame remained the same regardless suggested minor change to some of project activities as specified in the Inception report in December 2016²¹. During the inception period the situation analysis was updated and based on the findings the project document was revised and updated, when needed, including project risks, project work plan, project results framework (logframe), and the project schedule of work was elaborated.

Activities specified in the Project Document have been revised and adjusted when necessary to better reflect current social-economic and political conditions. The logic and the structure of the project, including project outcomes and outputs remain unchanged (except for minor change in one output). Project Document specifies Output 4.1 as “Prigorodnoye urban NAMA project implemented, which pilots the concept of urban NAMA in the district of Prigorodnoye in the capital city of Astana”, and it has been revised to read as: Output 4.1 “Pilot urban NAMA project implemented” – the new wording of the Output 4.1 does not specify the location of the pilot project.

The inception phase reconfirmed the timeliness of the UNDP-supported GEF-financed project’s onset and matching needs of national and local governments and population for technical assistance with the project’s position to deliver it. Technically, the inception phase was completed but with some delays (though these delays had objective reasons as discussed above): inception workshop conducted, and the Project Manager, Project Team and Project Board established during the inception period within less than three (3) months after the project’s signing.

Timing of the inception activities has covered period until January 2016 and therefore the results of the inception review has been achieved after nine (9) months. The inception workshops and afterwards planning period was used to revisit and discuss the Project Results Framework, base-line situation and the entire project document before moving ahead in earnest with project implementation.

The project had some delays in implementation of its activities. The key factors affecting the speed were internal and external and included:

- i) Constant change of the key government counterparts including overall administrative reform (change on the level of institutional restructuring) and frequent change of the key decision-making officials in the central government and in all Akimats in the selected cities (change on the level of personnel involvement).
- ii) Slow implementation due to unexpected changes of the place for the pilot territories, which required additional work on determination the new demonstration places and conducting long negotiation processes with local governments and key partners as well as formalizing new agreements²².
- iii) Due to decrease of world oil prices, financing from public budgets in Kazakhstan became scarce. Thus, attracting and involvement of private/commercial financing became critical for successful implementation of the Project with sustainable results and with realistic potential for replication across the country. However, current terms of available local commercial financing are not favourable for long-term financing. In late 2015, the base interest rate of the central bank in Kazakhstan (National Bank of Kazakhstan) was 16% p.a. Kazakh tenge (KZT) experienced 20% devaluation in February 2014, and since August 2015 further 90% devaluation compared to the US dollar (as of January 2016).

²¹ See Project Inception Report of UNDP/GEF Project. Nationally Appropriate Mitigation Actions for Low-Carbon Urban Development, Kazakhstan “Low Carbon Urban Development – Sustainable Cities” by Jiří Zeman, International Consultant – Technical Advisor, January 2016.

²² See the Project Inception Report of UNDP/GEF Project. Nationally Appropriate Mitigation Actions for Low-Carbon Urban Development, Kazakhstan “Low Carbon Urban Development – Sustainable Cities” by Jiří Zeman, International Consultant – Technical Advisor, January 2016.

Kazakhstan has faced serious economic problems that have political implications: in January 2016, the President of Kazakhstan dissolved the Parliament and called early parliamentary elections for March 2016.

iv) Procurement delays.

The mentioned factors have been captured by the Project’s risk management system and are being monitored by the Project adjusting its planning and implementation accordingly²³.

3.2 PROBLEMS THAT THE PROJECT SEEKS TO ADDRESS

Despite the encouraging progress during the preparation phase in the creation of Government programmes to improve infrastructure and services in cities and reduce the carbon intensity of urban areas several significant barriers have been identified as has been discussed in the baseline section²⁴. During project preparation, UNDP and a team of national and international consultants gathered detailed information on situation analyses and the project development team met with senior representatives of MID, other national government agencies, municipal administrations and utility companies, and private vendors. This research and stakeholder consultation led in turn to a comprehensive barrier analysis and elaboration of proposed activities to address the barriers. The main barriers addressed by the Project are the key systemic, regulatory, financial and capacity barriers. To address these barriers, all parties agreed that the project should embody an integrated approach involving five interrelated Components. These five Components each work towards one key Outcome, which are formulated based on the strategic approach in the following manner:

Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions	Outcome 1 will enable participating municipalities to articulate their climate-related priorities and identified and prioritized urban mitigation actions (urban NAMAs).
Component 2: Institutional framework for urban NAMAs	Outcome 2 will put in place the enabling institutional framework to facilitate the implementation of urban mitigation actions.
Component 3: Financing for urban NAMAs	Outcome 3 will establish new and additional financing for urban NAMAs.
Component 4: Implementation of pilot urban NAMA	Outcome 4 will identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication.
Component 5: Monitoring, verification and knowledge management	Outcome 5a will establish a monitoring, reporting and verification (MRV) system to allow for the systematic MRV of the GHG emission reductions of implemented urban NAMAs.
	Outcome 5d will increase the awareness of, and access to, information and guidance on urban NAMAs in Kazakhstan.

The key barriers addressed by the specific Components in the ProDoc are the as following:

- The SYSTEMIC BARRIERS to be addressed by this project are:

At the level of cities and municipalities long-term planning does not routinely take place, with the planning horizon usually extending only to 3 years. This is true for all sectors of the urban environment (like waste management, public transport and urban infrastructure).

²³ The Evaluator checked the Project risk management and monitoring in Atlas.

²⁴ See the UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” ProDoc.

Three-year planning provides little guidance on long-term investment priorities of the city. These barriers have been illustrated with the UNDP-GEF project “City Almaty Sustainable Transport” that developed a long-term Almaty Sustainable Transport Strategy for 2013-2030. For the first-time planning took an integrated long-term approach by looking at the road network, public & alternative transport and pedestrian/green zones development linked to target indicators of air quality and GHG emissions. The strategy also indicated a strong need for creation of an adequate institutional framework to implement the strategy and monitor its progress to feed in the subsequent rounds of planning. The long-term sustainable transport strategy for Almaty couldn’t be endorsed by the city administration because municipal planning “could only be for 3 years” and no single authority within the Akimat oversees all the issues on sustainable transport. As such, some sections of the strategy are only being partially implemented by relevant departments. The project will address this barrier by working with cities, regional government and national bodies to pilot integrated long-term planning (**Component 1**).

As a rule, there is no planning department within city akimats that can take a comprehensive approach to city planning by compiling inputs from various akimat departments. A coordination mechanism that can work between different levels of government bodies (national, regional and local) when it comes to urban modernization is missing. In general departments in city and oblast akimats and in Ministries operate and act within their specific areas. In Almaty, example, akimat departments in charge of roads, passenger transport, economy and budget planning, environment protection and law enforcement, architecture, etc., each separately produces a set of targets, identifies major development pathways and prioritizes investments related to urban transport policies. While the road department set a 3-year action plan for the road network development, the passenger transport department separately released strategic actions plans for 5 years, with no coordination exercised during planning and envisaged for implementation of these related policies. Also, when it comes to planning, transport network development at the city level fails to consider building construction plans (commercial buildings in particular) and vice versa. Absence of coordination further complicates things on the ground, resulting in road jams, limited parking places and poor connectivity to public transport. The project will address this barrier by scaling up experiences of other UNDP-GEF projects, such as that cited above, working in an integrated way with city administrations to develop plans and targets (**Component 1**), and providing support to institutional frameworks that can facilitate ongoing planning and management (**Component 2**).

- **LEGISLATIVE BARRIERS:** In Kazakhstan an important consideration in the setting of tariffs for services such as electricity, heat, hot water, waste, water and waste water is the social impact and ability to pay. Tariffs are regulated through the Committee for Regulation of Natural Monopolies and Protection of Competition of MNE (CRNMPC; previously ARNM), which provides general supervision and administration of tariff policy for all-natural monopolies. While there has been good progress through the work of the CRNMPC in their tariff determining policy, including the introduction of differentiated tariffs, and simplification of the rules and approaches, in many cases tariffs remain below the economic costs, and do not provide sufficient financial motivation for utility companies to invest in resource efficiency and to encourage the shift to consumption-based billing. Tariffs vary widely throughout the country²⁵ reflecting a complex mix of factors around costs and ability to pay. Usually, CRNMPC sets a ceiling for tariffs since this is a social issue. While it is

²⁵ See Annex C in the UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” ProDoc.

acknowledged that this is a complex and sensitive political issue, for adequate management and maintenance of urban service infrastructure social support should shift away from tariffs (that have been shown to benefit wealthy people more than poor ones), towards social support for vulnerable groups. Interestingly, increased tariffs only harm vulnerable (low-income) groups as government surveys show. This means that with a well-designed and easy-to-use social support scheme the government can address this issue and tariffs can eventually reflect costs better. The government already has several social support schemes to compensate vulnerable groups, but they are clearly not sufficiently effective. To address this barrier the project will work with the government on devising/revising policies that target vulnerable groups and pilot them where possible (**Components 2 and 3**). For example, UNDP/GEF Project on Municipal Heat and Hot Water Supply worked with the Ministry of Regional Development on developing provisions and a support scheme in the NMP related to reimbursement of some portion of capital renovation costs to low-income/vulnerable groups. This experience will be replicated in this project. Project technical support will also address ARNM and service providers on devising additional criteria for tariff selection and train them on how to use such criteria.

Kazakhstan has made good progress in the development of a national ETS as outlined in the baseline section above. Apart from the largest heating networks the urban sector is not covered by the ETS, and does not have a mandatory cap, and does not benefit from trading and demand for emission reductions. At the same time NAMAs appear to be an appropriate mechanism to reduce urban emissions. Since there are no guidelines and methodologies for MRV of urban NAMAs in Kazakhstan, and no rules and procedures for certification of emission reduction credits from NAMAs that might facilitate import into domestic ETS developed, a potential source of local funding is not currently available. To address this barrier the project will work with the government to link the NAMAs with national GHG mitigation efforts (**Component 5a**).

- **FINANCIAL BARRIERS:** CRNMPC is responsible for the setting of tariffs and aims to ensure that tariffs cover operation and maintenance costs, with a provision for depreciation of assets. However, tariffs are low, as are, in some cases collection rates²⁶ and this brings service companies under severe pressure and contributes to the on-going process of technical and economic deterioration: At present 49% of utility companies (all sectors) are non-profitable. Utility companies are thus often not credit-worthy, as in general they have a weak financial status. This is a result of (a) institutional arrangements (ownership, structure), and (b) conditions of the public service contract (tariffs). While special tariff arrangements have been agreed to enable investments by international financial institutions, such as for EBRD's investments in Water Treatment in Shymkent and Public Transport in Almaty, akimats outside of the major cities lack the financial insights, knowledge and experience to be able to develop and present a convincing case to address this issue. There are many examples of Almaty and Astana akimats borrowing from international development banks (like EBRD, ADB, WB) and in these cases special tariffs have been part of the agreement. The project will address this barrier by working with akimats to structure appropriate public service contracts and support them in negotiations with sources of finance and with CRNMPC (**Component 2**).

Concerning capital investments in the housing and utility sector (including power, heat, hot water, ventilation, building maintenance, waste collection use and recycling), the clear majority, based on an analysis of all investment proposals, comes from government financing

²⁶ See for instance Annex E on waste management in Kazakhstan in the UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” ProDoc.

(88%), with private financing (5%) and tariffs (7%) making up a minor part. These highlights heavy dependence of the utility sector on government financing. There is a clear lack of knowledge in the government about how best to structure financing for municipalities and apartment owners related to urban modernization that facilitates private sector finance. This is illustrated by the difficulties in structuring and operationalizing the planned loan funding for the HPU Modernization Fund (HPUMF). The fund is still in its infancy, and as of the time of writing, no set structure exists. In 2014, the fund received 8 billion tenge or about US\$ 44 million to provide loans to energy providers or heat supply companies to invest in the purchase and installation of automated heat points. The initial idea was to start with the housing and utility sector and then gradually expand financing to other sectors of the urban environment. It was expected that the Fund would initially have public finances for the start-up and pilot activities, but then private and other financial sources will be also being attracted. It was planned that HPUMF would cover only 5% of the total market and 95% should be financed by secondary banks. Also, the HPUMF was expected to have territorial (regional) offices (limited partnerships) to work with regional (city-level) authorities on funds disbursement and to guarantee repayment of loans, or, potentially it would be to work through the Kazakhstan Center for Housing and Utilities Modernization and Development (KazCenter ZhKKh) that has regional offices (the Center currently focuses on EE trainings and awareness raising activities). This has not been realized. The Ministry of National Economy, at this point, has no clear vision on how the fund would operate and be structured and needs support to develop the operational and functional strategy. This barrier is addressed in project **Component 3** which focuses on working with the government (with one or several ministries) to address operationalization of the HPUMF (or creation of a new fund or similar structure). Attention will be given to ensuring participation of the private sector and banks (initially international banks, and in the future local financial institutions).

- **CAPACITY AND AWARENESS BARRIERS:** Planning capacity within existing departments is low at the city level. Akimats do not have dedicated expertise in urban planning. Outside major cities municipal staff do not have experience with project development and the structuring of financing for municipal infrastructure. The project will address this barrier through **Components 1 and 2**. In the **Component 1** technical training and methodological support will be provided to 15 city municipalities, as well as assistance with data collection, processing and analysis. **Component 2** supports capacity building in the financial structuring of infrastructure projects, including in negotiations with international development banks and the ARNM.

As a new instrument there is a natural lack of knowledge about how to structure and implement NAMA projects. The project will address this need through all project components, providing a learning-by-doing opportunity to learn about how NAMAs could work. **Component 5b** specifically aims to disseminate lessons learnt to cities not covered by the initial 15 focus cities under the project.

The initial project design, including the definition of these Components, remained largely unchanged between the PIF and project preparatory stages. Similarly, during project implementation until its midterm review in January 2018, the structure and components of the project proved to be enduringly relevant and well aligned with real needs.

3.3 OBJECTIVES OF THE PROJECT

The direct objective of the Project is defined as follows²⁷: *“Project is to support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions*

²⁷ The UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan”
ProDoc.

(NAMAs) in the urban sector to achieve voluntary national GHG emission reduction target, as committed during COP-17 (Durban 2011)”. The Project supports the Government of Kazakhstan to improve the sustainability of towns and cities in Kazakhstan by enabling investments in high efficiency municipal infrastructure.

The Project strategy is to use a combination of investment finance and technical assistance to address the range of barriers currently facing the development of NAMAs in Kazakhstan. The Project will support the articulation of climate-related priorities for 15 cities in Component 1, including baseline GHG inventories and abatement cost curves, and will facilitate financing and implementation as follows: technical assistance to develop 15 investments including their documentation under Component 2; urban NAMAs financed under Component 3; one urban NAMA piloted in Astana under Component 4; and support to the development of methodologies related to MRV for NAMAs. The Project is fully consistent with the GEF-5 Climate Change Focal Area Strategy which envisages that in large, medium-income developing countries, such as Kazakhstan, the GEF will support programs and projects that will bring significant GHG reductions, such as market transformation in the building, industry and transport sectors. Specifically, the Project will contribute to the achievement of the GEF CC Objective 6 “Support enabling activities under the convention” and Objective 4 “Promote energy efficient, low-carbon transport and urban systems” by building human and institutional capacities and supporting design and implementation of NAMAs in the urban sector. Kazakhstan has completed its national portfolio formulation exercise (NPFE) and communicated its priorities to the GEF Secretariat in 2011²⁸. The Project was identified and included in the list of priorities under the title “Sustainable cities program” based on unanimous agreement of all concerned national parties and GEF agencies consulted during the NPFE.

3.4 EXPECTED RESULTS

Because of the Project, local authorities will be able to articulate their climate-related priorities and goals, estimate financial resources required to meet them, as well as to identify and prioritize investment projects where GHG emissions can be achieved most cost-effectively and where opportunities therefore exist to leverage private capital and financing, including via the domestic ETS. Assessments of the required financing needs will allow policy-makers to match their priorities with available resources, as well as to plan how to deploy those resources most effectively.

The intended activities, outputs, and result of the Project presented below. Numbering and content of components and activities in the Table 3 (see below) are the same as shown in the revised PRF²⁹:

Table 5: Result chain from the intended activities, outcomes, components and objective:

Indicators	Outputs	Outcomes	Components	Objective
Number of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders	Output 1.1: Urban GHG inventory and baseline specified Output 1.2: Municipal low-carbon development goals and priorities identified Output 1.3: Potential low-	1.Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)	1. Integrated municipal planning, targets and prioritization for urban mitigation actions	Support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve

²⁸ See the letter from Kazakhstan OFP to GEF Secretariat dated June 2011

²⁹ Project Inception Report of UNDP/GEF Project. Nationally Appropriate Mitigation Actions for Low-Carbon Urban Development, Kazakhstan
 “Low Carbon Urban Development – Sustainable Cities” by Jiří Zeman, International Consultant – Technical Advisor, January 2016.

Number of municipalities for which urban GHG reduction targets established and officially adopted by Akimats	carbon projects identified, cost-benefits and GHG emission reductions screened Output 1.4: Priority low-carbon projects identified for financing and implementation, and project fact-sheets prepared Output 1.5: Municipal GHG emission reduction targets developed and action plans/priority projects with potential financing specified and agreed with municipalities			voluntary national GHG emission reduction targets
Technical assistance delivered according to ToR agreed with each akimat.	Output 2.1. Institutional structures developed to facilitate fifteen investments	2. Put in place the enabling institutional framework to facilitate the implementation of urban mitigation	2. Institutional framework for urban NAMAs	
Bankable project documents prepared	Output 2.2. Bankable project documentation for the emission reduction projects prepared based on urban NAMAs			
Public service contracts signed / tariffs agreed	Output 2.3. Public service contracts signed/tariffs agreed			
Capitalization of funding mechanisms for urban NAMAs	Output 3.1. Institutional structures developed to facilitate fifteen investments Output 3.2. Bankable project documentation for the emission reduction projects prepared based on urban NAMAs	3. New and additional financing for urban NAMAs levered	3. Financing for urban NAMAs	
Diversification strategy developed	Output 3.3. Public service contracts signed/tariffs agreed			
Direct annual GHG emission reductions from pilot urban mitigation action	Output 4.1 Pilot urban NAMA project implemented	4. Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication	4. Implementation of pilot urban NAMA	
NAMA MRV process allows certified emission reduction credits to be imported into the domestic Emission Trading Scheme	Output 5.1. National MRV guidelines and standard methodologies for urban NAMAs developed Output 5.2. Rules and procedures for certification of emission reduction credits from NAMAs and import into domestic ETS developed	5a. GHG emission reductions of implemented urban NAMAs are systematically monitored, verified and reported	5. Monitoring, verification and knowledge management	

	Output 5.3. Emission reduction purchase agreement signed between domestic entities under ETS and municipality			
MRV system for urban emissions set up and operational in cities	Output 5.4. National database for urban inventories and registry for NAMAs operational at MEWR			
Awareness index based on questionnaire	Output 5.5. Knowledge resources and lessons learned from the pilot urban NAMAs disseminated	5b. Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs		

3.5 DEVELOPMENT CONTEXT

During 2015, oil and raw materials world prices continued to decrease. This creates additional pressure on economy and public budgets of Kazakhstan, as an oil exporting country. National currency was devalued, and financing from public budget became less available due to budget cuts.

The Ministry of Regional Development, Project’s National Implementing Partner as foreseen in the ProDoc, was abolished in 2014; its functions were divided between two newly created national entities: The Ministry of Investment and Development (MID) and the Ministry of Economy (ME). The former, MID, has been appointed as Project’s Implementing Partner.

World Bank (WB) initiated a new 20,000,000USD (grant) project aimed at energy efficiency promotion which envisaged, inter alia, the creation of National Energy Saving Fund under the auspices of MID;

National Modernization Fund (NMF), proposed Financial Partner for the Facility (based on ProDoc), has been undergoing restructuring process while at the same time faced significant reduction in its programming budget. At the time of project inception NMF didn't have own/regular sources of capital, but instead was appointed as implementing partner for EBRD-funded 31 mln Euro loan for EE investment in municipal heat supply sector.

In addition to reflecting the changes in the national priorities in Kazakhstan against this background, the Project builds upon the existing goals and activities of UNDP, with environmental sustainability being one of the eight millennium development goals (MDGs) that UNDP is playing a central role in helping to promote. The Project strongly supported the implementation of UNDP CDP 2011-2015 and 2016-2020.

The Project builds on the previous UNDP-supported GEF-financed projects in Kazakhstan, and the projects entitled: “Removing Barriers to Energy Efficiency in Municipal Hot Water and Heat Supply”, which developed models (schemes) of attraction of investments in energy saving of the residential buildings; “Energy Efficient Design and Construction of Residential Buildings” with main objective on reduction of greenhouse gases emissions from new residential buildings by means of introduction of new methods and change of markets in Kazakhstani housing sector for ensuring the more power efficient designing and construction. The partnership with the UNDP/GEF project on “Energy Efficient Standards, Certification, and Labelling for Appliances and Equipment in Kazakhstan” and “Promotion of Energy Efficient Lighting” was important to share experience on achieving energy savings and avoided GHG emissions via transformation of the lighting market in the RK.

3.6 BENEFICIARIES AND STAKEHOLDERS

The **Project inception phase** of the Project was also highly consultative, and the Project could be credited for that. The main stakeholders involved in the **implementation of The Project** are grouped in the following five (5) categories:

1. Government at all levels, including:
 - Ministry of Investment and Development (Committee of Industrial Development and Industrial Safety, Housing Utility Department)
 - Ministry of Energy (Department of Waste Management, Department of Green Economy)
 - Akimats of Astana, Kostanay, Lissakovsk, Petropavlovsk, Kokshetau, Pavlodar, Semey, Temirtau, Satpayev, Shymkent, Taraz, Kapchagay, Uralsk, Aktobe, Stepnogorsk.
 - Akimat of Astana (Department of Housing Relations in Astana city)
 - Ministry of National Economy
 2. Institutional stakeholders, including:
 - JSC "Damu" Entrepreneurship Development Fund"
 - JSC "Institute for the Development of Electricity and Energy Saving"
 - LLP «Astana-Cell»
 - LLP «Kazakhstan Center for Modernization and Development of Housing and Communal Services»
 - Eurasian Development Bank
 - JSC "Kazakhstan Center for Public-Private Partnerships"
 3. Private sector / Communal Services Organizations:
 - LLP "Ergonomica"
 - LLP "EnCom-ST"
 - LLP «Led system media»
 - Vodokanal of Satpayev city
 - LPP «Saiman»
 - LPP «Komek»
 - LPP «Danfoss»
 - LPP «Grundfos»
 - LPP «Sapronat»
 - JSC «Astanaplotransit»
 - JSC «Astanaenergосervice»
 4. Academia and educational Institutes. The project works closely with Nazarbayev University
 5. Non-Governmental Organizations (NGOs): The project cooperates with several NGOs, including:
 - Self-regulating organization Association "KazWaste"
- Public Foundation "Akбота"
- Association of Environmental Organizations
 - AAO «Luch-7»

The ProDoc contained a section on “Stakeholder Analysis”³⁰ which listed the roles and responsibilities of various stakeholders having a role as important partners and beneficiaries of the Project. The Project document listed stakeholders (e.g. entities) with whom the project had engaged during the PIF/PPG phase, as well as larger groups of project stakeholders, which the project engaged with during project activities (e.g. regional and local government authorities, NGOs, public and

³⁰ See section 5.2. Key stakeholders and coordination, ProDoc, page 60.

international development agencies, etc.). In the same section the ProDoc elaborated upon the ways in which it would engage various project stakeholders, including among else, project board³¹ meetings, technical consultations, trainings and outreach activities and awareness raising events. The evaluator has found documented evidences of direct involvement of many of these stakeholders in different components and on different stages of the project implementation.

The Stakeholders Analysis section of the ProDoc had highlighted that the Center for Utilities Modernization and Development under the Ministry of National Economy (MNE) was established as the principal body in charge of the implementation of Household Public Utilities (HPU) Modernization Program (NMP) and the designated entity for operation and management of the HPU Modernization Fund. Therefore, the MNE and its Center was suggested by project developers as a critical player in directing HPUMP funding to priority climate change mitigation actions in cities and to ensuring that the public funding can serve to catalyse investment from the private sector. Unfortunately, these expectations did not come true later in the implementation of the project. The additional examination and evaluation of the HPU Modernization Fund carried out by the Project in 2015 showed a completely different picture. Problems were revealed with a low reputation of the HPU Modernization Fund, it did not have the means for capitalization and moreover the HPU Modernization Fund did not have the status of a financial institution and was not developed a financial mechanism for funding. At the same time, the designers of the project did not include the DAMU foundation as a possible partner, which already existed since 2010, and now it has become the most important partner of the project to introduce a mechanism for subsidizing and guaranteeing the contributions of small and medium-sized business projects on energy efficiency, creating a content base for projects of NAMA in Kazakhstan.

The experience of this additional evaluation of the HPU Modernization Fund and the identification of all problems associated with it on the one hand demonstrates a good example of adaptive management and successful work of the project manager, but on the other hand it shows that it is necessary to assess partners in the project design stage in more detail and meticulously, to prevent all possible risks.

Throughout the MT evaluation³² it was obvious that the project during its reviewed period of implementation had been able to reach out to and engage a very large number of stakeholders including women (see below Table 4).

Table 6. List of the stakeholders involved into the low-carbon urban development from 2015 to 2017

No.	the Period of Time	the Amount of the Participants ³³
1.	2015 – gender proportion: women 36%	More than 200 people were involved in the project’s trainings and seminars.
2.	2016 – gender proportion: women 43%	About 1,000 people involved in the project’s trainings and seminars. In addition, about 10,000 covered through Facebook (UNDP FB).
3.	2017 – gender proportion: women 47%	About 1,800 people involved in the project’s

³¹ One of the functions of the NPD will be ensure appropriate coordination between project partners and their on-going initiatives. These include UNDP’s ongoing and completed GEF-supported sectoral projects in building, transport and lighting sectors (ProDoc, Terms of References for page 73).

³² See also section 5.1 Management Arrangements, ProDoc, page. 58.

³³ Gender proportion considering the participants of the seminars only (based on lists of participants)

	<p>trainings and seminars. There were more than 8,000 people were aware covered by SMS mass messaging by DAMU Fund. In addition, 80,000 covered through Radio Astana. 17,000 people were covered through Facebook (UNDP FB, Sustainable cities FB, and repost by partners’ FB pages)</p>
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Although the Project does not have formulated a Communication Strategy, but it undertakes targeted activities to communicate its objectives and results to various groups through media coverage, visual materials, workshops and trainings, public events. For example, the Project created awareness and capacity on NAMA and low carbon development issues of more than 118,000 project beneficiaries. This includes 3,000 people participated in project’s seminars and workshops in addition to 115,000 people covered by social media and radio broadcasting.

The evaluator believes the involvement of the large number of stakeholders as well as significant number of project beneficiaries, which benefitted from awareness raising and capacity building is a good achievement and is to the credit of the Project team and the Government key partners.

3.7 MANAGEMENT ARRANGEMENTS

The Project has a Project Management Unit (PMU) office in Astana, Kazakhstan. This PMU office gives easy access to the government based in Astana, and to the main project implementation sites. The project has a website where many of its activities, trainings, and partners are highlighted in both Russian and English. The PMU office has eight full-time staff positions, including (1) Project Manager and three Key National Experts positions: (2) Project Low Carbon Urban Financing & Investment Specialist (2&3 Components), (3) Project Energy Efficiency & RE Specialist (1&4 Component), (4) Project Low Carbon Urban Planning & Capacity Building Specialist (1&5.1 Components) and (5) PR Expert (5.2 Component), (6) Project Procurement Expert, (7) Project Assistant and (8) Project Driver were carrying day-to-day activities of the project.

At the time of project design, formulation, inception and implementation since 22 April 2015 until the time of the current midterm evaluation in December 2017 – February 2018 the Project Team was working under supervision of 3 different UNDP CO staff due to the carrier development and change of scope of work of these staff. Mr. Rassul Rakhimov, Head of SSU and UNDP CO project supervisor has resigned his duty in end of December 2017 and he left the office just before MTR has started. Currently Ms. Victoria Baigazina, Programme Associate of SDU Unit is supervising this project on behalf of UNDP CO.

National and international **consultant services**, including the contracted services of firms as well as individuals, were engaged across all components in various technical areas³⁴, including policy and standards development, studies development, assistance in implementation, assessment, education and outreach, and demonstration NAMAs project design, implementation, and evaluation.

³⁴

International Technical Advisor for the inception period was hired for a period July 2015 – January 2016.

Outside direction and oversight were provided by the **Project Board** (Steering Committee) consisted of the **National Project Director**, a representative of the Government implementation entity, and a senior representative of UNDP. The Project Board includes representatives of state bodies and other stakeholders, namely: Mr. Zhaksylyk Tokayev, National Project Director, Head of Energy Efficiency Department, Committee on Industrial Development and Safety, MID; Ms. Munkhtuya Altangerel, Deputy Resident Representative, UNDP CO Kazakhstan; Ms. Madina Dulatkyzy Nauryzbek, Head of Green Technology Development “Green Bridge”, Department of Green Economy, Ministry of Energy; Mr. Alimzhan Abdisalieovich Karkinbaev, Head of Water Supply and Drainage Department, Committee for Construction, Housing and Communal Services and Land Management, Ministry of National Economy and Ms. Aigul Tursunbekovna Ualieva, Head of the project team, Eurasian Development Bank.

Meetings of the Project Board are held once a year for the purposes of reporting on the work progress and approval of the Work Plan for the forthcoming period, budgets, and key hires. They are carried out in accordance with the dates that are pre-planned and coordinated with the UNDP (at the end of the reporting year or early in the year following the reporting period). This committee provided consensus management decisions when guidance is required by the Project Manager.

The Project Board plays a critical role in project monitoring and evaluations by assuring the quality of these processes and products, and using evaluations for performance improvement, accountability and learning. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems with external bodies. In addition, it approves the appointment and responsibilities of the Project Manager and any delegation of its Project Assurance responsibilities. Based on the approved Annual Work Plan, the Project Board can also consider and approve the quarterly plans (if applicable) and approve any essential deviations from the original plans.

To ensure UNDP’s ultimate accountability for the project results, Project Board decisions will be made in accordance with standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition. In case consensus cannot be reached within the Board, the final decision shall rest with the UNDP Project Manager. The success of the project implementation is dependent upon strong project guidance, coordination and advocacy from the Project Board. The Project Management Unit (PMU) will be responsible for arranging PB meetings, providing materials to members prior to the meeting, and delineating a clear set of meeting objectives and sub-objectives to be met

UNDP acted as **GEF Implementing Agency** for this Project. The Project built on UNDP’s strong experience in Kazakhstan and in Central Asia with climate change related activities, promoting environmental protection, and building capacity of governmental organizations and the public. UNDP has conducted several projects in Kazakhstan in diverse subject areas, including energy efficiency in buildings and lighting; energy efficiency in municipal heating; development of the wind energy market; conservation of wetlands; protection of the Altai-Sayan forest ecosystem; support for democratic governance; POP and chemical management, and other areas.

UNDP’s Country Office (CO) in Kazakhstan was responsible for ensuring transparency, appropriate conduct and financial responsibility. This office oversaw annual financial audits, as well as the execution of this current independent Midterm Evaluations. All financial transactions and agreements, including contracts with staff and consultants, followed the rules and regulations of the United

Nations. The **UNDP/GEF RTA**³⁵ in the Regional Coordinating Unit provided regular programmatic and administrative oversight as well.

³⁵ Since the Project approval 2 RTAs have been changed and since end of 2016 the Project is waiting for information about appointment of new RTA from HQ.

4. FINDINGS OF THE EVALUATION

Project strategy and relevance

Since its independence twenty-five years ago, the Republic of Kazakhstan has taken good strides in terms of social and economic development. This large land-locked country located at the heart of Eurasia attracts attention in the form of trade and investment from the West, East, North and South. Its engagement in multi-lateral diplomatic process (including 2010 Chairmanship of the OSCE, Shanghai Cooperation Organization, and OIC), shows its growing influence as a trusted international partner, including for championing global development agendas such as the Sustainable Development Goals (SDGs)³⁶.

While Kazakhstan recently attained the status of a middle-income country, it remains facing with diverse environmental challenges including air and chemical pollutions. On this backdrop, it is important to note that the Government of Kazakhstan (GoK) has set an ambitious vision of the path to address these challenges, most notably with the adoption of the Concept and Action Plan on Transition to Green Economy of Kazakhstan³⁷ and “Strategy 2050”. These documents signal the plans to shift to a principally new way of economic and social development. One of its priority objectives calls for launch of activities and information campaigns aiming at solving environmental problems to consistently improve living and health standards. The Strategy has further evolved into various country development and environmental programs and generally influenced national agenda on green development. Currently the GoK is in the process of revising the Concept and Action Plan on Transition to Green Economy of Kazakhstan in line with the new arising changes and circumstances in world and country conditions of social economic development³⁸.

The implementation of the Strategic Plan’s objectives is supported by a dedicated sectoral programme “Zhasyl Damu (Green Growth) as adopted by the Government’s resolution #924 dated September 10, 2010. It is interdisciplinary program focused on the application of the principle of a progressive ‘green economy’ that minimizes environmental impact of the economic growth. It addresses many complex issues, including greenhouse gas emissions, air pollution, waste generation, water consumption, and protection of natural ecosystems.

Further, as a result such strategic decisions, the idea of green development has received much stronger attention from the Government and been promoted by Kazakhstan at national and global levels. The country submitted to the World Summit ‘Rio+20’ its regional “Green Bridge” and “Global Energy and Ecological Strategy” initiatives which yielded wider support of the global community, and eventually were included into the conference’s outcome document “The Future We Want”.

The purpose of the “Green Bridge” initiative is to develop a practical, interregional mechanism to support green business development with promotion of environmentally sound technologies and investments. Its forward outlook is a voluntary mechanism to facilitate such transition by providing legislative, institutional, financial and other support for environmentally oriented businesses based on best practices. It further seeks to strengthen the integration between Europe, Asia, and Pacific regions, and emphasizes the importance of mitigation and adaptation to environmental changes, together with the need to eliminate (where possible) environmental damage where it has already occurred.

Currently, Kazakhstan is also underway to ratify the Kiev Protocol on Pollutant Release and Transfer Registers (PRTR) and the Aarhus Convention on Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters. The ratification of

³⁶ In 2017 Kazakhstan has conducted EXPO Future Energy.

³⁷ Concept of transition of the Republic of Kazakhstan to the “green economy” was approved by the Decree of the President of the Republic of Kazakhstan on May 30, 2013.

³⁸ This work is in progress under supervision of the Department of Green Economy of Ministry of Energy of RK.

the Kiev Protocol will foster the process of strengthening the management system of hazardous substances and wastes in a systematic and integrated manner, with a view to promoting human rights, including the right to information.

The Project objective is fully aligned with the strategies of the UNDP and the UN Country Team in Kazakhstan. Priorities of UNDP Kazakhstan reflects the emerging aspirations for the SDGs, as important parallels exist between the global post-2015 development agenda and Kazakhstan’s 2050 strategy, which articulates a vision for the future that rests on core values of human rights, equity and sustainability. UNDP’s Country Programme Document for 2016-2020 sets the Goal No.2. “Sustainable Human Settlements, and Natural Resources Management” and Partnership Framework for Development (PFD) sets the goal Ecosystems and Natural Resources are protected and sustainably used, and human settlements are resilient to natural and manmade disasters and climate change. During 2015, oil and raw materials world prices continued to decrease. This creates additional pressure on economy and public budgets of Kazakhstan, as an oil exporting country. National currency was devalued, and financing from public budget became less available due to budget cuts.

The long-term objective of the Project will contribute to: communities, national, and local authorities use more effective mechanisms and partnerships that promote environmental sustainability and enable them to prepare, respond and recover from natural and man-made disasters. Hence the objective of the Project was very relevant for Kazakhstan as the needs of central Government entities and regional governments (Akimats) for technical assistance matched very well with the Project’s position to deliver it – and the potential for development NAMAs seemed very high at the onset of the project.

In this context, the main Components (outcomes) of the Project contribute to addressing these above-mentioned development challenges. Although the proposed 5 project components (outcomes) were aligned with the identified barriers, there is no justification that they were feasible with the give project duration and that their combined action would be sufficient to improve the underlying situation. This is a direct consequence of the inadequate analysis of stakeholders and barriers on the design stage, particularly with respect to development and introduction of a new financial mechanism. Apparently, the project proponents were very optimistic with respect to the successful design, negotiation, involvement of local population, implementation of financial mechanism, attracting financial resources and implementation of NAMA projects resulting with carbon reduction within five years life-span of the project.

The Project is indeed very ambitious by setting quantitative targets. For example, “Capitalization of funding mechanism for Urban NAMAS with USD10,000,000 by midterm and USD44,000,000 by April 2020 or “Direct annual GHG emission reductions from Urban Mitigation Actions with 74,000t CO2 by midterm and 370,000 t CO2 by end of the project in April 2020.

It may be clear that a rigorous evaluation of the Project’s achievement viz-a-viz the defined, but unrealistic targets, would yield a poor performance. The evaluators will therefore follow a more holistic approach to assess the Project’s merits and shortcomings.

4.1 PROJECT DESIGN AND SCOPE

Now, the Government aims efforts at creation of legal, institutional and economic conditions for raising effectiveness of natural resources use and environmental improvement. Since 2013-year Kazakhstan is promoting “green” development among the most important state priorities by accepting the strategic document of state environmental policy - Conception of Kazakhstan On Transition to Green Economy and Defined Environment Protection. One of the priority areas of this document is development of national policy on attraction investments for new technologies in energy sector and improvement of waste management and regulation. The President of Kazakhstan in his annual

address to the people of Kazakhstan in December 2017 stressed the importance of the concept of energy efficiency and "smart cities" for the safe and clean future of the country. The program of the President of the Republic of Kazakhstan of May 20, 2015 "The Plan of the Nation - 100 concrete steps" as a 59 step is declared the following: "Attracting strategic investors in the sphere of energy saving through the international recognized mechanism of energy-service treaties. Their main task is to stimulate the development of private energy service companies to provide a set of energy saving services with reimbursement of their own expenses and obtaining financial profit from the achieved energy savings".

The evidence suggests that both the capacity of the executive partner, MID, and other partners as well as partnership mechanisms were considered during project design although later due to administrative reforms names of institutions and scope of their responsibilities have been changed. The Ministry of Regional Development, Project's National Implementing Partner as foreseen in the ProDoc, was abolished in 2014; its functions were divided between two newly created national entities: The Ministry of Investment and Development (MID) and the Ministry of Economy (ME). The Project's Executing Agency/Implementing Partner role was assumed by the Ministry of Investments and Development of the Republic of Kazakhstan (MID) since 20 April 2015.

Direct Objective: Support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve voluntary national GHG emission reduction targets.

It includes the following five (5) indicators:

1. Number of Urban NAMA program under development.
2. Value of Urban NAMA projects implemented (USD) = cumulative financing realized.
3. Direct lifetime GHG emission reductions from implemented NAMA projects.
4. Number of people benefiting from NAMA projects.
5. Establishment of financial facility for NAMAs.

The following issues were underlined for the Objective:

- Financial mechanism (Facility) not yet established. There is a need for strengthening Cooperation with local and international financial institutions and potential sources from public budgets to identify and develop feasible project-specific financial mechanisms. Besides, the Project should analyse the barriers, develop policy recommendations and work with the government to overcome these barriers.
- Lack of public funding is requiring detailed analysis of experience of financial institutions on their support mechanisms for projects with sufficient investment return and adequate investment risk.
- Insufficient time is a serious challenge for the Project to implement the ambitious outcomes within the remained 2.5 years. The Project will thus need to implemented proper time management and the Project will need to implement individual project components in parallel. Detailed Project time schedule including all activities in all components needs to be developed, optimized and regularly evaluated and updated if needed. The critical path in the time schedule needs to be identified and closely and regularly watched.
- In the current version of the second Objective indicator: "Value of Urban NAMA projects implemented (USD) = cumulative financing realized" it is not clear what amount means the contribution of NAMA, which is at the stage of actual implementation, in comparison with the amount of financing of all trained NAMAs for pilot cities.

Nevertheless, the choice of the five (5) Project Outcomes was, and are still very relevant although seems ambitious, and the choice of the planned outputs/strategies is overall relevant as it was showed

by the experience during the past 2.5 years of the Project, as well as the interviews conducted in the framework of the current MTR, highlight the areas under each Outcome have been well designed with some issues responded and corrected by the Project Management during the implementation process. This is best discussed along the five (5) Components:

Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions.

Outcome 1: Enable participating municipalities to articulate their climate-related priorities and identified and prioritized urban mitigation actions (urban NAMAs).

Output 1.1: Urban GHG inventory and baseline specified

Output 1.2: Municipal low-carbon development goals and priorities identified

Output 1.3: Potential low-carbon projects identified, cost-benefits and GHG emission reductions screened

Output 1.4: Priority low-carbon projects identified for financing and implementation, and project fact-sheets prepared

Output 1.5: Municipal GHG emission reduction targets developed and action plans/priority projects with potential financing specified and agreed with municipalities

Component 1 works with 15 partner cities to help them identify, prioritize and prepare bankable low-carbon projects. Within this component, it is planned to provide technical and methodological support to 15 partner cities in the collection, processing and analysis of data on urban low-carbon planning. In selected cities, priority measures are identified in the urban sector, which contribute to energy saving and energy efficiency. Component 1 supports partner cities with development and adoption of municipal/city-wide energy saving/GHG emission reduction targets.

In the framework of approbation of preparation of low-carbon plans for human settlements, a pilot initiative "Development of Low-Carbon Strategy for the Settlement (Arnasay settlement)" was implemented in 2016. An inventory of GHG emissions has been prepared, priority measures for reducing emissions have been identified, and emission reduction targets have been established and agreed with the local community.

An introductory seminar "Foundations of Low-Carbon City Planning" was held for representatives of 15 pilot cities, which presents methodology, approaches and practices for low-carbon urban planning, identification of low-carbon projects in urban sectors (heat, electricity, water, buildings, utilities, urban transport, waste management, etc.). At the seminar held in 2017 in Astana, international and local experts presented, as well as gave recommendations on improving regulatory acts, selecting key milestones for upgrading buildings and utilities infrastructure for the optimal financial package.

In eight pilot cities: Lisakovsk, Satpayev, Kapshagai, Aktobe, Oral, Shymkent, Kostanay and Temirtau, an inventory of greenhouse gases was carried out by urban sectors according to the international methodology, and an analysis of the state of the municipal economy and a SWOT analysis of municipal opportunities for low-carbon development in all urban sectors. The main urban sectors that form indirect GHG emissions in cities are: heat and electricity for residential buildings (60%), urban transport (18.4%), and municipal services - street lighting, pumping stations, heating and budget lighting / urban buildings, etc. (6.8%).

Based on the studies carried out and taking into account Kazakhstan's obligations under the Paris Climate Agreement, the five cities have defined the goals of reducing greenhouse gas emissions in the short-term (up to 2020) and long-term (up to 2030) prospects, priorities for achieving the objectives and the amount of required investments, economically sound low-carbon city projects are presented, which can be financed through attraction of loan investments. The analysis of risks associated with

the implementation of projects and initiatives was carried out, and opportunities for attracting debt financing and co-financing for project implementation were assessed.

The results of the conducted studies are presented in these cities at the expanded meetings of working expert groups, City plans have been finalized considering the recommendations.

For the 2 pilot cities: Taraz and Lisakovsk, an analysis of the Action Plan for Sustainable Energy Development (SEAP) developed under the Mayors-East Agreement was completed and the investment portfolio was updated, including: expected benefits for the population and the environment.

After the completion of research work in the regions, Astana hosted in 2017 the final conference-round "Identification of Low-Carbon Projects and Assessment of Required Investments in Urban Sectors: Energy, Public Transport, Buildings, Municipal Waste" with participation of representatives of city administrations presented all the results of studies in 7 pilot cities.

This component planned to tackle two main areas measured by the following two Outcome indicators:

- 1. Number of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders.**
- 2. Number of municipalities for which urban GHG reduction targets established and officially adopted by Akimats**

One of the major underlying barrier for implementation work under this component is low basic awareness of customers and insufficient capacities to identify and prepare bankable projects.

The project faces with a lack of bankable low-carbon projects. Municipal plans are designed to help municipalities to properly prioritize and select suitable potential projects for implementation and financing – in more systematic, rather than opportunistic way. With their budget cuts, it will be even more difficult to identify potential bankable projects suitable for implementation. There might not be sufficient number of bankable projects in pre-selected municipalities. The Project should implement first a screening phase under the Component 1 open to all municipalities to identify potential bankable opportunities, and to work primarily with these municipalities. If, for any reason, it will not be possible to identify and develop for implementation sufficient number and size of suitable and bankable projects in all 15 partner municipalities selected in Component 1 that would generate sufficient GHG savings, the Project should implement adaptive management and implement projects even in municipalities that were not originally involved in Component 1 – municipal planning. Attention can move to urban NAMA projects include low-carbon opportunities/projects in urban areas regardless of ownership; projects should not be limited to municipally owned projects only, although it is a priority area, but should be open to third-party, incl. privately owned facilities/projects as well (for example housing, heating services etc.). The relevance for these selected strategies and assumptions under this component was confirmed during the interviews and in the third-party reports.

Component 2: Institutional framework for urban NAMAs.

Outcome 2: Put in place the enabling institutional framework to facilitate the implementation of urban mitigation.

Output 2.1. Institutional structures developed to facilitate fifteen investments

Output 2.2. Bankable project documentation for the emission reduction projects prepared based on urban NAMAs

Output 2.3. Public service contracts signed/tariffs agreed

The Component 2 is aimed at assisting in the construction/modification of the organizational scheme for attracting investments in urban infrastructure, including budget/communal property (through public-private partnerships), as well as in multi-apartment housing facilities (through ESCO models).
Component 2:

- supports municipalities in preparing documents for public-private partnership - the only legal modality in Kazakhstan whereby public sector can enter into long-term agreement with private sector.
- develop standardized guidance for PPP-based ESCO contract whereby it is accepted that theoretic (calculated) energy use baseline is used to determine the level of savings and consequently the level of repayments.
- supports the development of standardized legal package for EPC contract based on PPP model.

In 2016 a roster of companies (ESCOs) has been prepared, which can act as executors of projects in pilot cities. Coordinators in the pilot cities inform these companies about the opportunities for implementing low-carbon projects and the conditions for obtaining technical and financial assistance from UNDP within the framework of the UNDP-GEF project.

To promote the PPP models, three republican training seminars were held to explain PPP mechanisms for the urban waste sector, electricity and heat, transport.

To eliminate barriers for the implementation of energy efficiency projects in the housing sector in the pilot example of Shymkent, the joint initiative of UNDP and the Akimat of Shymkent "Building a Management System and Energy-Efficient Housing Maintenance in Shymkent" was launched. The goal is to form a housing management system in Shymkent, which will allow implementing EE projects in the municipalities of the region based on the ESCO model.

Within the framework of approbation of the PPP model for the purposes of the EE, the project provided expert assistance in preparation for the implementation of the PPP project for the modernization of the lighting system in the Transport Towers building. The concept of the project of the future implementation has been prepared and submitted to the MIR RK.

For the selected pilot cities, a list of standard projects in the urban sector has been prepared that will promote energy saving and energy efficiency, economic calculations for standard projects have been carried out, risks and actions to reduce them have been identified. Preparation of standard documents (concepts and contracts) for PPP-projects on energy efficiency (modernization of heat supply, lighting of buildings, replacement of pumping equipment, modernization of boiler houses, etc.) has begun.

5 standard solutions were developed for the implementation of low-carbon city projects (heat consumption of buildings - smart ATP, water supply - pumps with VFR, lighting - replacement of lamps with LED, waste management - collection and primary sorting of household waste, heat supply - modernization of boiler equipment) public-private partnership. The potential for energy saving from the implementation of these projects in reducing energy consumption is at least 15% for heat and at least 45% for lighting in all municipal buildings in the cities of Kazakhstan.

Each typical PPP project solution contains a project concept; draft contract, draft tender documentation. The concept of the project is based on the example of a specific object that was proposed by the municipality for development and includes an example of the project description, starting from the baseline calculation, marketing analysis, institutional scheme at each stage of implementation (pre-investment, investment, post investment periods), payment terms, risks and responsibilities of the parties, etc. The draft contract was drawn up based on the applicable forms of PPP contracts, where the terms and responsibilities of the parties were developed considering the specifics of the project - energy saving.

The prepared standard solutions were sent to the akimats of the pilot cities and representatives of SMEs for use in the process of their work. The documentation is also available on the project's web portal www.eep.kz.

Overcoming the institutional barriers that arise in the promotion of energy efficient technologies in residential buildings by the ESCO model is carried out with the implementation of a separate UNDP and Government Project "Improvement of the Housing Relations System to Increase Investment Attractiveness and The Development of Small and Medium-Sized Businesses in the Housing and Communal Services Sector".

The Component 2 will help to lay the foundation for relations between private business and residential property owners through the adapted legal and regulatory framework for residential relations, using best practices to differentiate the responsibilities of the parties, introducing minimum content standards, managing housing, conditions for business participation, financial schemes for attracting investment to modernization, raising awareness of owners and businesses in management issues. Within the framework of this work, proposals and additions were made to the housing legislation, participation in the working group under the Ministry of Investment and Development was made. Completion of work is expected in 2018.

The Outcome Indicators:

2.1. Technical assistance delivered according to ToR agreed with each akimat.

2.2. Bankable project documents prepared

2.3. Public service contracts signed / tariffs agreed.

This Project is innovative both in its scope and scale: it is not industry specific project, but it covers all urban sectors, and it is focused on mobilizing private/commercial financing. Because of this innovative nature, and because of rapidly changing conditions in Kazakhstan, there might arise new challenges and barriers, that are not yet fully recognized at this midterm phase. Detailed analysis of potential industry specific barriers for private involvement in urban projects should thus start immediately with identification of potential low-carbon projects. The Project should work closely with all relevant decision makers at all levels that might have impact on barriers removal for private sector involvement (including legislators, and governmental decision makers). To strengthen “Project ownership responsibility”, and motivation of these partners to help to remove potential barriers, all relevant decision makers (institutions) should be invited to participate in the Steering Committee at least on an ad hoc basis during the project implementation period.

Component 3: Financing for urban NAMAs.

Outcome 3: New and additional financing for urban NAMAs levered.

Output 3.1 Performance based financing mechanism for urban NAMAs established (Investment)

Output 3.2 Pilot NAMA fund established, managed and evaluated (TA to support 3.1)

Output 3.3 Financing for pilot NAMA project facilitated (TA to support 3.1)

Output 3.4 Funding diversification strategy and mechanisms to leverage additional financing developed

This Component 3 is aimed at creating a system that will attract investments from the private and banking sectors in energy saving projects. Because of intensive consultations during 2016-2017 with the Ministry, the Damu Entrepreneurship Development Fund of Kazakhstan, second-tier banks and other interested parties, three models for supporting the implementation of low-carbon city projects were formed:

- A model for subsidizing the interest rate of a bank,
- Model of guarantee,
- A model for subsidizing part of investment costs.

All three models provide mechanisms to support the implementation of urban projects by UNDP (as part of the grant of \$ 3 million provided by the GEF) under several conditions by project applicants. The compliance of the project with one of the identified thematic areas and the corresponding threshold level of energy conservation that should be achieved because of the project. The developed models were presented at the Ministry, the Damu Entrepreneurship Development Fund and discussed at a special round table in Almaty in 2016 with the participation of stakeholders, including ESCOs, second-tier banks, etc. The analysis of the real interest of the private sector in the participation and financing of energy efficiency projects in the city economy was carried out, which showed the existence of such interest and the need for financing energy efficiency projects through banks, as well as the business's desire to have any preferences in the form of subsidies, etc.

Of the models submitted, the Project partners supported 2 models out of 3 proposed (Bank Interest Rate Subsidy Model, Guarantee Model). By decision of the PMC, these models were approved. The Project team developed and agreed with all participating parties the Rules for Subsidizing and Guaranteeing Low-Carbon City Projects, developed an algorithm for implementing models, as well as draft subsidy and guarantee agreements.

These support mechanisms are to subsidize the interest rate on commercial loans in the amount of 10% of the nominal rate (no more than 19%) and guarantee to the bank at a rate of 50% of the loan amount. Support can be received by projects that are aimed at energy saving in city heating, water supply, public and residential buildings; urban sewage and treatment systems; street and interior lighting.

Between the line ministry (MIR) and the executive partner (Damu Entrepreneurship Development Fund), an Agreement on Cooperation on Implementing the Mechanism for Stimulating Investments in Energy Efficiency of the Urban Infrastructure of the Republic of Kazakhstan was signed within the framework of the UNDP-GEF Project.

An evaluation of the activities of the executive partner - Damu Entrepreneurship Development Fund under the Harmonized Cash Transfers (HACT) procedure, where, after being highly evaluated and at low risk from hired independent consultants, approved support models can be tested using the UNDP-GEF grant.

The system of investment support was launched in the testing phase in October 2017. This mechanism provides that each quarter will be announced a competition to support low-carbon city projects. At the end of each quarter, applications will be evaluated by an expert commission and decisions on support measures will be made on them. The first 2 applications were received at the end of November 2017.

One of the ultimate goals of the implementation of the third component in the long term is the transformation of the chosen mechanism for supporting EE projects into the existing support system, implemented, for example, through the state program Business Road Map-2020³⁹. The project has already begun consultations with key groups to ensure continuity of the established support mechanism and its inclusion in any of the state programs.

The following 2 (two) Outcome indicator were considered under this Outcome:

Indicator 3.1 Capitalization of funding mechanisms for urban NAMAs

Indicator 3.2 Diversification strategy developed

³⁹

The unified Business Support and Business Development Program "Business Roadmap 2020" was developed to implement the Message of the President of the Republic of Kazakhstan to the people of Kazakhstan "New Decade - New Economic Growth - New Opportunities of Kazakhstan" and the National Development Plan of Kazakhstan until 2020.

Component 3 of the project is designed for the investment support and specifically envisages the establishment of a dedicated financial facility for urban NAMAs. Such mechanism shall:

- provide financing for emission reduction investments for urban NAMAs identified with project's technical assistance through Components 1 and 2;
- fund low-carbon urban investment projects implemented because of public-private partnerships and thus unlock private investment in urban NAMAs;
- provide performance-based concessional grants or other suitable incentive to facilitate investment by IFIs, other banks, and, where possible other donors;
- preferred option being a separate credit line within the National Modernization Fund for NAMA-related projects/financing.

Component 3 will provide technical assistance to strengthen banks' familiarity with and capacity regarding ESCO projects and will provide targeted training and guidance on ESCO due diligences, project assessment tools, and exposure to successful projects.

Financial Mechanism/Facility is not yet established. Cooperation with local/international financial institutions and potential sources from public budgets to identify and develop feasible project-specific financial mechanisms is essential. Besides, the Project should analyse the barriers, develop policy recommendations and work with the government to overcome these barriers. It is expected that from the financial participation of the UNDP Project, the GEF funds in the implementation of the mechanism, in the amount of USD 3 million, will attract investments in low-carbon projects from the banking and private sectors, at least in the ratio of 1: 5 or at least USD 15 million directly.

In the current version of the indicator 3.1 “Capitalization of funding mechanisms for urban NAMAs” it is not clear what volume of financing is provided to urban projects from the NAMA Pilot Fund in the total amount of capitalization. It is recommended to clarify this indicator, indicating in parentheses the amount that indicates the amount of financing that will be provided to urban projects from the NAMA Pilot Fund.

Component 4: Implementation of pilot urban NAMA.

Outcome 4: Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication.

Output 4.1 Pilot urban NAMA project implemented

Within the framework of the Component 4, it is planned to implement 1 pilot urban project - to carry out a comprehensive modernization of the micro-district of one of the pilot cities, including the modernization of buildings, structures, engineering networks, waste management systems and transport infrastructure. This component is expected to test the combined funding of a low-carbon project.

Some draft criteria were developed for the selection of the pilot facility. It is expected that the city will participate in the co-financing of the project (first, the renovation of the communal infrastructure), involving private companies in the project to realize the recouped part of the project using the debt financing mechanisms with the proposed support measures. The participation of private companies (including foreign companies) wishing to demonstrate more efficient technologies and provide investments, including grants, was also welcomed. USD 700,000 of the UNDP-GEF grant part would be used to coordinate the preparation of the project, as well as, as part of the financing of hard-to-recover modernization costs (first, measures to warm the building envelope).

At the end of December 2016, a letter was sent to Akimats of pilot cities with a proposal to provide a list of facilities suitable for the implementation of this component. At the end of 2016, 6 applications were received, and Project staff visited all possible sites for the implementation of a pilot project in

Shymkent, Taraz, Temirtau, Aktobe, Kostanay, Lisakovsk, Kapshagai and Astana. The Expert Committee and the PMC approved the application from the Akimat of Astana with the proposal to modernize the urban five apartment buildings.

In the proposed city district, the replacement of the supplying heating networks in 2017 has already been carried out by Akimat, and work is planned to improve the buildings, the modernization of yard lighting. Within the framework of the UNDP-GEF project, it is planned to carry out a comprehensive modernization of the residential area (quarter), including thermal upgrading of buildings, structures, engineering networks, waste management systems and transport infrastructure. It is also planned to test the combined funding of a low-carbon project using a GEF grant.

To establish contact with residents, the Project held several meetings with the Chairman of the KSK, conditions for the implementation of the Project were negotiated. Also, in conjunction with the representatives of the Akimat of Astana and the Ministry for Investments and Regional Development, an extended meeting was held with the activists of the pilot houses to agree on the terms of participation in the Project, clarify the needs of the residents, etc.

Now, the Council of Owners of each residential building and a working group for the implementation of the Project from the number of apartment owners are being formed.

The first phase of the pilot project is planned to prepare a Master plan for the complex low-carbon modernization of the urban quarter, which includes: an assessment of the baseline for energy consumption (thermal, electric) and water, an assessment of the actual condition of the facilities (buildings), yard area and their needs for low-carbon modernization; the concept of such modernization with the preparation of the necessary consolidated calculations on the cost of the necessary measures. For these purposes, a local engineering company and an international consultant have been hired. All work on the preparation of the master plan is expected to be completed in the 1st quarter of 2018.

Outcome Indicator 4.1. Direct annual GHG emission reductions from pilot urban mitigation action.

Due to insufficient capacity of local experts to develop the necessary technical and organizational solutions for pilot building it would be recommendable to invite international consultant/company to support the local engineering company with preparation of scenario of technical and organizational solutions at the pilot site.

Weak interest and motivation of apartment owners to be involved into management and modernization of their multi-apartments need to introduce community mobilization activity for demonstration of benefits and advantages from joint management of in-house property through meetings with the apartment owners and information distribution.

Component 5: Monitoring, verification and knowledge management.

Outcome 5a: GHG emission reductions of implemented urban NAMAs are systematically monitored, verified and reported.

Output 5.1. National MRV guidelines and standard methodologies for urban NAMAs developed

Output 5.2. Rules and procedures for certification of emission reduction credits from NAMAs and import into domestic ETS developed

Output 5.3. Emission reduction purchase agreement signed between domestic entities under ETS and municipality

Output 5.4. National database for urban inventories and registry for NAMAs operational at MEWR

A draft package of documents was prepared to introduce amendments and additions to the legislation to improve the GHG trading system that ensure the inclusion of reduced GHG emissions from urban low-carbon projects into the National Trading System of the Republic of Kazakhstan (ETS).

Outcome Indicator 5a.1 NAMA MRV process allows certified emission reduction credits to be imported into the domestic Emission Trading Scheme

Outcome Indicator 5a.2 MRV system for urban emissions set up and operational in cities

Political will exists to establish mechanisms to import credits into domestic ETS, but mechanisms of GHG emissions trade within the cities are not approbated anywhere in Kazakhstan. It is a need for strengthening processes of consultations with Akimats and urban sector enterprises, to prepare reports with analysis for possible emissions trade inside the cities. Insufficient level of interaction between the parties involved into NAMA development and planning in the cities is requiring expanding involvement of different interested parties and ensuring their involvement into consulting processes on LCU planning as well as trainings for key stakeholders. After two years (since January 2018) the moratorium the work of the greenhouse gas emissions trading system in Kazakhstan was resumed. The project conducted consultations with several large participants of the system of trade in quotas in pilot cities and fixed interest in the system of domestic emissions trading (within one city). The first offers for the sale of quotas will be made to Temirtau, Astana and Shymkent in Q2-Q2 2018. The project will pay for services for verification of the volume of emissions offered for reduction.

Outcome 5b: Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs

Output 5.5. Knowledge resources and lessons learned from the pilot urban NAMAs disseminated

Outcome Indicator 5b.1 Awareness index based on questionnaire.

The work on building the capacity of public councils and involving the public in building sustainable cities in the Republic of Kazakhstan was continued, and training seminars were held in 6 pilot regions. It is expected that based on the results of the training, students will support the promotion of projects on low-carbon urban development, based on knowledge of the legislative framework for access to environmental information.

A questionnaire was conducted to assess the baseline of the awareness-raising (awareness) index of target groups in low-carbon development issues. The overall index of awareness of target groups in cities was 5.5 points out of 10 possible. Only 16% of the respondents are aware of the established targets in the urban development sectors, including environmental indicators. To increase the level of stakeholder awareness of key programs and awareness of the opportunities for sustainable low-carbon development, it is necessary to reduce and remove barriers to stakeholder participation in local development of the city and region, provide access to basic information to raise awareness, use different forms and channels of information for raising stakeholders' awareness of local development. These tasks will be addressed by the project in subsequent years, including during the implementation of pilot initiatives through the implementation of an awareness-raising plan.

2 Centres of Competence for Sustainable Urban Development - Shymkent and Taraz. In Taraz, based on the Competence Center, work was organized to disseminate knowledge using budget funds from the Akimat of Zhambyl Oblast: 3 seminars were held on topical issues in energy saving, management

of condominium objects, and energy management in the housing stock. The first regional conference in the field of improving the functioning of urban infrastructure was held.

Two issues of the newsletter of the Sustainable Cities project, available in electronic format on the project website www.eep.kz, were published.

The account on Facebook for prompt information about the project work is updated on an ongoing basis. The section "Sustainable Cities", posted on the web portal of UNDP-GEF projects "Energy Efficiency Plus" (www.eep.kz), is updated regularly.

Developed in 2016 mobile application "CO2. Calculate Your Carbon Footprint", which allows one to calculate the amount of greenhouse gas emissions generated by households, was supplemented with algorithms for calculation of transportation, as well as products and goods, and was presented as one of the exhibits at EXPO 2017 in Astana in the Pavilion of International Organizations.

The infographic of the project on the ESCO mechanism was published for demonstration to key target groups and explaining the principle of this mechanism. The flyer "Carbon footprint", a graphic and informative memo, revealing the notion of "carbon footprint" was published.

In June 2017, within the framework of the Astana Economic Forum (AEF-2017), the Project organized a special session "Smart and Sustainable Cities of the Future", with the participation of a high segment: heads of international agencies, mayors of cities, international experts, etc., The Memorandum of Understanding between the United Nations Development Program in the Republic of Kazakhstan and the Akimat of Astana was signed. Based on the results of the event, a statement was adopted on promoting openness, security, resilience and environmental sustainability of cities and settlements in the framework of achieving the Sustainable Development Goals in Kazakhstan.

In November 2017, the Project took part in the International Exhibition EXPO-HCS-2017 and became the organizer of a special side event "Improving the mechanisms of managing multi-apartment houses to increase the investment attractiveness of the housing sector and the presentation of the country review of the housing economy of the Republic of Kazakhstan." The main goal is to increase the awareness of stakeholders and discuss international and national practices in the housing and communal services sector.

The project continued to work with the media: Project experts regularly give interviews to television channels and print media, participate in press briefings, press conferences and television programs.

All references in the media are displayed on the Facebook page of the project

<https://www.facebook.com/profile.php?id=100012843423706>, and on the link

<http://sustainable.eep.kz/press-center/media-about-us/> web-portal of the project www.eep.kz.

Materials on the project published in 14 editions in 2017.

The five-year the Project lifespan (including Inception Phase) for implementation of such a complex Project seems to be very ambitious, if not unrealistic. The Project includes municipal planning, approval of targets, identification, selection and approval of investment projects based on the planning results, project development for financing (feasibility study), development of an institutional framework for the new financial mechanism and implementation modalities (for example Public-Private Partnership), securing financing and implementation of low-carbon projects (construction), contracting and sale of verified carbon savings from implemented projects in operation on the local ETS market. Each of these project segments will require considerable time to develop and implement (a year or more), which combined could be easily more than five years in total.

4.2 INSTITUTIONAL SET-UP AND MANAGEMENT ARRANGEMENTS

Overall, the project roles (Project Board, Project Manager (PM) and UNDP CO roles and responsibilities) are properly distributed in the Project Document and comply with the UNDP and

GEF guidance. Throughout this process, the essential functions of the national implementing partner continued with some minor interruption. Notably, key committees and departments dealing with climate change issues continued to respond essentially to the same chain of command.

Four (4) different NPDs were serving throughout the project lifespan from its design until the time of MTR: Mr. Maksut Ordabaev, Deputy Chairmen of Committee of Industrial Development and Security of MID was working very short time from April 2015 until June 2015. Mr. Alibek Kabylbayev, Head of Department of Energy Efficiency of MID also was only five (5) months as NPD from 15 July 2015 until December 2015 and then Mr. Olzhas Alibekov⁴⁰, Head of Department of Energy Efficiency of MID from January 2016 until July 2017. Since July 2017 until the present time of MTR Mr. Zhaksylyk Tokayev, Head of Department of Energy Efficiency of MID is serving as NPD for the project. Therefore, at the level of personnel as well as the agency itself, communication between project staff and the NPD always remained steady throughout the whole project period, within and outside business hours.

The NPD was aware of the importance of the project, and its great potential not only to promote development of NAMAs, but also to build capacity of professionals and officials, and to bring Kazakhstan in line with international best practice about low carbon development. The NPD spearheaded the development and reconciliation of proposed regulatory content with other agencies. He also provided interagency coordination of working plans, expedited signing of financial documents and participation in important project events.

The Project’s full-time office was housed in Astana in the UN Building⁴¹ and the Project had a wide presence throughout the whole country via travel by the full-time staff. The NPD greatly facilitated interactions and agreements with Akimat’s agencies, even engaging the executive authority at the higher levels when certain proposed actions required such high-level approval. It appears that excellent inter-relationships were established between the three parties, PMU, UNDP CO and MoE.

The Project implementation strategy was developed considering international experience (e.g. that of the GEF and UNDP) and was based on experience from similar UNDP-supported, GEF-funded projects. The design of the project benefited heavily also from several UNDP-supported, GEF-funded projects implemented in Kazakhstan: “Removing Barriers to Energy Efficiency in Municipal Hot Water and Heat Supply”, which developed models (schemes) of attraction of investments in energy saving of the residential buildings; “Energy Efficient Design and Construction of Residential Buildings” with main objective of this project is a reduction of greenhouse gases emissions from new residential buildings by means of introduction of new methods and change of markets in Kazakhstani housing sector for ensuring the more power efficient designing and construction.. The partnership with the UNDP/GEF project on “Promotion of Energy Efficient Lighting” was important to share experience on achieving energy savings and avoided GHG emissions via transformation of the lighting market in the RK.

The implementation approach uses the Nationally Executed (NEX) modality. This was realised in a competent manner, with the appointment of staff to create a **Project Management Unit (PMU)** that was independent of but answerable to the client (MoE) and both supported and overseen by the implementing agency (UNDP CO). Aside from the relevant project design, another major asset of the

⁴⁰ Currently he is one of the key project partners on behalf of Institute of Electric Energy and Energy Saving in the capacity of Deputy Chairperson.

⁴¹ From April 2015 until October 2015 the PMU was housed in Astana near the UN Building.

project was its implementation team, led by the **Project Manager, Mr. Alexander Belyi**. Mr. Belyi oversaw all aspects of project management, including hiring and supervision of other staff and consultants; strategy, work planning, and monitoring of progress; representation of the project in contacts with partners, media, and the public; and budgetary, financial, and administrative matters. In all these aspects, Mr. Belyi was assisted full-time by **Project Assistant, Ms. Dina Madiyeva** and by **Project Procurement Expert, Ms. Ainur Amirkhanova** with support from the UNDP Country Office⁴² and the UNDP/GEF Istanbul Regional Hub.

The full-time Project Team also included a strong and diverse set of technical specialists, including **Mr. Birzhan Yevniyev, Project Expert for 2 and 3 Components, Ms. Aiman Shopayeva, Project Expert for 4 Component, Mr. Tolebay Adilov, Project Expert for 1 and 5.1 Components, Ms. Dinara Abdrakmanova, PR Expert for 5.2 Component and part-time CTA Ms. Marina Olshanskaya, International Adviser**. The Project has **full-time driver** and project car.

4.3 PROJECT IMPLEMENTATION, ROLE OF UNDP AND FINANCIAL MANAGEMENT

The Project is implemented following UNDP’s National Implementation Modality (NIM), according to the SBAA between UNDP and the Government of Kazakhstan, and as per the policies and procedures outlined in the UNDP Programme and Operations Policies and Procedures (POPP). The support role of UNDP, as the Implementing Agency through its Country Office and RTA⁴³, has been sustained and effective throughout current project implementation, undoubtedly contributing significantly to the achievements. Its support has been particularly beneficial on many occasions, including regular monthly meetings with the Project Manager to formally review project achievements and project implementation strategy, and the RTA challenging the project’s pace related to establishment of project monitoring and evaluation framework, collection and analysis of baseline data, selection of pilot projects and financial mechanisms. To assess⁴⁴ national financial institution operational capacities and compliance with required fiduciary standards for implementation of the GEF-supported Facility, UNDP initiated the Harmonized Assessment for Cash Transfer (HACT) and based on positive results of the HACT and similar agreements implemented earlier under UNDP-GEF NIM projects in Kazakhstan (biodiversity and climate change mitigation). UNDP approved the Damu Entrepreneurship Development Fund of Kazakhstan as the Financial Partner for the Project.

At the time of project design, formulation and inception The Project Team was working under supervision of Mr. Stanislav Kim, Head of Environment and Energy Unit, UNDP CO. Later from January 2015 to December 2017 he was replaced by Mr. Rassul Rakhimov, Programme Analyst/Head of Sustainable Development/Urbanization Unit. Since late December 2017 the Project team worked under the support and direct oversight of the Programme Associate of UNDP’s Sustainable Development/Urbanization Unit, Ms. Victoria Baigazina. Handover notes between staff has not been found in the Project and unit files and therefore were not identified by the Evaluator.

As a general observation, UNDP CO has made use of the available tools for monitoring. The effectiveness of annual work plans and budgets, as a tool for monitoring and planning, was maintained throughout the lifespan of the Project. The monitoring and evaluation (M&E) plan of The

⁴² See 4.3 Project implementation, role of UNDP and financial management.

⁴³ There were two RTAs overseeing the project from HQ since its development and implementation. Currently the RTA position is vacant, and the Project Management is hoping on soonest decision on appointment of new RTA.

⁴⁴ See “Municipal Energy Efficiency Investment Support Facility: Proposed Design Options under UNDP-GEF project “NAMAs for Low-Carbon Urban Development in Kazakhstan”. Astana, 2017. Marina Olshanskaya.

Project is overall adequate for following up the outcomes and progress assessment in the achievement of project objectives. To clarify, this statement applies to the revised M&E plan of the Project contained in the Inception Report, which had addressed some of the issues present in the Project Document. The M&E plan includes:

- midterm and end-of project targets, (mostly) SMART⁴⁵ indicators and potential data sources;
- requirements for MTE and final evaluation (budgeted).

In addition to routine progress monitoring exercised by UNDP CO, The Project has been supported by Ms. Zhanetta Babasheva, UNDP Resource Monitoring Associate, to meet UNDP procedures and accounting requirements. UNDP has several instruments at its disposal for project monitoring and steering, as well as for evaluating progress and results, including:

- Project inception workshop and report;
- Annual reporting (APR, PIR);
- Quarterly progress reports;
- Annual work plans and budgets;
- Project Board meetings;
- UNDP field visits to the project;
- Mid-term and Midterm evaluations; and
- Ad-hoc evaluations and expert missions.
- Atlas issue and risks logs

UNDP CO team of Sustainable Development Unit, the Project Team and teams of other UNDP-supported GEF-financed projects have, through their work, positioned UNDP in Kazakhstan as a highly recognized local expert organization. All key project stakeholders, including governmental agencies, appreciate UNDP not only as a source of funding but as a source of professional expertise in NAMA and low carbon development promotion in RK.

The Evaluator found the local counterparts and the UNDP Country Office highly committed to the project and considered the project as one of the core pillar project of country office which provides very high visibility for UNDP works in the country. UNDP made available office staff and financial resources. The Evaluator observed constructive working relations between UNDP and the national counterparts.

The NIM modality was realised in a competent manner, with the appointment of staff to create a Project Management Unit (PMU) that was independent of but answerable to the client (MID) and both supported and overseen by the implementing agency (UNDP CO). The Project cooperated with another UNDP supported and GEF financed Project on “Energy Efficient Standards, Certification, and Labelling for Appliances and Equipment in Kazakhstan” and UNDP project “Supporting Kazakhstan’s Transition to a Green Economy Model project” as well as with GEF Small Grants Programme.

As for the implementing partner, it appears that excellent inter-relationships were established between the three parties, PMU, UNDP CO and MIR, as observed during MTR. Following internal changes in Government, Mr. Zhaksylyk Tokayev, Head of Department of Energy Efficiency of MID was appointed as **the National Project Director and Chairman of the Project Board** in July 2017. The project benefited from having a higher-level government official as its Project Director that can potentially result in greater ownership of project results by the Government. The PB, led by its

⁴⁵ Specific – target a specific area for improvement; Measurable – quantify or at least suggest an indicator of progress. Assignable – specify who will do it; Realistic – state what results can realistically be achieved, given available resources. Time-related – specify when the result(s) can be achieved.

Chairman, took a keen interest in the implementation activities and supported PMU on several critical occasions, such as promoting negotiation of financial mechanisms with DAMU Fund, selection pilot sites and developing and approval NAMAs. One of the major concern of the evaluator relates to the issue that the Project team should consider endless re-establishing effective working relations with NPD, MID, Local Akimats and other organizations due to very high Government staff rotation.

Table 1. Project Summary of UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan, Kazakhstan”

Table 1. Project Summary of UNDP-supported GEF-financed project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan, Kazakhstan”				
Project Title:	Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan, Kazakhstan			
GEF Project ID:	4670 (PMIS #)		<i>at endorsement (US\$)</i>	<i>at MTR (US\$)</i>
UNDP Project ID:	00091328 (PIMS# 4670) 00082364 (Atlas ID)	GEF financing:	5,930,000	1,558,750
Country:	Kazakhstan	IA/EA own:		
Region:	RBEC/CA	Government (co-financing):	30,893,435	26,695,723.24
		UNDP	60,000	36,960
		Total cash	36,883,435	28,291,433.24
Focal Area:	Climate Change Mitigation (CCM)	Other in-kind:	33,435,659	1,653,887.955
FA Objectives, (OP/SP):	GEF CC Objective 6 “Support Enabling Activities under the Convention” and Objective 4 “Promote energy efficient, low-carbon transport and urban systems”	UNDP in-kind:	1,000,000	300,000
		Total in-kind co-financing:	34,435,659	1,953,887.955
Executing Agency:	Ministry for Investments and Development RK	Total Project Cost:	71,319,094	1,418,580.087
Other Partners involved:	Ministry of National Economy, Local and oblast Akimats. Public and private organizations. DAMU Fund	ProDoc Signature (date project began):		22 April 2015
		(Operational) Closing Date:		30 April 2020

Financial management

The total budget in the Project Document was US\$ 38,412,758, of which US\$ 3,400,000 (8.9%) was grant-aided by GEF⁴⁶ and US\$ 34,837,758 co-financed by city governments and healthcare entities and NGOs (90%). Total project budget and work plan (Section III of the approved Project Document) includes US\$ 38,412,758, of which GEF resources accounts for 3,400,000 US\$ and 75,000 US\$ of UNDP TRAC. The original planned budget is shown in Table 6 below.

Table 7: Annual project budgets as in approved Project Document, 2013-2017, in US\$

<i>Project Outcomes</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Total</i>	<i>% Budget by Outcomes</i>	<i>Total by</i>
Outcome 1: Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)	120,000	80,000	120,000	40,000	40,000	400,000	6,6%	
Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions								
Outcome 2: Put in place the enabling institutional framework to facilitate the implementation of urban mitigation	210,000	140,000	210,000	70,000	70,000	700,000	11,6%	
Component 2: Institutional framework for urban NAMAs								
Outcome 3: New and additional financing for urban NAMAs levered	60,000	1,560,000	1,590,000	60,000	30,000	3,300,000	55%	
Component 3: Financing for urban NAMAs								
Outcome 4: Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication	0	0	700,000	0	0	700,000	11,6%	
Component 4: Implementation of pilot urban NAMA								
Outcome 5 a: GHG emission	110,000	110,000	165,000	110,000	55,000	550,000	9,1%	

⁴⁶ GEF grant for PPG amounted to 77,000 US\$ with matching co-financing of 90,000 US\$ from the government.

<i>Project Outcomes</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Total</i>	<i>% Budget by Outcomes</i>	<i>Total by</i>
reductions of implemented urban NAMAs are systematically monitored, verified and reported								
Outcome 5 b: Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs								
Component 5: Monitoring, verification and knowledge management								
Project	56,000	56,000	56,000	56,000	56,000	280,000	4,6%	
Management								
UNDP PM	12,320	12,320	12,320	12,320	10,720	60,000	1%	
GEF total	556,000	1,946,000	2,841,000	336,000	251,000	5,930,000	98%	
UNDP total	12,320	12,320	12,320	12,320	10,720	60,000	2%	
Total	568320	1958320	2853320	348320	261720	5990000	100%	
% of Total Budget by Year	9,4%	32,6%	47,6%	5,8%	4,3%	100%		

Each year a new annual budget has been prepared for the next year and submitted for approval to the Project Board in the form of Annual Work Plan. These annual budgets as shown in AWP are summarized below in the Table 6. By the end of the Project it does not go beyond the permitted threshold of 10%. The main disbursements were approved in urban NAMAs though enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions, thus in Outcome 1 - the contractual services make up for 94.1%, in the Outcome 5a and 5b – the approved contractual services make up 87%, and expenses in the Outcome 2 – make up 49% and in the Outcome 3 and 4 – approved expenses make up 7% and 5%.

Table 8: Annual project budgets as approved by Project Board, in US\$, 2013-2017

<i>Project Outcomes</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>	<i>% of Total Approved Budget per Outcome</i>
Outcome 1: Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)	33,630	193,935	148,700	-	-	376,265	94,1%
Outcome 2: Put in place	63,515	89,000	193,500	-	-	346,015	49,5%

the enabling institutional framework to facilitate the implementation of urban mitigation							
Outcome 3: New and additional financing for urban NAMAs levered	26,920	75,100	98,600	-	-	200,620	7%
Outcome 4: Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication	0	7,200	23,370	-	-	30,570	5%
Outcome 5 a: GHG emission reductions of implemented urban NAMAs are systematically monitored, verified and reported	31,150	291,800	153,380	-	-	476,330	87%
Outcome 5 b: Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs							
PMU (Outcome 6: Project Management)	59,470	16,000	53,480	-	-	128,950	46%
GEF	214,685	673,035	671,030	-	-	1,558,750	26,2%
UNDP	12,320	12,320	12,320	-	-	36,960	61,6%
Total	227,005	685,355	683,350	-	-	1,595,710	26,6%

Annual budget and disbursements are typical of a normal project cycle, with a lower allocation in the first year while the Project got up to speed in the fourth quarter, establishing the necessary infrastructure, contracting staff and consultants etc., following by years of higher investments (Table 8). Although due to some external and internal factors this trend was not too high. Total project expenditures over the project implementation period, April 2015-December 2017, are US\$1,408,278.52, of which GEF resources account for US\$ 1,371,318.52 and UNDP TRAC resources for US\$36,960. The unspent balance of TRAC resources is US\$20,040. The balance is the savings stemmed from KZT devaluation in 2015 and KZT fluctuation in 2016. The highest amount of disbursement has been done in 2016 – US\$563,206.88 and in 2017 – US\$624,530.00.

Table : Annual project disbursements by Components, 2013-2017

<i>Project Outcomes</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>Total</i>	<i>% of Total Approved Budget</i>

Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions	-	-	63,552.98	129,758.93	156,250.64	349,562.55	87%
Component 2: Institutional framework for urban NAMAs	-	-	35,788.06	64,350.82	160,816.00	260,954.88	37%
Component 3: Financing for urban NAMAs	-	-	28,118.74	82,212.99	62,001.52	172,333.25	5,7%
Component 4: Implementation of pilot urban NAMA	-	-	-	9,635.10	25,003.49	34,638.59	4,9%
Component 5: Monitoring, verification and knowledge management	-	-	21,665.6	250137.07	158,994.63	430,797.3	78%
PMU (Component 6: Project Management)	-	-	59,096.26	14,791.97	48,456.98	122,345.21	43,6%
GEF			208,221.64	550,886.88	612,210.00	1,371,318.52	23,1%
UNDP			12,320.00	12,320.00	12,320.00	36,960	61,6%

The main disbursements were done in procurement area, thus in Component 1- the contractual services make up for 87% for integrated municipal planning, targets and prioritization for urban mitigation actions, in the Outcome 5 – the contractual services for monitoring, verification and knowledge management make up 78%, and expenses in the Outcome 2 – make up 37% for contractual services for institutional framework for urban NAMAs and in project management make up 43.6%.

The project was not a subject for any financial audits since its beginning as project in 2015 and in 2016 did not exceeded its annual expenditures the threshold of US\$600,000. The first financial audit will be conducted in 2018 for 2017 year of project implementation.

Cost effectiveness.

A summary of total disbursements vs. the budgeted costs is provided in Table 9 below. The project is cost-effective and procured best available services and goods by balancing the quality of submitted offers/proposals and financial offers.

Co-financing from the side of Government and private sector delivered in amount of 31,663,901.280USD (43.3%) regardless the fact that some other organizations were not been contributing as planned. Relating to the lack of low-carbon projects by December 1, 2017, co-financing from EBRD, IFC and Grundfos has not yet been raised. The obligation of co-financing

from the Ministry of Energy for the "Development of Action Plans of the National Solid Waste Management Program" in amount of 3,093,435USD is not possible relating to the cancellation of the corresponding state program. The contribution of the Ministry of Investment and Development of RK to the development and approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms of the Subsidy and Guarantee Agreements, the creation of the Institutional Framework for the implementation of projects in the residential sector of buildings, PPP projects, and framework for the creation of mechanisms for supporting energy efficiency was mobilized in amount of 1,415,580USD, which is 11% of the expected co-financing from MID. The project is also considered to be cost-effective because of the allocated budget seems too small for such type of projects with the suggested outcomes considering the size and differences between all 16 (sixteen) regions (oblasts) of the country.

Table 9. Actual disbursement of selected cost items vs. originally budgeted costs.

Cost Item	2015	2016	2017	2018	2019	Total	% of allocated GEF amount	Comments
International consultants	21,555	33,135	24,100	-	-	78,790	21,2%	
Local consultants	12,240	90,000	15,400	-	-	117,640	19,3%	
Contractual services	37,555	302,000	166,450	-	-	506,005	12,4%	
Travel	47,695	68,000	50,300	-	-	165,995	45,9%	
Workshops	16,650	21,000	32,000	-	-	69,650	105%	Small sums were assigned in the ProDoc budget for this item by each component (outcome). Total assigned amount is \$65,950 for whole project duration
Miscellaneous (including Administrative costs)	1,770	19,500	23,700	-	-	44,970	43,8%	
Audio Visual & Print Production	11,900	10,000	3,300	-	-	25,200	155%	Printing and publication costs in the ProDoc are given under other item (account) which is planned to cover the communication s costs among. Total ProDoc amount is

								\$16,500 for the whole project period
Contractual services - Individual	53,946.13	150,179.43	192,514.83	-	-	396,640.39	113%	Due to revision and increase of payroll rate for SC-holders from July 2015
Equipment and Furniture	8,930	0	80	-	-	9,010	133%	Small sums were assigned in the ProDoc budget for this item. Total assigned amount is \$3,000 for whole project duration.

In terms of consultancy costs, the project has disbursed 78,790USD for international consultants (or 21.2% of originally budgeted resources) and 117,640USD for local consultants, (or 19.3% of originally budgeted resources) to implement component related activities. Other important project costs include contractual services (12.4%) and travel (45.9%). The Evaluator observed no discrepancies except the funds that the project provided for Audio Visual and Print Production (155%), Equipment and Furniture (133%), Individual Contractual services (113%) and Workshops (105%).

Mainstreaming UNDP priorities:

Throughout its duration the project conducted a significant amount of capacity building. Gender aspects are well observed by the project during public information campaigns, workshops, round tables, meeting, etc., which helps to better shape messages for intended audience. The project involved from 36-47% females in their capacity building and awareness raising events and enhanced herewith women’s empowerment in low carbon urban development in 2015-2017.

However, there are no specific activities planned in the project design to address gender issues, and other developmental goals such as women’s empowerment, income generation and improved governance although the development challenge of the most climate change implications have gender-related dimensions. For example, because the average household in Kazakhstan is usually served by a woman, who is often responsible for the daily home works and using electricity, heating, managing home wastes the Project must consider women a major target group on energy efficient promotion and education. Main beneficiaries of secondary schools and hospitals include teachers (and women make 90% of teacher’s staff), children and medical personnel. Improved energy efficiency in the buildings will create safer environment, which would be welcome by women especially. Furthermore, it is important to note mandatory Annex on Gender Mainstreaming Analysis and Action Plan for the GEF projects and the future capacity building and outreach activities should be designed with a special eye toward both gender equity and responsiveness to gender-specific issues.

Income Generation:

Spending less due to introduction low carbon technologies will have beneficial impact on middle size and small businesses, especially in the industries where energy efficiency, lighting, waste management heat and hot water supply is intensively used.

The Evaluator recommends that the project team will pay special attention on gender disaggregated data analyses through the project activities until the end of the project life span and reflects on these issues when developing evaluation/lessons learnt reports by end of the Project.

Risk Management

The project document identified potential project risks, assessed the risk and specified risk mitigation strategy. The Inception Report has an updated Risk assessment and mitigation strategy, whereby certain risks, identified earlier were proposed to be removed.

4.4 PROJECT RESULTS

GEF Tracking Tool (TT)

As the GEF tracking tool used during development of the ProDoc has been updated in June 2016 the current GEF CC Tracking Tool of GEF/UNDP Nationally Appropriate Mitigation Actions for Low-carbon Urban Development project is used. In the Tables below the Project results are presented and summarized, which are relevant for the indicators set in this GEF Tracking Tool.

Table 10. General Data of the GEF CC Tracking Tool of GEF/UNDP Nationally Appropriate Mitigation Actions for Low-carbon Urban Development project.

Indicators	Implementation Status ⁴⁷	Comments
Is the project consistent with the priorities identified in National Communications, Technology Needs Assessment, or other Enabling Activities under the UNFCCC?	1	The project meets the priorities identified in the national communications on the UNFCCC in terms of policies and measures in the field of housing and communal services.
Is the project linked to carbon finance?	1	The project is aimed at approbation of financial support mechanisms for low carbon projects, which lead to reduction of GHG emissions.
Cumulative cofinancing released (US\$)	30,105,151	The contributions of: a) the Ministry of Investment and Development of the Republic of Kazakhstan in the development and approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms of the Subsidy and Guarantee Agreements; b) Ergonomics LLP in developing technical solutions for writing the concept of bird PPP projects and conducting pre-project surveys of potential urban projects for implementation; c) the MID RK in the creation of an Institutional Framework for the implementation of projects in the residential sector of buildings, in facilitating the introduction of prepared standard PPP projects, as well as in the creation and maintenance of the work of the interdepartmental working group to discuss the

⁴⁷

Yes = 1. No = 0

		institutional framework for the creation of mechanisms for supporting energy efficiency; d) UNDP in the assessment of the possible reduction of GHG emissions in the urban sector (at the national level) and technical design and institutional capacity building for the implementation of the pilot project; e) MNE RK regarding the execution of the state program for the modernization of residential buildings; LLP "EnCom-ST" in the implementation of projects on automation and heat metering in the cities of the country.
Cumulative additional resources mobilized (US\$)	873,612	In addition (outside the designated amounts in the project document), co-financing is shown: a) Astana City Akimat for the execution of the pilot project for the modernization of the urban quarter (replacement of engineering networks and communications); b) Led Systems, Satpayev Vodokanal LLP and KazVesst LLP in developing technical solutions for writing the concept of bird PPP projects and conducting pre-project surveys of potential urban projects for implementation; c) LLP "Corporation Saiman" (Satpayev), "Komek" LLP (Satpayev), "Sapronat" LLP (Petrovsk) in carrying out pre-project surveys of potential urban projects for implementation; d) JSC "Kazakhstan PPP Center" for holding 3 republican planning meetings and the basics of work on PPP mechanisms, e) the Damu Enterprise Development Fund in the development and approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms Contracts of subsidizing and guaranteeing.

Objective 4: The GEF CC Objective 4 “Promote energy efficient, low-carbon transport and urban systems”

Table 11. GEF CC Tracking Tool. Objective 4: Transport and Urban Systems.

Indicators	Implementation Status ⁴⁸	Comments
Sustainable urban initiatives⁴⁹	1/1	In Shymkent, a joint initiative of UNDP and the Akimat of the city of Shymkent - "Building an effective housing management and maintenance system in Shymkent" was implemented. In Akmola oblast, the initiative "Development of low-carbon strategy for the settlement (Arnasay)" was implemented with the participation of the population. Centers of competence for urban sustainability have been established in the cities of Taraz and Shymkent. In Astana, a pilot project was launched on the complex low-carbon modernization of the urban quarter.
Policy and regulatory framework⁵⁰	5/2	Key partners discussed and proposed changes in the preparation and execution of low-carbon projects on the PPP and ESCO mechanism in urban conditions. The amendments to the legislation on trade in GHG emissions for inclusion of city projects in the scheme of trade in quotas were discussed and proposed.

⁴⁸ n/n - at CEO endorsement/at MTR

⁴⁹ Yes = 1, No = 0

⁵⁰ 0: not an objective/component 1: no policy/regulation/strategy in place 2: policy/regulation/strategy discussed and proposed 3: policy/regulation/strategy proposed but not adopted 4: policy/regulation/strategy adopted but not enforced 5: policy/regulation/strategy enforced

Establishment of financial facilities (e.g., credit lines, risk guarantees, revolving funds)⁵¹	5/4	The financial mechanism for supporting low carbon of urban projects (subsidizing the interest rate for loans and guaranteeing) was developed and launched into the testing phase. Projects are planned for execution in 2018.
Capacity Building⁵²	5/3	Trainings and training of target groups: the population and the public on the involvement of urban planning in the process of NIM; business, banks and the Damu Foundation - the use of a mechanism for the financial support of low carbon projects; Akimats of pilot cities - methods of low carbon urban planning. The total audience coverage was about 106 thousand people.
Number of people benefiting from the improved transport and urban systems	180,000/ 1,600	The population of the 5 Apartment house (approximately 1.5 thousand) within the pilot area (quarter) of buildings enjoys an improved heat supply system due to the contribution of Astana Akimat to the modernization of the area (quarter) heating main (energy losses on the way to residential buildings were reduced). Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.
Lifetime direct GHG emissions avoided	370,000 tones CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018
Lifetime direct post-project GHG emissions avoided	275,000 CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.
Lifetime indirect GHG emissions avoided (bottom-up)	1,025,000 CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.
Lifetime indirect GHG emissions avoided (top-down)	5,000,000 CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.

Objective 6: The GEF CC Objective 6 “Support Enabling Activities under the Convention”

Table 12. GEF CC Tracking Tool. Objective 6: Enabling Activities

Indicators	Implementation Status	Comments
Nationally Appropriate Mitigation Actions	15/7	Plans for low-carbon development have been prepared for 7 of the 15 pilot cities: GHG emissions from the urban sector have been assessed, Low carbon development projects have been identified, and the required investments have been estimated.
Does the project include Measurement, Reporting and Verification (MRV) activities?⁵³	1/0	On development stage. The mechanism will be used in parallel with the implementation of projects from 2018.

The evaluator reviewed PIRs 2016 and 2017 and found that they provide concise information on project progress, management, issues, achievements and prove success in reaching multiple stakeholders and potential beneficiaries over the project implementation. PIR for 2016 was rated as

⁵¹ 0: not an objective/component 1: no facility in place 2: facilities discussed and proposed 3: facilities proposed but not operationalized/funded 4: facilities operationalized/funded but have no demand 5: facilities operationalized/funded and have sufficient demand

⁵² 0: not an objective/component 1: no capacity built 2: information disseminated/awareness raised 3: training delivered 4: institutional/human capacity strengthened 5: institutional/human capacity utilized and sustained

⁵³ Yes = 1, No = 0

satisfactory with risk rating changed down from “high” in 2016. PIR for 2017 is awaiting final review of RTA. It is also found by the Evaluator that the template which was generated for the 2017 PIR is based on the ProDoc PRF which was already updated during the Inception and moreover have been already used for 2016 PIR. Therefore, it is required to updated 2017 PIR using the correct template.

4.5 RATING OF THE RESULT INDICATORS

The status of the project objective and outcomes is described and rated in detail in the “Progress Towards Results Matrix and MTR Ratings & Achievement Summary Tables.” of Annex 15. This table rates the progress towards the end-of-project targets for the project objective and each outcome is analysed. The columns “Midterm Target”, and “End-of-project Target” were populated with information from the results framework, scorecards, PIRs and the Project Document. The results of the status of **Midterm targets** of the project towards the **End-of-project targets** are visualized by the following colour system:

Indicator Assessment Key

Green= Achieved	Yellow= Midterm project target is partially achieved or on target to be achieved by end of project	Red= Midterm target of project is not achieved, and end-of-year target is at high risk of not being achieved by the end of the project and needs attention.
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The “Achievement Rating” column is used by the MTR team to assign ratings for the project objective and each outcome, based on the achievement towards the **midterm targets** and **the end-of-projects** the rating is based on the following scale:

Highly Satisfactory (HS)	The objective/outcome is expected to achieve or exceed all its end-of-project targets, without major shortcomings. The progress towards the objective/outcome can be presented as “good practice”.
Satisfactory (S)	The objective/outcome is expected to achieve most of its end-of-project targets, with only minor shortcomings.
Moderately Satisfactory (MS)	The objective/outcome is expected to achieve most of its end-of-project targets but with significant shortcomings.
Moderately Unsatisfactory (MU)	The objective/outcome is expected to achieve its end-of-project targets with major shortcomings.
Unsatisfactory (U)	The objective/outcome is expected not to achieve most of its end-of-project targets.
Highly Unsatisfactory (HU)	The objective/outcome has failed to achieve its midterm targets and is not expected to achieve any of its end-of-project targets.

The following section provides the reasoning on the rating of the objective and outcomes that was provided by the Evaluator, as well as summarizes some project results and facts important for the argumentation of the rating. For the objective and each component, the extent of achievement of the

Midterm targets and delivering outputs is described based on a quantitative and qualitative assessment of the planned End-of-project targets by end of April 2020.

Objective: Support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve voluntary national GHG emission reduction targets.

<u>Indicator 1</u>	Number of Urban NAMA program under development	<u>MS</u>
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In seven pilot cities - Aktobe, Oral, Shymkent, Kostanay, Temirtau, Lisakovsk, Taraz, urban NAMAs have been prepared, which include the goals of reducing greenhouse gases, key activities, projects and the required investments. In the remaining eight cities, all the necessary statistical information was collected for the development of urban NAMAs. By analogy with the previous 7 cities and using the methodology already approved for them in Q2-Q2 2018, NAMAs will be developed for the remaining 8 pilot cities. The project end indicator - 15 pilot NAMAs - will be achieved by the end of the project.

<u>Indicator 2</u>	Value of Urban NAMA projects implemented (USD) = cumulative financing realized	<u>MU</u>
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For 7 cities, NAMAs has been prepared for a total of \$ 42 million. Another 8 cities are expected to prepare NAMAs for about \$ 50 million. Thus, by the end of the project, NAMAs will be prepared with a total cumulative financing of over \$ 90 million. That will be exceeding the indicated indicator in 70 million US dollars. The wording of this indicator does not reflect the amount of the Project's contribution allocated through the financial mechanism of \$ 3,000,000 for NAMA projects in the actual implementation phase in the total amount of expected funds raised for all NAMA projects in the pilot cities. It is recommended that this indicator be clarified by indicating in brackets the amount denoting the contribution of NAMA, being at the implementation stage. Therefore, the recommended revision will be the following: “Value of Urban NAMA under development, (including those under implementation) = cumulative financing realized (USD)”. The midterm- and end of the project targets accordingly will be the following: “20 million USD (including - 3 million USD)” and “70 million USD (including 3 million USD)”.

<u>Indicator 3</u>	Direct lifetime GHG emission reductions from implemented NAMA projects	<u>MU</u>
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Calculations of the results of potential projects showed that for each \$ 1 invested in the project, there will be a reduction in GHG emissions of 0.7 to 1.1 tonnes of CO₂ eq. With the use of the GEF grant funds (in the amount of 3 million US dollars) to subsidize the bank's rate, the supported projects will be able to reduce from 2.1 to 3.3 million tons of CO₂ (3 million USD X 0.7-1.1 = 2,1-3.3 million tons) from the implementation considering the life cycle (10-15 years) of upgraded equipment. Thus, the Project end indicator declared in the project - 370,000 tons - will be exceeded.

<u>Indicator 4</u>	Number of people benefiting from NAMA projects	<u>MS</u>
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The analysis of the first projects submitted to the competition showed that the average number of direct beneficiaries from the implementation of these projects will be approximately 2,000 people per 1 project, indirect beneficiaries (through dissemination of information, etc.) - 5,000 people /1 project.

Considering that approximately 33 projects will be supported during the implementation of the UNDP-GEF project, as well as 1 demonstration complex project on the modernization of the urban buildings with the number of beneficiaries of about 1600 people, the total number of beneficiaries will be: about 238 000 people. Thus, the Project end indicator will be exceeded.

<u>Indicator 5</u>	Establishment of financial facility for NAMAs	<u>MS</u>
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The mechanism for supporting urban NAMAs was developed and launched in the test phase in the 4th quarter of 2017. All documents for the operation of this mechanism have been developed (rules: draft contracts, draft agreements, etc.). Applications for project support began to be received by the project implementation team in December 2017. Thus, the project support mechanism is discussed, developed and launched (indicator b). There is a demand for support of projects: at the end of February 2018, 9 applications for support were received. Thus, indicator e) will be reached by the end of the project⁵⁴.

<u>Indicator 6</u>	New green jobs	<u>MU</u>
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The analysis of potential projects showed that when implementing 1 city project, one or two permanent green jobs are additionally created. Considering that approximately 33 projects will be supported during the implementation of the UNDP-GEF project, as well as 1 demonstration complex project on modernization of the city quarter, more than 65 permanent green jobs will be additionally created directly. Considering that the created green jobs - mostly occupied by technical personnel (engineers, technicians), they will not be subject to reduction.

Two (2) of the Midterm project targets against the main Objective of the project are partially achieved or on target to be achieved by end of project and three (3) of other Objective's indicators of midterm targets are not achieved, and end-of-year target are at high risk of not being achieved by the end of the project and needs attention. Therefore, overall objective rating is MU as the objective is expected to achieve most of its end-of-project targets but with significant shortcomings.

Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
			MU		

Component 1: Integrated municipal planning, targets and prioritization for urban mitigation actions.

Outcome 1: Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)

15 cities have been selected and officially approved by the Project Board in April 2017 as pilots: Taraz, Temirtau, Liassakovsk, Shymkent, Aktobe, Petropavlovsk, Uralsk, Kokshetau, Semey, Stepnogorsk, Kapshagai, Kostanay, Satpaev and the capital city of Astana. Formal partnership agreements/Memorandum of Understanding signed with 7 cities detailing modalities of collaboration, cities' commitments and specific forms of support to be provided by the UNDP-GEF project.

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a): there is no existing fund, b): funds are discussed and proposed c): funds are offered but not working / financed, d): funds are working / financed, but there is no demand, e): funds work / are financed and have sufficient demand.

Indicator 1.1:	Number of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders.	S
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Indicator baseline: 0

Extent of achievement of planned targets:

In 13 pilot cities local coordinators have been appointed and trained to facilitate project activities on the ground. Induction workshop has been organized in 9 pilot cities to present project and discuss with local stakeholders. In addition, in 5 pilot cities educational workshops have been conducted regarding urban NAMA identification and design. Consultant (consortium) has been selected to support pilot cities in preparing/updating their GHG inventories, abatement curves and identification of pilot NAMAs. In seven pilot cities - Aktobe, Uralsk, Shymkent, Kostanay, Temirtau, Lisakovsk, Taraz, urban NAMAs have been prepared that include greenhouse gas reduction goals, key activities, projects and required investments. In the remaining eight cities, all the necessary statistical information was collected for the development of urban NAMAs.

The Midterm target, namely “15 of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders” has been partially met as only 7 Formal Partnership Agreements/Memorandum of Understanding signed. By analogy with the previous 7 cities and using the methodology already approved for them in Q2-Q2 2018, NAMAs will be developed for the remaining 8 pilot cities. Therefore, the end-of- project target, namely another “15 of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders”, is likely to be met.

Indicator 1.2:	Number of municipalities for which urban GHG reduction targets established and officially adopted by Akimats.	S
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Indicator baseline: 0

Extent of achievement of planned targets:

15 municipalities have initiated elaboration of their GHG emission reduction targets. In first 5 pilot cities, Temirtau, Shymkent, Kostanay, Aktobe, Uralsk there was held an GHG inventory by urban sectors and build up investment portfolio what includes:

- the developed proposals on target indicators of municipal GHG reduction and identified priority urban projects with prospective (potential) financing;
- the assessment of financial appeal of identified projects with low carbon content;
- identification of expected benefits for population and environment

For 2 cities, Lissakovsk and Taraz (which are the signatories of Covenant of Mayors-East), an investment portfolio has been actualized, what includes: assessment of expected benefits for population and environment, assessment of capabilities to attract debt financing and cofinancing.

In the first 7 pilot cities for which NAMAs were prepared, the goals of reducing greenhouse gases (GHGs) have been established and discussed in contact working groups under Akimats. GHG reduction goals were proposed at the end of 2017 as indicators in the 3-year urban ecology / energy efficiency plans, which are updated and updated annually. In 2018, for the first 7 cities, the GHG reduction targets will be officially approved with an annual refinement of these plans.

The Midterm target, namely “15 of municipalities for which urban GHG reduction targets established and officially adopted by Akimats” has been partially met as it is awaiting Official resolutions from

Akimats for 7 out of 15 municipalities. The end-of- project target, namely “15 of municipalities for which urban GHG reduction targets established and officially adopted by Akimats”, is likely to be met as on this stage all 15 municipalities have been identified and for the eight remaining cities, the reduction targets will be set in the second quarter of 2018 and sent to the Akimat Contact Working Groups for discussion and introduction to the city's advisory plans.

Rating for Outcome 1: The rating for this Component is Moderately Satisfactory as it is feasible to reach all the end-of-project targets in 2018.

The outcome partially achieved its two midterm targets with some shortcomings. Procurement of consultancy services under Component 1 for development of municipal GHG inventories, baseline and specification of GHG emission reduction targets have been delayed. This is due to under-estimation of the consultancy budget (all received bids significantly exceeded the allocated amount), as well as the lack of experience of the bidders with new e-procurement system introduced by UNDP (some potentially technically qualified bidders were disqualified for not meeting formal application requirements). The tender has been re-advertised twice, but with no positive outcome. It was re-advertised once again, taken into consideration lessons learnt in two previous rounds, and have contracted and planned to receive the results of work from the service provider in the first quarter of 2018.

Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
		<u>MS</u>			

Component 2:. Institutional framework for urban NAMAs

Outcome 2:Put in place the enabling institutional framework to facilitate the implementation of urban mitigation

Project team has discussed in 2015 opportunities for cooperation with existing and planned financial support funds in Kazakhstan, including the Urban Modernization National (UMN) Fund, The World Bank analysing opportunities for implementation of a new Energy Saving Fund, and with other international development banks, including the Eurasian Development Bank (EDB) and European Bank for Reconstruction and Development (EBRD). Participation in the working group of the World Bank has been agreed. Later in 2016 the Project have conducted assessment of national institutions including existed Damu Foundation and finally agreed with Damu Foundation on joint work with national commercial banks and UNDP on creating enabling institutional framework to facilitate the implementation of urban mitigation through subsidies and guaranties.

<u>Indicator 2.1:</u>	Technical assistance delivered according to ToR agreed with each akimat.	<u>MS</u>
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Indicator baseline: 0

Extent of achievement of planned targets:

The Midterm target, namely “Technical assistance delivered according to ToR agreed with 15 akimats” has been partially met as for this date three (3) institutional models for implementation of urban NAMAs identified: public-private partnership, ESCO and leasing. Models presented and discussed with pilot cities and the scope of required technical assistance defined for each specific NAMA depending on the adopted business and financing model. In support of the implementation of

urban projects, documentation was prepared on standard projects on the PPP mechanism, which was sent to Akimats of all 15 pilot cities for application in the work. According to the requests of the akimats of the 7 pilot cities (Uralsk, Temirtau, Satpayev, Petropavlovsk, Astana, Lisakovsk, Shymkent), the project team provides technical assistance in analysing the submitted project ideas for feasibility, financial feasibility, and bank financing. Training course “Planning and designing of investment projects in RK” was developed and delivered to project stakeholders. The training materials were used at inception conferences and the working group meetings in the pilot cities.

In 2018, work will be carried out on technical support of project ideas in the remaining 8 and pilot cities with the assistance of a group of consultants. Thus, all 15 pilot cities will be covered by technical support for the preparation of urban projects. The end-of- project target, namely “Technical assistance delivered according to ToR agreed with 15 akimats”, is likely to be met. Although, there is a risk of rotation of mid-level personnel in the Akimats (energy management, housing and communal services, etc.), which complicates the work on technical support and, in some cases, leads to a change in priorities in the activities of the akimats.

<u>Indicator 2.2:</u>	Bankable project documents prepared.	<u>MS</u>
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Indicator baseline: 0

Extent of achievement of planned targets:

Currently, project ideas have been received, which presuppose bankable projects from 7 pilot regions, which are being analysed by the project team, and are assisted in their finalization for future financial support. The Midterm target, namely “15 bankable project documents prepared” has been partially met as 17 bankable projects ideas identified and the scope of required assistance agreed with project proponents. The projects are in the various stages of development.

The most advanced are:

Two public-private partnership (PPP) projects in Lisakovsk and Temirtau “Setting up automated heat stations in municipal schools and kindergartens”. For both projects preliminary feasibility studies have been undertaken, including financial and economic analysis (pay-back 6 years, IRR 14%). Tender documentation is currently being prepared to initiate selection process for private investor based on PPP model. Both projects included in the official list of projects to be implemented based on PPP model by city authorities.

Project in Shymkent “Modernization of the local heat-only boiler station for heating in the city’s micro districts” has been included in the investment modernization programme for the South-Kazakhstan region. Other identified NAMAs are at concept stage level.

To activate the process of preparation of bankable projects in 2018, work will be carried out on technical support of project ideas with the involvement of a group of consultants. According to the work plan, the remaining 8 pilot regions will be covered by this support. Thus at least 15 bankable projects with the relevant documentation will be prepared by the end of the project. The end-of-project target, namely “15 bankable project documents prepared”, is likely to be met do to good progress as above. It is important to pay attention of the Project management that the indicator is achievable with the activation of small and medium-sized businesses in inactive regions - predominantly small towns, where the energy services sector and the capacity of local staff for the preparation of bankable projects are not yet developed.

<u>Indicator 2.3:</u>	Public service contracts signed / tariffs agreed.	<u>MS</u>
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Indicator baseline: None.

Extent of achievement of planned targets:

The Midterm target, namely "Up to 4 public service contracts signed / tariffs agreed" has been partially met. Three PPP projects are at advanced planning stage. One of them is in the process of signing the contract with the investor. According to the requirements, the incoming projects for the provision of financial support should contain all the documentation, including the draft texts of service contracts and information on tariffs. After their approval, all contracts will be signed. Project approval procedures (especially PPP contracts) are lengthy due to the lack of experience in the regions with state bodies, as well as due to the frequent rotation of staff and the Project should closely monitor it and take preventive possible actions and provide the necessary assistance in discussing/reviewing and reviewing project ideas, where necessary. At least 15 banking projects with the relevant documentation will be signed by the end of the project. The end-of- project target, namely "Up to 15 public service contracts signed / tariffs agreed", is likely to be met.

Rating for Component 2: Component 2 is rated as Moderately Satisfactory (MS) as all the midterm-project targets are partially met.

Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
		<u>MS</u>			

Component 3: Component 3: Financing for urban NAMAs

Outcome 3: New and additional financing for urban NAMAs levered

Financial mechanisms will be implemented on a pilot basis during initial 12-month long phase for which up to 15% of the available GEF resources has been allocated and planned in 2018-2020. Proposed package of policy and financial de-risking instruments to address barriers to private investment in urban low-carbon projects will include: a) Technical assistance to municipalities to identify bankable projects (under Component 1); technical assistance to private sector to structure ESCO agreements based on PPP model (under Component 2), technical assistance to commercial banks to appraise low-carbon investment projects (under Component 3), and financial support to eligible low-carbon investment projects in the form of interest rate subsidy and partial loan guarantee (Component 3).

Indicator 3.1:.	Capitalization of funding mechanisms for urban NAMAs	MU
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Indicator baseline: 0

Extent of achievement of planned targets:

When creating a mechanism for financial support of projects (subsidizing and guaranteeing), a preliminary analysis of business projects and the effectiveness of the use of funds was carried out. Determined that the maximum leverage will be 15 times from the GEF grant invested, i.e... 45 million US dollars (3 million (GEF funds) X 15 times = 45 million US dollars).

Thus, the established mechanism for financial support of projects (subsidizing the bank rate, guaranteeing for a loan) will ensure co-financing projects from commercial banks and the private sector in the amount of up to \$ 45 million by the end of the project.

Also, the official financial partner of UNDP - the "Damu" Foundation in 2018 will ensure attraction of funds of the European Investment Bank for 200 million Euros to provide the banking sector with financial resources to finance "green" projects, including projects in the urban sector. The "Damu"

Foundation considers the UNDP-GEF project as an image project for itself and, with its successful execution, expects to attract more significant funds to the "green" projects, having gained experience.

The Midterm target, namely “10 million capitalization of funding mechanisms for urban NAMAs” has not been met as financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the Damu Entrepreneurship Development Fund of Kazakhstan has been designed and approved by the Project Board in April 2017. It was not enough time due to the lack of ready bankable projects, and with the fact that financing of low carbon projects in the city economy is a new product for the banking sector. Previously, such projects were financed exclusively through budget investments or from international donors. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, Financial Partner and UNDP. Financial mechanism formally launched in 4th QR 2017. The end-of- project target, namely “44 million capitalization of funding mechanisms for urban NAMAs”, is likely to be met. In the current version of this indicator it is not clear what volume of financing is provided to urban projects from the NAMA Pilot Fund in the total amount of capitalization. It is recommended to clarify this indicator, indicating in parentheses the amount that indicates the amount of financing that will be provided to urban projects from the NAMA Pilot Fund. Therefore, the recommended revision will be the following: “Capitalization of funding mechanisms for urban NAMAs (including financing provided to urban NAMA projects from Pilot NAMA fund. USD)”. The midterm- and end of the project targets accordingly will be the following: “10 million USD (2 million USD)” and “44 million USD (8 million USD)”.

Indicator 3.2:	Diversification strategy developed	MU
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Indicator baseline: None

Extent of achievement of planned targets:

The Midterm target was not set and therefore it was not applicable for MTR. In accordance with the Concept of the Ministry of Investment and Development (MIR) on the development of energy efficiency financing instruments in the Republic of Kazakhstan prepared with the participation of the UNDP project in 2016, a developed and tested mechanism to support low-carbon city projects is planned to be included in the Government's Program Document on completing the Business Support Program for the period after 2020). Thus, the working capacity of the created mechanism will be ensured through the appropriate strategy for continuing to support low-carbon city projects. Due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 3.3. “Public service contracts signed/tariffs agreed” it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. It is recommended to consider the project extension for at least 12 months due to the tight remained time until the end of project comparing within initially planned time frame for achieving this target. Also achieving the indicator is possible with sufficient information interventions from the project side for key decision-makers and project partners. This is can be a subject for discussion with RTA and UNDP/GEF in April 2018 during the planned substantial revision.

Rating for Component 3:

Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
			MU		

Component 4: Implementation of pilot urban NAMA

Outcome 4: Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication

In line with established criteria for selection of pilot urban NAMA, call for proposals have been conducted and 6 applications received from the following six (6) cities: Aktobe, Astana, Kapshagay, Kostanay, Semey and Taraz.

Indicator 4.1:.	Direct annual GHG emission reductions from pilot urban mitigation action	MU
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Indicator baseline: 0

Extent of achievement of planned targets:

The Midterm target, namely “950 t CO₂ of direct annual GHG emission reductions from pilot urban mitigation action” has not been met. On this stage the six (6) applications have been assessed for compliance with established criteria: only 3 projects were found in compliance:

- Aktobe: Improving energy efficiency in the new city district Nur-Aktobe (new)
- Astana Energy efficiency improvement in two city districts (1970s)
- Semey EE modernization of Youth district (1980s)

Further detailed assessment of received applications have been conducted to identify project with highest potential for successful demonstration and replication. Astana Pilot has been recommended for selection and Project Board was approved selection of pilot NAMA in Astana. Preliminary calculations of the energy saving potential from the selected pilot urban quarter in Astana showed that the reduction of greenhouse gas emissions will be at least 5,000 t CO₂ for the life cycle of the project (10 years). The Master plan for technical and organizational activities in the pilot buildings and an in-depth assessment of the reduction potential have now been launched, which will be ready by April 2018.

The end-of- project target, namely “4,750 t/co₂ of direct annual GHG emission reductions from pilot urban mitigation action” is likely to be met with some shortcomings. Although due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 4.1 “Pilot urban NAMA project implemented” it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. It is recommended to consider the project extension for at least 12 months due to the tight remained time until the end of project comparing within initially planned time frame for achieving this target. The indicator is achievable in the complex implementation of a pilot project for the thermos-modernization of selected pilot buildings (thermal insulation of facades, roofs, cellars of buildings, introduction of automation and dispatching of heating and hot water systems). This is can be a subject for discussion with RTA and UNDP/GEF in April 2018 during the planned substantial revision.

Rating for Component 4:

Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
			MU		

Component 5: Monitoring, verification and knowledge management

Outcome 5a: GHG emission reductions of implemented urban NAMAs are systematically monitored, verified and reported

Indicator 5a.1:	NAMA MRV process allows certified emission reduction	MS
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	credits to be imported into the domestic Emission Trading Scheme	
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Indicator baseline: 0

Extent of achievement of planned targets:

After two years (since January 2018) the moratorium the work of the greenhouse gas emissions trading system in Kazakhstan was resumed. The project conducted consultations with several large participants of the system of trade in quotas in pilot cities and fixed interest in the system of domestic emissions trading (within one city). The first offers for the sale of quotas will be made to Temirtau, Astana and Shymkent in Q2-Q2 2018. The project will pay for services for verification of the volume of emissions offered for reduction. Analysis of legal and regulatory framework for national ETS in Kazakhstan has been conducted to identify gaps and opportunities for inclusion urban GHG emission reduction projects in the scope of “eligible” activities under ETS. Corresponding package of regulatory documents is currently being developed by local experts.

The Midterm target was not set and therefore it is not applicable and the end-of- project target, namely – “1 emission reduction purchase agreement signed”, is likely to be met under condition of close cooperation with the project team, the Ministry of Energy, the Akimat of the pilot region (at the project site) and the operator for emissions trading.

<u>Indicator 5a.2:</u>	MRV system for urban emissions set up and operational in cities.	MU
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Indicator baseline: 0

Extent of achievement of planned targets:

The development of MRV for urban emissions has been started, the system of which will be completed by the time of the start of the first projects - in the 2nd quarter of 2018. The system will be developed in the form of software and offered to all pilot akimats, for which in 2018 necessary trainings will be held in all the pilot cities of the project. The Midterm target, namely “MRV system for urban emissions set up and operational in 4 cities” has not been met. At the same time relevant international standards and practices for urban MRV have been reviewed and their appropriateness for application in the context of Kazakh cities assessed. International standard “ISO 37120:2014” which defines and establishes methodologies for a set of indicators to steer and measure the performance of city services and quality of life, has been selected and recommendations for its adoption in Kazakhstan has been made to the Government. ISO 37120:2014 is applicable to any city, municipality or local government that undertakes to measure its performance in a comparable and verifiable manner, irrespective of size and location. The end-of- project target, namely “MRV system for urban emissions set up and operational in 15 cities”, is likely to be met with some shortcomings. It is important to pay attention that due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 5.4 “National database for urban inventories and registry for NAMAs operational at MEWR” it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. It is recommended to consider the project extension for at least 12 months due to the tight remained time until the end of project comparing within initially planned time frame for achieving this target. The indicator is achievable if the akimats are interested in approving the MRV system in the urban economy of the pilot cities. The project team should focus on the evidence base of the benefits derived from the implementation of the MRV system in the pilot cities.

This is can be a subject for discussion with RTA and UNDP/GEF in April 2018 during the planned substantial revision.

Outcome 5b: Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs

Indicator 5b.1	Awareness index based on questionnaire	MU
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Indicator Baseline: Awareness index, & baseline established through survey of cities & towns.

Extent of achievement of planned targets:

Awareness is realized in the project in three areas: a) awareness for the business regarding the possibilities of supporting urban green projects, b) awareness for energy users regarding the possibilities of attracting investments in energy efficiency of facilities (buildings, structures, etc.), c) awareness of the akimats regarding the establishment conditions and assistance to business and energy users for implementing energy efficiency projects.

The Midterm target, namely “Awareness Index increased by 50%” has not been met. From July to September 2016 the Project has conducted a survey to estimate baseline level on awareness of key urban stakeholders in 15 pilot cities regarding low-carbon development. The base line was not established earlier during the inception phase because the selection of 15 pilot cities was not completed by that time.

The following results have been received:

Overall awareness index is 5.5 (out of maximum 10) as far as awareness of targeted stakeholders about urban development and local planning. As far as low-carbon urban development, baseline awareness index is much lower: 1.5 (out of 10). Other important baseline indicators:

- only 50% of pilot cities have incorporated the elements of “sustainable development” in the scope of their development plans;
- only 13% have established specific targets and indicators to measure their level of «sustainability».

In addition, the following results have been achieved to improve general level of awareness and understanding regarding low-carbon development among citizens and city stakeholders:

Mobile application has been developed to estimate urban carbon footprint and presented during Global Expo 2017 Astana - Future Energy; application is available through Apple Store and Google Play.

More than 20 of educational and awareness raising materials, including quarterly bulletin “Sustainable Cities: energy, transport, waste” have been published and disseminated

Media-training has been organized to build capacity of local medias in sustainable urban development More than 5 of high-profile advocacy event about urban sustainability and UNDP-GEF project has been conducted in the framework of Astana Economic Forum and Global Expo Astana 2017.

Before April 2018 the second survey will be completed, and the result will be used to check the tendency of population’s awareness about low-carbon development. Therefore, the end-of- project target, namely “Awareness index doubled”, is likely to be met as by the end of the project all major target groups will be covered by awareness-raising activities. The awareness index will be doubled.

Rating for Component 5

Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
			MU		

Project implementation and adaptive management.

Project implementation and adaptive management of the Project is rated as S on the basis that Implementing and Executing agencies have worked well together, serviced by a very competent PIU

that has established effective working relations with key partners and more widely at 11 Oblasts and selected 15 cities. The Project team has been persistent in working with the Government, schools, hospitals, private sector and NGOs that resulted in a high percentage of involved relevant stakeholders, despite the challenges.

In the following the implementation and adoptive management of the project is evaluated. The reviewed objectives “management, work planning, financing and project monitoring and evaluation” are analysed and rated.

Adaptive management needs to be effectively implemented on a regular basis whenever needed and implementation of the project should be in the most cost-effective possible way until April 2018. In April 2018 it would be recommendable to conduct substantial revision based on progress in different Components to select one of the following strategy to be revised and used: (i) If some savings will materialize and number of pilots will be enough, then it suggests transferring the funds to the Outcome 3 or 4 as an additional support for the financial mechanism so that additional funding for project implementation could be leveraged. (ii) If the projects will be low quality and too few, then reallocate more funding for Outcome 1 and 5 for improving project quality and rising awareness.

Table 13. Rating summary of project implementation and adoptive management review

Review Objectives	Ratings for Project Implementation & Adaptive Management
Management Arrangements	S
Work planning	MS
Finance and co-finance	S
Project-level monitoring and evaluation systems	S
Reporting	S
Communications	MS

A summary of the rating results Project Implementation & Adaptive Management is applied in the Annex 15 and summarized in table below:

Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
	S				

Rating for Sustainability Criteria.

Four (4) factors of sustainability (Institutional Framework and Governance; Financial; Environmental and Socio-Political Sustainability) are analysed as well as rated⁵⁵.

Sustainability factors seem “moderately likely” to be in place before the project will be completed and requiring a need for more focus on a strategy on reducing risks of project dependence on UNDP GEF technical support. This work can be continued within the remained time until end of the Project in April 2020.

NAMA projects have a wide range of impacts on sustainable development. The below Figure 2 illustrates these complex relations and an example of sustainable development indicators.

⁵⁵ The ratings used for sustainability aspects of the project are the following: Highly Likely (HL); Likely (L); Moderately Likely (ML); Moderately Unlikely (MU); Unlikely (U); Highly Unlikely (HU).

However, the complexity of specific NAMA projects that can be realistically implemented, depend heavily on the specific terms of financing available. In case of investment into NAMA projects it will depend strongly on commercial financing, and due to current financial risks and restrictions, only low-risk projects with very short payback (of one or two years maximum), and very high IRR, will be bankable. Typically, such “simple technology” projects may include some highly cost-effective energy efficiency measures like for example installation of heat regulation and efficient water pumps in district heating and water utilities. More “complex projects” that would include combination of different technologies with higher payback and lower cost-effectiveness, or even infrastructure development projects without direct financial payback to the investor, would require higher co-financing from public budgets. Availability of such public funding is at risk at current situation.



Figure 2: Example of sustainable urban indicators and scheme of interactions

More details on the rating system of different factors of the Sustainability Criteria are the following:

Institutional framework and Governance risks and sustainability.

The sustainability of the project activities and results of this factor is “moderately likely” to be achieved before the project will be completed.

Financial risks and sustainability.

The main financial risks of sustainability (“moderately likely”) are related to financial capacities of regional and local authorities (Akimats), to lack of finance resources and also to success of the proposed financial mechanism with MID and Damu. The complexity of specific NAMA projects that can be realistically implemented, depend heavily on the specific terms of financing available. In case of investment into NAMA projects it will depend strongly on commercial financing, and due to

current financial risks and restrictions, only low-risk projects with very short payback (of one or two years maximum), and very high IRR, will be bankable. Typically, such “simple technology” projects may include some highly cost-effective energy efficiency measures like for example installation of heat regulation and efficient water pumps in district heating and water utilities. More “complex projects” that would include combination of different technologies with higher payback and lower cost-effectiveness, or even infrastructure development projects without direct financial payback to the investor, would require higher co-financing from public budgets. Availability of such public funding is at risk at current situation.

Environmental risks and sustainability.

The environmental risk to sustainability regarding the activities of this Project can be considered when the NAMA projects will be developed and implemented before the end of the project. Up to now the environmental risk has been lowered by raising awareness.

Social-economic risks and sustainability.

To summarize, while the fact that the big share of project activities is at the policy and capacity building level is a supportive factor for the sustainability prospects, but there is a room for the substantial improvement of the environmental sustainability of various activities started by the Project. The sustainability of the project activities and results of this aspect is “moderately likely” to be achieved. The more complex projects, the more complex impact on sustainable development they might have, and more complex indicators would be useful to use. And vice versa: “simple technology” projects will have less complex impact, and thus also less complex sustainable development indicators will be needed.

The same applies also for the sustainable development goals. NAMA projects are not technology, neither industry specific, and the technology of the NAMA projects will be identified in Component 1, based on municipal development priorities and terms of financing available. As suggested during the Inception report the project team should specify the sustainability goals after the technology of NAMA projects will be identified⁵⁶.

Sustainability goals and specific NAMA project indicators will include as a minimum:

- Energy saved (annual and lifecycle);
- GHG savings (annual and lifecycle);
- Green jobs created (short-term and long-term);
- Net green jobs created considering potential reduction of traditional jobs (for example reduced repairs by installation of new equipment).

Other specific NAMA project sustainability priorities/goals/indicators may include quality of life indicators:

Financially sustainable city

- Financial impact/affordability – annual net energy service cost savings.

Comfortable city

- Reliability of urban services – reduced energy supply interruptions due to unplanned repairs;

⁵⁶ Project Inception Report of UNDP/GEF Project. Nationally Appropriate Mitigation Actions for Low-Carbon Urban Development, Kazakhstan “Low Carbon Urban Development – Sustainable Cities” by Jiří Zeman, International Consultant – Technical Advisor, January 2016.

- Quality of life – improved quality of urban services provided (improved quality of heat supply/heat comfort – reduced over- and under-heating, reduced number of complaints).

City of knowledge

- Improved knowledge of service providers – number of local professionals trained in and inhabitants informed about operation of new sustainable technologies.

City of active inhabitants

- Number of local population involved in municipal planning, NAMA project implementation, including end-users if applicable.

A clear Exit Strategy needs to be developed before the project will be completed so that the mechanisms and structures are discussed with key stakeholders and created during the project implementation to guarantee in the end the funding sustainability.

Likely (L)	Moderately Likely (ML)	Moderately Unlikely (MU)	Unlikely (U)
	ML		

4.6 PROJECT IMPACT AND BENEFITS

Regardless all the mentioned internal and external barriers and delays the Project deserves credit for negotiation and design of the Financial Mechanism and delivering relevant outputs as for below Table 5:

Table 14. Delivery of project outputs from 2015-2020⁵⁷.

	04/2015	2016	2017	2018	2019	04/2020
Outcome 1						
Output 1.1: Urban GHG inventory and baseline specified			7 cities	15 cities		
Output 1.2: Municipal low-carbon development goals and priorities identified			7 cities	15 cities		
Output 1.3: Potential low-carbon projects identified, cost-benefits and GHG emission reductions screened						
Output 1.4: Priority low-carbon projects identified for financing and implementation, and project fact-sheets prepared						
Output 1.5: Municipal GHG emission reduction targets developed and action plans/priority projects with potential financing specified and agreed with municipalities			7 cities	15 cities Targets adopted		
Outcome 2						
Output 2.1. Institutional structures developed to facilitate fifteen investments						
Output 2.2. Bankable project documentation for the emission reduction projects prepared based on urban NAMAs						
Output 2.3. Public service contracts signed/tariffs agreed						

⁵⁷

See also Annex 15.

Outcome 3						
Output 3.1 Performance based financing mechanism for urban NAMAs established (Investment)						
Output 3.2 Pilot NAMA fund established, managed and evaluated (TA to support 3.1)						
Output 3.3 Financing for pilot NAMA project facilitated (TA to support 3.1)						
Output 3.4 Funding diversification strategy and mechanisms to leverage additional financing developed						
Outcome 4						
Output 4.1 Pilot urban NAMA project implemented						
Outcome 5a						
Output 5.1. National MRV guidelines and standard methodologies for urban NAMAs developed						
Output 5.2. Rules and procedures for certification of emission reduction credits from NAMAs and import into domestic ETS developed						
Output 5.3. Emission reduction purchase agreement signed between domestic entities under ETS and municipality						
Output 5.4. National database for urban inventories and registry for NAMAs operational at MEWR						
Outcome 5b						
Output 5.5. Knowledge resources and lessons learned from the pilot urban NAMAs disseminated						

4.7 OVERALL RATING OF PROJECT ACHIEVEMENTS

So, to summarize most of the **midterm-project targets** for the Indicators against and the Project impact (above section 4.5 Rating of The Result Indicators and section 4.6 Project Impact and Benefits) it can be concluded that the main Objective of the Project were partially met, with some shortcomings and some did not meet. Therefore, an overall rating for extent of attainment of planned Objective is MS (Moderately Satisfactory)⁵⁸.

Table 3. MTR Ratings & Achievement Summary Table for (UNDP-supported GEF-financed Full-Sized Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670).

Measure	MTR Rating	Achievement Description
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Annex 15: Progress Towards Results Matrix and MTR Ratings & Achievement Summary Tables.

Project Strategy	<i>N/A</i>	The choice of the five (5) Project Components was, and are still very relevant although seems ambitious, and the choice of the planned outputs/strategies is overall relevant as it was showed by the experience during the past 2.5 years of the Project implementation, as well as by the interviews with key Government and Private sector stakeholders conducted in the framework of the current MTE. The initial project design, including the definition of these Components, remained largely unchanged between the PIF and of the Project preparatory and Inception stages. Similarly, during project implementation until its midterm evaluation in January 2018, the structure and components of the project proved to be enduringly relevant and well aligned with real needs.
Progress Towards Results⁵⁹	Objective Achievement Rating: <i>MU</i>	Two (2) of the Midterm project targets against the main Objective of the project are partially achieved or on target to be achieved by end of project and three (3) of other Objective's indicators of midterm targets are not achieved, and end-of-year target are at high risk of not being achieved by the end of the project and needs attention. Therefore, overall objective rating is MU as the objective is expected to achieve most of its end-of-project targets but with significant shortcomings. But there is a room for certain corrective actions and efficient work planning for the remaining time. Implementing and Executing agencies have worked well together, serviced by a very competent PIU that has established effective working relations with key partners and more widely at 11 oblasts (provinces) and 15 cities. The Project team has been persistent in working with the Government, houses owners, schools, hospitals, private sector and NGOs that resulted with involvement into the Project activities of a high percentage of relevant stakeholders, despite the challenges.
	Outcome 1 Achievement Rating: <i>MS</i>	The outcome partially achieved its two midterm targets with some shortcomings. Procurement of consultancy services under Component 1 for development of municipal GHG inventories, baseline and specification of GHG emission reduction targets have been delayed. This is due to a) under-estimation of the consultancy budget (all received bids significantly exceeded the allocated amount), as well as the lack of experience of the bidders with new e-procurement system introduced by UNDP (some potentially technically qualified bidders were disqualified for not meeting formal application requirements). The tender has been re-advertised twice, but with no positive outcome. It was re-advertised once again, taken into consideration lessons learnt in two previous rounds. The company has been contracted and the results of work from the service provider has been received in 7 cities. For the rest 8 cities the results are expected to receive in the second quarter of 2018.
	Outcome 2 Achievement Rating: <i>MS</i>	The Midterm target, namely “15 bankable project documents prepared” has been partially met as 17 bankable projects ideas identified and the scope of required assistance agreed with project proponents. The projects are in the various stages of development. Based on the developed five standard PPP project concepts, projects are being prepared in 15 pilot regions, which will be submitted as applications for financial support from the UNDP-GEF project. As of the end of March, we have information on five projects being prepared in different regions. But the procedures for the mutual coordination and approval of PPP projects by different responsible structures in Kazakhstan are lengthy, and therefore there is a risk of delaying the start of financing of such projects. The Midterm target, namely “Up to 4 public service contracts signed / tariffs agreed” has been partially met. Three PPP projects are at advanced planning stage. One of them is in the process of signing the contract with the investor. The end-of- project target, namely “Up to 15 public service contracts signed / tariffs agreed”, is likely to be met.

⁵⁹ Using a six-point rating scale: 6: Highly Satisfactory (HS), 5: Satisfactory (S), 4: Marginally Satisfactory (MS) , 3: Marginally Unsatisfactory (MU), 2: Unsatisfactory (U) and 1: Highly Unsatisfactory (HU)

	Outcome 3 Achievement Rating: MU	The Midterm target, namely “10 million capitalization of funding mechanisms for urban NAMAs” has not been met. Although Financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the Damu Entrepreneurship Development Fund of Kazakhstan has been designed and approved by the Project Board in April 2017. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, financial partner and UNDP. Financial mechanism formally launched in 4rd QR 2017.
	Outcome 4 Achievement Rating: MU	Due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 4.1 “Pilot urban NAMA project implemented” it seems that end-of-year target is at high risk of not being delivered by the end of the project and it is requiring of the Project management close attention.
	Outcome 5a Achievement Rating: MU	Analysis of legal and regulatory framework for national ETS in Kazakhstan has been conducted to identify gaps and opportunities for inclusion urban GHG emission reduction projects in the scope of “eligible” activities under ETS. Corresponding package of regulatory documents is currently being developed by local experts. Implementation of Kazakhstan national ETS has been postponed until January 2018 for two years since January 2016. The Midterm target was not set and therefore it is not applicable and the end-of-project target, namely – “1 emission reduction purchase agreement signed”, is likely to be met although its success relates to implementation of Component 3. A mechanism for certification and subsequent sale of reduced amounts of greenhouse gases will be tested on one of the supported low-carbon City Projects in 2018, considering the legislation in force in the Republic of Kazakhstan on the sale of emission quotas.
	Outcome 5b Achievement Rating: MU	The Midterm target, namely “Awareness Index increased by 50%” has not been met. From July to September 2016 the Project has conducted a survey to estimate baseline level on awareness of key urban stakeholders in 15 pilot cities regarding low-carbon development. The base line was not established earlier during the inception phase because the selection of 15 pilot cities was not completed by that time. There was a large variety of the activities related to public awareness raising and training. The Project created awareness and capacity on NAMA and low carbon development issues of more than 118,000 project beneficiaries. This includes 3,000 people participated in project’s seminars and workshops in addition to 115,000 people covered by social media and radio broadcasting.
Project Implementation & Adaptive Management⁶⁰	S	Project implementation and adaptive management of the Project is rated as S on the basis that Implementing and Executing agencies have worked well together, serviced by a very competent PIU that has established effective working relations with key partners at the levels of Central Government, Oblasts and selected small cities. The Project team has been persistent in working with the akimats, schools, hospitals, private sector and NGOs that resulted to a high percentage of involved relevant stakeholders, despite the challenges.
Sustainability⁶¹	ML	While the fact that the lion share of project activities will rely on the establishment of a sustainable is at financial support mechanism which will be a critical introduction level which is a supportive factor for the sustainability prospects of the project, at the same time but there is a room for the substantial improvement of the sustainability prospects while testing the financial mechanism for selected pilot projects on the following stages of the Project. After the inception phase the project management has involved international CTA who has very reach experience with financial mechanisms.

⁶⁰ Using a six-point rating scale: 6: Highly Satisfactory (HS), 5: Satisfactory (S), 4: Marginally Satisfactory (MS), 3: Marginally Unsatisfactory (MU), 2: Unsatisfactory (U) and 1: Highly Unsatisfactory (HU)

⁶¹ Using a four-point rating scale: Likely (L); Moderately Likely (ML); Moderately Unlikely (MU); Unlikely (U)

5 CONCLUSIONS AND RECOMMENDATIONS

The following Findings and Conclusions are presented in the MTR report:

1. The UNDP-supported GEF-financed Full-Sized Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670)) has been implemented with some delays and nevertheless it’s expected to be closed in due time scheduled for 30 April 2020. UNDP made a great effort by assigning the office staff and financial resources to support the Project implementation from 2015-2017. The total disbursement rate of all resources as of December 2017⁶² is 44.39%. The Total Project budget and work plan includes 71,319,094USD, of which GEF resources accounts for 5,930,000USD (8.3%), 1,060,000US of UNDP TRAC (1.49%) and US\$ 30,893,435 USD (43.3%) co-financed by Government of RK, and 33,435,659USD (46.88%) from other sources such as IFC, EBRD, and private companies.
2. The main disbursements were done in procurement area, thus in Component 1- the contractual services make up for 87% for integrated municipal planning, targets and prioritization for urban mitigation actions, in the Outcome 5 – the contractual services for monitoring, verification and knowledge management make up 78%, and expenses in the Outcome 2 – make up 37% for contractual services for institutional framework for urban NAMAs and in project management make up 43.6%.
3. Based on the evidence available (mission reports, purchase orders, descriptions of training events) the Evaluator concludes that the outputs have been partially delivered and 26.2% disbursements of GEF grant and 61.6% of UNDP co-financing and 30% of UNDP in-kind disbursements is reached by December 2017.
4. Co-financing from the side of Government and private sector delivered in amount of 31,663,901.280USD (43.3%) regardless the fact that some other organizations were not been contributing as planned. Relating to the lack of low-carbon projects by December 1, 2017, co-financing from EBRD, IFC and Grundfos has not yet been raised. The obligation of co-financing from the Ministry of Energy for the "Development of Action Plans of the National Solid Waste Management Program" in amount of 3,093,435USD is not possible due to the cancellation of the corresponding state program. The contribution of the Ministry of Investment and Development of RK to the development and approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms of the Subsidy and Guarantee Agreements, the creation of the Institutional Framework for the implementation of projects in the residential sector of buildings, PPP projects, and framework for the creation of mechanisms for supporting energy efficiency was mobilized in amount of 1,415,580USD, which is 11% of the expected co-financing from MID.
5. The Stakeholders Analysis section of the ProDoc had highlighted that the Center for Utilities Modernization and Development under the Ministry of National Economy (MNE) was established as the principal body in charge of the implementation of Household Public Utilities (HPU) Modernization Program (NMP) and the designated entity for operation and management of the HPU Modernization Fund. Therefore, the MNE and its Center was suggested by project developers as a critical player in directing HPUMP funding to priority climate change mitigation actions in cities and to ensuring that the public funding can serve to catalyze investment from the private sector.

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CDR (Combined Delivery Report) for the project 2017 delivery will be submitted in February 2018.

Unfortunately, these expectations did not come true later in the implementation of the project. The additional examination and evaluation of the HPU Modernization Fund carried out by the Project in 2015 showed a completely different picture. Problems were revealed with a low reputation of the HPU Modernization Fund, it did not have the means for capitalization and moreover the HPU Modernization Fund did not have the status of a financial institution and was not developed a financial mechanism for funding. At the same time, the designers of the project did not include the Damu Entrepreneurship Development Fund of Kazakhstan as a possible partner, which already existed since 2010, and now it has become the most important partner of the project to establish GEF-supported UNDP-implemented Municipal Energy Efficiency Investment Support Facility in RK (Facility) and to introduce a financial mechanism for subsidizing and guaranteeing the contributions of small and medium-sized business projects on energy efficiency, creating a content base for projects of NAMA in Kazakhstan. The experience of this additional evaluation of the HPU Modernization Fund and the identification of all problems associated with it on the one hand demonstrates a good example of adaptive management and successful work of the project manager, but on the other hand it shows that it is necessary to assess partners in the project design stage in more detail and meticulously, to prevent all possible risks.

6. This Project is innovative both in its scope and scale: it is not industry specific project, but it covers all urban sectors, and it is focused on mobilizing private/commercial financing. Because of this innovative nature, and because of rapidly changing conditions in Kazakhstan, there were arising number of challenges and issues, that were not fully recognized at midterm phase. Because a financial management and mechanism of funds disbursements under Facility had to be guided by UNDP financial rules and regulations and the NIM Guidelines the process of selection of reliable and reputable national financial institution took a long time from November 2016 to August 2017. In addition in order to assess national financial institution operational capacities and compliance with required fiduciary standards for implementation of the GEF-supported Facility, UNDP initiated the Harmonized Assessment for Cash Transfer (HACT) in January 2017 and based on positive results of the HACT and similar agreements implemented earlier under UNDP-GEF NIM projects in Kazakhstan (biodiversity and climate change mitigation) UNDP approved the Damu Entrepreneurship Development Fund of Kazakhstan as the Financial Partner for the Project in May 2017. Regardless of these a financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the Damu Entrepreneurship Development Fund of Kazakhstan has been designed after the intensive consultation process with private and banking sectors and finally approved by the Project Board in April 2017. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, Financial Partner and UNDP. Financial mechanism formally launched in 4rd QR 2017.
7. The slow implementation of Component 4 was observed through unexpected changes of the already preselected place for the pilot project in Prigorodnoye. Although the pilot project in Prigorodnoye has been already analyzed and prepared under a separate UNDP project funded by the Government of RK, the pilot was not ready for financing and implementation for several reasons, including technical, financial and institutional. The pilot project was designed to implement additional energy savings measures in an apartment building in Prigorodnoye – in addition to heating energy efficiency retrofit planned to be financed from the public budget. However, the new local administration was not ready to implement the project because of uncertainty in heating options in that

location in the future due to lack of development plans, lack of coordination with new private developers, due to public budget cuts and lack of public funding available, newly identified risk of flooding of the basement in the housing estate and a risk of project cost increase, and generally because of a lack of willingness to implement the project. The process of finding new place required additional work on negotiating and determination the new pilot areas and conducting long consultation processes with direct beneficiaries (household owners), local governments and key partners as well as developing and formalizing new agreements. Therefore, the installation of the pilot projects was significantly delayed.

8. The Project Results Framework was corrected after the Inception report in January 2015. During the Inception it was suggested to develop municipal plans in all 15 municipalities in two phases, however under one contract and within one year (and not to work and to develop NAMA projects first with pilot cities only, and only after that to start working with remaining cities). Therefore, mid-term targets for Outcome 1 and 2 have been increased up to 15 NAMA Urban projects. The evaluator has observed some discrepancies in figures for mid-term targets for Project Objectives (4 projects) and mid-term targets for Outcome 1 and Outcome 2 (15 projects) related to the number of Urban NAMAs development.
9. The ProDoc was signed on April 2015 within five months since the receipt of official communication from the GEF Secretariat. The delay had happened because the Ministry of Regional Development, Project’s National Implementing Partner as foreseen in the ProDoc, was abolished in 2014; its functions were divided between two newly created national entities: The Ministry of Investment and Development (MID) and the Ministry of Economy (ME). The Project’s Executing Agency/Implementing Partner role was assumed by the Ministry of Investments and Development of the Republic of Kazakhstan (MID) only since 20 April 2015 when the ProDoc was signed.
10. The Project had significant delays in implementation of its activities due to different internal and external factors (see findings 8 -12) affecting the speed and included procurement delays and frequent government restructuring. Therefore, the timing for receiving of the final Inception Report has been delayed by 9 months due to complexity of the project design and ambitious targets which had required very thorough and careful review due to administrative reforms and economic situation in the country. The first inception mission took place from 31 August 2015 to 4 September 2015 in 4 months after project beginning and the first inception meeting was held on 27-28 August 2015. The second inception mission was conducted from 3-7 November 2015 and final inception report was provided to UNDP CO on January 2016 in 9 months after the Project beginning. During the inception period the situation analysis was updated and based on the findings the project document was revised and updated, when needed, including project risks, project work plan, activities, project results framework (logframe), and the project schedule of work was elaborated. The logic and the structure of the project, including project outcomes and outputs remain unchanged (except for minor change in one output).
11. The five-year Project period (including Inception Phase) for implementation of such a complex Project seems to be very ambitious, if not unrealistic. The Project includes municipal planning, approval of targets, identification, selection and approval of investment projects based on the planning results, project development for financing (feasibility study), development of an institutional framework for the new financial mechanism and implementation modalities (for example Public-Private Partnership), securing financing and implementation of low-carbon projects (construction), contracting

and sale of verified carbon savings from implemented projects in operation on the local ETS market. Each of these project segments will require significant time to develop and implement (a year or more), which combined could be easily more than five years in total.

12. The template which was generated for the 2017 PIR is based on the ProDoc PRF which was already updated during the Inception Workshop in January 2016 and moreover have been already used for 2016 PIR. Therefore, it is required to updated 2017 PIR using the correct template.
13. Although the Project does not have formulated Communication Strategy it undertakes targeted activities to communicate its objectives and results to executive authorities and various groups through media coverage, dissemination of visual materials, workshops, trainings and public events on NAMAs implementation solutions. For example, the Project created awareness and capacity on NAMA and low carbon development issues of more than 118,000 project beneficiaries that they would have difficulty to receive without organized effort by a knowledgeable team. This includes 3,000 people participated in project’s seminars and workshops in addition to 115,000 people covered by social media and radio broadcasting. The evaluator believes the involvement of the large number of stakeholders as well as significant number of project beneficiaries, which benefitted from awareness raising and capacity building is a good achievement and is to the credit of the Project team and the Government key partners. Promoting NAMA issues through broad awareness campaigns is an important pre-condition for project successful implementation and sustainability. The Project accompanied with a wide raising awareness campaign and implemented by the Project in 2015-2017.
14. The Evaluator found the local counterparts and the UNDP Country Office highly committed to the Project. The Evaluator observed constructive working relations between the UNDP and the key national counterparts. The Project management deserves credits for these great results.
15. As for the implementing partners, it appears that excellent inter-relationships were established between the three parties: PMU, UNDP CO and MIR, as observed during this MTR. Throughout this process, the essential functions of the national implementing partner continued without interruption. Notably, key committees and departments dealing with Climate Change Mitigation issues continued to respond essentially to the same chain of command. Following internal changes in the Government there were four (4) National Project Directors (NPD) throughout the project lifespan since April 2015 until beginning of MTR in December 2017. Therefore, at the level of personnel as well as the agency itself, communication between project staff and the NPD also remained steady throughout the evaluated project period, within and outside business hours.

The following Table 4 summarizes the main recommended corrective measures for the UNDP Kazakhstan CO until end of the Project in April 20202 in the order of priority. The Project management should:

Table 4. Main recommended corrective measures for the UNDP Kazakhstan CO until end of the Project in April 20202 in the order of priority

Recommendation:	Recommendation Explained:
1 – Correct figures from mid-term targets and submit a revised project	It is recommended to correct figures for mid-term targets for Project Objective in PRF in line with mid-term targets for Outcome 1 and Outcome 2 related to the number of Urban NAMA programme development as it was suggested by the

logframe	Inception report (5 by midterm review and 15 by end of project). Provided that this does not result in a reduction in the overall level of ambition for the project. Based on these corrections, a revised project logframe (Project Results Framework) should be prepared and submitted for approval.
2 – Revision of second objective indicator	In the current version of the second Objective indicator: “Value of Urban NAMA projects implemented (USD) = cumulative financing realized” the wording of this indicator does not reflect the amount of the Project's contribution allocated through the financial mechanism of \$ 3,000,000 for NAMA projects in the actual implementation phase in the total amount of expected funds raised for all NAMA projects in the pilot cities. It is recommended that this indicator be clarified by indicating in brackets the amount denoting the contribution of NAMA, being at the implementation stage. Therefore, the recommended revision will be the following: “Value of Urban NAMA under development, (including those under implementation) = cumulative financing realized (USD)”. The midterm- and end of the project targets accordingly will be the following: “20 million USD (including - 3 million USD)” and “70 million USD (including 3 million USD)”.
3 -Clarification of Indicator 3.1 of the Component 3 “Capitalization of funding mechanisms for urban NAMAs”	In the current version of the indicator 3.1 of the Component 3 “Capitalization of funding mechanisms for urban NAMAs” it is not clear what volume of financing is provided to urban projects from the NAMA Pilot Fund in the total amount of capitalization. It is recommended to clarify this indicator, indicating in parentheses the amount that indicates the amount of financing that will be provided to urban projects from the NAMA Pilot Fund. Therefore, the recommended revision will be the following: “Capitalization of funding mechanisms for urban NAMAs (including financing provided to urban NAMA projects from Pilot NAMA fund. USD)”. The midterm- and end of the project targets accordingly will be the following: “10 million USD (2 million USD)” and “44 million USD (8 million USD)”.
4-Preparation of a step by step project video	Preparation of a step by step project video that clearly explains the process of applying for and receiving subsidies and guarantees from the Damu Foundation for NAMA project applicants is one of the recommendations of the MTR. A project video would also allow the Project to be easily used for sharing knowledge and experiences among broader audience. It can visualize all complicated procedures and explain to potential NAMA project applicants what and how to process documents for receiving subsidies and guaranties from Damu Foundation for energy efficient projects. It will help to simplify understanding of the application process.
5- Focusing the awareness raising on project preparation in order to increase the chances of pilot projects being successfully developed, submitted for subsidies and/or guarantees and funded.	Within the remained period of the project, the awareness raising should be more concentrated on priority aspects and regions of the project implementation to mobilize the community in selected areas to support the suggested NAMA approach and specifically to help key local stakeholders to design, prepare, submit and obtain approval for new NAMA proposals to the Damu Foundation. The agreement and understanding of the key stakeholders in pilot areas in addition to the promotion of the financial mechanism developed in cooperation with Damu Foundation, private companies, akimats and local population seems to be the key input for the success of the Project as whole. Therefore it is recommended to hire an NGO or a knowledgeable and experienced individual as a community mobiliser to develop stakeholders engagement strategy with public hearings and participatory input from local stakeholders as well as for day-to-day work for assistance on the development of particular project/s area/s to help with any possible issues with documentation and information to promote the project tasks, explain benefits for the people and receiving their full support on delivery of the

	expected results – identified and prepared projects in line with municipal development priorities, utilizing simplified methodology and inputs from stakeholder participation within a limited timeframe available until end of the project in April 2020.
6- Paying more attention to address gender dimensions aspects	It is recommended that the project pay more attention to address gender dimension aspects in the design of activities as well as engagement of women, recognizing their role as stakeholders regarding climate change mitigation aspects in the country. Professional training and public outreach should be designed with a special eye toward both gender equity and responsiveness to gender-specific issues. It is also important to note mandatory Annex on Gender Mainstreaming Analysis and Action Plan for future GEF projects and start working on it.
7- Adding an indicator related to the mainstreaming of women's participation	It is recommended to add to the Component 5 (Output 5a) and to the revised Project Results Framework one indicator related to the mainstreaming of women's participation in the NAMA Projects and their participation in the use of the results of these projects, such as the “% of women and men involved in the preparation and execution of NAMA projects”. The percentage can be determined because of an additional statistical study organized by the Project with the involvement of an expert on statistics when specific projects will be selected.
8- Joining forces for better promotion of business involvement for introduction of new non-burn technologies through PPP programmes/mechanisms.	It is recommended considering joining forces with central and local Government agencies, private companies and business associations, UN agencies, international donors and NGOs for promotion of changes in the laws/regulations in the country to allow better promotion of business involvement for introduction of new non-burn technologies through Private Public Partnership (PPP) programmes/mechanisms. The project should consider applying the PPP approach towards the preparation of new NAMA projects to the Damu Foundation and this should be included in the TOR of the Team national advisors, which are experts in the national legislation on PPP and PPP projects’ preparation under guidance of the International CTA. It is planned to start in April 2018.
9- Implementing the project in the most cost-effective way possible and therefore considering adaptive management for Component 3 if there is not substantial progress by July 2018	It is recommended to implement the project in the most cost-effective way possible and therefore to consider adaptive management for Component 3 if there is not substantial progress by April 2018. In April 2018 it is recommended to revise the design of the financial mechanism in 2 nd Q 2018 after the end of its pilot phase. There are several potential options to be considered. First, if the project doesn’t receive sufficient number of quality applications, it could consider allocating funds under Outcome 3 to support project design and preparation (as pre-investment grant). Alternatively, it may consider the expand the scope of eligible projects (i.e. from other municipal sub-sectors), or it may consider increase the volume of investment support (high rate of interest subsidy) and/or provision of complementary investment grants for certain category of projects, such as thermal modernization of residential buildings. It is recommended to expedite the work with the current international CTA on innovative financing to work on the re-design of the financial support mechanism if it is not working by April 2018 (date).
10-Considering the project extension for at least 12 months	Keeping in mind the significant delays with implementation of the project components UNDP CO should introduce post-project monitoring of operation of the pilot project’s financial mechanisms within one-two years after the project closer. The following Output 3.3 “Public service contracts signed/tariffs agreed”, Output 4.1 “Pilot urban NAMA project implemented”, Output 5.4 “National database for urban inventories and registry for NAMAs operational at MEWR” and Output 5.5 “Knowledge resources and lessons learned from the pilot urban NAMAs disseminated” are at high risk of not being delivered by the end of the project and needs special attention. Another important reason for prolongation is the serious devaluation of the KZT. At the time when the project document was

	<p>being prepared, the dollar-to-tenge ratio was 1: 150, but now this ratio is 1: 330 and it is gradually increasing. The amount in KZT allocated to the financial mechanism has increased by more than two times and the project takes more time to implement support for projects in an amount that is actually twice as much as the initial amount of support (as you know, support is provided in tenge).</p> <p>It is recommended to consider the project extension for at least 12 months until 1 May 2021 due to the tight remained time until the end of project comparing within initially planned time frame for delivering these outputs. Additional time allows the project management to finish the preparation of NAMA projects and their implementation, which in general are a deterrent to the timely completion of these outputs. This issue can be a subject for discussion with RTA and UNDP/GEF in September 2018 during the planned substantial revision.</p>
11-Continuing assistance in accelerating Government’s work for determining needs for improvement national regulations for promoting low carbon development in Kazakhstan	<p>It is recommended that the Project Management to continue assistance to the Government in accelerating its work for determining needs for improvement national regulations for promoting low carbon development in Kazakhstan. The project has very knowledgeable experts and good relationship with key partners in the country. It can create a good basis for any new potential project in waste management, transportation or municipal buildings for new UNDP low carbon development project related to sustainable cities.</p>
12- Developing a sustainability plan/exit strategy for the project	<p>It is recommended for the Project Management to start developing a sustainability plan/exit strategy for the project, for each project component, including all the main streams of activities of the project: training, public awareness, replication of the pilots, work of Facility and reflect possible different scenarios for exit strategy by July 2018 before the substantial revision.</p>
13-Expediting implementation of projects in different municipalities.	<p>If, for any reason, it will not be possible to identify and develop for implementation sufficient number and size of suitable and bankable projects in all 15 partner municipalities selected in Component 1 that would generate sufficient GHG savings, the Project should implement adaptive management and implement projects in different municipalities that were not originally involved in Component 1 – municipal planning. A decision on this matter by the Project Management in consultation with the UNDP CO already taken on March 2018. Also, attention can move to urban NAMA projects include low-carbon projects in urban areas regardless of ownership. Projects should not be limited to municipally owned projects only, although it is a priority area, but should be open to third-party, incl. privately owned facilities/projects as well.</p>
14-Preparing project extension request	<p>why] It is recommended to consider the need and required time-frame for project extension one year before project’s scheduled completion in May 2020. most likely such extension will be required due to many complexities involved and fast changing environment in Kazakhstan. Project is innovative both in its scope and scale: it is not industry specific project, but it covers all urban sectors, and it is focused on mobilizing private/commercial financing. Because of this innovative nature, and because of rapidly changing conditions in Kazakhstan, there were arising number of challenges and issues, that were not fully recognized at preparatory phase. For example, design and implementation of a pilot urban NAMA under Component 4 involving comprehensive modernization of the city district requires at least 2 years only to prepare and approve technical design and secure financing from multiple funding sources (originally planned to be completed within 0,5 year). Therefore, more time is needed to consider all these shortcomings and drawbacks of the project design that would allow to finish the work according to the plan. We must pay tribute to the project management, which managed to develop a financial mechanism and its solution will allow to accelerate and complete the implementation of all other aspects of the project in</p>

the time of extension.

6 LESSONS LEARNED

The Project generated useful learning experiences. The Evaluator has identified the following Lessons that can be drawn from the Project:

1. The current portfolio approach of organizing projects’ management within UNDP CO is allowing better utilization of available national staff as managers of GEF and non-GEF projects, evaluators and experts on different relevant subjects within all planned interventions of UNDP CO in Kazakhstan and it drastically reduce time for hiring a national staff and expedite beginning of implementation of UNDP new projects.
2. Establishing a close collaboration early-on with similar projects in other countries, with similar socio-economic conditions, is an effective and efficient way to learn from the experiences and challenges that others have faced while providing support and advice to projects that are at an earlier implementation phase. At the same time the evaluator observed that the Project Team should consider endless re-establishing effective working relations with NPD, MID, Local Akimats and other organizations due to very high national organizations’ staff rotation and this impacts on timely implementation and delivery results. This risk is well captured by the project management and monitored. Nevertheless, the issue of high government staff rotation should be reflected and discussed in the Project Exit Strategy.
3. Planning the duration of the project period should be considered with sufficient time to complete the monitoring of the testing of financial mechanisms and analysing lessons learned. Implementation of the Project is designed for 5 years. At the same time the average time of Energy Service Contracts is 6-7 years therefore at the end of the Project the first NAMA projects launched in the pilot mode would not be completed within the Project lifespan.
4. Generating useful learning experiences, as only GEF-5 project dealing with NAMA financial mechanisms, which may serve as input for future UNDP and GEF programming not only in Central Asian region but for whole CIS. Therefore, the capacity of the Project staff of capturing lessons on regular basis and documenting the collected information from different formal and informal sources is very important for its improving through monitoring, available training and mentoring from UNDP CO side.
5. Sharing the Project experience on the regional level by end of project has a good framework since for years Kazakhstan has been providing official development and humanitarian assistance, helping various countries in the Central Asian region and beyond. It is also can help to improve design and implementation of future national GEF and non-GEF projects.
6. Expediting promoting successful development and implementation of pilot projects through broad awareness campaigns targeted to the specific needs and improving understanding among beneficiaries is an important pre-condition for benefit from assessing and evaluation of pilot project results and completion the project within its lifespan as planned.
7. Working closely with all relevant decision makers at all levels that might have impact on barriers removal for private sector involvement (including legislators, and governmental decision makers) is very important for promotion this type of projects. To strengthen a project ownership responsibility, and motivation of key partners to help removing potential barriers, all relevant decision makers (institutions) should be invited to participate in the Steering Committee at least on an ad hoc basis during the project implementation period.

8. Finding of innovative and creative approaches through analysing the legislative framework for possible co-financing by local partners can contribute to projects’ financial sustainability. The implementation of pilot projects allowed to learn that local Akimats receive funding from the central government and they would not have flexibility to support financially replication of the pilot projects in future. It would be valuable to consider broad information campaign on promoting and utilizing current PPP mechanisms as well as other implementation modalities such as direct implementation by private/public facility owners. Without promoting this type of public-private cooperation, it will remain difficult for local authorities and social institutions to get an access to funding from private sector.
9. Providing management training for new national staff by the national staff who is already engaged in the UNDP projects’ implementation should be mandatory and it need to be annually updated and reviewed by responsible units’ staff with possible certification of the received skills and knowledge.
10. Considering the innovative and pilot feature of such projects, especially regarding the creation of a financial support mechanism, it is very important to involve an international expert with experience in creating such financial support mechanisms design and implementation, which at the design or inception stage could be involved in the project.

ANNEXES:

ANNEX 1: UNDP-GEF MIDTERM REVIEW TERMS OF REFERENCE

BASIC CONTRACT INFORMATION⁶³

Location: home-based, with Missions to Kazakhstan
Application Deadline:
Category: Energy and Environment
Type of Contract: Individual Contract
Assignment Type: International Consultant
Languages Required: Russian and English
Starting Date: December 1, 2017
Expected Duration of Assignment: approximately 25 days over 10 weeks

BACKGROUND

A. Project Title

Full-sized Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670)

B. Project Description

This is the Terms of Reference (ToR) for the UNDP-GEF Midterm Review (MTR) of the full-sized Project titled “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS #4670) implemented through the Ministry of Investment and Development, which is to be undertaken in 2017. The Project started in April 2015 and is in its third year of implementation. In line with the UNDP-GEF Guidance on MTRs, this MTR process was initiated before the submission of the second Project Implementation Report (PIR). This ToR sets out the expectations for this MTR. The MTR process must follow the guidance outlined in the document *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects* (http://web.undp.org/evaluation/documents/guidance/GEF/mid-term/Guidance_Midterm%20Review%20_EN_2014.pdf).

The Project was designed to support identification, prioritization, design, financing and implementation of Nationally Appropriate Mitigation Actions (NAMAs)/low-carbon actions and projects in the urban sector in Kazakhstan.

This five-year project was designed in five components to:

- Improve the capacity of municipalities to carry out integrated municipal planning, make targets and prioritize urban mitigation actions (Component 1),
- Support the creation and strengthening of institutional structures that will allow public and private sector investments in identified infrastructure and technical assistance (Component 2),
- Provide facilitation of financing of urban NAMA through creation of a dedicated fund (Component 3),
- Piloting of an urban NAMA through investments in modernization and upgrading of the urban infrastructure (Component 4),
- Linking the project with the national GHG mitigation efforts, including through standards, rules and procedures for monitoring, reporting and verification (MRV), promoting better information dissemination to stakeholders, and linking the NAMA process with the domestic Emission Trading Scheme (ETS) for industrial emitters (Component 5).

Total project budget is 71,319,094 USD of which:

In cash:

GEF 5,930,000 USD

⁶³

UNDP-GEF MTR ToR Standard Template 1 for UNDP Procurement Website

UNDP	60,000 USD
Government	30,893,435 USD
<u>Total cash</u>	<u>36,883,435 USD</u>

In-kind contributions:

Other	33,435,659 USD
UNDP	1,000,000 USD
<u>Total in-kind</u>	<u>34,435,659 USD</u>

Of the total combined GEF and UNDP cash budget of 5.99 mil USD, 3 mil USD are allocated as a grant to support implementation of a financial mechanism under the component 3, and 0.7 mil USD are allocated for implementation of pilot urban NAMAs under the component 4. Implementation of the financial mechanism (component 3) is a crucial and the most challenging component of the project. More than half (55%) of the whole project budget is allocated to this component 3 – financial mechanism.

Urban infrastructure and low-carbon projects have been in Kazakhstan traditionally financed from public/state budget. Although, there do exist already examples of public-private partnerships and private investment in municipal infrastructure, however, these cases have been so far rather rare and concentrated in the two largest Kazakhstani cities, Astana and Almaty. The ambition of the project therefore was to use allocated grant resources to mobilize private investment in the municipal sector with a particular focus on smaller and so called “mono-cities” where such investment are urgently required.

DUTIES AND RESPONSIBILITIES

C. Scope of Work and Key Tasks

The MTR team will consist of two independent consultants that will conduct the MTR – one international expert (with experience and exposure to projects and evaluations in other regions globally) and one local expert, usually from the country of the project.

The MTR team will first conduct a document review of project documents (i.e. PIF, UNDP Initiation Plan, Project Document, ESSP, Project Inception Report, PIRs, Finalized GEF focal area Tracking Tools, Project Appraisal Committee meeting minutes, Financial and Administration guidelines used by Project Team, project operational guidelines, manuals and systems, etc.) provided by the Project Team and Commissioning Unit. Then they will participate in a MTR inception workshop to clarify their understanding of the objectives and methods of the MTR, producing the MTR inception report thereafter. The MTR mission will then consist of interviews and site visits to project beneficiary and partners: Ministry of Investments and Development of the Republic of Kazakhstan, Akimat of Astana city, "Damu" Entrepreneurship Development Fund" JSC, Electric power and energy saving development Institute JSS. This is a preliminary list which will be provided in full when the MTR team is employed.

The MTR team will assess the following four categories of project progress and produce a draft and final MTR report. See the *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects* (http://web.undp.org/evaluation/documents/guidance/GEF/mid-term/Guidance_Midterm%20Review%20_EN_2014.pdf) for requirements on ratings. No overall rating is required.

1. Project Strategy

Project Design:

- Review the problem addressed by the project and the underlying assumptions. Review the effect of any incorrect assumptions or changes to the context to achieving the project results as outlined in the Project Document.
- Review the relevance of the project strategy and assess whether it provides the most effective route towards expected/intended results.

- Review how the project addresses country priorities
- Review decision-making processes

Results Framework/Logframe:

- Undertake a critical analysis of the project’s logframe indicators and targets, assess how “SMART” the midterm and end-of-project targets are (Specific, Measurable, Attainable, Relevant, Time-bound), and suggest specific amendments/revisions to the targets and indicators as necessary.
- Examine if progress so far has led to or could in the future catalyse beneficial development effects (i.e. income generation, gender equality and women’s empowerment, improved governance etc...) that should be included in the project results framework and monitored on an annual basis.

2. Progress Towards Results

- Review the logframe indicators against progress made towards the end-of-project targets; populate the Progress Towards Results Matrix, as described in the *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects*; colour code progress in a “traffic light system” based on the level of progress achieved; assign a rating on progress for the project objective and each outcome; make recommendations from the areas marked as “not on target to be achieved” (red).
- Compare and analyse the GEF Tracking Tool at the Baseline with the one completed right before the Midterm Review.
- Identify remaining barriers to achieving the project objective.
- By reviewing the aspects of the project that have already been successful, identify ways in which the project can further expand these benefits.

3. Project Implementation and Adaptive Management

Using the *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects*; assess the following categories of project progress:

- Management Arrangements
- Work Planning
- Finance and co-finance
- Project-level monitoring and evaluation systems
- Stakeholder Engagement
- Reporting
- Communications

4. Sustainability

Assess overall risks to sustainability factors of the project in terms of the following four categories:

- Financial risks to sustainability
- Socio-economic risks to sustainability
- Institutional framework and governance risks to sustainability
- Environmental risks to sustainability

The MTR consultant/team will include a section in the MTR report setting out the MTR’s evidence-based **conclusions**, in light of the findings.

Additionally, the MTR consultant/team is expected to make **recommendations** to the Project Team. Recommendations should be succinct suggestions for critical intervention that are specific, measurable, achievable, and relevant. A recommendation table should be put in the report’s executive summary. The MTR consultant/team should make no more than 15 recommendations total.

D. Expected Outputs and Deliverables

The MTR consultant/team shall prepare and submit:

- MTR Inception Report: MTR team clarifies objectives and methods of the Midterm Review no later than 2 weeks before the MTR mission. To be sent to the Commissioning Unit and project management. Approximate due date: 15-17 December 2017
- Presentation: Initial Findings presented to project management and the Commissioning Unit at the end of the MTR mission. Approximate due date: 15-22 January 2018
- Draft Final Report: Full report with annexes within 3 weeks of the MTR mission. Approximate due date: 25 – 29 January 2018
- Final Report*: Revised report with annexed audit trail detailing how all received comments have (and have not) been addressed in the final MTR report. To be sent to the Commissioning Unit within 1 week of receiving UNDP comments on draft. Approximate due date: 1-2 February 2018

*The final MTR report must be in English. If applicable, the Commissioning Unit may choose to arrange for a translation of the report into a language more widely shared by national stakeholders.

E. Institutional Arrangement

The principal responsibility for managing this MTR resides with the Commissioning Unit. The Commissioning Unit for this project's MTR is UNDP in Kazakhstan.

The Commissioning Unit will contract the consultants and ensure the timely provision of per diems and travel arrangements within the country for the MTR team. The Project Team will be responsible for liaising with the MTR team to provide all relevant documents, set up stakeholder interviews, and arrange field visits.

F. Duration of the Work

The total duration of the MTR will be approximately 25 days over a period of 8 weeks starting in December 2017, and shall not exceed five months from when the consultant(s) are hired. The tentative MTR timeframe is as follows:

- *20 October 2017*: Application closes
- *10 November 2017*: Selection of MTR Team
- *1-3 December*: Prep the MTR Team (handover of project documents) - 3
- *6-8 December*: Document review and preparing MTR Inception Report - 3
- *15-17 December*: Finalization and Validation of MTR Inception Report- latest start of MTR mission - 3
- *15-22 January*: MTR mission: stakeholder meetings, interviews, field visits, Mission wrap-up meeting & presentation of initial findings- earliest end of MTR mission - 8
- *25-29 January*: Preparing draft report - 5
- *1-2 February*: Incorporating audit trail on draft report/Finalization of MTR report (note: accommodate time delay in dates for circulation and review of the draft report)
- *5-6 February*: Preparation & Issue of Management Response
- *14 February*: Expected date of full MTR completion

The date start of contract is 1 December 2017.

G. Duty Station

Home-based with 1 Mission to Astana, Kazakhstan with duration no more than 8 days.

Travel:

- International travel will be required to Astana, Kazakhstan during the MTR mission;
- The Basic Security in the Field II and Advanced Security in the Field courses must be successfully completed prior to commencement of travel;

- Individual Consultants are responsible for ensuring they have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director.
- Consultants are required to comply with the UN security directives set forth under <https://dss.un.org/dssweb/>
- All envisaged travel costs must be included in the financial proposal. This includes all travel to join duty station/repatriation travel. In general, UNDP should not accept travel costs exceeding those of an economy class ticket. Should the IC wish to travel on a higher class he/she should do so using their own resources.

REQUIRED SKILLS AND EXPERIENCE

H. Qualifications of the Successful Applicants

A team of two independent consultants will conduct the MTR - one team leader (with experience and exposure to projects and evaluations in other regions globally) and one team expert, usually from the country of the project. The consultants cannot have participated in the project preparation, formulation, and/or implementation (including the writing of the Project Document) and should not have a conflict of interest with project's related activities.

The selection of consultants will be aimed at maximizing the overall “team” qualities in the following areas:

- Recent experience with result-based management evaluation methodologies (10%);
- Experience applying SMART targets and reconstructing or validating baseline scenarios (10%);
- Competence in adaptive management, as applied to climate change mitigation (10%);
- Experience working with the GEF or GEF-evaluations (15%);
- Experience working in Central Asia (10%);
- Work experience in energy efficiency and clean energy investment for at least 10 years (10%);
- Demonstrated understanding of issues related to gender and climate change mitigation; experience in gender sensitive evaluation and analysis (10%);
- Project evaluation/review experiences within United Nations system will be considered an asset (10%);
- A Master's degree in energy, environment, or other closely related field (5%);
- Proficient in English and Russian (10%)

Consultant Independence:

The consultants cannot have participated in the project preparation, formulation, and/or implementation (including the writing of the Project Document) and should not have a conflict of interest with project's related activities.

APPLICATION PROCESS

I. Scope of Price Proposal and Schedule of Payments

Financial Proposal:

- Financial proposals must be “all inclusive” and expressed in a lump-sum for the total duration of the contract. The term “all inclusive” implies all cost (professional fees, travel costs, living allowances etc.);
- For duty travels, the Daily Subsistence Allowance (DSA) rates should provide indication of the cost of living in a duty station/destination (*Note: Individuals on this contract are not UN staff and are therefore not entitled to DSAs. All living allowances required to perform the demands of the ToR must be incorporated in the financial proposal, whether the fees are expressed as daily fees or lump sum amount.*)
- The lump sum is fixed regardless of changes in the cost components.

Schedule of Payments:

10% of payment upon approval of the MTR Inception Report
30% upon submission of the draft MTR Report

60% upon finalization of the MTR Report

J. Recommended Presentation of Offer

- a) Duly completed **Letter of Confirmation of Interest and Availability** using the [template](#) provided by UNDP;
- b) **P11 Personal History form (UNDP template)**, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references;
- c) **Brief description** of why the individual considers him/herself as the most suitable for the assignment, and a proposed methodology on how they will approach and complete the assignment (max 1 page);
- d) **Financial Proposal** that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided. If an applicant is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee in the process of releasing him/her to UNDP under Reimbursable Loan Agreement (RLA), the applicant must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP. See Letter of Confirmation of Interest template for financial proposal template.

Incomplete applications will be excluded from further consideration.

K. Criteria for Selection of the Best Offer

The award of the contract will be made to the Individual Consultant who has obtained the highest Combined Score and has accepted UNDP's General Terms and Conditions. Only those applications which are responsive and compliant will be evaluated. The offers will be evaluated using the “Combined Scoring method” where:

- a) The educational background and experience on similar assignments will be weighted a max. of 70%;
- b) The price proposal will weigh as 30% of the total scoring.

L. Annexes to the MTR ToR

Please see ToR Annexes below as Annexes to these ToR or in Annex 3 of [Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects](#):

- List of documents to be reviewed by the MTR Team
- Guidelines on Contents for the Midterm Review Report
- UNEG Code of Conduct for Evaluators/Midterm Review Consultants
- MTR Required Ratings Table and Ratings Scales
- MTR Report Clearance Form
- Sample MTR Evaluative Matrix
- Progress Towards Results Matrix and MTR Ratings & Achievement Summary Tables (in Word)

M. How to apply

Please submit your complete proposal including all supporting documents and financial proposal to procurement.kz@undp.org with copy by 20 October 2017. Please include Ref.№ 2017-057 in the subject line of the email. The UNDP will not accept proposals via printed hardcopy.

N. Prospective consultants should understand and accept the [Individual Consultant General Terms and Conditions](#)

ToR ANNEX A: List of Documents to be reviewed by the MTR Team

1. PIF
2. UNDP Initiation Plan
3. UNDP Project Document and GEF CEO Endorsement Request
4. UNDP Environmental and Social Screening results

5. Project Inception Report
6. All Project Implementation Reports (PIRs)
7. Quarterly progress reports and work plans of the various implementation task teams
8. Audit reports
9. Finalized GEF focal area Tracking Tools at CEO endorsement and midterm
10. Oversight mission reports
11. All monitoring reports prepared by the project
12. Financial and Administration guidelines used by Project Team

The following documents will also be available:

13. Project operational guidelines, manuals and systems
 14. UNDP country/countries programme document(s)
- Minutes of the UNDP-GEF Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” Board Meetings and other meetings (i.e. Project Appraisal Committee meetings)
15. Project site location maps

ToR ANNEX B: Guidelines on Contents for the Midterm Review Report⁶⁴

- i. Basic Report Information (*for opening page or title page*)
 - Title of UNDP supported GEF financed project
 - UNDP PIMS# and GEF project ID#
 - MTR time frame and date of MTR report
 - Region and countries included in the project
 - GEF Operational Focal Area/Strategic Program
 - Executing Agency/Implementing Partner and other project partners
 - MTR team members
 - Acknowledgements
- ii. Table of Contents
- iii. Acronyms and Abbreviations
1. Executive Summary (*3-5 pages*)
 - Project Information Table
 - Project Description (brief)
 - Project Progress Summary (between 200-500 words)
 - MTR Ratings & Achievement Summary Table
 - Concise summary of conclusions
 - Recommendation Summary Table
2. Introduction (*2-3 pages*)
 - Purpose of the MTR and objectives
 - Scope & Methodology: principles of design and execution of the MTR, MTR approach and data collection methods, limitations to the MTR
 - Structure of the MTR report
3. Project Description and Background Context (*3-5 pages*)
 - Development context: environmental, socio-economic, institutional, and policy factors relevant to the project objective and scope
 - Problems that the project sought to address: threats and barriers targeted
 - Project Description and Strategy: objective, outcomes and expected results, description of field sites (if any)
 - Project Implementation Arrangements: short description of the Project Board, key implementing partner arrangements, etc.
 - Project timing and milestones
 - Main stakeholders: summary list
4. Findings (*12-14 pages*)
 - 4.1 Project Strategy
 - Project Design
 - Results Framework/Logframe
 - 4.2 Progress Towards Results
 - Progress towards outcomes analysis
 - Remaining barriers to achieving the project objective
 - 4.3 Project Implementation and Adaptive Management
 - Management Arrangements
 - Work planning
 - Finance and co-finance
 - Project-level monitoring and evaluation systems
 - Stakeholder engagement
 - Reporting

⁶⁴ The Report length should not exceed 40 pages in total (not including annexes).

- Communications
- 4.4 Sustainability
 - Financial risks to sustainability
 - Socio-economic to sustainability
 - Institutional framework and governance risks to sustainability
 - Environmental risks to sustainability
- 5. Conclusions and Recommendations (4-6 pages)
 - 5.1 Conclusions
 - Comprehensive and balanced statements (that are evidence-based and connected to the MTR’s findings) which highlight the strengths, weaknesses and results of the project
 - 5.2 Recommendations
 - Corrective actions for the design, implementation, monitoring and evaluation of the project
 - Actions to follow up or reinforce initial benefits from the project
 - Proposals for future directions underlining main objectives
- 6. Annexes
 - MTR ToR (excluding ToR annexes)
 - MTR evaluative matrix (evaluation criteria with key questions, indicators, sources of data, and methodology)
 - Example Questionnaire or Interview Guide used for data collection
 - Ratings Scales
 - MTR mission itinerary
 - List of persons interviewed
 - List of documents reviewed
 - Co-financing table (if not previously included in the body of the report)
 - Signed UNEG Code of Conduct form
 - Signed MTR final report clearance form
 - *Annexed in a separate file:* Audit trail from received comments on draft MTR report
 - *Annexed in a separate file:* Relevant midterm tracking tools (*METT, FSC, Capacity scorecard, etc.*)

ToR ANNEX C: Midterm Review Evaluative Matrix Template

Evaluative Questions	Indicators	Sources	Methodology
Project Strategy: To what extent is the project strategy relevant to country priorities, country ownership, and the best route towards expected results?			
(include evaluative question(s))	(i.e. relationships established, level of coherence between project design and implementation approach, specific activities conducted, quality of risk mitigation strategies, etc.)	(i.e. project documents, national policies or strategies, websites, project staff, project partners, data collected throughout the MTR mission, etc.)	(i.e. document analysis, data analysis, interviews with project staff, interviews with stakeholders, etc.)
Progress Towards Results: To what extent have the expected outcomes and objectives of the project been achieved thus far?			
Project Implementation and Adaptive Management: Has the project been implemented efficiently, cost-effectively, and been able to adapt to any changing conditions thus far? To what extent are project-level monitoring and evaluation systems, reporting, and project communications supporting the project's implementation?			
Sustainability: To what extent are there financial, institutional, socio-economic, and/or environmental risks to sustaining long-term project results?			

ToR ANNEX D: UNEG Code of Conduct for Evaluators/Midterm Review Consultants⁶⁵

Evaluators/Consultants:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people’s right not to engage. Evaluators must respect people’s right to provide information in confidence and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact during the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders’ dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study limitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

MTR Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System:

Name of Consultant: _____

Name of Consultancy Organization (where relevant): _____

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at _____ (Place) on _____ (Date)

Signature: _____

ToR ANNEX E: MTR Ratings

Ratings for Progress Towards Results: (one rating for each outcome and for the objective)		
6	Highly Satisfactory (HS)	The objective/outcome is expected to achieve or exceed all its end-of-project targets, without major shortcomings. The progress towards the objective/outcome can be presented as “good practice”.
5	Satisfactory (S)	The objective/outcome is expected to achieve most of its end-of-project targets, with only minor shortcomings.
4	Moderately Satisfactory (MS)	The objective/outcome is expected to achieve most of its end-of-project targets but with significant shortcomings.
3	Moderately	The objective/outcome is expected to achieve its end-of-project targets with major shortcomings.

⁶⁵ www.unevaluation.org/document/detail/100

	Unsatisfactory (HU)	
2	Unsatisfactory (U)	The objective/outcome is expected not to achieve most of its end-of-project targets.
1	Highly Unsatisfactory (HU)	The objective/outcome has failed to achieve its midterm targets and is not expected to achieve any of its end-of-project targets.

Ratings for Project Implementation & Adaptive Management: (one overall rating)		
6	Highly Satisfactory (HS)	Implementation of all seven components – management arrangements, work planning, finance and co-finance, project-level monitoring and evaluation systems, stakeholder engagement, reporting, and communications – is leading to efficient and effective project implementation and adaptive management. The project can be presented as “good practice”.
5	Satisfactory (S)	Implementation of most of the seven components is leading to efficient and effective project implementation and adaptive management except for only few that are subject to remedial action.
4	Moderately Satisfactory (MS)	Implementation of some of the seven components is leading to efficient and effective project implementation and adaptive management, with some components requiring remedial action.
3	Moderately Unsatisfactory (MU)	Implementation of some of the seven components is not leading to efficient and effective project implementation and adaptive, with most components requiring remedial action.
2	Unsatisfactory (U)	Implementation of most of the seven components is not leading to efficient and effective project implementation and adaptive management.
1	Highly Unsatisfactory (HU)	Implementation of none of the seven components is leading to efficient and effective project implementation and adaptive management.

Ratings for Sustainability: (one overall rating)		
4	Likely (L)	Negligible risks to sustainability, with key outcomes on track to be achieved by the project’s closure and expected to continue into the foreseeable future
3	Moderately Likely (ML)	Moderate risks, but expectations that at least some outcomes will be sustained due to the progress towards results on outcomes at the Midterm Review
2	Moderately Unlikely (MU)	Significant risk that key outcomes will not carry on after project closure, although some outputs and activities should carry on
1	Unlikely (U)	Severe risks that project outcomes as well as key outputs will not be sustained

ToR ANNEX F: MTR Report Clearance Form

(to be completed by the Commissioning Unit and UNDP-GEF RTA and included in the final document)

Midterm Review Report Reviewed and Cleared By:

Commissioning Unit

Name: _____

Signature: _____ Date: _____

UNDP-GEF Regional Technical Advisor

Name: _____

Signature: _____ Date: _____

ToR ANNEX G: Progress Towards Results Matrix and MTR Ratings & Achievement Summary Tables

Table G-1. Progress Towards Results Matrix (Achievement of outcomes against End-of-project Targets)

Project Strategy	Indicator ⁶⁶	Baseline Level ⁶⁷	Level in 1 st PIR (self-reported)	Midterm Target ⁶⁸	End-of-project Target	Midterm Level & Assessment ⁶⁹	Achievement Rating ⁷⁰	Justification for Rating
Objective:	Indicator (if applicable):							
Outcome 1:	Indicator 1:							
	Indicator 2:							
Outcome 2:	Indicator 3:							
	Indicator 4:							
	Etc.							
Etc.								

Indicator Assessment Key

Green= Achieved	Yellow= On target to be achieved	Red= Not on target to be achieved
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Table G-2. MTR Ratings & Achievement Summary Table for (Project Title)

Measure	MTR Rating	Achievement Description
Project Strategy	N/A	
Progress Towards Results	Objective Achievement Rating: (rate 6 pt. scale)	
	Outcome 1 Achievement Rating: (rate 6 pt. scale)	
	Outcome 2 Achievement Rating: (rate 6 pt. scale)	
	Outcome 3 Achievement Rating: (rate 6 pt. scale)	
	Etc.	
Project Implementation & Adaptive Management	(rate 6 pt. scale)	
Sustainability	(rate 4 pt. scale)	

⁶⁶ Populate with data from the Logframe and scorecards

⁶⁷ Populate with data from the Project Document

⁶⁸ If available

⁶⁹ Colour code this column only

⁷⁰ Use the 6 point Progress Towards Results Rating Scale: HS, S, MS, MU, U, HU

ANNEX 2: TIMELINE OF DELIVERABLES

The total duration of the evaluation will be 25 working days per the following plan:

Activity	Timing	Date Durations and Completion Dates
Preparation: document review and preparing MTR Inception Report; and finalization and validation of MTR Inception Report	5 working days	18 December, 2017
Conducting MTR mission: stakeholder meetings, interviews, field visits, Mission wrap-up meeting & presentation of initial findings	5 working days (Astana)	14 – 19 January, 2018
Preparation and submission of Draft Evaluation Report	11 working days	29 January – 5 February, 2018
Preparation and submission Final Report with audit trail annex	4 working days	Not later 19 February, 2018

The Evaluator is expected to deliver the following:

Deliverable	Content	Timing	Responsibilities
Inception Report	Evaluator provides clarifications on timing and method	No later than 2 weeks before the evaluation mission: due 18 December 2017	Evaluator submits to UNDP CO
Presentation	Initial Findings	End of evaluation mission: 19 January 2018	To project management, UNDP CO
Draft Final Report	Full report, (per annexed template) with annexes	Within 2 weeks of the evaluation mission: due 5 February 2018	Sent to project management, CO, reviewed by RTA, PCU, GEF OFPs
Final Report ⁷¹	Revised report	Within 1 week of receiving UNDP comments on draft: due 19 February 2018	Sent to CO for uploading to UNDP

⁷¹ When submitting the final evaluation report, the evaluator is required also to provide an 'audit trail', detailing how all received comments have (and have not) been addressed in the final evaluation report.

ANNEX 3: PROGRAMME OF COUNTRY VISITS

UNDP CO

#	Name	Title	Organization
1	Ms. Munkhtuya Altagerel	DRR	UNDP CO
2	Ms. Irina Goryunova	ARR	
3	Ms. Zhanetta Babasheva	M&E focal point.	
4	Mr. Rassul Rakhimov	SSU	

UNDP-GEF Project

#	Name	Title	
1	Mr. Alexandr Belyi	Project Manager	Project
2	Mr. Birzhan Yevniyev	Project Expert	2,3 Components
3	Ms. Aiman Shopayeva	Project Expert	4 Component
4	Mr. Tolebay Adilov	Project Expert	1 and 5.1 Components
5	Ms. Dinara Abdrakmanova	PR Expert	5.2 Component
6	Ms. Ainur Amirkhanova	Project Procurement Expert	Project

RTA & International Adviser

#	Name	Title	
1	Ms. Cynthia Page	UNDP-GEF RTA	UNDP GEF
2	Ms. Marina Olshanskaya	International Adviser	Ltd AvantGarde

Ministry for Investments and Development RK – Main Partner

#	Name	Title	Organization
1	Mr. Zhaksylyk Tokayev	National Project Director - Head of Energy Efficiency Department	MID
2	Ms. Enkik Dautbayeva	Expert, Energy Efficiency Department	MID

Project Partners

#	Name	Title	Organization
1	Mr. Daulet Абилкаиров	Deputy Chairperson	Fund DAMU (Almaty)
1.	Ms. Tokzhan Almatayeva	Director of Department of Investments	Fund DAMU (Almaty)
2.	Mr. Baurzhan Smagulov	Chairperson	Institute of Electric Energy and Energy Saving
3.	Mr. Olzhas Alibekov	Deputy Chairperson and former national director of UND/GEF project.	Institute of Electric Energy and Energy Saving
4.	Mr. Nanat Ysin	Chef Manager	Institute of Electric Energy and Energy Saving
5.	Mr. Aman Tleubayev	Consultant	Ltd «Astana-Sell»
6.	Mr. Alexander Entin	General Director	Ltd «EnKom-ST”
7.	Mr. Aman Taukenov	General Director	Ltd «Led system media»
8.	Ms. Aigul Solovieva	Consultant	n/a
9.	Ms. Tatyana Nemcan	Director	PF «Ak-Bota»

ANNEX 4: EVALUATION CONSULTANT CODE OF CONDUCT AND AGREEMENT FORM

Evaluators:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people’s right not to engage. Evaluators must respect people’s right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders’ dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

Evaluation Consultant Agreement Form⁷²

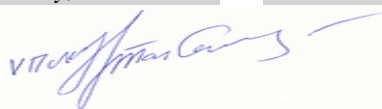
Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultant: Zharas Takenov

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at Almaty, Kazakhstan on 12 December 2017

Signature:



⁷²www.unevaluation.org/unegcodeofconduct

ANNEX 5: PROPOSED INTERVIEW LIST

UNDP:

- 1 Ms. Munkhtuya Altagerel, DRR, UNDP CO.
- 2 Ms. Irina Goryunova, ARR.
- 3 Ms. Zhanetta Babasheva, M&E focal point.
- 4 Mr. Rassul Rakhimov, SSU.

UNDP-GEF Project:

- 1 Mr. Alexandr Belyi, Project Manager.
- 2 Mr. Birzhan Yevniyev, Project Expert, 2,3 Components.
- 3 Ms. Aiman Shopayeva, Project Expert, 4 Component.
- 4 Mr. Tolebay Adilov, Project Expert, 1 and 5.1 Components.
- 5 Ms. Dinara Abdrakmanova, PR Expert, 5.2 Component.
- 6 Ainur Amirkhanova, Project Procurement Expert.

RTA & International Adviser:

- 1 Ms. Cynthia Page UNDP-GEF RTA.
- 2 Ms. Marina Olshanskaya International Adviser.

Ministry for Investments and Development RK – Main Partner:

- 1 Mr. Zhaksylyk Tokayev, National Project Director - Head of Energy Efficiency Department
- 2 Ms. Enkik Dautbayeva, Expert, Energy Efficiency Department.

Project Partners:

- 1 Mr. Daulet Абилкаиров, Deputy Chairperson, Fund DAMU (Almaty).
- 2 Ms. Tokzhan Almatayeva, Director of Department of Investments, Fund DAMU (Almaty).
- 3 Mr. Baurzhan Smagulov, Chairperson, Institute of Electric Energy and Energy Saving.
- 4 Mr. Olzhas Alibekov, Deputy Chairperson and former national director of UND/GEF project Institute of Electric Energy and Energy Saving.
- 5 Mr. Nanat Ysin, Chef Manager, Institute of Electric Energy and Energy Saving.
- 6 Mr. Aman Tleubayev, Consultant, Ltd «Astana-Sell».
- 7 Mr. Alexander Entin, General Director, Ltd «EnKom-ST”.
- 8 Mr. Aman Taukenov, General Director, Ltd «Led system media».
- 9 Ms. Aigul Solovieva, Consultant.
- 10 Ms. Tatyana Nemcan, Director, PF «Ak-Bota».

SCHEDULE OF MEETINGS IN ASTANA:

TIME	ACTIVITY	PLACE
15 January 2018, Monday, Astana		
09.30 – 10.00	Meeting with Victoria Baigazina and/or Irina Goryunova	UNDP, 14-Mambetov Street. 4 floor
10.00 – 10.30	In-Brief Meeting with DRR	UNDP, 14-Mambetov Street, 4 floor
10.30 – 11.00	Presentation Project Staff	UNDP, 14-Mambetov Street, 6 floor
11.00 – 12.30	Meeting with Marina Olshanskaya	UNDP, 14-Mambetov Street, 6 floor
13.00 – 14.30	lunch	

”

15.00 – 17.00	Meeting PM, National Project Team, UNDP Evaluation Officer	UNDP, 14-Mambetov Street, 6 and 4 floor
17.00 – 19.00	Desk work	Work in the Project Office or Hotel
16 January 2018, Tuesday, Astana		
10.00-11.00	Meeting with Baurzhan Smagulov and Olzhas Alibekov	Office Kazkhenergoexpertiza
11.30-13.00	Meeting with Enlik Dautbayeva	Ministry of investment and development
13.00 – 14.00	<i>lunch</i>	
14.30 – 16.00	Meeting with Gulzhamal Issayeva	Ministry of Energy
16.30-18.00	Meeting with Rassul Rakhimov	Meeting or Skype (TBC)
17 January 2018, Wednesday, Astana		
09.30 – 10.30	Visit to Pilot Project (Pilot District)	Astana
11.00 – 12.00	Meeting with Arman Tleubayev	UNDP, 14-Mambetov Street, 6 floor
	<i>Lunch</i>	
14.00 – 16.00	Participation on Workshop for Busines Co. (training with Marina Olshanskaya)	UNDP, 14-Mambetov Street, 1 floor, Conference Room
16.00 – 17.00	Meeting with Alexandr Entin, Aman Taukenov	UNDP, 14-Mambetov Street, 6 floor
14.00 – 18.00	Review of documentation, questions	Work in the Project Office or Hotel
18 January 2018, Thursday, Astana		
09.30- 13.00	Meeting with Tatiana Nemcan, visit to Green Center	Arnasay area, Akmola oblast
13.00- 14.00	<i>Lunch</i>	
14.00-15.00	Visit to Pilot (school # 9)	Astana
14.00- 18.00	Review of documentation, questions	Work in the Project Office or Hotel
19 January 2018, Friday, Astana		
09.00 – 12.30	Desk work	Work in the Project Office or Hotel
13.00 – 14.00	<i>lunch</i>	
14.00 – 15.00	Wrap-up meeting with DRR/ARR UNDP	UNDP, 14-Mambetov Street, 4 floor
16.00 – 17.30	Conclusions and plans for future with Project Manager	UNDP, 14-Mambetov Street, 6 floor

ANNEX 6: DESK REVIEW BIBLIOGRAPHY

1. GEF Project Information Form (PIF)
2. Project Document (ProDoc) endorsed by GEF CEO and GEF CEO Endorsement Request
3. Log Frame Analysis (LFA)
4. UNDP/GEF Project Document signed by UNDP and National Implementing Agency
5. Project Inception Report
6. All Project Implementation Reports (PIRs)
7. Project quarterly (QORs and QPRs) and annual reporting (Project Implementation Reports [PIRs] and Annual Project Implementation Reports [APRs])
8. Minutes of Project Board meetings
9. Project budget and financial data
10. Finalized GEF focal area Tracking Tools at CEO endorsement and midterm
11. Reports on monitoring of project office and pilot sites
12. ROARs
13. Project briefs and success stories
14. Project knowledge products
15. Government documentation (as an evidence of project outcomes achieved)
16. UNDP Development Assistance Framework (UNDAF)
17. UNDP Country Programme Document (CPD)
18. UNDP Country Programme Action Plan (CPAP)
19. GEF focal area strategic program objectives
20. List and contact details for project staff, key project stakeholders, including Project Boards, and other partners to be consulted
21. UNDP Environmental and Social Screening results
22. Audit reports
23. Oversight mission reports
24. All monitoring reports prepared by the project
25. Financial and Administration guidelines used by Project Team
26. Project operational guidelines, manuals and systems
27. UNDP country/countries programme document(s)
28. Minutes of the UNDP-GEF Project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan”
29. Board Meetings and other meetings (i.e. Project Appraisal Committee meetings)
30. Project site location maps

ANNEX 7: PROJECT RESULT RESOURCES FRAMEWORK

7.1 PROJECT RESULT RESOURCES FRAMEWORK AS IN THE PRODOC

This project will contribute to achieving the following Country Programme Outcome as defined in CPAP or CPD: The Government, industries and civil society take steps to adapt to climate change and mitigate its impact through energy efficiency measures and climate change adaptation policies.

Country Programme Outcome Indicators: Climate change mainstreamed into national environmental and sustainable development strategic action plans

Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one): 2. Catalysing environmental finance

Applicable GEF Strategic Objective and Program: Objective 4 "Promote energy efficient, low-carbon transport and urban systems"

Applicable GEF Expected Outcomes: a. Sustainable transport and urban policy and regulatory frameworks adopted and implemented; b. Increased investment in less-GHG intensive transport and urban systems; c. GHG emissions avoided

Applicable GEF Outcome Indicators: a. Number of cities adopting sustainable transport and urban policies and regulations; b. Volume of investment mobilized; c. Tones of CO₂ equivalent avoided

	Indicator ⁷³	Baseline	Mid-term targets	Targets End of Project	Source of verification	Risks and Assumptions
Project Objective ⁷⁴ Support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve voluntary national GHG emission reduction targets	Number of Urban NAMAs under development	0	4	14	Inception, Mid-term and Final report, APR/PIR, NAMA proposals	
	Value of Urban NAMAs under development (USD) = cumulative co-financing realized	0	20 million	70 million	Inception, Mid-term and Final report, APR/PIR, NAMA proposals	
	Number of Urban NAMAs under implementation	0	1	4	Inception, Mid-term and Final report, APR/PIR, NAMA proposals	
	Value of Urban NAMAs under implementation (USD)	0	3 million	3 million	Inception, Mid-term and Final report, APR/PIR, NAMA proposals	
	Expected direct lifetime GHG emission reductions from pilot NAMA implementation and NAMA Fund investments	0	74,000 t CO ₂	370,000 t CO ₂	Design and commissioning documentation, MRV system reports, APR/PIR	

⁷³ Consistent with UNDP's mandate to promote gender equality, reflected in the UNDP gender equality strategy 2014-2017, and the 3rd Millennium Development Goal (to end poverty by promoting gender equality), indicators will be collected gender-disaggregated and will aim to advance gender mainstreaming and social equity.

⁷⁴ Objective (Atlas output) monitored quarterly ERBM and annually in APR/PIR

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	Number of people benefiting from the improved transport and urban systems	0	2,200	180,000	Inception, Mid-term and Final report, APR/PIR, NAMA proposals	
	Establishment of financial facilities for NAMAs	1	2	5	Inception, Mid-term and Final report, APR/PIR, NAMA proposals (0: not an objective /component, 1: no facility in place, 2: facilities discussed and proposed, 3: facilities proposed but not operationalized /funded, 4: facilities operationalized / funded but have no demand, 5: facilities operationalized /funded and have sufficient demand)	
Outcome 1⁷⁵ Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)	Number of urban GHG Inventories, Abatement costs curves and NAMA factsheets prepared and discussed with stakeholders	0	5	15	Inception, Mid-term and Final report, APR/PIR, inventories, ACCs, and NAMA factsheets	
	Number of urban GHG reduction targets established and officially adopted by Akimats	0	5	15	Official resolutions from Akimats	
Outcome 2 Put in place the enabling institutional framework to facilitate the implementation of urban mitigation	Technical assistance delivered according to ToR agreed with each akimat (signoff between UNDP and akimat)	0	5	15	Inception, Mid-term and Final report, APR/PIR	Project opportunities are identified Akimats choose to access project support
	Bankable project documents prepared	0	5	15	Inception, Mid-term and Final report, APR/PIR	
	Public service contracts signed / tariffs agreed	None	Up to 5, depending on needs	Up to 15, depending on needs	Inception, Mid-term and Final report, APR/PIR	
Outcome 3 New and additional financing for urban NAMAs levered	Capitalization of funding mechanisms for urban NAMAs	0	10 million	44 million	Fund reports, Inception, Mid-term and Final report, APR/PIR	Bankable projects are identified, and banks invest
	Financing provided to urban NAMA projects from Pilot NAMA fund (USD)	0	2 million	8 million	Fund reports, Inception, Mid-term and Final report, APR/PIR	
	Diversification strategy developed	None	None	Strategy developed	Agreed strategy, Inception, Mid-term and Final report, APR/PIR	

⁷⁵ All outcomes monitored annually in the APR/PIR. It is highly recommended not to have more than 4 outcomes.

	Direct lifetime GHG emission reductions from NAMA fund	0	55,000 t CO ₂	275,000 t CO ₂	Design and commissioning documentation, MRV system, Inception, Mid-term and Final report, APR/PIR	
Outcome 4 Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication	Direct annual GHG emission reductions from pilot urban mitigation action	0	950 t CO ₂	4,750 t CO ₂	Design and commissioning documentation, MRV system, Inception, Mid-term and Final report, APR/PIR	
	Expected direct lifetime GHG emission reductions from pilot urban mitigation action	0	19,000 t CO ₂	95,000 t CO ₂	Design and commissioning documentation, MRV system, Inception, Mid-term and Final report, APR/PIR	
Outcome 5a GHG emission reductions of implemented urban NAMAs are systematically monitored, verified and reported	NAMA MRV process allows certified emission reduction credits to be imported into the domestic Emission Trading Scheme	None	None	1 emission reduction purchase agreement signed	Resolutions / agreements, Inception, Mid-term and Final report, APR/PIR	The domestic ETS continues to function Political will exists to establish mechanisms to import credits into domestic ETS
	MRV system for urban emissions set up and operational in cities	0	1	4	MRV reports	
Outcome 5b Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs	Awareness index to be defined in inception workshop incorporating knowledge and 'use of knowledge' factors at city/town level	Awareness index, & baseline established through survey of cities & towns	Awareness index increased by 50%	Awareness index doubled	Survey results, Inception, Mid-term and Final report, APR/PIR	

7.2 REVISED PROJECT RESULT RESOURCES FRAMEWORK AFTER INCEPTION WORKSHOP:

Project objective indicators included number and value of projects under development and under implementation. Instead of these two sets of indicators, the revised logframe includes number and value of projects implemented, and a new green jobs indicator has been added.

Outcome 3 originally envisaged that first a pilot NAMA fund will be established, and separate indicators for the pilot fund has been defined. Since the Inception Report envisages establishment of a single financial mechanism, these indicators related to the pilot only fund (capitalization and GHG emissions saved) have been omitted. The key indicators referring to GHG emissions saved from implemented projects in Component 3 and their financial volume are shown as project objective indicators.

Outcome 4 indicators were duplicitous, they showed both annual GHG emission reductions, and lifetime GHG emission reductions as well. Instead, the revised version includes only annual GHG emission reductions.

For the assessment of the Outcome 5b indicator an outline of a questionnaire for evaluation of awareness has been drafted – see Annex 1.

Revised text is highlighted in yellow.

	Indicator ⁷⁶	Baseline	Mid-term targets	Targets End of Project	Source of verification	Risks and Assumptions
Project Objective ⁷⁷ Support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve voluntary national GHG emission reduction targets	Number of Urban NAMA program under development	0	4	15	Mid-term and Final report, APR/PIR, NAMA proposals	
	Value of Urban NAMA projects implemented (USD) = cumulative financing realized	0	20 million	70 million	Mid-term and Final report, APR/PIR, NAMA proposals	
	Direct lifetime GHG emission reductions from implemented NAMA projects	0	74,000 t CO ₂	370,000 t CO ₂	Design and commissioning documentation, MRV system reports, APR/PIR	
	Number of people benefiting from NAMA projects	0	2,200	180,000	Mid-term and Final report, APR/PIR, NAMA proposals	
	Establishment of financial facility for NAMAs	a)	b)	e)	Mid-term and Final report, APR/PIR, NAMA proposals (a): no facility in place, b): facilities discussed and proposed, c): facilities proposed but not operationalized/funded, d): facilities operationalized/funded but have no demand, e): facilities operationalized/funded and have sufficient demand)	

⁷⁶ Consistent with UNDP’s mandate to promote gender equality, reflected in the UNDP gender equality strategy 2014-2017, and the 3rd Millennium Development Goal (to end poverty by promoting gender equality), indicators will be collected gender-disaggregated and will aim to advance gender mainstreaming and social equity.

⁷⁷ Objective (Atlas output) monitored quarterly ERBM and annually in APR/PIR

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	New green jobs	0	New green jobs created	Number of new green jobs higher than reduced traditional jobs	Mid-term and Final report, APR/PIR, NAMA proposals, project survey	
Outcome 1 ⁷⁸ Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)	Number of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders.	0	15	15	Inception, Mid-term and Final report, APR/PIR, inventories, ACCs, and NAMA factsheets	
	Number of municipalities for which urban GHG reduction targets established and officially adopted by Akimats	0	15	15	Official resolutions from Akimats	
Outcome 2 Put in place the enabling institutional framework to facilitate the implementation of urban mitigation	Technical assistance delivered according to ToR agreed with each akimat ..	0	15	15	Inception, Mid-term and Final report, APR/PIR	Project opportunities are identified Akimats choose to access project support
	Bankable project documents prepared	0	15	15	Inception, Mid-term and Final report, APR/PIR	
	Public service contracts signed / tariffs agreed	None	Up to 4, depending on needs	Up to 15, depending on needs	Inception, Mid-term and Final report, APR/PIR	
Outcome 3 New and additional financing for urban NAMAs levered	Capitalization of funding mechanisms for urban NAMAs	0	10 million	44 million	Fund reports, Inception, Mid-term and Final report, APR/PIR	Bankable projects are identified, and banks invest
	Diversification strategy developed	None	None	Strategy developed	Agreed strategy, Inception, Mid-term and Final report, APR/PIR	
Outcome 4 Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication	Direct annual GHG emission reductions from pilot urban mitigation action	0	950 t CO ₂	4,750 t CO ₂	Design and commissioning documentation, MRV system, Inception, Mid-term and Final report, APR/PIR	
Outcome 5a GHG emission reductions of	NAMA MRV process allows certified emission	None	None	1 emission reduction purchase	Resolutions / agreements, Inception, Mid-term and Final	The domestic ETS continues to function,

⁷⁸ All outcomes monitored annually in the APR/PIR. It is highly recommended not to have more than 4 outcomes.

„

implemented urban NAMAs are systematically monitored, verified and reported	reduction credits to be imported into the domestic Emission Trading Scheme			agreement signed	report, APR/PIR	prices are sufficient
	MRV system for urban emissions set up and operational in cities	0	4	15	MRV reports	Transaction costs are not higher than value of GHG savings Political will exists to establish mechanisms to import credits into domestic ETS
Outcome 5b Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs	Awareness index based on questionnaire	Awareness index, & baseline established through survey of cities & towns	Awareness index increased by 50%	Awareness index doubled	Survey results, Inception, Mid-term and Final report, APR/PIR	

ANNEX 8: EVALUATION CORE QUESTIONS

Evaluation criteria and questions presents the evaluation questions mapped against the evaluation criteria from the TOR: Based on the initial deskwork document review, the evaluator has proposed additions to the overarching evaluation questions. The proposed evaluation questions with research and clarification questions and sub-questions are the following:

Evaluative Criteria Questions	Indicators	Sources	Methodology
Project Strategy: To what extent is the project strategy relevant to country priorities, country ownership, and the best route towards expected results?			
<ul style="list-style-type: none"> Are project outcomes contributing to national development priorities and plans in accordance with the national legal and regulatory frameworks? 	<ul style="list-style-type: none"> Number of Urban NAMAs under development and implementation Value of Urban NAMAs under development (USD) = cumulative co-financing realized Number of Urban NAMAs under implementation Value of Urban NAMAs under implementation (USD) Establishment of financial facilities for NAMAs 	<ul style="list-style-type: none"> Project reporting, national statistics and reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review, project document analysis, project data analysis, interviews with project staff, interviews with stakeholders, etc.
<ul style="list-style-type: none"> How does the project relate to the GEF Strategic objective CC – 4 “Promote energy efficient, low-carbon transport and urban systems” through improved energy performance? 	<ul style="list-style-type: none"> Number of people benefiting from the improved transport and urban systems 	<ul style="list-style-type: none"> Project reporting, national statistics and reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review
<ul style="list-style-type: none"> How did the project contribute to GHG emissions reduction within the project implementation cycle and beyond? 	<ul style="list-style-type: none"> # of tons of CO₂-equiv. Emission reductions Expected direct lifetime GHG emission reductions from pilot NAMA implementation and NAMA Fund investments 	<ul style="list-style-type: none"> Project reporting, national statistics and reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review
Progress Towards Results: To what extent have the expected outcomes and objectives of the project been achieved thus far?			
<ul style="list-style-type: none"> Are the achieved project outcomes commensurate with the original or modified project objectives? 	<ul style="list-style-type: none"> Yes/No 	<ul style="list-style-type: none"> Project reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government

			reporting/statistics review
<ul style="list-style-type: none"> Whether the project outcomes provided the most effective way towards results? 	<ul style="list-style-type: none"> Yes/No 	<ul style="list-style-type: none"> Project reporting, national statistics and reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review
<ul style="list-style-type: none"> What is effectiveness of project awareness raising and outreach activities/products on promoting NAMA approach among all project stakeholders? 	<ul style="list-style-type: none"> Number of urban GHG Inventories, Abatement costs curves and NAMA factsheets prepared and discussed with stakeholders Number of urban GHG reduction targets established and officially adopted by Akimats 	<ul style="list-style-type: none"> Project reporting, national statistics and reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review
Project Implementation and Adaptive Management: Has the project been implemented efficiently, cost-effectively, and been able to adapt to any changing conditions thus far? To what extent are project-level monitoring and evaluation systems, reporting, and project communications supporting the project's implementation?			
<ul style="list-style-type: none"> How efficient was the financial management of the project, including specific reference to cost-effectiveness of its interventions? 	<ul style="list-style-type: none"> Extent to which results have been delivered with the least costly resources possible 	<ul style="list-style-type: none"> Project reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project review
<ul style="list-style-type: none"> What was the role of UNDP and National Implementing Agency in meeting the requirements set out in UNDP Programme and Operations Policies and Procedures? 	<ul style="list-style-type: none"> Extent of influence to ensure meeting the required international standards 	<ul style="list-style-type: none"> Project reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project review
<ul style="list-style-type: none"> Are the systems for accountability and transparency of project management approach/results and meeting the relevant national norms and standards in place? 	<ul style="list-style-type: none"> # of national norms and standards met 	<ul style="list-style-type: none"> Project and national reporting 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review
Sustainability: To what extent are there financial, institutional, social-economic, and/or environmental risks to sustaining long-term project results?			
<ul style="list-style-type: none"> Whether the risks identified in project document and PIRs were appropriate and corresponding risk management strategies/systems were adopted and implemented? 	<ul style="list-style-type: none"> Extent of risk appropriateness Yes/No 	<ul style="list-style-type: none"> Project reporting, UNDP-GEF Risk Management System 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies
<ul style="list-style-type: none"> Whether national stakeholders participated in project management and decision-making have ownership for project outcomes and their further replication and scaling-up? 	<ul style="list-style-type: none"> Yes/No 	<ul style="list-style-type: none"> Project reporting, government reporting/documentation 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review

<ul style="list-style-type: none"> Was the project sustainability strategy relevant and efficient? 	<ul style="list-style-type: none"> Yes/No 	<ul style="list-style-type: none"> Project reporting; national evidences 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review
<ul style="list-style-type: none"> Are there any environmental risks that may pose a threat to the sustainability of the project outcomes? 	<ul style="list-style-type: none"> Yes/No 	<ul style="list-style-type: none"> Project reporting, government reporting/documentation 	<ul style="list-style-type: none"> UNDP/GEF Monitoring & Evaluation Policies, Project and government reporting/statistics review

ANNEX 9: PROJECT LESSONS-LEARNED REPORT 2015-201

Project Title:	Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan, Kazakhstan
Country:	Kazakhstan
Related CPAP Outcome	National authorities and communities are better prepared and respond to natural and man-made disasters.
Project Description and Key Lessons-Learned	
Brief description of context	The Project is fully consistent with the GEF-5 Climate Change (CC) Focal Area Strategy which envisages that in large, medium-income developing countries, such as Kazakhstan, the GEF will support programs and projects that will bring significant GHG reductions, such as market transformation in the building, industry and transport sectors. Specifically, the Project will contribute to the achievement of the GEF CC Objective 6 “Support Enabling Activities under the Convention” and Objective 4 “Promote energy efficient, low-carbon transport and urban systems” by building human and institutional capacities and supporting design and implementation of NAMAs in the urban sector.
Brief description of project	<p>The Project was designed to support Kazakhstan’s efforts to pursue long-term, transformative development and accelerate sustainable economic growth, while slowing and eventually reversing the growth of GHG emissions. Long-term objective of the UNDP/GEF Project (the Project) is to support the GoK in the development and implementation of NAMAs in the urban sector to achieve voluntary national GHG emission reduction target, as committed during COP-17 (Durban 2011). The Project supports the GoK to improve the sustainability of towns and cities in Kazakhstan by enabling investments in high efficiency municipal infrastructure. The project will achieve these objectives by means components: The five Components each work towards one key Outcome, which are formulated based on the strategic approach in the following manner:</p> <p>Component 1 - Outcome 1 will enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs);</p> <p>Component 2 - Outcome 2 will put in place the enabling institutional framework to facilitate the implementation of urban mitigation actions;</p> <p>Component 3 - Outcome 3 will establish new and additional financing for urban NAMAs;</p> <p>Component 4 - Outcome 4 will identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication; and</p> <p>Component 5 - Outcome 5 will establish a monitoring, reporting and verification (MRV) system to allow for the systematic MRV of the GHG emission reductions of implemented urban NAMAs; and will increase the awareness of, and access to, information and guidance on urban NAMAs in Kazakhstan.</p>
Key project successes	<ul style="list-style-type: none"> • For the first 7 pilot cities the Plans on low-carbon development of cities with the indication of the objectives of reduction of greenhouse gases in short-term (till 2020) and long-term (till 2030) perspective, main actions, specific projects and required investment. • Public councils and key target groups on the ground are aware of the principles of low-carbon development. • A Memorandum of understanding was signed between the United Nations Development Programme in the Republic of Kazakhstan and Akimats of Astana, Temirtau, Lisakovsk, Taraz, South Kazakhstan oblast, Aktope oblast, West Kazakhstan oblast. • The Expert commission and the PMC approved the application from Akimat of Astana with the offer of modernization of the city block consisting of 5 apartment houses. Contacts with homeowners and Management Company are established. The procedure for implementation of the project has been agreed. • The mechanism of support of the service initiatives (implementation of low-carbon projects in cities) has been officially launched. • Five typical concepts have been developed for the implementation of PPP projects as models that can be replicated in cities. Concepts include the description of projects, economic

	models of expediency of implementation, risks and responsibility of parties-participants of the project, balance of advantages and interests of the parties, draft contracts and design bid documentation.
Project shortcomings and solutions	<ul style="list-style-type: none"> • Calculations of efficiency and attractiveness of private funding for low-carbon projects showed, in many cases the underestimated values of the Basic Energy Consumption Line that impedes the return of investments. And, as for the basic line based on the observance of regulations and standards of energy supply (heat, lighting etc.), this project can generate ample savings to guarantee the return of investments. • Calculations of effectiveness and attractiveness of private financing for low-carbon projects showed the presence of a small profitability for the investor due to non-compliance with the standards of energy consumption. The project has prepared a Vision to eliminate this barrier. • Frequent rotation of staff leads to the fact that within 1.5-2 years the heads of the cities can change as well as a half of the team of Akimats and it is necessary to start work practically from scratch. Staff of Akimats are not interested in work with the project which gives nothing to them personally except additional workload. The involvement of local volunteer consultants made it possible to resolve these issues more quickly. Thus, to obtain information, they have been engaged at the local level. They also attracted NGOs and their colleagues in arrangement of seminars and meetings in their cities. • Possible response of the project to the turnover of staff in city administrations can also be the coordination of activities and events with several key partners, including senior managers to ensure that in the case of turnover there were the contact persons who can replace and are competent in the arisen issues. • Improving the energy efficiency of residential buildings at the pilot site in Astana (city block) is not the priority for residents under the current socioeconomical circumstances. The current problems of maintenance of their houses (condition of cellars, engineering networks, etc.) are more actual for them. When developing a Master plan for the modernization of the block, all urgent needs of residents must be considered. A special questionnaire for apartment owners was developed under the project.
Lessons learned	<ul style="list-style-type: none"> • Many problems which often don't directly relate to EE in the urban economy of cities, especially in small ones, persists and that reduces the relevance of the project aimed at the development and reduction of EE. • After the launch of energy service initiatives support mechanism, the private investors did not have a surge of interest in projects which is probably due to the presence of many issues in the urban economy increasing the risks of investment of private funds. • Implementation of the project is designed for 5 years; the average time of energy service contracts is 6-7 years so at the end of the project the first projects launched in the pilot mode will not be completed yet. The extension of the project period should be considered to complete the monitoring of the testing of financial mechanisms.
Follow-up Actions	<ul style="list-style-type: none"> • These key lessons should be considered if possible when planning for 2018 as well as in the conduction of MTE.

Project Information	
Award ID:	00082364
CO Focal Points:	Programme Analyst, Sustainable Development/ Urbanization unit Mr. Rassul Rakhimov, rassul.rakhimov@undp.org , Project Manager, Mr. Alexander Belyi
Partners:	Ministry for Investments and Development RK
Project resources:	
Report prepared by:	Project Manager, Mr. Alexander Belyi
Date:	

ANNEX 10: DISBURSEMENT OF PROJECT COMMITTED CO-FINANCING, 2013-2017

№	Sources /Name of Co-financier	Actual disbursed co-financing, in US 1000\$						Committ ed co-financing (ProDoc) in US1000\$	% of disburse d / committ ed co-financin g	Notes/Explanatio n
		Year1 2015	Year2 2016	Year3 2017	Year4 2018	Year 5 2019	Total			
1	GEF	214,685	673,035	671,030	-	-	1,558,750	5,930,000	26.29	
2	UNDP (Cash)	12,320	12,320	12,320	-	-	36,960	60,000	61.60	The UNDP contribution to the assessment of the possible reduction of GHG emissions in the urban sector (at the national level) and technical design and institutional capacity building for the implementation of the pilot project.
3	UNDP (In-kind)	0	150,000	150,000	-	-	300,000	1,000,000	30.00	
4	ME (Cash)	0	0	0	-	-	0	3,093,435	0.00	The obligation of co-financing from the Ministry of Energy for the "Development of Action Plans of the National Solid Waste Management Program" is not possible in connection with the cancellation of the corresponding state program.
И	MNE (Cash)	8,898,374.413	8,898,374.413	8,898,374.413	-	-	26,695,723.24	15,000,000	177.97	Attracted more funds due to over fulfilment of the "Program for the modernization of housing stock" (in the framework of the state program)
6	Eurasian Development Bank (Soft Loan)				-	-	0	30,000,000	0.00	In connection with the lack of low-carbon projects by December 1, 2017, co-financing has not yet been raised
7	International Finance Corporation (IFC) (In-kind)				-	-	0	600,000	0.00	In connection with the absence by December 1, 2017 of LC projects, co-financing has not yet been raised
8	EnKom-St (In-kind)	0	806,319.804	806,319.804	-	-	1,612,639.608	1,000,000	161.26	The funds spent by EnCom-ST for the automation of heat consumption and heat metering devices in the buildings of Astana and other cities are shown.
9	Ergonomica, Ltd (In-kind)	0	0	41,248.347	-	-	41,248.347	980,659	4.21	The funds raised for the development of technical solutions for writing the concepts of typical PPP projects and conducting pre-project surveys of potential urban projects for implementation
10	Grundfos (In-kind)	0	0	0	-	-	0	855,000	0.00	In connection with the absence by December 1, 2017 of LC projects, co-financing has not yet been raised
11	MID	0	0	1,418,580.087			1,418,580.087	12,800,000	11.08	The contribution of the Ministry of Investment and Development of the Republic of Kazakhstan to the development and

										approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms of the Subsidy and Guarantee Agreements, as well as the creation of the Institutional Framework for the implementation of projects in the residential sector of buildings, PPP projects, as well as in the creation and support of the activities of the interdepartmental working group to discuss the organizational framework for the creation of mechanisms for supporting energy efficiency.
	Total						31,663,901.280	71,319,094	44.39	

The GEF co-financing table should be preliminarily completed by the Project Team before the MTR mission, and confirmed for accuracy by the MTR team during the MTR mission. Obtaining up-to-date co-financing information will require contacting each of the co-financing parties, including the government, to get a full and up-to-date accounting of co-financing. The Project Team must send this table to each of the co-financers and have them fill in their information.

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ANNEX 12. GEF TRACKING TOOL

As the GEF tracking tool used during development of the ProDoc has been updated in June 2016 the current GEF CC Tracking Tool of GEF/UNDP Nationally Appropriate Mitigation Actions for Low-carbon Urban Development project is used. In the Tables below the Project results are presented and summarized, which are relevant for the indicators set in this GEF Tracking Tool.

General Data of the GEF CC Tracking Tool of GEF/UNDP Nationally Appropriate Mitigation Actions for Low-carbon Urban Development project.

Indicators	Implementation Status ⁷⁹	Comments
Is the project consistent with the priorities identified in National Communications, Technology Needs Assessment, or other Enabling Activities under the UNFCCC?	1	The project meets the priorities identified in the national communications on the UNFCCC in terms of policies and measures in the field of housing and communal services.
Is the project linked to carbon finance?	1	The project is aimed at approbation of financial support mechanisms for low carbon projects, which lead to reduction of GHG emissions.
Cumulative cofinancing realised (US\$)	30,105,151	The contributions of: a) the Ministry of Investment and Development of the Republic of Kazakhstan in the development and approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms of the Subsidy and Guarantee Agreements; b) Ergonomics LLP in developing technical solutions for writing the concept of bird PPP projects and conducting pre-project surveys of potential urban projects for implementation; c) the MID RK in the creation of an Institutional Framework for the implementation of projects in the residential sector of buildings, in facilitating the introduction of prepared standard PPP projects, as well as in the creation and maintenance of the work of the interdepartmental working group to discuss the institutional framework for the creation of mechanisms for supporting energy efficiency; d) UNDP in the assessment of the possible reduction of GHG emissions in the urban sector (at the national level) and technical design and institutional capacity building for the implementation of the pilot project; e) MNE RK regarding the execution of the state program for the modernization of residential buildings; LLP "EnCom-ST" in the implementation of projects on automation and heat metering in the cities of the country.
Cumulative additional resources mobilized (US\$)	873,612	In addition (outside the designated amounts in the project document), co-financing is shown: a) Astana City Akimat for the execution of the pilot project for the modernization of the urban quarter (replacement of engineering networks and communications); b) Led Systems, Satpayev Vodokanal LLP and KazVesst LLP in developing technical solutions for writing the concept of bird PPP projects and conducting pre-project surveys of potential urban projects for implementation; c) LLP "Corporation Saiman" (Satpayev), "Komek" LLP (Satpayev), "Sapronat" LLP (Petropavlovsk) in carrying out pre-project surveys of potential urban projects for implementation; d) JSC "Kazakhstan PPP Center" for holding 3 republican planning meetings and the basics of work on PPP mechanisms, e) the Damu Enterprise Development Fund in the development and approval of the Cooperation Agreement, the Rules for supporting urban low-carbon projects, as well as the forms Contracts of subsidizing and guaranteeing.

⁷⁹

Yes = 1. No = 0

Objective 4: The GEF CC "Promote energy efficient, low-carbon transport and urban systems"

Indicators	Implementation Status ⁸⁰	Comments
Sustainable urban initiatives⁸¹	1/1	In Shymkent, a joint initiative of UNDP and the Akimat of the city of Shymkent - "Building an effective housing management and maintenance system in Shymkent" was implemented. In Akmola oblast, the initiative "Development of low-carbon strategy for the settlement (Arnasay)" was implemented with the participation of the population. Centres of competence for urban sustainability have been established in the cities of Taraz and Shymkent. In Astana, a pilot project was launched on the complex low-carbon modernization of the urban quarter.
Policy and regulatory framework⁸²	5/2	Key partners discussed and proposed changes in the preparation and execution of low-carbon projects on the PPP and ESCO mechanism in urban conditions. The amendments to the legislation on trade in GHG emissions for inclusion of city projects in the scheme of trade in quotas were discussed and proposed.
Establishment of financial facilities (e.g., credit lines, risk guarantees, revolving funds)⁸³	5/4	The financial mechanism for supporting low carbon of urban projects (subsidizing the interest rate for loans and guaranteeing) was developed and launched into the testing phase. Projects are planned for execution in 2018.
Capacity Building⁸⁴	5/3	Trainings and training of target groups: the population and the public on the involvement of urban planning in the process of NIM; business, banks and the Damu Foundation - the use of a mechanism for the financial support of low carbon projects; Akimats of pilot cities - methods of low carbon urban planning. The total audience coverage was about 106 thousand people.
Number of people benefiting from the improved transport and urban systems	180,000/ 1,600	The population of the 5 Apartment houses (approximately 1.5 thousand) within the pilot area (quarter) of buildings enjoys an improved heat supply system due to the contribution of Astana Akimat to the modernization of the area (quarter) heating main (energy losses on the way to residential buildings were reduced). Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.
Lifetime direct GHG emissions avoided	370,000 tones CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018
Lifetime direct post-project GHG emissions avoided	275,000 CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.
Lifetime indirect GHG emissions avoided (bottom-up)	1,025,000 CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.
Lifetime indirect GHG emissions avoided (top-down)	5,000,000 CO2/eq / 0 CO2/eq	Projects that improve urban systems in other cities have not yet been launched. Planned for implementation from 2018.

Objective 6: The GEF CC "Support Enabling Activities under the Convention"

⁸⁰ n/n - at CEO endorsement/at MTR

⁸¹ Yes = 1, No = 0

⁸² 0: not an objective/component 1: no policy/regulation/strategy in place 2: policy/regulation/strategy discussed and proposed 3: policy/regulation/strategy proposed but not adopted 4: policy/regulation/strategy adopted but not enforced 5: policy/regulation/strategy enforced

⁸³ 0: not an objective/component 1: no facility in place 2: facilities discussed and proposed 3: facilities proposed but not operationalized/funded 4: facilities operationalized/funded but have no demand 5: facilities operationalized/funded and have sufficient demand

⁸⁴ 0: not an objective/component 1: no capacity built 2: information disseminated/awareness raised 3: training delivered 4: institutional/human capacity strengthened 5: institutional/human capacity utilized and sustained

Indicators	Implementation Status	Comments
Nationally Appropriate Mitigation Actions	15/7	Plans for low-carbon development have been prepared for 7 of the 15 pilot cities: GHG emissions from the urban sector have been assessed, Low carbon development projects have been identified, and the required investments have been estimated.
Does the project include Measurement, Reporting and Verification (MRV) activities?⁸⁵	1/0	On development stage. The mechanism will be used in parallel with the implementation of projects from 2018.

The evaluator reviewed PIRs 2016 and 2017 and found that they provide concise information on project progress, management, issues, achievements and prove success in reaching multiple stakeholders and potential beneficiaries over the project implementation. PIR for 2016 was rated as satisfactory with risk rating changed down from “high” in 2016. PIR for 2017 is awaiting final review of RTA. It is also found by the Evaluator that the template which was generated for the 2017 PIR is based on the ProDoc PRF which was already updated during the Inception and moreover have been already used for 2016 PIR. Therefore, it is required to updated 2017 PIR using the correct template.

⁸⁵

Yes = 1, No = 0

ANNEX 13: MIDTERM EVALUATION REPORT AUDIT TRAIL

The following is a template for the evaluator to show how the received comments 1-7 received on 27 March 2018 from Mr. Mr. Alexander Belyi, Project Manager and Ms. Marina Olshanskaya, International Advisor and on 24 May 2018 from John O Brain, RTA on the 1st draft of Midterm Evaluation Report of the Full-sized GEF financed and UNDP supported project “Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan” (PIMS#4670) have (or have not) been incorporated into the final MTR report. This audit trail will be included as an annex in the final TE report.

The following comments were provided in track changes to the draft Midterm Evaluation report; they are referenced by institution (“Author” column) and track change comment number (“#” column):

Author	#	Para No./ comment location	Comment/Feedback on the draft TE report	TE response and actions taken
AB (Alexander Belyi) and MO (Marina Olshanskaya)	1	Recommendation 1, page 17	Project team thinks that proposed mid-term targets for Outcome 1 and 2, i.e. 15 Municipalities have GHG inventory prepared and GHG emission reduction targets adopted, is not feasible. This is because a) methodology for municipal GHG inventory has to be developed and tested first; b) required data to prepare inventories proved very difficult and sometime impossible to collect (hence revisions have to be made in the propose approach); and c) the process of targets adoption at city level is a lengthy one as it requires multiple rounds of stakeholder consultations and explanation to authorities, as well as preparation of relevant regulatory documents and their	The recommendation is to correct figures in the logframe table for mid-term targets for Project Objective (MTR Indicator - 4 - Number of Urban NAMA program under development) in PRF in line with mid-term targets for Outcome 1 and Outcome 2 related to the number of MTR Indicator- 15 - Urban NAMA programme development as it was agreed after the Inception report

			clearance/approval .	
AB and MO	2	Recommendation 2, page 17	We just wanted to clarify that the proposed revision or clarification of indicators is fully in line with initial logical framework of the project as per UNDP-GEF project document.	Yes. The proposed revision/clarification of indicators is fully in line with initial logical framework of the project as per UNDP-GEF project document.
AB and MO	3	Recommendation 3, page 17	We just wanted to clarify that the proposed revision or clarification of indicators is fully in line with initial logical framework of the project as per UNDP-GEF project document	Yes. The proposed revision/clarification of indicators is fully in line with initial logical framework of the project as per UNDP-GEF project document.
AB and MO	4	Recommendation 4, page 17	In addition to video material, another PR and communication instruments should be deployed to widely present the results of the project and its partnership with DAMU. According to the agreement between DAMU and MID, marketing of the financial mechanism falls under DAMU's responsibility and respective financial provisions have been made in the budget.	The recommendation was actual at the time of MTR mission and evaluation period. The project must to coordinate this activity.
	5	Recommendation 5, page 17	We agree with the need to focus more on awareness raising, in particular regarding the financial mechanism. The project team is of the opinion that the primary	Noted.

			audience of such awareness raising should be private sector companies and apart from the awareness raising, they also require more technical training and advice to help them prepare quality technical proposal for the financial mechanism.	
AB and MO	6	Recommendation 8, page 17	We agree with recommendations. However, in view of lengthy procedure required for development and adoption of policy and regulatory changes it may not be feasible to have those policies adopted within the remaining project timeframe.	Noted.
AB and MO	7	Recommendation 9, page 18	Substantial revision of the project, as well as re-allocation of funds between outcomes in the project budget would require re-approval of the revision by the GEF Council. Therefore, it is proposed that only the design of the financial mechanism be revised after the end of its pilot phase in Q2 2018. There are several potential options to be considered. First, if the project doesn't receive sufficient number of quality applications, it could consider allocating funds under Outcome 3	Done. The recommendation is corrected as suggested.

			to support project design and preparation (as pre-investment grant). Alternatively, it may consider the expand the scope of eligible projects (i.e. from other municipal sub-sectors), or it may consider increase the volume of investment support (high rate of interest subsidy) and/or provision of complementary investment grants for certain category of projects, such as thermal modernization of residential buildings.	
JO (John O Brain, RTA)	8	1.Executive Summary, Page 5, 2 nd paragraph.	99 percent of the population of the world will have no idea about what is a NAMA. I suggest to add 1-2 sentences explaining what is a NAMA.	<u>Added the following:</u> Nationally Appropriate Mitigation Action (NAMA) refers to a set of policies and actions that countries undertake as part of a commitment to reduce greenhouse gas emissions. The term NAMA recognizes that different countries may take different nationally appropriate action based on equity and in accordance with common but differentiated responsibilities and respective capabilities. It also emphasizes financial assistance from developed countries to developing countries to reduce emissions. NAMA was first used in the Bali Action Plan as part of the Bali Road Map agreed at the United Nations Climate Change Conference in Bali in December 2007 and formed part of the Copenhagen Accord issued following the United Nations Climate Change Conference in Copenhagen (COP 15) in December 2009.
JO	9	1.Executive Summary, Page 6. Sentence: The Project supports the identification, design, and implementation of NAMAs in the urban sector.	NAMA has not been defined yet.	<u>The sentence is rephrased:</u> The Project supports the identification and design of NAMAs in the urban sector and expects implementation of NAMAs in the second half of the project.
JO	10	1.Executive Summary, Page 6. Sentence: NAMAs, consisting of investments in infrastructure supported by capacity	<u>Suggested edition:</u> .. under the Paris Accord of a 15% reduction in GHGs by 2030 when measured against the base year of	<u>The sentence is rephrased:</u> NAMAs, Project was designed before Paris Accord signed in 22 April 2016. Project has started in 15 April 2015. See: Prodoc, 1.2. Rationale for the Project, page 8- " ... In 2010 Kazakhstan announced and communicated

		building, awareness raising and technical assistance, will contribute to achieving the country's GHG emission reduction target, while improving urban services and the quality of life of citizens in Kazakh towns and cities.	1990,...	to the Parties its additional voluntary commitments to reduce GHG emissions by 15% by 2020 below 1990 emissions and by 25% by 2050. The proposed Project is also fully aligned with the national priorities to strengthen economic and energy independence of Kazakhstan by promoting resource efficiency and climate resilient growth". NAMAs, consisting of investments in infrastructure supported by capacity building, awareness raising and technical assistance, will contribute to achieving the country's GHG emission reduction voluntary target by 15% by 2020 below 1990 emissions and by 25% by 2050...
JO	1 1	1.Executive Summary, Page 7, Table with information on in-cash and in-kind contribution.	Table could add project start date, project end date, project funds spent to date. Project funds remaining.	This a breakdown of the total project budget with details on in-cash and in-kind contribution of different partners. For the information on project start date, project end date, project funds spent to date and project funds remaining please refer to the above Table 1 Project Summary of UNDP-supported GEF-financed project "Nationally Appropriate Mitigation Actions for Low-carbon Urban Development in Kazakhstan, Kazakhstan" on the page 5 and 56.
JO	1 2	1.Executive Summary, Page 8.	Can you not state the rating after each component?	Yes, the rating after each component is added. Although below there is a separate Table 3 with the rating against each component.
JO	1 3	1.Executive Summary, Page 8. Last paragraph.	And what is the rating for this component and why?	<u>Added:</u> The outcome partially achieved its two midterm targets with some shortcomings. The rating for this Component is Moderately Satisfactory as it is feasible to reach all the end-of-project targets in 2018.
JO	1 4	1.Executive Summary, Page 10. 2 nd paragraph.	And what is the rating for this component and why?	<u>Added:</u> Component 2 is rated as Moderately Satisfactory (MS) as all the midterm-project targets are partially met.
JO	1 5	1.Executive Summary, Page 10. 3 rd paragraph.	To attract investments you need to implement a system also.	<u>Added:</u> This Component 3 is aimed at creating and implementing a system that will attract investments from the private and banking sectors in energy saving projects.
JO	1 6	1.Executive Summary, Page 10, 5 th paragraph	No they are not. One is but the other is a loan guarantee mechanism.	In the text there is a link to the "Municipal Energy Efficiency Investment Support Facility: Proposed Design Options under the UNDP-GEF project" NAMAs for the Low-Carbon Urban Development in Kazakhstan " document. This document was sent to the RTA for approval - at that time was Ms. Cynthia Page, as well as for approval at the UNDP headquarters in New York. The project manager will provide the text of this document and correspondence with the headquarters, because of which the proposed mechanism was agreed with the headquarters. This report and correspondence will be sent by the project manager in a separate letter.
JO	1 7	1.Executive Summary, Page 10, 6 th paragraph	How does UNDP do this within its financial rules? I think it is not possible. Please	In the text there is a link to the "Municipal Energy Efficiency Investment Support Facility: Proposed Design Options under the UNDP-GEF project" NAMAs for the Low-Carbon Urban Development in Kazakhstan " document. This document was sent to the

			look into this and discuss.	RTA for approval - at that time was Ms. Cynthia Page, as well as for approval at the UNDP headquarters in New York. The project manager will provide the text of this document and correspondence with the headquarters, because of which the proposed mechanism was agreed with the headquarters. This report and correspondence will be sent by the project manager in a separate letter.
JO	1 8	1.Executive Summary, Page 10, 7 th paragraph	The second support mechanism is a loan guarantee model. {PLEASE EXPLAIN HOW IT WILL WORK}	In the text there is a link to the "Municipal Energy Efficiency Investment Support Facility: Proposed Design Options under the UNDP-GEF project" NAMAs for the Low-Carbon Urban Development in Kazakhstan ". This document was sent to the RTA for approval - at that time was Ms. Cynthia Page, as well as for approval at the UNDP headquarters in N-York. The project manager will provide the text of this document and correspondence with the headquarters, because of which the proposed mechanism was agreed with the headquarters. This report and correspondence will be sent by the project manager in a separate letter. The manager will also send the rules and agreement between the Ministry of Investments of the Republic of Kazakhstan and the DAMU Foundation, where all the procedures for supporting projects in the world are registered in accordance with the rules and UNDP procedures.
JO	1 9	1.Executive Summary, Page 11, 2-3 rd paragraphs.	How can you do this when you first don't describe how the two mechanisms will be set up.	<p>Project-supported financial support mechanism for urban NAMAs has been officially launched in 4th QR 2017 in the form of Municipal Energy Efficiency Investment Support Facility in partnership with Damu Entrepreneurship Development Fund as the Financial Partner. Its set-up has been elaborated and agreed upon with the Government, Damu and UNDP-GEF HQ to ensure compliance with UNDP Financial Rules (See attached project report entitled Municipal Energy Efficiency Investment Support Facility: Proposed Design Options along with Financial rules for the provision of financial incentives, approved by the Government and Damu).</p> <p>Mechanism is based on the existing modality of financial support to SMEs under the "Business Road Map-2020" in the forms of interest rate subsidy and partial loan guarantees implemented by Damu through the local financial institutions (LFIs). In other words, under Business Road Map, the Government provides financial resources (grant) to Damu and Damu in turns allocates them to partner LFIs for private sector projects, which meet criteria established by the Business Road Map-2020. However, under the baseline the Government does not support private investment in urban climate change mitigation projects due to a number of barriers elaborated in the above-mentioned report. The purpose of GEF-supported mechanism is to make a case and practically demonstrate how Business Road Map can be expanded to support urban EE & RE projects (i.e. urban NAMAs), including criteria, guidelines and specific examples. Once mechanism is set-up, practical experience learnt and demonstrated, including the regarding the scope and form of financial</p>

				support to specific projects, the proposal will be made to the Government to include urban NAMA projects in the scope of Business Road Map in order to ensure mechanism's sustainability in the long-term. The Ministry of Investment and Development, key project national partner, is the lead government agency in charge of Business Road Map-2020 and is taking the lead on preparing required amendments based on project experience.
JO	20	1.Executive Summary, Page 11, 4 th paragraph.	<p>And what is the rating for this component and why?</p> <p>The next steps in establishing the two financial support mechanisms are ...{need to add more}</p>	<p>Indicator 3.1 - Capitalization of funding mechanisms for urban NAMAs – can be changed from MS to MU. 3.2. Diversification of funding – MU. Therefore, the total component rating should be MU.</p> <p>Added: The next steps in establishing of these two financial support mechanisms will start with conducting tests in accordance with the accepted and approved support rules. The UNDP Project team has received applications from many small and medium-sized businesses for the implementation of urban energy efficient projects. With the involvement of international technical consultants all these applications will be assessed. Currently their technical assessment has already been carried out. The Project Management Committee (SC) will decide whether to approve the support of these projects (an interest rate subsidy and / or a loan guarantee). After approving the support, the project applicant must go to the bank and obtain a loan for the implementation of his project. UNDP, through a grant from the GEF, will subsidize the interest rate during the repayment of the loan debt and / or guarantee up to 50% of the loan amount under the loan. In the first quarter of 2018, the first SC meeting will be held, at which the first 7 projects will be reviewed, which were received in the first 3 months of testing this model. Next, it is planned to hold meetings of the SC to review projects every quarter</p>
JO	21	1.Executive Summary, Page 11, 6 th paragraph.	<p>And what is the involvement of the two financial support mechanisms – the interest rate subsidy and the loan guarantee. This is not currently clear.</p>	<p>Pilot urban NAMA project involves complex modernization of an urban district (5 multi-apartment residential buildings along with supporting infrastructure, public areas). Financing for pilot project will come from a combination of sources, including municipal budget, UNDP-GEF project, apartment-owners, and private sector. Private sector investment under ESCO modality are expected to cover most "bankable" and cost-effective measures envisaged under complex modernization, such as installation of automated building-level heat control units. ESCO company(s) will be selected by the Association of Apartment Owners (AAO) and then an Energy Performance Contract (EPC) will be signed between AAO and ESCO. UNDP-GEF project will provide technical assistance to AAO to carry on the selection and sign EPC. To stimulate ESCO companies' participation in this project, they will be offered an opportunity and encouraged to apply for financial support (in the form of interest loan subsidy) through the financial support mechanism, established under</p>

				Component 3.
JO	2 2	1.Executive Summary, Page 12, 4 th paragraph.	It would be useful to say what they have been doing exactly and explain with what results?	Added: The local engineering company has been working on assessment of the baseline (situation) within each residential quarter. Also, the assessment of needs for low-carbon modernization and preparation of the concept of such modernization with the preparation of the necessary consolidated calculations for the cost of the necessary measures, considering the current national building codes and regulations. Given the lack of experience of local companies in Kazakhstan to plan low-carbon activities in the urban sector, UNDP additionally hired an international expert for necessary consultations. The purpose of the international consultant's work includes: (i) assisting the local company in assessing the baseline (situation) within each selected city block, (ii) in assessing the needs for low-carbon modernization, and (iii) preparing a concept for such modernization, carrying out the necessary consolidated calculations on the cost of the necessary measures, using the positive international experience. The hired Kazakh company works in close coordination with an international expert to achieve the final goal of the pilot project.
JO	2 3	1.Executive Summary, Page 12, 5 th paragraph.	And what is the rating for this component and why?	The end-of- project target, namely "4,750 t/co2 of direct annual GHG emission reductions from pilot urban mitigation action" is likely to be met with some shortcomings. Although due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 4.1 "Pilot urban NAMA project implemented" it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. Therefore, Component 4 is rated as Moderately Unsatisfactory (MU).
JO	2 4	1.Executive Summary, Page 13, 6 th paragraph.	I thought domestic ETS is being closed.	After two years (since January 2018) the moratorium the work of the greenhouse gas emissions trading system in Kazakhstan was resumed. This moratorium during 2016-2017 is another reason for the delay of the Project implementation.
JO	2 5	1.Executive Summary, Page 13, 4 th paragraph.	And what is the rating for this component and why?	The Midterm target, namely "Awareness Index increased by 50%" has not been met. From July to September 2016 the Project has conducted a survey to estimate baseline level on awareness of key urban stakeholders in 15 pilot cities regarding low-carbon development. The base line was not established earlier during the inception phase because the selection of 15 pilot cities was not completed by that time. Therefore, Component 5 is rated as Moderately Unsatisfactory (MU).
JO	2 6	1.Executive Summary, Page 14, last paragraph. Finding 1.	If the financial support mechanism is not set up yet, this seems rather unrealistic to me.	I agree that the project's closer by April 30, 2020 is unrealistic for the proper implementation of the project and the achievement of the expected results. Therefore, I proposed to extend the project for at least 12 months. See below for recommendations. – Another important reason for prolongation is the

			There have been significant delays.	serious devaluation of the tenge. At the time when the project document was being prepared, the dollar-to-tenge ratio was 1: 150, but now this ratio is 1: 330 and it is gradually increasing. The amount in tenge allocated to the financial mechanism has increased by more than two times and the project takes more time to implement support for projects in an amount that is twice as much as the initial amount of support (as you know, support is provided in tenge).
JO	2 7	1.Executive Summary, Page 14, 1 st paragraph. Finding 3.	There should be a table to discuss this. Output by Output.	The table is added.
JO	2 8	1. Executive Summary, page 15, Finding 5.	But it hasn't mobilized any yet.	Project Manager will send additional information about new mobilization in his letter to John. To date (data for June 2018, but this is after the evaluation and cannot be reflected in the report), six first projects for support have been approved. The sum of the projects is 496 thousand dollars. The amount of the approved subsidy to support these projects is US \$ 59 thousand, the amount of the project support is 198 thousand US dollars. This is just an argument for proof of progress, a trend that was demonstrated by the project.
JO	2 9	1.Executive Summary, Page 18, Table 2. MTR Ratings & Achievement Summary Table. Outcome 3 Achievement Rating: MS	The project appears to be a long long long way from capitalizing with 10 million. 0 million to 10 million is a long long way. Is it really MS if the project is so far from this goal and if under the recommendations adaptive management is already being suggested for component 3 by April 2018? It seems to me that both outcome 3 and outcome 4 are MU.	The Outcome 3 rating is corrected as MU. To correct as MU I fixed the indicator 3.1 and the outcome in the text too.
JO	3 0	1.Executive Summary, Page 18, Table 2. MTR Ratings & Achievement Summary Table. Outcome 3 Achievement Rating:	Launched with ZERO money? How do you launch a FSM when you have no funds for either an interest rate subsidy or a	Funds for FSM to cover the cost of interest rate subsidy and guarantee, come from UNDP-GEF Project budget. It has 3 mln US\$ allocated for FSM under Component 3.

		MS	guarantee????	
JO	3 1	1.Executive Summary, Page 19, Table 2. MTR Ratings & Achievement Summary Table. Project Implementation & Adaptive Management, Sustainability	There has been no adaptive management yet for the financial support mechanism!	<p>There has been a lot of adaptive management as far as financial support mechanism is concerned. The process of its re-design t adapt to the changed circumstances in Kazakhstan is explained in detail in the attached report Municipal Energy Efficiency Investment Support Facility: Proposed Design Options. Specifically, the following adaptive measures have been implemented:</p> <ul style="list-style-type: none"> - Choice of new financial partner instead of originally proposed National Fund for Modernization of Communal Infrastructure – Damu Entrepreneurship Development Fund as mechanisms' Financial Partner - Re-orientation of financial support mechanism from public to private sector and involvement of local financial institutions (not envisaged under prodoc) - Establishment, based on detailed bottom-up financial analysis, of the appropriate level, scale and form of the financial support (has not been elaborated at all in the prodoc). <p>In addition, the project has International CTA who has very reach experience with financial mechanisms.</p>
JO	3 2	1.Executive Summary, Page 22 and 21.	This repeats what you say under recommendations at the end of the report. Do we really need to state everything twice???? See my comments there.	We will translate only executive summary to Russian for the Government, DAMU and partners. Therefore, it will be better to keep in ES main recommendations and lessons learned sections.
JO	3 3	Page 76. Indicator 3.1-Capitalization of funding mechanisms for urban NAMAs	Why is this MS? This is very very difficult and I don't see any progress here.	I agree. The rating has changed from MS to MU.
JO	3 4	Table 2. MTR Ratings & Achievement Summary Table, Objective Achievement Rating: MS, page 86.	<p>If they are on track to be me it is S if they are partially met it is MS and if it is not partially met then its less than this MU etc.</p> <p>Either change the rating or say that the targets have been partially met as this makes no sense.</p>	Two (2) of the Midterm project targets against the main Objective of the project are partially achieved or on target to be achieved by end of project and three (3) of other Objective's indicators of midterm targets are not achieved, and end-of-year target are at high risk of not being achieved by the end of the project and needs attention. Therefore, overall objective rating is MU as the objective is expected to achieve most of its end-of-project targets but with significant shortcomings. But there is a room for certain corrective actions and efficient work planning for the remaining time. The Objective rating changed as MU.

JO	3 5	Table 2. MTR Ratings & Achievement Summary Table, Outcome 2 Achievement Rating: MS	What are the chances of these projects successfully all being financed?	Based on the developed five standard PPP project concepts, projects are being prepared in 15 pilot regions, which will be submitted as applications for financial support from the UNDP-GEF project. As of the end of March, we have information on five projects being prepared in different regions. But the procedures for the mutual coordination and approval of PPP projects by different responsible structures in Kazakhstan are lengthy, and therefore there is a risk of delaying the start of financing of such projects.
JO	3 6	Table 2. MTR Ratings & Achievement Summary Table, Outcome 3 Achievement Rating: MS	What does it mean financial mechanism formally launched if it is not working? Is this really a MS? It looks like it is a long way off from possibly working and there are two mechanisms an interest rate subsidy mechanism and a loan guarantee subsidy mechanism. What does launched mean?	FSM has been launched in October 2017 and is working, i.e. applications are being regularly received, reviewed and considered for funding. First 6 projects have been approved for support in March 2018. Second round of applications is currently on-going and Board meeting will take place in July 2018 to review applications and approve them for funding. Information about FSM is available here: https://www.damu.kz/sliders/detail.php?ELEMENT_ID=1026 http://sustainable.eep.kz/support-esco/ads/
JO	3 7	Table 2. MTR Ratings & Achievement Summary Table, Outcome 3 Achievement Rating: MU	What does launched mean?	UNDP initiated HACT in January 2017 and based on positive results of the HACT and similar agreements implemented earlier under UNDP-GEF NIM projects in Kazakhstan (biodiversity and climate change mitigation) UNDP approved the Damu Entrepreneurship Development Fund as the Financial Partner for the Project in May 2017. In April 2017 after the intensive consultation process with private and banking sectors the Project Board has approved a financial mechanism for urban NAMAs in the form of "Municipal Energy Efficiency Investment Support Facility" in partnership with the Damu Entrepreneurship Development Fund. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, Financial Partner and UNDP. The system of investment support was launched in the testing phase in October 2017 at a specially organized press conference with the participation of the media and all key stakeholders. This mechanism provides that each quarter will be announced a competition to support low-carbon city projects.)At the end of each quarter, applications will be evaluated by an expert commission and decisions on support measures will be made on them. The first 2 applications were received at the end of November 2017.
JO	3	Table 2. MTR Ratings &	Please clarify what	Corrected: The Midterm target was not set and therefore it is not applicable and the end-of- project

	8	Achievement Summary Table, Outcome 5a Achievement Rating: MU. Sentence: The Midterm target was not set and therefore it is not applicable and the end-of-project target, namely – “1 emission reduction purchase agreement signed”, is likely to be met although its success relates to implementation of other Components 1-4	you mean?	target, namely – “1 emission reduction purchase agreement signed”, is likely to be met although its success relates to implementation of Components 3.
JO	39	Recommendations, page 91.	Can we have a table?	Table is prepared and added.
JO		Recommendation 1.	Can you be more specific?	It is recommended to correct figures for mid-term targets for Project Objective in PRF in line with mid-term targets for Outcome 1 and Outcome 2 related to the number of Urban NAMA programme development as it was suggested by the Inception report (5 by midterm review and 15 by end of project). Provided that this does not result in a reduction in the overall level of ambition for the project. Based on these corrections, a revised project logframe (Project Results Framework) should be prepared and submitted for approval.
JO	40	Recommendation 2. Sentence: it is not clear what amount means the contribution of NAMA, which is at the stage of actual implementation, in comparison with the amount of financing of all trained NAMAs for pilot cities. It is recommended that this indicator be clarified by indicating in brackets the amount denoting the contribution of NAMA, being at the implementation stage.	Bad English.	Corrected. In the current version of the second Objective indicator: “Value of Urban NAMA projects implemented (USD) = cumulative financing realized” <u>the wording of the indicator does not reflect the amount of the Project's contribution allocated through the financial mechanism of \$ 3,000,000 for NAMA projects in the actual implementation phase in the total amount of expected funds raised for all NAMA projects in the pilot cities.</u> it is not clear what amount means the contribution of NAMA, which is at the stage of actual implementation, in comparison with the amount of financing of all trained NAMAs for pilot cities. It is recommended that this indicator be clarified by indicating in brackets the amount denoting the contribution of NAMA, being at the implementation stage. Therefore, the recommended revision will be the following: “Value of Urban NAMA under development, (including those under implementation) = cumulative financing realized (USD)”. The midterm- and end of the project targets accordingly will be the following: “20 million USD (including - 3 million USD)” and “70 million USD (including 3 million USD)”.
JO	4	Recommendation 5	Why not focus the awareness raising	<u>New version:</u> Within the remained period of the project, the awareness raising should be more

	1		on project preparation in order to increase the chances of pilot projects being successfully developed, submitted for subsidies and/or guarantees and funded?	concentrated on priority aspects and regions of the project implementation to mobilize the community in selected areas to support the suggested NAMA approach and specifically to help key local stakeholders to design, prepare, submit and obtain approval for new NAMA proposals to the Damu Foundation. The agreement and understanding of the key stakeholders in pilot areas in addition to the promotion of the financial mechanism developed in cooperation with Damu Foundation, private companies, akimats and local population seems to be the key input for the success of the Project as whole. Therefore it is recommended to hire an NGO or a knowledgeable and experienced individuals as a community mobiliser to develop stakeholders engagement strategy with public hearings and participatory input from local stakeholders as well as for day-to-day work for assistance on the development of particular project/s area/s to help with any possible issues with documentation and information to promote the project tasks, explain benefits for the people and receiving their full support on delivery of the expected results – identified and prepared projects in line with municipal development priorities, utilizing simplified methodology and inputs from stakeholder participation within a limited timeframe available until end of the project in April 2020.
	4 2	Recommendation 6.	Good idea but how? Be more specific.	<u>Please the following:</u> Professional training and public outreach should be designed with a special eye toward both gender equity and responsiveness to gender-specific issues.
	4 3	Recommendation 8.	This is very vague? There are many different types of PPP. Why don't you be more specific so for example you could recommend the PPP approach in applying to the Damu Foundation for NAMA projects.	<u>Added:</u> The project should consider applying the PPP approach towards the preparation of new NAMA projects to the Damu Foundation and this should be included in the TOR of the Team national advisors, which are experts in the national legislation on PPP and PPP projects' preparation under guidance of the International CTA. It is planned to start in April 2018.
	4 4	Recommendation 9.	Please revise the date. This is now. This makes no sense. It is May 2018 now.	The evaluation was completed on time, the country office also looked at the report (in connection with the rotation of the head of the environmental department this was a little delayed, then we sent a report to Istanbul, dated March 28. It was written in March 2018.
	4 5	Recommendation 9. ... as pre-investment grant	This is very risky as then you have proposals prepared with no guarantee that its going to work.	This funds for the pre-investment support for improvement of quality of applications. This work will start in June 2018.

4 6	Recommendation 10.	Until when? Please add a sentence on how the 12 months extension will increase the chances of the project to be successful.	<p>Keeping in mind the significant delays with implementation of the project components UNDP CO should introduce post-project monitoring of operation of the pilot project's financial mechanisms within one-two years after the project closer. The following Output 3.3 "Public service contracts signed/tariffs agreed", Output 4.1 "Pilot urban NAMA project implemented", Output 5.4 "National database for urban inventories and registry for NAMAs operational at MEWR" and Output 5.5 "Knowledge resources and lessons learned from the pilot urban NAMAs disseminated" are at high risk of not being delivered by the end of the project and needs special attention. Another important reason for prolongation is the serious devaluation of the KZT. At the time when the project document was being prepared, the dollar-to-tenge ratio was 1: 150, but now this ratio is 1: 330 and it is gradually increasing. The amount in KZT allocated to the financial mechanism has increased by more than two times and the project takes more time to implement support for projects in an amount that is actually twice as much as the initial amount of support (as you know, support is provided in tenge).</p> <p>It is recommended to consider the project extension for at least 12 months until 1 May 2021 due to the tight remained time until the end of project comparing within initially planned time frame for delivering these outputs. Additional time allows the project management to finish the preparation of NAMA projects and their implementation, which in general are a deterrent to the timely completion of these outputs. This issue can be a subject for discussion with RTA and UNDP/GEF in September 2018 during the planned substantial revision.</p>
4 7	Recommendation 12.	Before you replicate pilots you need to successfully finance them.	Revised recommendation: 12. It is recommended for the Project Management to start developing a sustainability plan/exit strategy for the project, for each project component, including all the main streams of activities of the project: training, public awareness, replication of the pilots, work of Facility and reflect possible different scenarios for exit strategy by July 2018 before the substantial revision.
4 8	Recommendation 13.	Decision by when?	<p>Revised recommendation: 13.</p> <p>If, for any reason, it will not be possible to identify and develop for implementation sufficient number and size of suitable and bankable projects in all 15 partner municipalities selected in Component 1 that would generate sufficient GHG savings, the Project should implement adaptive management and implement projects in different municipalities that were not originally involved in Component 1 – municipal planning. A decision on this matter by the Project Management in consultation with the UNDP CO already taken on March 2018. Also, attention can move to urban NAMA projects include low-carbon projects in urban areas regardless of ownership. Projects should not be limited to municipally owned projects only, although it is a priority area, but should</p>

				be open to third-party, incl. privately owned facilities/projects as well.
	4 9	New recommendation #14	It is recommended to extend the project.] It is recommended to consider the need and required time-frame for project extension one year before project's scheduled completion in May 2020. most likely such extension will be required due to many complexities involved and fast changing environment in Kazakhstan. Project is innovative both in its scope and scale: it is not industry specific project, but it covers all urban sectors, and it is focused on mobilizing private/commercial financing. Because of this innovative nature, and because of rapidly changing conditions in Kazakhstan, there were arising number of challenges and issues, that were not fully recognized at preparatory phase. For example, design and implementation of a pilot urban NAMA under Component 4 involving comprehensive modernization of the city district requires at least 2 years only to prepare and approve technical design and secure financing from multiple funding sources (originally planned to be completed within 0,5 year). Therefore, more time is needed to consider all these shortcomings and drawbacks of the project design that would allow to finish the work according to the plan. We must pay tribute to the project management, which managed to develop a financial mechanism and its solution will allow to accelerate and complete the implementation of all other aspects of the project in the time of extension.
	5 0	New lessons learned # 10.	What about a lessons learned that the project would benefit on having an experienced international advisor on financial support mechanism design and implementation?	Considering the innovative and pilot feature of such projects, especially regarding the creation of a financial support mechanism, it is very important to involve an international expert with experience in creating such financial support mechanisms design and implementation, which at the design or inception stage could be involved in the project.

ANNEX 14: EVALUATION REPORT CLEARANCE FORM

(to be completed by CO and UNDP GEF Technical Adviser based in the region and included in the final document)

Evaluation Report Reviewed and Cleared by

UNDP Country Office

Name: _____

Signature: _____ Date: _____

UNDP GEF RTA

Name: _____

Signature: _____ Date: _____

ANNEX 15: EVIDENCES CONFIRMING POSSIBILITY OF ACHIEVEMENT OF END OF PROJECT TARGETS.

	Indicator	Targets End of Project	Evidence	Risks and Assumptions
Project Objective ⁸⁶ Support the Government of Kazakhstan in the development and implementation of National Appropriate Mitigation Actions (NAMAs) in the urban sector to achieve voluntary national GHG emission reduction targets	Number of Urban NAMA program under development	15	In seven pilot cities - Aktobe, Oral, Shymkent, Kostanay, Temirtau, Lisakovsk, Taraz, urban NAMAs have been prepared, which include the goals of reducing greenhouse gases, key activities, projects and the required investments. In the remaining eight cities, all the necessary statistical information was collected for the development of urban NAMAs. By analogy with the previous 7 cities and using the methodology already approved for them in Q2-Q2 2018, NAMAs will be developed for the remaining 8 pilot cities. The project end indicator - 15 pilot NAMAs - will be achieved by the end of the project.	Assumption: A correct understanding by the Akimats of the contents of the proposed NAMAs according to the UNDP-GEF project indicators.
	Value of Urban NAMA projects implemented (USD) = cumulative financing realized	70 million	For 7 cities, NAMAs has been prepared for a total of \$ 42 million. Another 8 cities are expected to prepare NAMAs for about \$ 50 million. Thus, by the end of the project, NAMAs will be prepared with a total cumulative financing of over \$ 90 million. That will be exceeding the indicated indicator in 70 million US dollars.	Risk: The risk of disagreement with the Akimats of the pilot cities on the priority of the proposed urban NAMAs: Akimats, as a rule, plan priority actions on the side of energy production, involving large investments, while the Project works in the energy consumption sector of the municipality: buildings, pumping systems, lighting, etc.
	Direct lifetime GHG emission reductions from implemented NAMA projects	370,000 t CO ₂	Calculations of the results of potential projects showed that for each \$ 1 invested in the project, there will be a reduction in GHG emissions of 0.7 to 1.1 tonnes of CO ₂ eq. With the use of the GEF grant funds (in the amount of 3 million US dollars) to subsidize the bank's rate, the supported projects will be able to reduce from 2.1 to 3.3 million tons of CO ₂ (3 million USD X 0.7-1.1 = 2,1-3.3 million tons) from the implementation considering the life cycle (10-15 years) of upgraded equipment. Thus, the Project end indicator declared in the project - 370,000 tons - will be exceeded.	Assumption: The indicator can be achieved subject to the priority of supporting projects with a high level of potential reductions in GHG emissions.
	Number of people benefiting from NAMA projects	180,000	The analysis of the first projects submitted to the competition showed that the average number of direct beneficiaries from the implementation of these projects will be approximately 2,000 people per 1 project,	Assumption: Achieving the indicator will require the organization of accurate accounting of direct and indirect beneficiaries in the implementation of

	Indicator	Targets End of Project	Evidence	Risks and Assumptions
			indirect beneficiaries (through dissemination of information, etc.) - 5,000 people /1 project. Considering that approximately 33 projects will be supported during the implementation of the UNDP-GEF project, as well as 1 demonstration complex project on the modernization of the urban buildings with the number of beneficiaries of about 1600 people, the total number of beneficiaries will be: about 238 000 people. Thus, the Project end indicator will be exceeded.	supported projects in pilot cities.
	Establishment of financial facility for NAMAs	e)	The mechanism for supporting urban NAMAs was developed and launched in the test phase in the 4th quarter of 2017. All documents for the operation of this mechanism have been developed (rules: draft contracts, draft agreements, etc.). Applications for project support began to be received by the project implementation team in December 2017. Thus, the project support mechanism is discussed, developed and launched (indicator b). There is a demand for support of projects: at the end of February 2018, 9 applications for support were received. Thus, indicator e) will be reached by the end of the project. <i>Explanation:</i> a): there is no existing fund, b): funds are discussed and proposed c): funds are offered but not working / financed, d): funds are working / financed, but there is no demand, e): funds work / are financed and have sufficient demand.	Assumption: The indicator is achievable under the condition that the UNDP-GEF project is organized jointly with the financial partner - the DAMU Foundation - training small and medium-sized businesses to prepare and submit applications for supporting projects from the regions, including through the regional branches of the DAMU Foundation.
	New green jobs	Number of new green jobs higher than reduced traditional jobs	The analysis of potential projects showed that when implementing 1 city project, one or two permanent green jobs are additionally created. Considering that approximately 33 projects will be supported during the implementation of the UNDP-GEF project, as well as 1 demonstration complex project on modernization of the city quarter, more than 65 permanent green jobs will be additionally created directly. Considering that the created green jobs - mostly occupied by technical personnel (engineers, technicians), they will not be subject to reduction.	Assumption: The indicator is achievable if the partners of the projects improve their understanding of value of the personnel involved in the preparation and implementation of urban NAMAs, as trained personnel have the necessary knowledge to implement low-carbon projects. It is also necessary to monitor the dynamics of staff movement (staff reductions and hiring) in companies participating in supported projects.

Outcome 1⁸⁷ Enable participating municipalities to articulate their climate-related priorities, and identified and prioritized urban mitigation actions (urban NAMAs)	Number of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders.	15	In seven pilot cities - Aktobe, Uralsk, Shymkent, Kostanay, Temirtau, Lisakovsk, Taraz, urban NAMAs have been prepared that include greenhouse gas reduction goals, key activities, projects and required investments. In the remaining eight cities, all the necessary statistical information was collected for the development of urban NAMAs. By analogy with the previous 7 cities and using the methodology already approved for them in Q2-Q2 2018, NAMAs will be developed for the remaining 8 pilot cities. The result - 15 pilot NAMAs - will be achieved by the end of the project.	Assumption: Correct understanding by the Akimats of the contents of the proposed NAMAs according to the UNDP-GEF project indicators.
	Number of municipalities for which urban GHG reduction targets established and officially adopted by Akimats	15	In the first 7 pilot cities for which NAMAs were prepared, the goals of reducing greenhouse gases (GHGs) have been established and discussed in contact working groups under Akimats. GHG reduction goals were proposed at the end of 2017 as indicators in the 3-year urban ecology / energy efficiency plans, which are updated and updated annually. In 2018, for the first 7 cities, the GHG reduction targets will be officially approved with an annual refinement of these plans. For the eight remaining cities, the reduction targets will be set in the second quarter of 2018 and sent to the Akimat Contact Working Groups for discussion and introduction to the city's advisory plans.	Assumption: The indicator is achievable under the condition of the project team's efforts to explain to the akimats the goals of the proposed GHG reductions in the cities and the required energy efficiency measures. Risk: Possible opposition from the energy companies in connection with the threat of a reduction in the market for the sale of thermal energy (with the massive introduction of energy efficiency technologies at the consumption objects).
Outcome 2 Put in place the enabling institutional framework to facilitate the implementation of urban mitigation	Technical assistance delivered according to ToR agreed with each akimat.	15	In support of the implementation of urban projects, documentation was prepared on standard projects on the PPP mechanism, which was sent to Akimats of all 15 pilot cities for application in the work. According to the requests of the akimats of the 7 pilot cities (Uralsk, Temirtau, Satpayev, Petropavlovsk, Astana, Lisakovsk, Shymkent), the project team provides technical assistance in analysing the submitted project ideas for feasibility, financial feasibility, and bank financing. In 2018, work will be carried out on technical support of project ideas in the remaining 8 and pilot cities with the assistance of a group of consultants. Thus, all 15 pilot cities will be covered by technical support for the preparation of urban projects.	Risk: There is a risk of rotation of mid-level personnel in the Akimats (energy management, housing and communal services, etc.), which complicates the work on technical support and, in some cases, leads to a change in priorities in the activities of the akimats.

⁸⁷ All outcomes monitored annually in the APR/PIR. It is highly recommended not to have more than 4 outcomes.

	Indicator	Targets End of Project	Evidence	Risks and Assumptions
	Bankable project documents prepared	15	Currently, project ideas have been received, which presuppose bank financing from 7 pilot regions, which are being analysed by the project team, and are assisted in their finalization for future financial support. To activate the process of preparation of bankable projects in 2018, work will be carried out on technical support of project ideas with the involvement of a group of consultants. According to the work plan, the remaining 8 pilot regions will be covered by this support. Thus at least 15 bankable projects with the relevant documentation will be prepared by the end of the project.	Assumption: The indicator is achievable with the activation of small and medium-sized businesses in inactive regions- predominantly small towns, where the energy services sector and the capacity of local staff for the preparation of bankable projects are not yet developed.
	Public service contracts signed / tariffs agreed	Up to 15, depending on needs	According to the requirements, the incoming projects for the provision of financial support should contain all the documentation, including the draft texts of service contracts and information on tariffs. After their approval, all contracts will be signed. At least 15 banking projects with the relevant documentation will be signed by the end of the project.	Risk: Project approval procedures (especially PPP contracts) are lengthy due to the lack of experience in the regions with state bodies, as well as due to the frequent rotation of staff. Assumptions: 1. Indicator is achievable if the project team will provide the necessary assistance in discussing / reviewing and reviewing project ideas, where necessary. 2. Additional barriers to the participation of small and medium-sized businesses in urban projects (for example, administrative barriers, corruption, etc.)
Outcome 3 New and additional financing for urban NAMAs levered	Capitalization of funding mechanisms for urban NAMAs	44 million	When creating a mechanism for financial support of projects (subsidizing and guaranteeing), a preliminary analysis of business projects and the effectiveness of the use of funds was carried out. Determined that the maximum leverage will be 15 times from the GEF grant invested, i.e... 45 million US dollars (3 million (GEF funds) X 15 times = 45 million US dollars). Thus, the established mechanism for financial support of projects (subsidizing the bank rate, guaranteeing for a loan) will ensure co-financing projects from commercial banks and the private sector in the amount of up to \$ 45 million by the end of the project. Also, the official partner of UNDP - the "Damu" Foundation in 2018 will ensure attraction of funds of the European Investment Bank for 200 million Euros to provide the banking sector with financial resources to finance "green" projects, including projects in the urban sector. The financial partner of the project - the "Damu" Foundation considers the UNDP-GEF project as an image project for itself and, with its successful execution, expects to attract more significant funds to the "green" projects, having gained experience.	Risks: 1. Risks relate to the lack of ready bankable projects, and with the fact that financing of low carbon projects in the city economy is a new product for the banking sector. Previously, such projects were financed exclusively through budget investments or from international donors. 2. Lack of time for the Project implementation to attract sufficient funding.

	Indicator	Targets End of Project	Evidence	Risks and Assumptions
	Diversification strategy developed	Strategy developed	In accordance with the Concept of the Ministry of Investment and Development (MIR) on the development of energy efficiency financing instruments in the Republic of Kazakhstan prepared with the participation of the UNDP project in 2016, a developed and tested mechanism to support low-carbon city projects is planned to be included in the Government's Program Document on completing the Business Support Program for the period after 2020). Thus, the working capacity of the created mechanism will be ensured through the appropriate strategy for continuing to support low-carbon city projects.	<p>Risk:</p> <p>The risk of lack of interest and awareness of business in such projects will lead to disagreement with the Government and prevent to include the developed mechanism in the Program Document of the Government in the part of completing the Business Support Program.</p> <p>Assumption:</p> <p>Achieving the indicator is possible with sufficient information interventions from the project side for key decision-makers.</p>
Outcome 4 Identify and finance a pilot urban mitigation action to demonstrate the feasibility of urban emission reduction for future replication	Direct annual GHG emission reductions from pilot urban mitigation action	4,750 t CO ₂	Preliminary calculations of the energy saving potential from the selected pilot urban quarter in Astana showed that the reduction of greenhouse gas emissions will be at least 5,000 t CO ₂ for the life cycle of the project (10 years). The Master plan for technical and organizational activities in the pilot buildings and an in-depth assessment of the reduction potential have now been launched, which will be ready by April 2018.	<p>Assumption:</p> <p>The indicator is achievable in the complex implementation of a pilot project for the thermos-modernization of selected pilot buildings (thermal insulation of facades, roofs, cellars of buildings, introduction of automation and dispatching of heating and hot water systems).</p>
Outcome 5a GHG emission reductions of implemented urban NAMAs are systematically monitored, verified and reported	NAMA MRV process allows certified emission reduction credits to be imported into the domestic Emission Trading Scheme	1 emission reduction purchase agreement signed	After two years (since January 2018) the moratorium the work of the greenhouse gas emissions trading system in Kazakhstan was resumed. The project conducted consultations with several large participants of the system of trade in quotas in pilot cities and fixed interest in the system of domestic emissions trading (within one city). The first offers for the sale of quotas will be made to Temirtau, Astana and Shymkent in Q2-Q2 2018. The project will pay for services for verification of the volume of emissions offered for reduction.	<p>Assumption:</p> <p>The indicator is achievable in close cooperation with the project team, the Ministry of Energy, the Akimat of the pilot region (at the project site) and the operator for emissions trading.</p> <p>Risk:</p> <p>The novelty of the system of domestic emissions trading (within the boundaries of one city) - theoretically the scheme exists, but practically no one implemented it.</p>
	MRV system for urban emissions set up and operational in cities	15	The development of MRV for urban emissions has been started, the system of which will be completed by the time of the start of the first projects - in the 2nd quarter of 2018. The system will be developed in the form of software and offered to all pilot akimats, for which in 2018 necessary trainings will be held in all the pilot cities of the project.	<p>Assumption:</p> <p>The indicator is achievable if the akimats are interested in approving the MRV system in the urban economy of the pilot cities. The project team should focus on the evidence base of the benefits derived from the implementation of the MRV system in the pilot cities.</p>

	Indicator	Targets End of Project	Evidence	Risks and Assumptions
Outcome 5b Kazakh cities and towns are aware of, and have access to, information and guidance on urban NAMAs	Awareness index based on questionnaire	Awareness index doubled	<p>Awareness is realized in the project in three areas: a) awareness for the business regarding the possibilities of supporting urban green projects, b) awareness for energy users regarding the possibilities of attracting investments in energy efficiency of facilities (buildings, structures, etc.), c) awareness of the akimats regarding the establishment conditions and assistance to business and energy users for implementing energy efficiency projects.</p> <p>All awareness raising activities were based on an awareness assessment carried out in 2016-2017 and showed an average awareness score (5.5 of the maximum 10). Until the end of the project, information actions and events will be undertaken: video production, preparation of success stories, media training for the media, visualization of potential low-carbon technologies for residents of residential buildings (pilot quarter), production of infographics, Thus, by the end of the project all major target groups will be covered by awareness-raising activities. The awareness index will be doubled.</p>	<p>Assumption:</p> <p>The indicator is achievable with the use of modern information technologies, which make it possible to attract the attention of target groups to problems and effectively identify ways to solve them. The project team will be tediously focused on choosing the best PR solutions for each information event.</p>

ANNEX 16: PROGRESS TOWARDS RESULTS MATRIX AND MIDTERM EVALUATION REPORT RATINGS AND ACHIVEMENT SUMMARY TABLE

Project Strategy	Indicator ⁸⁸	Baseline Level ⁸⁹	Level in 1 st PIR (self- reported)	Midterm Target ⁹⁰	End-of-project Target	Midterm Level & Assessment ⁹¹	Achievement Rating ⁹²	Justification for Rating
Objective	1.Number of Urban NAMA program under development	0	15 NAMAs identified and are at the following status: -9 NAMAs proposed; -3 NAMAs at concept development stage -3 NAMAs at business planning stage	4	15		MS	Financial mechanism/fund not established: Cooperation with local/international financial institutions and potential sources from public budgets to identify and develop feasible project-specific financial mechanisms. Besides, the Project should analyse the barriers, develop policy recommendations and work with the government to strengthen understanding by the Akimats of the contents of the proposed NAMAs according to the UNDP-GEF project indicators. In seven pilot cities - Aktobe, Oral, Shymkent, Kostanay, Temirtau, Lisakovsk, Taraz, urban NAMAs have been prepared, which include the goals of reducing greenhouse gases, key activities, projects and the required investments. In the remaining eight cities, all the necessary statistical information was collected for the development of urban NAMAs. By analogy with the previous 7 cities and using the methodology already approved for them in Q2-Q2 2018, NAMAs will be developed for the remaining 8 pilot cities. The project end indicator - 15 pilot NAMAs - will be achieved by the end of the project.

⁸⁸ Populate with data from the Logframe and scorecards

⁸⁹ Populate with data from the Project Document

⁹⁰ If available

⁹¹ Colour code this column only

⁹² Use the 6-point Progress Towards Results Rating Scale: HS, S, MS, MU, U, HU

	2.Value of Urban NAMA projects implemented (USD) = cumulative financing realized	0	Total value of urban NAMAs under development: 4.8 mln US\$	20 million	70 million		MU	Lack of public funding: detailed analysis of experience of financial institutions on their support mechanisms for projects with sufficient investment return and adequate investment risk. For 7 cities, NAMAs has been prepared for a total of \$ 42 million. Another 8 cities are expected to prepare NAMAs for about \$ 50 million. Thus, by the end of the project, NAMAs will be prepared with a total cumulative financing of over \$ 90 million. That will be exceeding the indicated indicator in 70 million US dollars.
	3.Direct lifetime GHG emission reductions from implemented NAMA projects	0	Direct lifetime GHG emission reductions from NAMAs under development: 190,000 tCO ₂ (estimated)	74,000 t CO ₂	370,000 t CO ₂		MU	Insufficient time for implementation: The limited time for Project implementation is a serious challenge. The Project will thus need to implemented proper time management and the Project will need to implement individual project components in parallel. Detailed Project time schedule including all activities in all components needs to be developed, optimized and regularly evaluated and updated if needed. The critical path in the time schedule needs to be identified and closely and regularly watched. Adaptive management needs to be effectively implemented on a regular basis whenever needed. Calculations of the results of potential projects showed that for each USD invested in the project, there will be a reduction in GHG emissions of 0.7 to 1.1 tonnes of CO ₂ eq. With the use of the GEF grant funds (in the amount of 3 million US dollars) to subsidize the bank's rate, the supported projects will be able to reduce from 2.1 to 3.3 million tons of CO ₂ (3 million USD X 0.7-1.1 = 2,1-3.3 million tons) from the implementation considering the life cycle (10-15 years) of upgraded equipment. Thus, the Project end indicator declared in the project - 370,000 tons - will be exceeded.

	4.Number of people benefiting from NAMA projects	0	Low carbon urban development planning has been initiated in 14 selected pilot cities in Kazakhstan with the total population of more than 3,6 mln residents. Data on the number of beneficiaries is not yet available for identified urban NAMAs due to early stage of NAMAs development.	2,200	180,000		MS	<p>Although the Project did not yet implemented NAMA projects it undertakes targeted activities to communicate its objectives and results to various groups through media coverage, visual materials, workshops and trainings, public events. For example, the Project created awareness and capacity on NAMA and low carbon development issues of more than 118,000 project beneficiaries. This includes 3,000 people participated in project's seminars and workshops in addition to 115,000 people covered by social media and radio broadcasting.</p> <p>The analysis of the first projects submitted to the competition showed that the average number of direct beneficiaries from the implementation of these projects will be approximately 2,000 people per 1 project, indirect beneficiaries (through dissemination of information, etc.) - 5,000 people /1 project. Considering that approximately 33 projects will be supported during the implementation of the UNDP-GEF project, as well as 1 demonstration complex project on the modernization of the urban buildings with the number of beneficiaries of about 1600 people, the total number of beneficiaries will be: about 238 000 people. Thus, the Project end indicator will be exceeded.</p>
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	5.Establishment of financial facility for NAMAs	a): no facility in place	1 - proposed. Several options for establishing financial facility for urban NAMAs identified and proposed to the Government.	b) facilities discussed and proposed	e) facilities operationalized/funded and have sufficient demand)		MS	Financial mechanisms will be implemented on a pilot basis during 12-month long phase for which up to 15% of the available GEF resources has been allocated and planned in 2018-2020. Proposed package of policy and financial de-risking instruments to address barriers to private investment in urban low-carbon projects will include: a) Technical assistance to municipalities to identify bankable projects (under Component 1); technical assistance to private sector to structure ESCO agreements based on PPP model (under Component 2), technical assistance to commercial banks to appraise low-carbon investment projects (under Component 3), and financial support to eligible low-carbon investment projects in the form of interest rate subsidy and partial loan guarantee (Component 3). The mechanism for supporting urban NAMAs was developed and launched in the test phase in the 4th quarter of 2017. All documents for the operation of this mechanism have been developed (rules: draft contracts, draft agreements, etc.). Applications for project support began to be received by the project implementation team in December 2017. Thus, the project support mechanism is discussed, developed and launched (indicator b). There is a demand for support of projects: at the end of February 2018, 9 applications for support were received. Thus, indicator e) will be reached by the end of the project.
	6.New green jobs	0	Methodology for green job calculation in urban NAMAs is under development	New green jobs created	Number of new green jobs higher than reduced traditional jobs		MU	The expected indicators will be achieved by end of project simultaneously with NAMA project implementation. The analysis of potential projects showed that when implementing 1 city project, one or two permanent green jobs are additionally created. Considering that approximately 33 projects will be supported during the implementation of the UNDP-GEF project, as well as 1 demonstration complex project on modernization of the city quarter, more than 65 permanent green jobs will be additionally created directly. Considering that the created green jobs - mostly occupied by technical personnel (engineers, technicians), they will not be subject to reduction.

Outcome 1	1.1. Number of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders.	0	14 cities selected and initial assessment of their GHG inventories and abatement opportunities began. Inception conferences Opportunities and technologies for promotion of low-carbon practices in urban sector were held in the first six pilot cities to introduce modern methods, approaches and technologies in identification, development and implementation of measures to reduce impact on climate change which are relevant to national conditions in the urban sector, including investments into effective urban infrastructure and also capacity building and raising awareness of major stakeholders. 15 NAMA factsheets prepared covering 7 cities	15	15		S	Lack of bankable low-carbon projects: Municipal plans are designed to help municipalities to properly prioritize and select suitable potential projects for implementation and financing – in more systematic, rather than opportunistic way. With budget cuts, it will be even more difficult to identify potential bankable projects suitable for implementation. There might not be sufficient number of bankable projects in pre-selected municipalities. The Project should implement first a screening phase in the Component 1 open to all municipalities to identify potential bankable opportunities, and to work primarily with these municipalities. If, for any reason, it will not be possible to identify and develop for implementation sufficient number and size of suitable and bankable projects in all 15 partner municipalities selected in Component 1 that would generate sufficient GHG savings, the Project should implement adaptive management and implement projects even in municipalities that were not originally involved in Component 1 – municipal planning. Urban NAMA projects include low-carbon opportunities/projects in urban areas regardless of ownership; projects should not be limited to municipally owned projects only, although it is a priority area, but should be open to third-party, incl. privately owned facilities/projects as well (for example housing, heating services etc).
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	1.2. Number of municipalities for which urban GHG reduction targets established and officially adopted by Akimats	0	14 municipalities-initiated elaboration of their GHG emission reduction targets. Memoranda of Understanding (MoU) signed between UNDP and four towns, and informal agreement reached with another ten regarding collaboration towards establishing and adoption of their city-wide GHG reduction targets and implementation of urban NAMAs.	15	15		S	<p>In 13 pilot cities local coordinators have been appointed and trained to facilitate project activities on the ground. Induction workshop has been organized in 9 pilot cities to present project and discuss with local stakeholders. In addition, in 5 pilot cities educational workshops have been conducted regarding urban NAMA identification and design. Consultant (consortium) has been selected to support first 7 pilot cities in preparing/updating their GHG inventories, abatement curves and identification of pilot NAMAs.</p> <p>The Midterm target, namely “15 of municipalities for which urban GHG inventories, abatement costs curves and NAMA factsheets prepared and discussed with stakeholders” has been partially met as only 7 Formal Partnership Agreements/Memorandum of Understanding signed. The end-of- project target, namely another “15 of municipalities for which urban GHG inventories, abatement</p>
Outcome 2	2.1. Technical assistance delivered according to ToR agreed with each akimat.	0	Three institutional models for implementation of urban NAMAs identified: public-private partnership, ESCO and leasing. Models presented and discussed with pilot cities and the scope of required technical assistance defined. Recommendations for city administrations in the first six cities on creating conditions for promotion of low-carbon city initiatives were prepared and submitted to local authorities for consideration. Training course Planning and designing of investment projects in RK was developed and delivered to project stakeholders. The training materials were used at inception conferences and the working group meetings in the pilot cities	15	15		MS	<p>The Midterm target, namely “Technical assistance delivered according to ToR agreed with 15 akimats” has been partially met as for this date three (3) institutional models for implementation of urban NAMAs identified: public-private partnership, ESCO and leasing. Models presented and discussed with pilot cities and the scope of required technical assistance defined for each specific NAMA depending on the adopted business and financing model. Recommendations for city administrations in the first six (6) cities on creating conditions for promotion of low-carbon city initiatives were prepared and submitted to local authorities for consideration. Training course “Planning and designing of investment projects in RK” was developed and delivered to project stakeholders. The training materials were used at inception conferences and the working group meetings in the pilot cities.</p> <p>The end-of- project target, namely “Technical assistance delivered according to ToR agreed with 15 akimats”, is likely to be met.</p>

	2.2. Bankable project documents prepared	0	15 bankable projects ideas identified, and the scope of required assistance agreed with project proponents. Projects are in the various stages of development: -9 NAMAs proposed; -3 NAMAs at concept development stage -3 NAMAs at business planning stage	15	15		MS	<p>The Midterm target, namely “15 bankable project documents prepared” has been partially met as 17 bankable projects ideas identified and the scope of required assistance agreed with project proponents. The projects are in the various stages of development. The most advanced are:</p> <p>Two public-private partnership (PPP) projects in Lisakovsk and Temirtau “Setting up automated heat stations in municipal schools and kindergartens”. For both projects preliminary feasibility studies have been undertaken, including financial and economic analysis (pay-back 6 years, IRR 14%). Tender documentation is currently being prepared to initiate selection process for private investor based on PPP model. Both projects included in the official list of projects to be implemented based on PPP model by city authorities.</p> <p>Project in Shymkent “Modernization of the local heat-only boiler station for heating in the city’s micro districts” has been included in the investment modernization programme for the South-Kazakhstan region. Other identified NAMAs are at concept stage level. The end-of- project target, namely “15 bankable project documents prepared”, is likely to be met do to good progress as above.</p>
	2.3. Public service contracts signed / tariffs agreed	None	Three business models for implementation of urban mitigation projects identified (ESCO, leasing and public-private partnership). For each model full legal package prepared, including draft model contracts.	Up to 4, depending on needs	Up to 15, depending on needs		MS	<p>The Midterm target, namely “Up to 4 public service contracts signed / tariffs agreed” has been partially met. Three PPP projects are at advanced planning stage. One of them is in the process of signing the contract with the investor. The end-of- project target, namely “Up to 15 public service contracts signed / tariffs agreed”, is likely to be met.</p>

Outcome 3	3.1. Capitalization of funding mechanisms for urban NAMAs	0	Analysis of experience and barriers to financing of urban mitigation projects have been conducted to identify most feasible modalities and partnerships for the required funding mechanisms. Report is submitted along with the PIR.	10 million	44 million		MU	The Midterm target, namely “10 million capitalization of funding mechanisms for urban NAMAs” has not been met. Although Financial mechanism for urban NAMAs in the form of “Municipal Energy Efficiency Investment Support Facility” in partnership with the Damu Entrepreneurship Development Fund of Kazakhstan has been designed and approved by the Project Board in April 2017. Full package of legal and regulatory documents and partnership agreements governing implementation of the financial mechanism has been prepared and cleared by the Government, Financial Partner and UNDP. Financial mechanism formally launched in 4rd QR 2017. The end-of- project target, namely “44 million capitalization of funding mechanisms for urban NAMAs”, is likely to be met.
	3.2. Diversification strategy developed	None	N/a	None	Strategy developed		MU	The Midterm target was not set and therefore it was not applicable for MTR. Due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 3.3. “Public service contracts signed/tariffs agreed” it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. It is recommended to consider the project extension for at least 12 months due to the tight remained time until the end of project comparing within initially planned time frame for achieving this target. This is can be a subject for discussion with RTA and UNDP/GEF in April 2018 during the planned substantial revision.

Outcome 4	4.1. Direct annual GHG emission reductions from pilot urban mitigation action	0	Criteria to select pilot urban mitigation action (NAMA) formulated and agreed upon with all stakeholders, including: a) municipal contributions; b) social benefits; c) bankability; d) potential to demonstrate complex solution to urban challenges; and e) GHG emission reduction potential. Call for proposals to solicit applications is being elaborated and will be launched towards the end of 2016.	950 t CO ₂	4,750 t CO ₂		MU	<p>The Midterm target, namely "950 t co2 od direct annual GHG emission reductions from pilot urban mitigation action" has not been met. On this stage the six (6) applications have been assessed for compliance with established criteria: only 3 projects were found in compliance:</p> <ul style="list-style-type: none"> - Aktobe: Improving energy efficiency in the new city district Nur-Aktobe (new) - Astana Energy efficiency improvement in two city districts (1970s) - Semey EE modernization of Youth district (1980s) <p>Further detailed assessment of received applications have been conducted to identify project with highest potential for successful demonstration and replication. Astana Pilot has been recommended for selection and Project Board was approved selection of pilot NAMA in Astana. The end-of- project target, namely "4,750 t/co2 of direct annual GHG emission reductions from pilot urban mitigation action" is likely to be met with some shortcomings. Although due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 4.1 "Pilot urban NAMA project implemented" it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. It is recommended to consider the project extension for at least 12 months due to the tight remained time until the end of project comparing within initially planned time frame for achieving this target. This is can be a subject for discussion with RTA and UNDP/GEF in April 2018 during the planned substantial revision.</p>
Outcome 5a	5a.1.NAMA MRV process allows certified emission reduction credits to be imported into the domestic Emission Trading Scheme.	None	NAMA MRV process allows certified emission reduction credits to be imported into the domestic Emission Trading Scheme	None	1 emission reduction purchase agreement signed		MS	<p>Analysis of legal and regulatory framework for national ETS in Kazakhstan has been conducted to identify gaps and opportunities for inclusion urban GHG emission reduction projects in the scope of "eligible" activities under ETS. Corresponding package of regulatory documents is currently being developed by local experts. The Midterm target was not set and therefore it is not applicable and the end-of- project target, namely – "1 emission reduction purchase agreement signed", is likely to be met.</p>

	5a.2.MRV system for urban emissions set up and operational in cities.	0	MRV system for urban emissions set up and operational in cities	4	15		MU	<p>The Midterm target, namely “MRV system for urban emissions set up and operational in 4 cities” has not been met. At the same time relevant international standards and practices for urban MRV have been reviewed and their appropriateness for application in the context of Kazakh cities assessed. International standard “ISO 37120:2014” which defines and establishes methodologies for a set of indicators to steer and measure the performance of city services and quality of life, has been selected and recommendations for its adoption in Kazakhstan has been made to the Government. ISO 37120:2014 is applicable to any city, municipality or local government that undertakes to measure its performance in a comparable and verifiable manner, irrespective of size and location. The end-of- project target, namely “MRV system for urban emissions set up and operational in 15 cities”, is likely to be met with some shortcomings. It is important to pay attention that due to the tight remain time until the end of the project comparing with the initially planned time frame for delivering the Output 5.4 “National database for urban inventories and registry for NAMAs operational at MEWR” it seems that end-of-year target is at high risk of not being delivered by the end of the project and needs attention. It is recommended to consider the project extension for at least 12 months due to the tight remained time until the end of project comparing within initially planned time frame for achieving this target. This is can be a subject for discussion with RTA and UNDP/GEF in April 2018 during the planned substantial revision.</p>
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Outcome 5b	5b.1.Awareness index based on questionnaire.	Awareness index, & baseline established through survey of cities & towns	The awareness is generally high among the urban residents and various stakeholders about the urban climate change mitigation, such as energy efficiency, renewable energy or sustainable transport. However, what is the lacking is the awareness on practical steps with implementation of urban NAMAs: how to prepare such projects, secure funding and ensure implementation. Awareness index is being developed.	Awareness index increased by 50%	Awareness index doubled		MU	<p>The Midterm target, namely “Awareness Index increased by 50%” has not been met. From July to September 2016 the Project has conducted a survey to estimate baseline level on awareness of key urban stakeholders in 15 pilot cities regarding low-carbon development. The base line was not established earlier during the inception phase because the selection of 15 pilot cities was not completed by that time.</p> <p>The following results have been received: Overall awareness index is 5.5 (out of maximum 10) as far as awareness of targeted stakeholders about urban development and local planning. As far as low-carbon urban development, baseline awareness index is much lower: 1.5 (out of 10). Other important baseline indicators:</p> <ul style="list-style-type: none"> • only 50% of pilot cities have incorporated the elements of “sustainable development” in the scope of their development plans; • only 13% have established specific targets and indicators to measure their level of «sustainability». <p>In addition, the following results have been achieved to improve general level of awareness and understanding regarding low-carbon development among citizens and city stakeholders: Mobile application has been developed to estimate urban carbon footprint and presented during Global Expo 2017 Astana - Future Energy; application is available through Apple Store and Google Play. More than 20 of educational and awareness raising materials, including quarterly bulletin “Sustainable Cities: energy, transport, waste” have been published and disseminated Media-training has been organized to build capacity of local medias in sustainable urban development More than 5 of high-profile advocacy event about urban sustainability and UNDP-GEF project has been conducted in the framework of Astana Economic Forum and Global Expo Astana 2017. Before April 2018 the second survey will be completed, and the result will be used to check the tendency of population’s awareness about low-carbon development. Therefore, the end-of- project target, namely “Awareness index doubled”, is likely to be met with some shortcomings.</p>
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The status of the project objective and outcomes is described and rated in detail in the “Progress Towards Results Matrix and MTR Ratings & Achievement Summary Tables.” of Annex 15. This table rates the progress towards the end-of-project targets for the project objective and each outcome is analysed. The columns “Midterm Target”, and “End-of-project Target” were populated with information from the results framework, scorecards, PIRs and the Project Document. The results of the status of **Midterm targets** of the project towards the **End-of-project targets** are visualized by the following colour system:

Indicator Assessment Key

Green= Achieved	Yellow= Midterm project target is partially achieved or on target to be achieved by end of project	Red= Midterm target of project is not achieved, and end-of-year target is at high risk of not being achieved by the end of the project and needs attention.
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The “Achievement Rating” column is used by the MTR team to be assigning ratings for the project objective and each outcome, based on the achievement towards the **midterm targets** and **the end-of-projects** the rating is based on the following scale:

Highly Satisfactory (HS)	The objective/outcome is expected to achieve or exceed all its end-of-project targets, without major shortcomings. The progress towards the objective/outcome can be presented as “good practice”.
Satisfactory (S)	The objective/outcome is expected to achieve most of its end-of-project targets, with only minor shortcomings.
Moderately Satisfactory (MS)	The objective/outcome is expected to achieve most of its end-of-project targets but with significant shortcomings.
Moderately Unsatisfactory (HU)	The objective/outcome is expected to achieve its end-of-project targets with major shortcomings.
Unsatisfactory (U)	The objective/outcome is expected not to achieve most of its end-of-project targets.
Highly Unsatisfactory (HU)	The objective/outcome has failed to achieve its midterm targets and is not expected to achieve any of its end-of-project targets.