**Republic of Kazakhstan**

**Terms of Reference**

Mid-term Evaluation of the UNDP/GEF Project

**PIMS 1281, Removing Barriers to Energy Efficiency in Municipal Heat and Hot Water Supply**

# 1. Introduction

## Standard UNDP/GEF Monitoring and Evaluation requirements

This Mid Term Evaluation is initiated by the UNDP Kazakhstan as the Implementation Agency for this project and it aims to provide managers (at the Project Implementation Unit, UNDP Kazakhstan Country Office and UNDP/GEF levels) with strategy and policy options for more effectively and efficiently achieving the project’s expected results and for replicating the results. It also provides the basis for learning and accountability for managers and stakeholders.

The Monitoring and Evaluation (M&E) policy at the project level in UNDP/GEF has four objectives: i) to monitor and evaluate results and impacts; ii) to provide a basis for decision making on necessary amendments and improvements; iii) to promote accountability for resource use; and iv) to document, provide feedback on, and disseminate lessons learned. A mix of tools is used to ensure effective project M&E. These might be applied continuously throughout the lifetime of the project e.g. periodic monitoring of indicators, PIRs – or as specific time-bound exercise such as mid-term reviews, audit reports and final evaluations.

The evaluation is to be undertaken in accordance with the “GEF Monitoring and Evaluation Policy”(see <http://thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/mepoliciesprocedures.html>) and the UNDP/GEF Monitoring and Evaluation Policy: (<http://www.undp.org/gef/05/monitoring/policies.html>).

The mid-term evaluation enables to assess the primary signs of the project success or failure and identify the necessary changes to be made. The mid-term evaluation shall be performed by an independent expert unrelated to the project development or implementation.

The evaluation will play a critical role in the future implementation of the project by providing advice on: (i) how to strengthen the adaptive management and monitoring function of the project; (ii) how to ensure accountability for the achievement of the GEF objective; (iii) how to enhance organizational and development learning; and (iv) how to enable informed decision – making.

Evaluations in the GEF explore five major criteria:

1. Relevance – the extent to which the activity is suited to local and national development priorities and organizational policies, including changes over time.
2. Effectiveness – the extent to which an objective has been achieved or how likely it is to be achieved.
3. Efficiency – the extent to which results have been delivered with the least costly resources possible.
4. Results – the positive and negative, and foreseen and unforeseen, changes to and effects produced by a development intervention. In GEF terms, results include direct project outputs, short-to medium term outcomes, and longer-term impact including global environmental benefits, replication effects and other, local effects.
5. Sustainability – the likely ability of an intervention to continue to deliver benefits for an extended period of time after completion. Projects need to be environmentally as well as financially and socially sustainable.

Project Goal, Objective and Outcomes

Project goal is to reduce greenhouse gas (GHG) emissions from the municipal heat and hot water supply systems in Kazakhstan.

## Project objectives:

The objective of the project is to remove barriers to energy efficiency in municipal heat and hot water supply systems in Kazakhstan and to lay the foundation for the sustainable development of these services taking into account local as well as global environmental considerations. Within this framework, the project will (i) assist the Government of Kazakhstan in reviewing and improving the legal and regulatory framework dealing with the heat and hot water supply sector, with a specific emphasis on the tariff issues and consumption based billing to motivate energy efficiency; (ii) build the capacity of the local heat supply companies to develop and manage their services on a commercial basis and to attract financing for the investments needed; (iii) build the capacity of the local tenants and home owner associations to manage the heat and hot water supply services and to implement cost-efficient energy saving measures at the building level; (iv) introduce and gain experience on new institutional and financing arrangements such as Energy Service Companies (ESCOs) and reduce the risks and uncertainties of energy efficiency investments in the heating sector otherwise by facilitating the implementation of selected pilot activities, and v) monitor, evaluate and disseminate the project results and lessons learnt thereby facilitating their effective replication.

According to the project objectives there are three primary outcomes: a) *A supportive legal and regulatory framework in place to promote and provide* **incentives for the improvement of the energy efficiency** *of the heat and hot water supply services in Kazakhstan*; b). ***New institutional and*  *financing models*** introduced for leveraging financing for EE investments and enhanced capacity of the local stakeholders to support their further implementation and replication; c) ***Compilation, analysis and dissemination*** of the project experiences and lessons learnt and initiation of their effective replication in Kazakhstan and other CIS countries/municipalities with comparable situation.;

The project document was signed in December 2006. Implementation of the project started in April 2007. The total project budget is US$ 10,470,000 with GEF financing of US$ 3, 290,000. The executing agency for the project is the Agency of RK on Regulation of Natural Monopolies (AREM).

# 2. Objective of the Mid-Term Evaluation

The evaluation is focused on a comprehensive project assessment and enables to make a critical evaluation of administrative and technical strategies, problems and restrictions associated with the large-scale international and multilateral initiatives. The evaluation shall also provide the recommendations in relation to the strategies, approaches and/or activities in order to enhance the project capacities of achieving the expected outcomes. The evaluation results will be incorporated in the recommendations to improve the implementation of a given project stage in the forthcoming years.

Purpose

The project performance will be measured based on the indicators of the project’s logical framework (see Annex 2). Many of these indicators relate to the impact/implementation that will be applied in the impact assessment. The success and failure will partially be determined through the monitoring of the relative changes within the baseline conditions developed within one year of the project implementation.

The Mid-term Evaluation serves as an agent of change and plays a critical role in supporting accountability. Its main objectives are:

1. To strengthen the adaptive management and monitoring functions of the project;
2. To ensure accountability for the achievement of the GEF objective;
3. To enhance organizational and development learning;
4. To enable informed decision-making

Tasks:

1. To evaluate the overall project activities in relation to the objectives and expected outcomes as stated in the project document and the other related documents
2. To evaluate the project effectiveness and cost-efficiency
3. To analyze the arrangements of project management and implementation
4. To evaluate the progress attained so far in relation to the project outcomes
5. To investigate the strategies and plans intended for the timely achievement of the overall project goal
6. To list and document the first lessons learned in respect of the project design, its implementation and management
7. To assess the sustainability of project interventions;
8. To assess the relevance in relation to the national priorities
9. To provide the recommendations for the future project activities and, where necessary, for the project implementation and management arrangements.

In particular, the mid-term evaluation exercise will assess the progress of creating the basic information, alleviation of barriers and identification of any constraints to the project implementation and their causes. It intends also to provide the recommendations for corrective measures to be undertaken. An effective measure to correct the problem areas identified, constraining the project implementation, will be required before the decision to be made in relation to the project continuation.

The mid-term evaluation report shall be a separate document which will contain the recommendations and conclusions.

The report will be intended to meet the needs of all the related parties (GEF, UNDP, Agency of Natural Monopolies(AREM), Ministry of Environmental Protection (MEP), Ministry of Energy and Mineral Resources (MEMR), Ministry of Economy and Budget Planning (MEBP), Administrations of Almaty and Astana cities the project’s National Steering Committee, local communities and other related parties in Kazakhstan)).

# 3. Scope of the Evaluation

Particular emphasis should be put on the current project results and the possibility of achieving all the objectives in the given timeframe, taking into consideration the speed, at which the project is proceeding. More specifically, the evaluation should assess:

###### Project concept and design

The evaluators will assess the project concept and design. He/she should review the problem addressed by the project and the project strategy, encompassing an assessment of the appropriateness of the objectives, planned outputs, activities and inputs as compared to cost-effective alternatives. The executing modality and managerial arrangements should also be judged. The evaluator will assess the achievement of indicators and review the work plan, planned duration and budget of the project.

## Implementation

The evaluation will assess the implementation of the project in terms of quality and timeliness of inputs and efficiency and effectiveness of activities carried out. Also, the effectiveness of management as well as the quality and timeliness of monitoring and backstopping by all parties to the project should be evaluated. In particular, the evaluation is to assess the project team’s use of adaptive management in project implementation. The evaluation exercise will measure the level of achievement of the project’s objective. It will also identify which interim results have been achieved and how they have contributed to meeting the ultimate project outcomes. This section ill be focused on the priority areas as follows:

###### Project outputs, outcomes and impact

The evaluation will assess the outputs, outcomes and impact achieved by the project. This should encompass an assessment of the achievement of the immediate objectives and the contribution to attaining the overall objective of the project against the Project’s logical framework. The evaluation should also assess the extent to which the implementation of the project has been inclusive of relevant stakeholders and to which it has been able to create collaboration between different partners. The evaluation will also examine if the project has had significant unexpected effects, whether of beneficial or detrimental character.

## Project Management and Administration: The evaluation should collect, document and assess the relevant elements and processes including: (i) Administrative procedures related to the project; (ii) Key decisions and interim results; and (iii) The main project implementation documents specifying how useful have the documents and reports been.

The Mid-term Evaluation will also cover the following aspects:

###### **3.1.Progress Towards Results**

Changes in development conditions: Address the following questions with a focus on the perception of change among stakeholders:

* Have recommendations for the legal and regulatory changes to support energy efficiency and energy saving, tariff policy improvement been developed and supported by local developers and government decision makers?
* Have social study completed and social concept developed and supported by local developers and government decision makers?
* Has the ESCO legal and organizational structure, business plan, marketing strategy developed and agreed with stakeholders, MoU on ESCO creation between Akimat Almaty and UNDP being signed?
* Has the Government commitment been realized for the ESCO capitalization and establishment?
* Is there a pilot project proposal developed with AAO and gained financing?
* Has awareness of decision makers, heat companies, municipalities and AAOs about energy efficiency increased as a result of the project?

Measurement of change: Progress towards results should be based on a comparison of indicators before and after (so far) the project intervention. Progress can also be assessed by comparing conditions in the project site to conditions in similar unmanaged sites;

Project strategy: how and why outcomes and strategies contribute to the achievement of the expected results. Examine their relevance and whether they provide the most effective route towards results.

Sustainability: Extent to which the benefits of the project will continue after it has come to an end. Relevant factors include for example: development of a sustainability strategy, establishment of financial and economic instruments and mechanisms for mainstreaming energy efficiency (EE) projects into energy market, etc;

Gender perspective: Extent to which the project accounts for gender differences when developing and applying project interventions. How are gender considerations mainstreamed into project interventions? Suggest measures to strengthen the project’s gender approach.

###### **3.2.Project’s Adaptive Management Framework**

Monitoring Systems.

1. Assess the monitoring tools currently being used:
   * + - Do they provide the necessary information?
       - Do they involve key partners?
       - Are they efficient?
       - Are additional tools required?
2. Reconstruct baseline data if necessary[[1]](#footnote-1). Reconstruction should follow participatory processes and could be achieved in conjunction with a learning exercise[[2]](#footnote-2);
3. Ensure that the monitoring system, including performance indicators, at least meets GEF minimum requirements[[3]](#footnote-3). Apply SMART indicators as necessary.

Risk Management

1. Validate whether the risks identified in the project document, PIRs and the ATLAS Risk Management Module are the most important and whether the risk ratings applied are appropriate. If not, explain why. Describe any additional risks identified and suggest risk ratings and possible risk management strategies to be adopted;
2. Assess the project’s risk identification and management systems:
   * Is the UNDP/GEF Risk Management System[[4]](#footnote-4) appropriately applied?
   * How can the UNDP/GEF Risk Management System be used to strengthen project management?

Work Planning

1. Assess the use of the logical framework as a management tool during implementation and any changes made to it:

* Ensure the logical framework meets UNDP/GEF requirements in terms of format and content;
* What impact did the retro-fitting of impact indicators have on project management?

1. Assess the use of routinely updated work plans;
2. Assess the use of electronic information technologies to support implementation, participation and monitoring, as well as other project activities;
3. Are work planning processes result-based[[5]](#footnote-5)? If not, suggest ways to re-orientate work planning;
4. Consider the financial management of the project, with specific reference to the cost-effectiveness of interventions. Any irregularities must be noted.

Reporting

1. Assess how adaptive management changes have been reported by the project management;
2. Assess how lessons derived from the adaptive management process have been documented, shared with key partners and internalized by partners.

**3.3. Underlying Factors**

1. Assess the underlying factors beyond the project’s immediate control that influence outcomes and results. Consider the appropriateness and effectiveness of the project’s management strategies for these factors;
2. Re-test the assumptions made by the project management and identify new assumptions that should be made;
3. Assess the effect of any incorrect assumptions made by the project.

**3.4. UNDP Contribution**

1. Assess the role of UNDP against the requirements set out in the UNDP Handbook on Monitoring and Evaluating for Results. Consider: field visits; Steering Committee/TOR follow-up and analysis; PIR preparation and follow-up; GEF guidance;
2. Consider the new UNDP requirements outlined in the UNDP User Guide[[6]](#footnote-6), especially the Project Assurance role, and ensure they are incorporated into the project’s adaptive management framework;
3. Assess the contribution to the project from UNDP “soft” assistance (i.e. policy advice & dialogue, advocacy, and coordination). Suggest measures to strengthen UNDP’s soft assistance to the project management.

**3.5. Partnership Strategy**

1. Assess how partners are involved in the project’s adaptive management framework:

* Involving partners and stakeholders in the selection of indicators and other measures of performance;
* Using already existing data and statistics;
* Analyzing progress towards results and determining project strategies.

1. Identify opportunities for stronger substantive partnerships;
2. Assess how local stakeholders participate in project management and decision-making. Include an analysis of the strengths and weaknesses of the approach adopted by the project and suggestions for improvement if necessary;
3. Consider the dissemination of project information to partners and stakeholders and if necessary suggest more appropriate mechanisms;
4. Assess collaboration between governments, intergovernmental and non-governmental organizations;
5. Assess collaboration between implementation units of other related projects;
6. Assess local partnerships;
7. Assess transfer of capacity to the national institutions.

**3.6. Project Finance**

1. Review the changes to fund allocations as a result of budget revisions and provide an opinion on the appropriateness and relevance of such revisions, taking into account the project activity timeframe;
2. Review the effectiveness of financial coordinating mechanisms.

# 4. Products expected from the evaluation

## The key product expected from this mid-term evaluation is The Mid-term Evaluation Report .

The report will be presented electronically and in hard copy, in Russian and English. It that should, at least, include the following contents:

* Executive summary
* Brief description of the project
* Context and purpose of the evaluation
* Main conclusions, recommendations and lessons learned
* Introduction
* Project background
* Purpose of the evaluation
* Key issues addressed
* The outputs of the evaluation and how they will be used
* Methodology of the evaluation
* Structure of the evaluation
* The Project and its development context
* Project start and its duration
* Implementation status
* Problems that the project seeks to address
* Immediate and development objectives of the project
* Main stakeholders
* Results expected
* An analysis of the situation with regard to the outcomes, the outputs and the partnership strategy;
* Key findings and conclusions (including best practice and lessons learned, assessment of performance)
* Project formulation
  + - Implementation approach
    - Country ownership
    - Stakeholder participation
    - Replication approach
    - Cost-effectiveness
    - UNDP comparative advantage
    - Linkages between project and other interventions within the sector
    - Management arrangements
* Implementation
  + - Financial planning
    - Monitoring and evaluation
    - Execution and implementation modalities
    - Management by the UNDP country office
    - Coordination and operation issues
    - Risk management
* Results
  + - Attainment of objective
    - Prospects of sustainability
* Conclusions and recommendations for the future implementation of the project activities
* Corrective actions for the design, implementation, monitoring and evaluation of the project
* Actions to strengthen or reinforce benefits from the project
* Proposals for future directions underlining main objectives
* Suggestions for strengthening ownership, management of potential risks
* Lessons learned (at least 3 pages of very clear analysis of lessons learned)
* Good practices and lessons learned in addressing issues relating to effectiveness, efficiency and relevance.
* Annexes: TOR, itinerary, field visits, people interviewed, documents reviewed, etc.

The mid-term evaluation report will include prospects of sustainability on the basis of:

* + The commitments of the governmental agencies in relation to the project objectives
  + Involvement of local organizations (participatory process)
  + Management and organizational factors
  + Financing
  + Staff development

The length of the mid-term evaluation report shall not exceed 30 pages in total (not including annexes).

# 5. Evaluation approach

The Mid-Term Evaluation will be done through a combination of processes including a desk study, site visits, questionnaires and interviews, with involvement of all the parties including but not limited to: AREM, UNDP, representatives of the governmental agencies of various levels, local authorities, local NGO’s, communities etc.

The evaluation team will be governed by the materials that available at: [www.undp.org/gef](http://www.undp.org/gef) as follows:

* UNDP Handbook on Monitoring and Evaluation for Results
* UNDP/GEF M&E Resource Kit
* Measuring Results of the GEF Climate Change Program

The evaluation methodology is assumed to cover the aspects as follows:

* Desk study of all project documentation
* Consultations with AREM, UNDP, MEMR
* Field visits (Astana, Almaty)
* Interviews with related parties
  + AREM, its territorial departments
  + MEP and its Institute KAZNIIEK
  + MEMR (Ministry of Energy and Mineral resources)
  + MIT(Ministry of Industry and Trade) ,
  + MEBP (Ministry of Economy and Budget Planning), MLSP (Ministry of Labour and Social Protection)
  + Local authorities: Akimats of Almaty and Astana (Departments of Energy and Housing Relations)
  + Local communities &Companies (Astanateplotrnazit, AAOs, Danfoss, etc.)
  + NGO’s (Center of Clean Production and Energy Efficiency)

# 6. Evaluation team

The Mid-term Evaluation will be carried out by team of two external consultants:

* International consultant - expert on areas of international projects’ monitoring and evaluation with the focus on climate change, energy sector, particularly on energy efficiency, and
* National consultant – expert on areas of climate change, energy and electricity and heat power energy.

The evaluation team is responsible for the successful completion of the evaluation and finalizing the Mid-term Evaluation report.

Team Qualities:

* Recent experience with result-based management evaluation methodologies;
* Experience applying participatory monitoring approaches;
* Experience applying SMART indicators and reconstructing or validating baseline scenarios;
* Recent knowledge of the GEF Monitoring and Evaluation Policy;
* Recent knowledge of UNDP’s results-based evaluation policies and procedures
* Competence in Adaptive Management, as applied to climate change and energy resource management projects;
* Recognized expertise in district heating energy efficiency in transition economies;
* Familiarity with energy structures and policies in Kazakhstan;
* Demonstrable analytical skills;
* Work experience in relevant areas for at least 10 years;
* Project evaluation experiences within United Nations system will be considered an asset;
* Excellent English/Russian communication skills.

Specifically, the international expert (team leader) will perform the following tasks:

1. Lead and manage the evaluation mission;
2. Design the detailed evaluation scope and methodology (including the methods for data collection and analysis);
3. Assist in drafting terms of reference of the national consultant(s), if needed
4. Decide the division of labor within the evaluation team;
5. Conduct an analysis of the outcome, outputs and partnership strategy (as per the scope of the evaluation described above);
6. Draft related parts of the evaluation report; and
7. Finalize the whole evaluation report.

The National Consultant will provide input in reviewing all project documentation and will provide the International Consultant with a compilation of information prior to the evaluation mission. Specifically, the national expert will perform tasks with a focus on:

* Review documents and materials available in Russian only;
* Prepare a list of the outputs achieved under project;
* Organize the mission programme and provide translation/interpretation when necessary;
* Participate in the design of the evaluation methodology;
* Conduct an analysis of the outcome, outputs and partnership strategy (as per the scope of the evaluation described above);
* Draft related parts of the evaluation report;
* Assist Team leader in finalizing document through incorporating suggestions received on draft related to his/her assigned sections;
* Proof reading of the Russian version.

Individual consultants are invited to submit applications together with their CVs for positions of international and national consultants. Applications are welcome from anyone who feels they can contribute to the team because they possess three or more of the listed qualities. Obviously the more qualities that can be demonstrated, the better the chance of selection.

Joint proposals from two independent evaluators are welcome. Or alternatively, proposals will be accepted from recognized consulting firms to field a complete team with the required expertise within the evaluation budget.

The evaluation will be undertaken in-line with GEF principles[[7]](#footnote-7):

* Independence
* Impartiality
* Transparency
* Disclosure
* Ethical
* Partnership
* Competencies and Capacities
* Credibility
* Utility

The evaluators must be independent from both the policy-making process and the delivery and management of assistance. Therefore applications will not be considered from evaluators who have had any direct involvement with the design or implementation of the project. This may apply equally to evaluators who are associated with organizations, universities or entities that are, or have been, involved in the Project policy-making process and/or its implementation. Any previous association with the Project, the Agency of Natural Monopolies, the Ministry of Energy and Mineral Resources, the Ministry of Environmental Protection, UNDP-Kazakhstan or other partners/stakeholders must be disclosed in the application. This applies equally to firms submitting proposals as it does to individual evaluators.

If selected, failure to make the above disclosures will be considered just grounds for immediate contract termination, without recompense. In such circumstances, all notes, reports and other documentation produced by the evaluator will be retained by UNDP.

If individual evaluators are selected, UNDP will appoint one Team Leader. The Team Leader will have overall responsibility for the delivery and quality of the evaluation products. Team roles and responsibilities will be reflected in the individual contracts. If a proposal is accepted from a consulting firm, the firm will be held responsible for the delivery and quality of the evaluation products and therefore has responsibility for team management arrangements.

# 7. Implementation Arrangements

The principal responsibility for managing this evaluation lies with UNDP Kazakhstan. It is the main operational point for the evaluation responsible for liaising with the project team to set up the stakeholder interviews, arrange field visits and co-ordinate with the Implementing Partner and other counterparts. UNDP Kazakhstan will contract the evaluators and ensure the timely provision of per diems and travel arrangements within the country for the evaluation team.

The timeframe for submission of the first draft of the report: 7 weeks upon signing the Contract. The report will be submitted both electronically and in printed version, in Russian and English.

The report should be submitted to UNDP Country Office in Kazakhstan (to the attention of Ms. Victoria Baigazina, e-mail address: [victoria.baigazina@undp.org](mailto:victoria.baigazina@undp.org), 26 Bokeikhan St., Astana; Tel.: +7(7172) 59-25-50.

Prior to approval of the final report, a draft version shall be circulated for comments to government counterparts, project management, UNDP CO and UNDP/GEF Regional Technical Advisor for Climate Change and Energy: The Project Director and members of the project steering group representing the following institutions:

* Agency on Regulation of Natural Monopolies
* Ministry of Energy and Mineral Resources PK
* Ministry of Environmental Protection RK
* Ministry of Economy and Budget Planning RK
* Astana and Almaty Akimats
* Relevant research institute KAZNIEK
* The United Nations Development Programme

If any discrepancies have emerged between impressions and findings of the evaluation team and the aforementioned parties, these should be explained in an annex attached to the final report.

The activities and timeframe are broken down as follows:

|  |  |
| --- | --- |
| **Activity** | **Timeframes and responsibilities** |
| Desk review | 3 days – international expert, 2 days – national expert |
| Briefing of evaluation consultants | 1 day by the project team and UNDP |
| Field visits, interviews, questionnaire, debriefing | 6 day – international expert, 6 days – national expert |
| Validation of preliminary findings with stakeholders through circulation of initial reports for comments, meetings, and other types of feedback mechanisms | 5 days – evaluation team |
| Preparation of final evaluation report (including comments) | 7 days - international expert, 6 days - national expert |

*Working days:*

Team Leader (international expert) – 22 working days

National expert – 20 working days

The process should commence no later than 15 April 2009.

## **APPLICATION: The applications and brief conceptual summaries (the volume shall not exceed 5 pages and shall contain the brief description of approach and methodology to be used) shall be sent to the attention of Ms. Akku Sansyzbayeva, akku.sansyzbayeva@undp.org , copy to:** [**nurgul.ularkhanova@undp.org**](mailto:nurgul.ularkhanova@undp.org) **mailing address and : 26 Bokeikhan St., Astana, Kazakhstan; e-mail: vacancies.project.kz@undp.org. The submission deadline is 27 March 2009**

**Annex 1. List of documents to be reviewed by the Evaluators**

Following documents can be used as a basis for evaluation of the project (titles underlined are available in Russian with an English annotation):

|  |  |
| --- | --- |
| **Document** | **Description** |
| Project document | The Project Document and Revisions |
| Project reports | Project Inception Report  Annual Progress Reports |
| Annual Project Report to GEF | 2008 Project Implementation Review (PIR) |
| Minutes | Steering Committee meetings  Meetings with experts, team staff etc. |
| Other relevant materials: | Financial Audit Report for 2008 |
| Information materials produced by the project activities | Project reports and project materials produced by the project:   1. Review of current regulatory and legal framework on tariff, contracts and payment ways for heat energy,2007 2. Report based on social study results «Identification of the interest, possibility and readiness by heat suppliers and consumers to intensify the energy effectiveness with aim to reduce the public utilities payments, to modernize the enterprises and to mitigate the impact on global climate», 2007 3. Legal review on regulation of heat supply issues in Kazakhstan and energy efficiency in this filed, 2007 4. Draft ‘‘law on Energy Saving”,2008 and proposals its for improvement 5. Draft Astana regional municipal program, 2008 6. Business plan on ESCO Almaty,2007 7. Market analysis on introduction EE measures on provision with in-house heat meaters, 2007 8. Business plan on residential complex of Kulsay with heat pupms,2007 9. Brief Review of the Program on Energy Saving in Almaty City, 2007 10. MoU, legal package on ESCO, 2008 11. Concept of social support, 2008 12. Incentives on energy efficient AAOs through the draft law “on Housing relations”,2008 13. Advantages and Drawbacks of a Two-rate Tariff with Users’ Fee for Heat Energy, 2008 14. Proposal on mechanism of revolving fund for municipal buildings in Astana and chose of schools for EE measures in Astana,2008 15. Draft project proposal on EE measures with AAO in Astana,2008 16. Brochure on Project results of the first year implementation 17. Summary on energy audit of housing buildings in Almaty with one of the reports,2008 18. Report on energy expertise in buildings of Astana,2008   Monitoring interim report on EE measures in school, 2009 |

**Annex 2: Project Logical Framework**

| **Project Strategy** | **Indicator** | **Baseline** | **Target** | **Sources of Verification** | **Assumptions** |
| --- | --- | --- | --- | --- | --- |
| **Goal: Reduce GHG emissions from district heating sector in Kazakhstan** | | | | | |
| ***Objective:***  *To remove barriers to energy efficiency in municipal heat and hot water supply systems in Kazakhstan and to lay the foundation for the sustainable development of these services taking into account local as well as global environmental considerations.* | Status and level of enforcement of the proposed legal and regulatory changes | Non-supportive legal and regulatory framework for EE | ***Adoption and enforcement*** of the proposed legal and regulatory changes by the end of the project | Official Gov’t publications  Project final evaluation  Project’s GHG monitoring and verification reports | Continuing commitment of the key project partners, including the relevant Government agencies, to co-operate and work towards meeting the project objectives |
| The status of the supported institutional and financing models for EE and associated GHG reduction impact | Absence of sustainable institutional and financial models for EE investments | Successful completion and continuation of the financially sustainable operation of the pilot activities in Astana and Almaty at the end of the project with annual reduction of greenhouse gas emissions at least by ***30,000 tons of CO2 per year*** |
| Agreements on the implementation of EE investments in pilot cities and other cities districts | Inadequate investments in energy efficiency | New projects/programmes initiated and financing leveraged for them at the amount of at least ***USD 10 million*** by the end of the project |
| ***Outcome 1 “Legal and regulatory changes”:*** *A supportive legal and regulatory framework in place to promote and provide* **incentives for the improvement of the energy efficiency** *of the heat and hot water supply services in Kazakhstan, including, as applicable,* **specific incentive and other mechanisms** *to encourage the effective implementation and enforcement of the adopted laws and regulations by the key stakeholders.* | Number and status of regulatory changes and incentives for improvement of energy efficiency | Lack of incentives and/or prohibitive regulations for municipalities to invest/re-invest in EE; AAOs and residents to implement EE measures; government to revise DH tariffs. | The proposed legal and regulatory changes formally adopted and effectively enforced by the end of the project creating sufficient incentives for various stakeholders (municipalities, AAOs, residents) to implement EE measures | Official gazette, project monitoring and evaluation reports;  Surveys among targeted stakeholder groups | Successful partnership building and co-operation with key public authorities to support the required improvements |
| **Output 1.1**  *Proposal for improvements in existing DH tariff policy developed and endorsed by the Government* | Status of the proposals (development, consultation, adoption), including:   * heat metering and consumption based billing and amendments to the law on Natural Monopolies; * new revisions of the law “On Energy Saving” * other regulatory changes to overcome barrier to EE investment | The revision in legislation on heat metering installation by 2009 is not realistic due to capacity constraints  Improvements of the tariff and billing policy hindered by the absence of comprehensive policy to mitigate social impacts | * **Economic justification** for proposed amendments in DH policy **elaborated** by end of year 1 * **MoU signed** with MEMR on assistance in drafting new law “On Energy Saving” by the end of year 1; **draft new law finalized** and submitted to Parliament by end of year 2 * A comprehensive **proposal** for improved tariff and billing policy **developed** by the end of year 2 and **endorsed** by the Government by end of year 3. | Official gazette, project monitoring and progress reports | See above |
| **Output 1.2**  Social support scheme to support the most vulnerable group of the population developed and endorsed by the Government | Status of social support scheme (development, consultation, adoption) | Lack of data on social impacts of energy policy;  Absence of strategy to support vulnerable group | * Definition of target groups and **social study completed** by the end of year 1 * Proposal on **social support scheme developed** by the end of year 2 * **Social scheme discussed, agreed upon and endorsed** by key stakeholders and beneficiaries by the of year 3 | Project progress and thematic reports; evaluation reports | See above |
| **Output 1.3**  Legal and regulatory changes to strengthen the role of the Associations of Apartment Owners (AAOs) in managing building and associated heat and hot water supply services developed and endorsed by the Government | Status of AAO regulatory package (development, consultation, adoption) | Inadequate legal and regulatory framework to support the role of the AAOs in managing the building and the associated heat and hot water supply services | * **Analysis of lessons-learnt** on AAOs operations and incentive schemes **completed** by end of year 1 * A **package** of legal and regulatory changes to introduce specific incentives for and strengthen the role of AAOs in managing building and associated heat and hot water supply services **developed** by the end of year 2 * **Consultations** with stakeholders/beneficiaries **conducted** and **proposed changes adopted** and enforced by the end of year 3 | Project progress reports. | See above |
| **Output 1.4**  Provisions allowing municipalities to create revolving funds/accounts to re-invest energy saving revenues into further EE activities developed and endorsed by the Government and/or targeted municipalities | Status of regulatory package providing for municipal EE revolving funds/accounts (development, consultation, adoption) | Lack/insufficient incentives and prohibitive regulations for municipalities to invest/re-invest in energy efficiency | * **Analysis of lessons-learnt** on revolving fund operations in other countries and **regulatory barriers** in Kazakhstan **completed** by end of year 1 * A **package** of legal and regulatory changes to introduce respective provisions **developed** by the end of year 2 * **Consultations** with stakeholders/beneficiaries **conducted** and **proposed changes adopted** and enforced by the end of year 3 | Project progress reports. | See above |
| **Output 1.5**  Mechanism to monitor implementation and impact of the adopted laws and regulations developed and agreed with key stakeholders | Availability of accurate and up to date information on the impact of the adopted laws and regulations | Lack of data and mechanisms to monitor implementation and impact of the adopted laws and regulations | Adequate **information** on the impact of the adopted laws and regulations **is available** by the end of the project | Final evaluation report | The proposed laws and regulations adopted for implementation as planned |
| **Output 1.6**  Training provided to key stakeholders responsible for effective implementation and enforcement of the adopted policy | * Number of trained stakeholders * Availability of applicable incentives | Lack of capacity and motivation of key stakeholders to effectively implement and enforce EE policies | * Targeted **stakeholder groups identified** by end of year 1 * **Training provided** to at least 50 targeted stakeholders | Project reports | See above |
| **Outcome 2**  ***New institutional and*  *financing models*** introduced for leveraging financing for EE investments and enhanced capacity of the local stakeholders to support their further implementation and replication | * Number, type and status of new institutional and financing models for EE * Leveraged financing for EE projects from public, private and individual sources * GHG emission reduction from implementation of demonstration projects | Lack of sustainable and functioning financing and institutional models for EE investment | Almaty ESCO established, staff recruited and trained, capitalized (1,5 mln $ in total) and at least 3 EPC signed  Astana Municipal EE Programme developed by end of 2008 and implemented by 2014, institution established/strengthened for its implementation and monitoring  AAOs –at least 4 fully operational with trained staff, action-plans and financing  Leveraged financing:   * Public – 1 mln $ * Private – 200,000 $   - Tenants - 10,000 $  Cumulative GHG mitigation impact from demonstration projects: 30,000 tCO2/year | Project progress reports | See above |
| **Output 2.1**  Astana Municipal EE Programme developed and implementing | * Status of programme design implementation arrangement, financing, criteria for EE project selection * Status of demonstration EE activities and direct GHG emission reduction | No Municipal EE Programme in Astana | * Capacity needs assessment completed by the end year 1 * MoU with Astana Municipality by end 18 month * Programme design, implementation arrangements and budget finalized by end of year 2 * Training programs and modules designed by the end of year 2 and delivered by end of year 3 * Demo-projects implemented by end of year 3 resulting in at least 9,800 tCO2/yr reduction * Programme implementation monitored, results documents and lessons analyzed and reported by end of project | Project progress report  Report on Municiapl EE Programme Implementation | See above |
| **Output 2.2**  Almaty ESCO established and operates successfully | * Status of ESCO legal and organizational structure, business plan, marketing strategy * Number of trained employees * Number of EPCs signed and investment leveraged * Direct GHG emission reductions * ESCO financial state | Absence of ESCO, lack information and capacity to provide ESCO-type business | * Lessons learn from ESCO establishment in other CIS countries collected and analyzed by end of year 1 * Letter of Intent signed with and legal and organization structure for ESCO developed and agreed with shareholders by end of year 1 * ESCO is legally set-up by end of year 2 * Business plan developed and approved by ESCO Board by end of year 2 * Marketing strategy and outreach for ESCO developed and organized by year 2 * ESCO staff hired and trained by end of year 2 * At least 3 Energy Performance Contracts (EPCs) signed by year 3 * Pilot projects implemented by end of year 3 resulting in at least 20,000 tCO2/yr reduction * ESCO is financially viable by end of project | Project progress report  ESCO documentation: legal charter, audited financial statements, EPCs | See above |
| **Output** **2.3**  AAOs | * Needs assessment (current level of awareness among tenants) * Status of pilot EE projects with AAOs and associated GHG emission reductions * Training/communication programme | No EE activities undertaken by AAOs | * AAOs needs assessment completed by end of year 1 * Awareness strategy designed and successfully implemented by end of year 2 * Buildings and AAOs participating in pilot projects selected and staff trained by end of year 2 * Two consulting centers for AAOs established and operational by end of year 3 * Training/Communication programme developed by end of 18 month and delivered by end of the project * Pilot projects with AAOs identified (end of year 2) , launched by end of year 3 and monitored by the end of project resulting in at least 200 tCO2/yr reduction | Project progress report | See above |
| **Outcome 3:**  ***Compilation, analysis and dissemination*** of the project experiences and lessons learnt and initiation of their effective replication in Kazakhstan and other CIS countries/municipalities with comparable situation. | The number of agreements signed for the implementation of new EE investments in other cities/ city districts by building on the institutional and financing models introduced in the project:  The amount of financing leveraged to expand and/or continue project activities by the end of the project | Lack of experience, information, institutional and financing models for implementation of EE measures for heat and hot water supply | At least 2 new municipal EE programme initiated, 4 AAOs trained and 3 new EPCs with ESCO signed for implementing EE investments in other cities or city districts leveraging at the amount of at ***least USD 10 million*** | Project final report. | Successful demonstration of the new EE financing mechanisms in Almaty and Astana.  Supportive legal and regulatory framework in place |
| **Output 3.1**  A system for monitoring/ recording the GHG emission reductions of the first pilot projects and the project as a whole. | The status of the system for monitoring/ recording the GHG emission reductions of the project in place | No system to monitor/ record the GHG emission reductions of the project in place | GHG emission monitoring and verification protocol developed and the operating personnel of the projects trained for compiling the required information by the end of the 2nd year.  An assessment of the GHG reduction resulting from the project implementation completed by the end of the project. | Project reports. |  |
| **Output 3.2**  Analyses of the experiences and lessons learnt under the project and recommendations for their effective replication | The status of a report analyzing the experiences and lessons learnt finalized | No experiences and lessons learnt compiled and analyzed | Draft final project report documenting the results, experiences and lessons learnt and recommendations for their effective replication completed at least 3 months before the end of the project. | Project evaluation reports. |  |
| **Output 3.3** Training and other capacity building activities completed for the management and, as applicable, operating personnel of other municipalities and heat supply companies, including, as applicable, establishment of an information exchange network. | Number of staff and the number of municipalities and other heat supply companies that have received training and other capacity building | No training and capacity building | At least 6 additional municipalities and/or heat supply companies contacted and trained by the end of the project | Project reports |  |
| **Output 3.4** Project overall results, experiences and lessons learnt discussed and disseminated at the national and regional level | The level dissemination of the project results, experiences and lessons learnt disseminated at the national and regional level | No experiences and lessons learnt disseminated | The draft report disseminated to the key stakeholders at least 3 months before the end of the project.  A regional seminar organized to present and discuss the results by the end of the project  Other public outreach activities such as articles and TV programs initiated and completed by the end of the project. | Project reports. | Supportive institutional, legal and regulatory framework. |
| **Output 3.5** Consultations for replicating the project experiences in other cities or city districts and leveraging financing for that completed | Number of agreements / expressions of interest for replicating the project activities at the national and regional level | No replication and effective follow up of the results of the project | At least three expressions of interests to replicate project activities at the national and/or regional level received by the end of the project. | Final evaluation |  |

**Annex 3. Project ratings**

Highly Satisfactory (HS), Satisfactory (S), Marginally Satisfactory (MS), and Unsatisfactory (U)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PROJECT COMPONENT OR OBJECTIVE** | **Rating scale** | | | | **RATING** |
|  | **U** | **MS** | **S** | **HS** |  |
| **Project Formulation** |  |  |  |  |  |
| **Conceptualization/Design** |  |  |  |  |  |
| **Stakeholder participation** |  |  |  |  |  |
| **Project Implementation** |  |  |  |  |  |
| **Implementation Approach** |  |  |  |  |  |
| The use of the logical framework |  |  |  |  |  |
| Adaptive management |  |  |  |  |  |
| Use/establishment of information technologies |  |  |  |  |  |
| Operational relationships between the institutions involved |  |  |  |  |  |
| Technical capacities |  |  |  |  |  |
| **Monitoring and evaluation** |  |  |  |  |  |
| **Stakeholder participation** |  |  |  |  |  |
| Production and dissemination of information |  |  |  |  |  |
| Local resource users and NGOs participation |  |  |  |  |  |
| Establishment of partnerships |  |  |  |  |  |
| Involvement and support of governmental institutions |  |  |  |  |  |
| **Project Results** |  |  |  |  |  |
| **Attainment of Outcomes/ Achievement of objective** |  |  |  |  |  |
| Achievement of objective |  |  |  |  |  |
| Outcome 1 |  |  |  |  |  |
| Outcome 2 |  |  |  |  |  |
| Outcome 3 |  |  |  |  |  |
| Outcome 4 |  |  |  |  |  |
| Outcome 5 |  |  |  |  |  |
| **OVERALL PROJECT ACHIEVEMENT & IMPACT** |  |  |  |  |  |

1. See p.67 of UNDP’s “Handbook on Monitoring and Evaluation for Results”, available at http://www.undp.org/gef/05/monitoring/policies.html [↑](#footnote-ref-1)
2. See Annex C of “Participatory Monitoring and Evaluation: approaches to sustainability”, available at http://www.undp.org/gef/05/monitoring/policies.html [↑](#footnote-ref-2)
3. See section 3.2 of the GEF’s “Monitoring and Evaluation Policies and Procedures”, available at http://www.undp.org/gef/05/monitoring/policies.html [↑](#footnote-ref-3)
4. UNDP-GEF’s system is based on the Atlas Risk Module. See the UNDP-GEF Risk Management Strategy resource kit, available as Annex XI at http://www.undp.org/gef/05/monitoring/policies.html [↑](#footnote-ref-4)
5. RBM Support documents are available at http://www.undp.org/eo/methodologies.htm [↑](#footnote-ref-5)
6. The UNDP User Guide is currently only available on UNDP’s intranet. However UNDP can provide the necessary section on roles and responsibility from http://content.undp.org/go/userguide/results/rmoverview/progprojorg/?src=print [↑](#footnote-ref-6)
7. See p.16 of the GEF’s Monitoring and Evaluation Policy [↑](#footnote-ref-7)