Sustainable and Inclusive Green Acceleration (SAIGA)

Review PIF and Make a recommendation

Basic project information

GEF ID

11513

Countries

Regional (Uzbekistan, Kyrgyz Republic, Tajikistan, T?rkiye)

Project Name

Sustainable and Inclusive Green Acceleration (SAIGA)

Agencies

EBRD

Date received by PM

3/21/2024

Review completed by PM

10/2/2024

Program Manager

David Elrie Rodgers

Focal Area

Climate Change

Project Type

FSP

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments

Please under ?Sector? add Renewable Energy (in addition to Energy Efficiency). Additionally, the GEF requires eligibility criteria for the EE and RE technologies financed.

There is usually no PMC in blended finance projects executed by MDBs. Please eliminate

October 2024

PMC has been eliminated. Cleared. No.

October 29, 2024: Thank you for flagging this issue. Please select "Mixed and Others" in the drop down menu.

October 31, 2024. Mixed and Others selected. Cleared.

No. The following comment hasn?t been addressed: Please under ?Sector? add Renewable Energy (in addition to Energy Efficiency).?

Agency's Comments

Added in the PIF and Annex on eligibility criteria attached to the submission package.

PMC eliminated.

October 2024

Drop-down menu of the relevant box on the GEF Portal doesn't seem to have an option to select multiple entries - unless we are meant to select 'Mixed & Others'

31 October

"Mixed and Others" selected in the portal as advised.

2. Project Summary

Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?

Secretariat's Comments

No. The project summary should be no longer than half a page. The concise summary should explain how the project seeks to address the environmental challenge and why the financial structure proposed (with a brief description) helps deliver the project Objective in a systematic approach.

October 2024

Yes, with suggestions. Please consider adding as part of the summary the estimated Global Environment Benefits (GEBs) of the project, that is, emission reductions of 406,510 tCO_2/year (8,130,205 tCO_2eq over a lifetime) and 72 MW renewable energy capacity installed.

October 29, 2024. Cleared.

Agency's Comments

Addressed in the updated PIF.

October 2024

Project Summary is updated accordingly to reflect the target GEBs of the project.

3 Indicative Project Overview

3.1 a) Is the project objective presented as a concise statement and clear?
b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?

Secretariat's Comments

a) The project objective mentions ?acceleration? -if that is the goal, please explain how this project helps achieve that faster adoption. Please confirm the pace of adoption is the problem for the region.

Barriers to faster adoption of EE/RE should be identified and then, components should seek to address them. Please review this section accordingly.

It is important also to have an exhaustive list of activities eligible under the project that can deliver the GEBs.

b.i) Do Components 1/2/3 have any overlap in terms of Fis or sub-borrowers targeted/supported? If so, the impacts may be double-counted.
b.ii) Please consider revising the wording of outcome 1.1. *?Increased speed of* ***decarbonization*** *and*

confidence ***of domestic financial institutions,*** *policy makers and international funding providers in ability of the private sector to achieve meaningful climate mitigation results?.* The project is **decarbonizing the investments** of the domestic financial institutions not the financial institutions per se.

b.iii) Please confirm consistency in the outputs under Component 1. For instance, the program aims to target approximately 10 FIs, train over 500 loan officers and assess over 4,250 projects. This will result in approximately 50 loan officers trained and 425 projects assessed per FI. Please confirm whether these numbers are correct and consider comment provided in b.i) to avoid double counting.

b.iv) Overall, the components narrative shall be strengthened, particularly for Components 1 and

In the case of Component 1, the program envisages a comprehensive technical assistance package that will be offered to end-beneficiaries? sub-borrowers and to Financial Institutions.

b.v) FI projects have traditionally been challenging to implement because of the significant outreach and capacity buildings activities to FI. Similarly, energy efficiency programs have often struggled to attract demand and ensure its long-term sustainability. How would this be addressed in this project?

b.vi) The barrier section should draw upon decades of challenging implementation through Fis. We require that a review of lessons learned by EBRD is included and shape the design of this project.

b.vii) The TA component of this proposal is key to help build the capacity of FIs and originate a pipeline of potential projects. But the content of TA and its structure need to respond to specific challenges of deployment. Are challenges at FI level? At end beneficiary? Please elaborate further, i.e., a detailed outreach and capacity building plan for FIs, a strategy to ensure demand and long-term sustainability of the program, how the TA component will be structured, funded, the type of capacity building activities to be provided, etc.

b.viii) As for Component 3, please provide more information on the proposed results-based payment mechanism, and a preliminary list of the indicators to be measured. For this, it is important to have an exhaustive list of activities eligible under the project. Monitoring and verification are also very important aspects of result-based payments.

b.ix) How is the measure of progress taking place? Is there a third party verifier? Monitoring and verification should occur regularly enough to allow rapid disbursement and feedback to the recipient and should be easy and cost-efficient.

b.x) Kindly elaborate further on how the proposal will address these issues to ensure the effective implementation of the results-based payment mechanism. Also there should be a detailed payout structure of the GEF financing in this Component to be included in the NGI Financial Structure section AND the termsheet.

October 2024

a) Yes, with comments/suggestions. Activities eligible under the program have been added under section ?C. Alignment with GEF-8". However, please consider including a complete list of eligible technologies under Component 2, since section C comes very late in the document and it is not the aim of this section to provide this list.
Also, please include a comment to clarify that the program will not be supporting fossil fuel technologies.

b.i) Cleared.
b.ii) Cleared.
b.iii) Cleared.
b.iv) Cleared. Further information has been provided on the specific activities to be developed under component 1.
b.v) Cleared.
b.vi) Cleared.
b.vii) Cleared.
b.viii) The additional documentation on RBP does not fully respond to the requested information on TA. In Component 1 TA targets are noted, but qualifying eligibility criteria for recipients is not documented. Add documentation on eligibility for TA and clearly link the receipt of TA to generation of investment pipeline.
b.ix) The verification step has been documented. Comment cleared.
b.x) See b.viii

October 29, 2024. a) List is provided in appendix. Cleared

Agency's Comments

a) Addressed in the updated PIF.

b.i) Climate mitigation impacts are calculated based on the supported sub-projects (investments), hence they are only counted once.

b.ii) Outcome 1.1 has been amended.

b.iii) The outputs have been updated.

The program aims to target approximately 10 FIs, train 500 loan officers and assess over 8,526 projects. This will result in approximately 50 loan officers trained and 852 projects assessed per FI on average.

Double counting is avoided.
b.iv) Additional detail on the activities envisages under each component has been added in the PIF.

b.v) Indeed, the comment recognizes the substantial challenge facing PFIs on the demand side, that the demand from the markets for loans for eligible climate finance sub-projects has not increased at pace with the wider policy level push, despite wider tailwinds of increased mitigation commitments at the national level and adaptation requirements on the ground. Under the Programme, EBRD addresses this challenge principally in the following ways: 1) providing market awareness-raising activities in the target countries for different target groups to increase understanding of the ROI for climate investments; and 2) providing technical assistance to PFIs and particularly loan officers that enables them to better recognize or even restructure proposed sub-projects to meet climate eligibility criteria; 3) collaborating with financial sector regulators to enable clear guidance for PFIs on eligibility, reporting and ways forward. EBRD believes that the financing targets for the Programme are ambitious but achievable.

b.vi) The project?s design indeed draws on the lessons learned from EBRD?s extensive experience in working with FIs on climate projects, both within the target countries and drawing on experience in other regions. The PIF has been updated to further articulate key lessons learned.

b.vii) Addressed in the PIF, Section Project Description, Component 1.

b.viii) An additional annex has been added providing detailed eligibility criteria for beneficiaries to receive results-based payments. EBRD also recognises the importance of a robust monitoring and verification approach and has successfully applied such an approach in the past, resulting in granular data availability and mitigation of implementation risk.

b.ix) Verification is conducted by a third party consultant that reviews the documentation provided by the beneficiary and PFI, including conducting site visits where appropriate. Such verification must be conducted before the results-based payment can be disbursed to the beneficiary. Verification is conducted on an ongoing basis, indeed so that payments to beneficiaries can be disbursed without significant delay.

b.x) The Term Sheet has been updated. Further detail has also been provided in the PIF on the implementation structure of the results based payments component.

October 2024

a) PIF is revised accordingly. Table brought up (under Component 2) and explicit mention of the exclusion of fossil fuels added: ?Technologies specifically used for the combustion, transportation, extraction of peat, and carbon intensive fossil fuels such as coal, heating oil or oil shale shall not be supported. Non-renewable fuel-powered boilers, gas infrastructure and equipment shall also be excluded? b.viii) PIF is revised accordingly. Same eligibility criteria apply to all components. Information added on eligibility of sub-borrowers and eligible activities under the TA. Eligibility criteria for sub-borrowers added to the eligibility annex.

a) PIF is revised accordingly. Table brought up (under Component 2) and explicit mention of the exclusion of fossil fuels added:

?Technologies specifically used for the combustion, transportation, extraction of peat, and carbon intensive fossil fuels such as coal, heating oil or oil shale shall not be supported. Non-renewable fuel-powered boilers, gas infrastructure and equipment shall also be excluded?

b.viii) PIF is revised accordingly. Same eligibility criteria apply to all components.

Information added on eligibility of sub-borrowers and eligible activities under the TA.

Eligibility criteria for sub-borrowers added to the eligibility annex.

?Technologies specifically used for the combustion, transportation, extraction of peat, and carbon intensive fossil fuels such as coal, heating oil or oil shale shall not be supported. Non-renewable fuel-powered boilers, gas infrastructure and equipment shall also be excluded?

b.viii) PIF is revised accordingly. Same eligibility criteria apply to all components.

Information added on eligibility of sub-borrowers and eligible activities under the TA.

Eligibility criteria for sub-borrowers added to the eligibility annex.

b.x) addressed above

3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?

Secretariat's Comments

No, gender dimensions haven?t been mainstreamed into the project components, outputs and targets, i.e., 500 loan officers trained out of which XX are women. Similar approach shall be used at the component, outcome and target level.

Likewise, under Component 1 it is mentioned it will be implemented through three fundamental pillars, the third one being ?Gender-responsive capacity building and finance?. However, gender aspects shouldn?t be a separate pillar under Component 1 but integrated under Pillar 1 ?Dedicated capacity building activities delivered to FIs and private sector businesses and households? and Pillar 2 ?Investment origination and pipeline development activities through direct engagement with private sector, businesses, business associations, FI networks and other partners?, as well as in other components and outputs.

October 2024

Clear, with suggestions. Results indicators have been dis-aggregated by gender. Please consider including gender aspects more broadly into the components, such as in Component 1 title ?Technical assistance to support and expand the financing market for gender-responsive climate investments?

October 29, 2024. Cleared.

Agency's Comments

Results indicators have been disaggregated by sex wherever possible.

Gender aspects will indeed be mainstreamed into the delivery of the technical assistance, with the goal to i) help PFIs understand and assess the differentiated needs of women borrowers of climate finance; ii) generate pipeline and demand from women borrowers; and iii) promote collection of sex disaggregated data to enable better management reporting at the PFI level on the performance of the women-led portfolio.

October 2024

This has been reflected in the PIF.

3.3 a) Are the components adequately funded?

b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?

c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments

a and b) We think there are errors in the table. Please address.

Co-financing for Component 1 on TA, US$100 million, seems too high compared to Component 2, US$40 million on investment. So total financing for Component 1 is more than double the financing for Component 2 which focuses on investments.

Also these numbers are inconsistent with Financing Table in Annex H and with the Termsheet. Please clarify and address

c) There should be no PMC

October 2024

a and b) The co-financing figures in the PIF do not sum correctly to the total shown. Please revise.

c) PMC eliminated. Cleared

October 29, 2024. The co-financing figures are summed correctly in Portal. Cleared.

Agency's Comments

The table was revised. Co-financing includes:

1. - EBRD finance attributed specifically to GEF funds supporting specific activities,
2. - private sector co-financing (from PFIs and sub-borrowers) and
3. - additional Technical Assistance resources provided by other donors.

The total co-financing amounts attributed to individual Components are accurate and reflective of expected mobilisation of co-financing. Inconsistencies are addressed in PIF, Term sheet is revised accordingly. Spreadsheet attached to PIF provides more details on how the calculations are made.

PMC has been eliminated.

October 2024

In the PDF version of submitted PIF, as well as the draft Word version of PIF, the co-financing numbers add up. At the same time the GEF portal does not allow to submit PIF and the numbers don?t add up. We think it might be a technical issue with the system, but at the same time we would appreciate if GEF could point to us the exact numbers that need to sum up correctly.

4 Project Outline

A. Project Rationale

4.1 SITUATION ANALYSIS

a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?

b) Are the key barriers and enablers identified?

Secretariat's Comments

a) In Section C there is a description of some aspects of regulation in each country but no account of state of the market for FIs offering green finance, or the demand for those instruments from the end beneficiaries. These aspects are key to design the project components, outputs and outcomes.

b) No. As per comment in previous section on Project Overview. Please add specific barriers related to energy efficiency and small-scale decentralized renewable energy investments, such as project dispersion and significant smaller size of projects.

October 2024

a) The country list in the project summary and the Annex G term sheet do not match. Please correct
b) Cleared.

October 29, 2024. The country list is now correct throughout the documents. Cleared.

Agency's Comments

a) The PIF has been updated with additional information on the regulatory context of each of the target countries.

b) Addressed in the updated PIF.

October 2024

The Termsheet has been revised to ensure consistency. The updated Termsheet has also been uploaded as separate annex.

At the backend from our side, the countries listed in Project Summary and the Termsheet are consistent - Kyrgyz Republic, Tajikistan, T?rkiye, Uzbekistan.

4.2 JUSTIFICATION FOR PROJECT

a) Is there an indication of why the project approach has been selected over other potential options?

b) Does it ensure resilience to future changes in the drivers?

c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?

d) are the relevant stakeholders and their roles adequately described?

Secretariat's Comments

a) The project provides a table with examples of indicative investment to be implemented. However, please provide an exhaustive list of technologies to be eligible under the project that will be treated as eligibility criteria for GEF investment. FI as well as final beneficiaries have a clear understanding of the type of technology eligible under the program (for example commerce and buildings needs to clarify and should exclude those equipment and processes that are fossil fuel dependent.
E.g. on page 30/42/43, heat recovery unit of cement facility, buildings with substantial fossil fuel use, and bakery equipment if not electrified, are not eligible.

This table could be further refined by explaining which financial tools would be used by the end beneficiaries (TA+concessional loan +results based financing, together or separately?)

Also, this would help putting in place a robust monitoring and verification systems for the result-based payment mechanism under Component 3.

The current proposal mentions *?...support energy efficiency, renewable energy, and climate resilience projects?*. As you know, **purely climate resilience projects are not eligible** under the GEF?s Climate Change Mitigation Focal Area, plus the Rio Marker Climate Change Adaptation has been tagged as 0. Please clarify whether you are referring to a co-benefit of energy efficiency and renewable energy projects, and if so, please amend the proposal accordingly (and elaborate further on the resilience angle if applicable).

b) Please cover this aspect, not currently elaborated in PIF.

c) No, please provide; also the GEF would welcome that this project builds on previous lessons learned of EBRD projects for FI green financing

d) The following sentence under the stakeholder section seems incomplete, please revise accordingly: *?The EBRD?s engagement with the full spectrum of economic actors through its on-going or GEFFs. A full spectrum of economic actors and a number of FIs participated in .?*

Also, there are two tables for project stakeholders. Please consider merging them in just one table.

October 2024

a) No. As indicated above, please include a comment to clarify that the program will not be supporting fossil fuel technologies
b) Cleared.
c) Cleared

d) Cleared

October 29, 2024. Full eligibility and exclusion list is provided in the Annex. We acknowledge and support the note on biomass-based energy generation, which may might be subject to additional environmental and social safeguards by the EBRD.
Please consider adding the following references in this Annex:
- The project is only supporting small-scale energy facilities of up to XX MW, located at or near where the electricity is consumed. In the case of hydropower, only run-of-river facilities are supported.
- any biomass shall be responsibly sourced. This is particularly important since as per the GHG spreadsheet, it is expected that approx. 18% of the technology to be implemented would be biomass technologies.

October 31, 2024. The additional language is appropriate. Cleared.

Agency's Comments

a) An annex has been added with detailed eligibility criteria. All equipment and processes that are fossil fuel dependent will not be eligible under the Programme.

The table is amended as per your recommendation, providing indication of used financial instruments based on the experience.

Climate resilience is referred to as co-benefit in the context of this Programme. A complementary GFS programme supported by GCF shall be also focussing on dedicated climate adaptation and resilience investments.

b) Additional information is provided in the updated PIF.

c) Additional information has been added into the PIF on lessons learned and EBRD experience that has informed the design of the SAIGA Programme.

d) Revised in the updated PIF.

October 2024

Exclusion included in the exclusions list of the eligibility Annex, as well as under Component 2 in Section B of the PIF: ?Technologies specifically used for the combustion, transportation, extraction of peat, and carbon intensive fossil fuels such as coal, heating oil or oil shale shall not be supported. Non-renewable fuel-powered boilers, gas infrastructure and equipment shall also be excluded?

31 October

The following amendments were introduced in Annex 1 eligibility criteria:

- Under hydropower category: ?**Only run-of-river hydropower projects are eligible**. ?

Under bioenergy category: ?**Where bioenergy projects aim to generate electricity, such projects are only eligible if they are located at or near where the electricity is consumed, and they should not exceed 10 MW. Any biomass used in bioenergy projects shall be responsibly sourced**.?

5 B. Project Description

5.1 THEORY OF CHANGE

a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?

b) Are the key outputs of each component defined (where possible)?

Secretariat's Comments

a) No. Please revisit the TOC logic in line with GEF comments on barriers, components and project logic.

b) Yes, but to be reviewed given the high financing component of TA (US$ 100 M)

October 2024

a) Cleared.
b) The TA component is limited to 10% of the total GEF funding amount. Comment cleared

Agency's Comments
ToC has been revised as requested.

October 2024

Thank you, this is noted.

5.2 INCREMENTAL/ADDITIONAL COST REASONING

Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat's Comments
No. Please add.

October 2024

Cleared

Agency's Comments

Please see updated PIF - at the end of "Alignment with GEF..." section.

October 2024

Thank you, this is noted.

5.3 IMPLEMENTATION FRAMEWORK
a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?

b) Comments to proposed agency execution support (if agency expects to request exception).

c) is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area

d) are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?

Secretariat's Comments

A) Please add the graph at the end of the proposal (under the Annex that explains Agency eligibility to manage reflows) here. Please elaborate with a couple of paragraphs

B) Please add.

C) No please add. Additionally, the proposal indicates that it is aligned with the Greening Financial Systems Programme under development for the Green Climate Fund and also managed by the EBRD. Please consider adding more information on the objectives and status of the GCF project, and how the proposed project would be built on and complement the GCF one.

d) No, please add in line with KM guidelines for all projects.

October 2024

a) Cleared
b) cleared
c) cleared
d) The section on knowledge management in Section B on page 29 is inadequate. Add specific descriptions of new and updated KM products and deliverables that will result from this project.

October 29, 2024. The KM section found on pages 34-36 of the PIF is extensive. Cleared.

Agency's Comments

a) The graph is added in the annex.

b) Comments added in the updated PIF.

c) Additional detail on the complementarities with the Greening Financial Systems Programme have been added in the PIF.

d) Knowledge management section is revised.

October 2024

Descriptions and number of the KM deliverables that will be created have been included under the knowledge management plan.

5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?

b) Are the project?s indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?

Secretariat's Comments

No. Please provide a detailed GHG calculation excel sheet so numbers can be easily tracked. Overall, the values for Core Indicator 6 seem a bit optimistic. Provide more information on the assumptions made for the GHG estimations, i.e., breakdown by technology/project type, accounting period, emission factor sources for each country, etc.

October 2024

No. The GHG calculation excel sheet has not been provided. Please upload to Portal.
The GHG benefit targets for Component 2 (loans) and Component 3 (RBP) are listed separately. Please explain the methodology that allows this attribution. Is the Agency expecting to have a base amount of GHG benefits from the loans, and then an incremental increase in GHG benefits from the RBP? Will certain beneficiaries get loans only or RBP only or both?

October 29, 2024. Thank you for providing the GHG spreadsheet. Out of the 405,510 tCO2 mitigated annually, approx. 123,730 tCO2 are direct and the rest indirect. However, it seems the calculations consider direct emissions those coming from RE projects. This is not completely correct as per the GEF definition of direct and indirect (please below). As per the GEF definition of direct and indirect emissions, it seems all emissions claimed by the SAIGA project are direct. Please clarify and amend if needed.

Direct GHG emission reductions are those achieved by project investments such as technology demonstrations and discrete investments financed or leveraged during the project?s supervised implementation period (from the project start to the project closure), and accrued during the entire useful lifetime of the investments (e.g. typically 15-20 years for renewable energy projects). In contrast, indirect GHG emission reductions are those achieved, for example, as a result of market facilitation and development through project-supported policy and institutional frameworks, capacity building, information gathering, and replication effects of demonstration activities. In addition, a third category, direct post-project emission reductions, has been used to quantify the GHG emission reductions of GEF-supported revolving financial mechanisms that are still active after the project?s closure (ex post), or in the case of the AFOLU sector to quantify the GHG balance during the capitalization phase of a project where improved practices remain in place in the long term.

October 31, 2024. All GHG emissions are now recorded as direct. Spreadsheet is adjusted. At the time of CEO endorsement, please enhance the GHG emissions reductions estimates.

Agency's Comments

A GHG calculation excel sheet has been added to the submission, including details on assumptions used in the calculations. In general, GHG emission reductions included in the calculation sheet are based on the actual historic portfolio of sub-projects implemented and verified by the EBRD under previous programmes. The sample size of the portfolios is provided and meaningful to rely the calculations on these samples.

October 2024

Submitted in the portal.

31 October

Thank you for flagging. GHG spreadsheet and indicators have been amended accordingly (please see row 43 highlighted yellow in Overview Tab in GHG spreadsheet).

All GHG emission (406,510 tCO2) are direct in the context of GEF methodology.

5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?

Secretariat's Comments

The components mention three types of financial instruments with GEF financing but the termsheet only mentions GEF financing to support component 2 (loan) in then document it is unclear. Please address throughout the document and in the Termsheet.

In any case, there is no financial justification nor quantification of GEF concessional financing.

Also, GEF support in the form of TA is in our view to high (US$ 100M). Please provide justification

Component 1

-The $100M cofinancing is likely related to the FI capex lending as a result of TA. Would it still be considered as cofinancing for a TA component? Is it cofinancing by EBRD or by FI? Component 1.1.4. As mentioned on page 22, EBRD started requiring partner Fis to commit to gradually align their own resources with a pathway towards low greenhouse gas emissions. This is part of EBRD?s approach to implement the MDBs? commitment to align their investment flows with Paris Agreement goals. This is a potentially more challenging and impactful commitment than delivering lending for the target technologies, depending on the level of ambitions for the FI commitment; however, donor may question whether their funding should be used for MDBs to meet their own commitments.

The component is missing activities to address the barrier related to enabling environment and financial regulators, or policy coherence.

Component 2, concessional finance: No clear what loans are ?pari-passu? with EBRD?s $40M, with the subordination of the GEF loan.

Not clear under what terms the incentive of 0 to 15% will be structured, e.g. what type of results indicators are considered and when. If it?s based on project type (page 37), it would be ex-ante, not exactly results based.

October 2024

a) The revised submission includes a more balanced funding of the three components, with TA limited to 10% of the total GEF funding. However, please address comments on TA in above boxes.

b) The proposed level for the GEF premium of 0.75% to be earned on the Component 2 loan amount of $4.5 million seems very low and is not sufficiently justified. Please explain the meaning of pari passu as related to this premium.

c) The amount of GEF funding dedicated to Component 3, RBP, is not fully justified. Please explain why GEF should not receive some return for putting this large amount of funds available for RBP in the equivalent of a grant. Please explain the source of co-financing for Component 3 and how it was calculated. Will any EBRD resources be allocated for this co-financing? Is any of the co-financing for Component 3 in the form of grant from other donors or partners?

d) Please confirm that RBP amounts may set based on technology types, but are not disbursed to the beneficiary until verification of results achieved.

e) The box on financial additionality in Annex G.1 termsheet is not properly filled in. Please supply reasoning for GEF financial additionality and minimum concessionality.

October 29, 2024. a) TA comments addressed
b) The comments explain that GEF premium of 0.75% is consistent with other IFI premiums for similar activities. Cleared.
c) Additional donor co-financing will be pursued for the RBP. The explanation for why GEF should not receive a return for the RBP is not included. Please provide
d) Cleared
e) Cleared
f) New comment. This section refers to a ?Financing Agreement? ? please explain what that arrangement is.

October 31, 2024.

c) Donor co-financing is identified in the narrative. At the time of CEO endorsement please update all the tables to include this donor co-financing.

f) Language updated. Comment cleared.

Agency's Comments

The Term Sheet has been revised.

The co-financing figures in the submission have been revised for clarity.

Co-financing includes:

1. - EBRD finance attributed to GEF funds supporting specific activities,
2. - private sector co-financing (from PFIs and sub-borrowers) and
3. - additional Technical Assistance resources provided by other donors.

The total co-financing amounts attributed to individual Components are accurate and reflective of expected mobilisation of co-financing as a result of GEF providing funding under this Programme. Spreadsheet attached to PIF provides more details on how the calculations are made.

EBRD?s own commitment to align its investment flows with the goals of the Paris Agreement represents the desire by the institution to ?walk the walk? and thereby crowd in the PFIs that it works with into the process of assessing, aligning and transitioning their own financing flows accordingly. However, such a transition is quite challenging for PFIs, particularly in regions like Central Asia where the economies are highly fossil fuel dependent and where there is a capacity gap at both the PFI and end beneficiary levels, hence the Programme seeks to deploy GEF funds to partially bridge these gaps. EBRD recognises the importance also of the enabling environment and actively supports this area via complementary activities not funded under SAIGA. Further details have been added to the PIF in this regard.

The GEF loan (up to USD 4,500,000) will be treated pari-passu with the EBRD Loan that is provided in parallel with the GEF Loan resources.

Elaborated in PIF. Annex with eligible technologies is attached.

October 2024

On b), the pricing approach for the GEF premium on the reimbursable finance has been adjusted to align with the approach that will be deployed under the complementary Greening Financial Systems (GFS) programme engaging GCF funding, thereby enabling consistency at market level should PFIs in a SAIGA beneficiary country also participate in the GFS programme. The GEF margin is therefore discounted 80% from the margin charged on the EBRD loan, which will differ for each transaction depending on market, PFI and transaction risk specifics. This has been reflected in the Term Sheet.

The GEF Loan and the EBRD Loan shall rank pari passu with each other at all times, although this can be senior or subordinated.

c) In addition to EBRD lending which will accompany this instrument, co-financing for Component 3 is expected to be raised from complementary donor sources (which may include EBRD resources via the EBRD Shareholder Special Fund), with the GEF funds acting as an anchor donor to enable the programme to get off the ground and attract co-financing. Further information on the relevance of the RBP instrument for the target markets is also provided in response to the qualitative comment on the same point below.

On d) EBRD confirms that the levels of RBP are determined based on deployment of specific mitigation technologies, and the payment of RBP is only executed upon positive completion and verification of investment (i.e. technology deployment).

e) Apologies for the error. The financial additionality section has been updated in the Term Sheet.

Termsheet is reuploaded (also as a separate document).

31 October

c) with regards to specifically RBP instrument, it is expected that at least USD 4 million will be co-financed by other donors, including the EBRD Shareholder Special Fund. It is not added to the tables in the current PIF iteration to avoid confusion, however, the relevant tables will be updated by the time of CEO endorsement. This provision is also added in the PIF narrative and in the Term sheet. The text has been clarified to specify that Result Based Payments are subject to return to GEF at maturity of the implementation period where the expected results for the sub-project have not been met.

f) The sentence is revised to appear less confusing. It was intended to refer to the agreement to be signed between the GEF as the donor and the EBRD as the implementation agency

5.6 RISKs

a) Is there a well-articulated assessment of risk and identification of mitigation measures under each relevant risk category?

b) Is the rating provided reflecting the residual risk to the likely achievement of intended outcomes after accounting for the expected implementation of mitigation measures?

c) Are environmental and social risks, impacts and management measures adequately screened and rated at this stage and consistent with requirements set out in SD/PL/03?

Secretariat's Comments

A) Yes

b) Please confirm thar all risks are low.

c) No, please provide.

October 2024

a) cleared

b) cleared

c) cleared

Agency's Comments

b) Apologies, this was an error in the previous submission. Risk assessments have been updated and all risks are assessed as low or medium.

c) Such risks will be managed in line with the EBRD?s Environmental and social policy, please refer to Annex 1 on Eligibility Criteria for further details. Full Policy can be found here.

October 2024

Thank you, this is noted.

5.7 Qualitative assessment

a) Does the project intend to be well integrated, durable, and transformative?

b) Is there potential for innovation and scaling-up?

c) Will the project contribute to an improved alignment of national policies (policy coherence)?

Secretariat's Comments

A) Please explain how the project will be transformative. TOC and components outputs and outcomes should be able to make the case.

B) And C) Please confirm if for any of the participating countries, the proposal has identified existing country regulations/policies which can be complemented by the proposed loans. If any of the participating countries has recently launched a regulation/policy target for instance for energy efficiency in buildings or roof-top solar, SAIGA could be linked with the government target and potentially ensure participation of the national government. There have been some successful cases where the national government has partnered with financial intermediaries to provide financial instruments which help end-users meet their obligations under a new regulation/goal approved by the government. This could help ensure the program?s sustainability beyond the duration of the GEF blended finance program funding, while also helping the national government by offering stakeholders mechanisms to meet the new targets.

October 2024

a) The revised PIF does an adequate job of explaining the virtues of the three components, TA, loans, and RBP in a theory of change for motivating beneficiaries to make larger commitments to climate mitigation. However, the revised PIF does not justify why the GEF blended finance program, which offers non-grant instruments, should dedicate such a large amount ($7.76 million) for RBP with no expectation of reflows (i.e., a grant) and how doing so will be transformative, replicable, and scalable. Even if grant funding for RBP proves effective in motivating beneficiaries, how would that approach be scalalable without more grant funding? Further, the revised PIF does not explain why RBP in Component 3 is more effective than loans in Component 2 in catalyzing private sector financing for climate mitigation in the long term. Without sufficient justification, it may be better to put all of the GEF non-grant funding into Component 2.

b and c) Cleared.

October 29, 2024. The explanation implies that market conditions for under-served MSMEs, households, and farmers still need a form of grant to supplement concessional climate financing. At the time of CEO endorsement, please provide additional explanation on how the SAIGA project implementation may pave the way for under-served beneficiaries to graduate from needing grants and access climate financing for scaling and replication. If final project results indicate grants will always be needed, this should also be captured in the knowledge management delivered.

October 31, 2024. Additional language has been provided. Comments cleared.

Agency's Comments

a) The ToC has been revised to increase clarity and detail.

b) and c) Information on these has been added in the PIF in section A.Project rationale and in section C. Alignment with GEF-8 Programming strategies and country/regional priorities.

Some examples include the adoption and implementation by the Kyrgyz Republic of the Law on Energy Efficiency in Buildings with EBRD?s support, or the recent promulgation at the national level of the Green Economy Development Strategy 2023-2027 in Tajikistan, developed with ADB support, that may serve as an impetus for greater emphasis on climate and transition issues by the National Bank of Tajikistan.

October 2024

The use of different instruments (RBP vs concessional reimbursable finance) is designed to address different challenges hindering the expansion of investments in climate mitigation and adaptation technologies in the target countries. EBRD experience shows that the limiting factors for uptake of green technologies in emerging markets are primarily demand-side, relating to perceived affordability and prioritisation on the part of businesses and/or households to invest in green technologies at all, and, beyond that, to prioritise higher performing technologies that are significantly more expensive than the market standard. The aims of the RBP are therefore multi-purpose, to:

? Attract front-runner businesses to invest in high-performing green technologies and solutions that are not well known and currently rarely present in the target markets and thereby create demonstration cases;

? Support development of the supply chain of advanced technologies by promotion of demand, through supporting investments and awareness-raising via demonstration cases and the Green Technology Selector;

? (Partially) cover incremental investment costs for high performing technologies and solutions as compared to standard technologies and solutions that would be the business-as-usual choice. EBRD review of the sub-project portfolio in similar markets shows that there are real incremental costs for businesses to investing in high performing technologies in the range of 15-50% and in some cases going well above 100%. The proposed RBP level is set at the lowest possible level to still be rewarding for sub-borrowers to go beyond business as usual without removing the need for a real business rationale for the investment.

Therefore, RBP are particularly relevant for the least advanced markets under the Programme and for reaching the most underserved groups, like MSMEs, households, farmers and those in rural areas.

31 October

RBP and concessional finance is needed to remove barriers to investments by sub-borrowers, predominantly addressing information asymmetries related to use and performance of mitigation technologies as well as their cost premium. Both barriers will be addressed by the Programme through increased access to finance and knowledge, which is expected to accelerate uptake of mitigation technologies and grow technological expertise in the local markets. The greater uptake and experience with technologies is expected to increase competition among technology vendors, which in turn will reduce prices for such technologies in domestic markets. Improved knowledge and experience with and more competitive pricing for mitigation technologies on domestic markets, coupled with global technological advancement and national climate mitigation policies, is expected to remove the need for RBP and concessional finance for eligible technologies over time.

This hypothesis is confirmed by various technology examples in several markets in Europe and Asia: a substantial cost reduction has been seen through greater uptake of solar PV, electric vehicles, heat pumps, insulation materials, energy efficient windows and glazing, etc. The Programme?s experience in this regard will be considered within the Knowledge Management activities and any lessons disseminated.

6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?

Secretariat's CommentsYes.

Agency's CommentsNoted, thank you.

6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)

Secretariat's CommentsYes.

Agency's Comments Noted, thank you.

6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?

Secretariat's Comments N/A

Agency's Comments-

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments

No.Please see comments

October 2024

October 31, 2024. Cleared.

Agency's Comments Addressed in the updated PIF.

7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's Comments

There are 2 tables of stakeholders; one of them does not have dates or comments on consultations. Please merge both tables and follow guidelines of information required at this stage

October 2024

The tables are not found in the revised PIF. Please include the tables in the next PIF or as an attachment uploaded to Portal.

October 31, 2024. All tables now provided. Comments cleared.

Agency's Comments

Stakeholders in all target countries have been consulted on the Programme. The tables have been revised in the PIF.

October 2024

Apologies, looks like a technical issue. The tables are merged in the backend PIF, the section is resubmitted in the portal PIF.

8 Annexes

Annex A: Financing Tables

8.1 Is the proposed GEF financing (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

STAR allocation?

Secretariat's CommentsN/A

Agency's Comments-

Focal Area allocation?

Secretariat's CommentsN/A

Agency's Comments-

LDCF under the principle of equitable access?

Secretariat's CommentsN/A

Agency's Comments-

SCCF A (SIDS)?

Secretariat's CommentsN/A

Agency's Comments-

SCCF B (Tech Transfer, Innovation, Private Sector)?

Secretariat's CommentsN/A

Agency's Comments-

Focal Area Set Aside?

Secretariat's CommentsN/A

Agency's Comments-

8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's CommentsN/A

Agency's Comments-

8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat's Comments

There are inconsistencies between data throughout the PIF and the termsheet. Please review and update.

October 2024

Please see comments above.

Agency's CommentsThe PIF and the Term Sheet have been revised.

Annex B: Endorsements

8.4 Has the project been endorsed by the country?s(ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?

Secretariat's CommentsN/A

Agency's Comments-

Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?

Secretariat's CommentsN/A

Agency's Comments-

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's CommentsN/A

Agency's Comments-

8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?

Secretariat's Comments

Please address.

October 2024

Yes, cleared.

Agency's CommentsOFPs in all the focus countries have been consulted on the programme and are supportive.

Annex C: Project Location

8.6 Is there preliminary georeferenced information and a map of the project?s intended location?

Secretariat's Comments

No. Please provide

October 2024

Yes, cleared

Agency's CommentsProvided in the updated PIF.

Annex D: Safeguards Screen and Rating

8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?

Secretariat's Comments

No. Please provide

October 2024

Yes, cleared

Agency's Comments Provided in the updated PIF.

Annex E: Rio Markers

8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?

Secretariat's Comments

No. Given previous comment climate resilience should be marked as co-benefit.

October 2024

Yes, cleared

Agency's Comments Addressed in the updated PIF. CCM is the principal objective (2), and CCA and BD will be potential co-benefits of some of the investments (0).

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments

No. The taxonomy sheet is missing.

October 2024

Yes, cleared

Agency's CommentsAdded in the updated PIF.

Annex G: NGI Relevant Annexes

8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments

a)The termsheet is incomplete: only provided for the loan, when the project description mentions three products. The team is unable to provide full review until a complete version is shared.

b)The Termsheet must be comprehensive of all financing requested by the GEF with terms and conditions of each instrument

Reflows should encompass potential paybacks of all instruments.

C) Yes.

October 2024

a) The termsheet has been revised to include all the components. Cleared
b) The allocation of EBRD co-financing to Component 1, TA, is very high and requires justification. What is the rationale that TA would attract so much co-financing compared to loans and RBP?

c) cleared

d) In the section on RBP, reference is made to ?eligible sub-projects as defined in Annex 1? but Annex 1 is not found. Please upload that Annex to Portal.
The termsheet has been revised to include all the components.

The allocation of EBRD co-financing to Component 1, TA, is very high and requires justification. What is the rationale that TA would attract so much co-financing compared to loans and RBP?

In the section on RBP, reference is made to ?eligible sub-projects as defined in Annex 1? but Annex 1 is not found. Please upload that Annex to Portal.

October 29, 2024. b) Agency comments explain that TA is concentrated in T?rkiye which also will attract a significant share of the co-financing. Cleared.
D)Annex is uploaded. Cleared.

ADDITIONAL COMMENTS:

E) Under the Project financing section: the GEF definition of Non Grant Instruments according to our policy includes results based financing as a Non- Grant Instrument therefore. So please edit language as follows:
Indicative Trust Fund Resources Requested under the NGI Program in the form of Non-Grant Instruments:
USD 4,500,000 ? Concessional Finance
USD 7,761,469 under results-based financing
(Also, Please change ?concessional Finance? with Loans).
Indicative Trust Fund Resources Requested under the NGI Program in the form of Grant?: USD 1,500,000 ? Technical Assistance and Results-Based payments
F) In the section: Financing requested from GEF for TA.
The TA from GEF can only be used for sub-borrowers or FIs that invest in the activities determined in the eligibility criteria. So please amend sentence: ?Technical assistance shall be available to PFIs and sub-borrowers in accordance with the with
the Policy Statement [?] which may or may not be partially funded from GEF proceeds.?

From the document we understood that most of the TA would be disbursed for Turkye, so please amend language for consistency.
G) In the section Financing requested from the GEF TF for Results Based Financing:
We need to know the milestones that would trigger the disbursement. We would need a transparent mechanism that would allow the GEF to track how the environmental milestone was achieved and therefore the incentive disbursed.
The Clawback clause language is insufficient.
H) In the terms and financing of the Loan,
1-please include the 0.75% interest rate for GEF financing (as described in the reflow table)
2-Maturity should match the reflow table: the termsheet states 3-7 years. The reflow table mentions 2 years of grace period and 5-7 years maturity. Please address.
3- The NGI section mentions we are pari-passu with EBRD finding. Please include here.

K)Reflow table:
i. Amount of Investment section: Results Based financing should be classified as Non Grant Instrument. (currently grant in parenthesis)
B. Total Interest needs to be revised. For an interest rate of 0,75% for the GEF loan and depending on the maturity we would have an interest payment of [US$171K- US$241K] depending on maturity. Please amend.

C. Total reflows should include the revised interest rate payment, and a potential for payback of the results based financing if the environmental milestones are not achieved.

October 31, 2024. Comments E, F, G, I, J, K cleared. Comment H on maturity needs additional clarification at the time of CEO endorsement. Alos, at the time of CEO endorsement, provide a flow-chart that illustrates the methodology and milestones for tracking, verifying, and awarding the RBP. Also, further refine the reflows estimates with indicative ranges for interest rates to be levied, non-performance of loans, and non-performance of RBP metrics.

Agency's Comments

The Term Sheet has been revised and includes all three components.

October 2024

According to the current market assessment the EBRD is expecting that the majority of the resources under Component 1 will be utilised in Turkiye. The EBRD has been working very closely with the financial institutions in Turkiye over the past 13 years on scaling up climate finance. Over the period of almost 10 years these credit line facilities have been complemented by technical assistance, RBP and/or blended co-financing to kick-start the climate finance market. Three years ago the EBRD for the first time in T?rkiye launched a climate finance facility that has been provided on fully commercial terms, while it was still complemented by TA.   While Turkish banks have gone through the evolution and ?graduated? from use of RBP and other concessional finance instruments, they still require TA for technical subproject assessment, impact calculation and reporting that ensures integrity of the mitigation actions.

Revised Annex 1 uploaded to the Portal.

31 October

E) The sentence is revised.

F) revised accordingly.

G) Added information on verification and disbursement to the Termsheet.

H)

1- Included

2- Now aligned

3 ? Included

K)

A. Revised accordingly.

B. Reflows table is revised, based on indicative assumptions, however the estimate remains different from stated in the comment.

C. Revised Accordingly

9 GEFSEC Decision

9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

Not yet. Please address comments.

October 2024

Not at this time. Please address comments.

October 31, 2024. Yes. The program manager recommends this project for technical clearance.

Agency's Comments Please see above and the updated PIF.

9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

1) Please enhance the GHG emissions reductions estimates to include all EE and RE technologies.

2) Please update all the tables to include all elements of co-financing, including the RBP donor co-financing.

3) Please provide additional explanation on how the SAIGA project implementation may pave the way for under-served beneficiaries to graduate from needing grants and access climate financing for scaling and replication. Design the KM protocols to collect information on the benefits of RBP using grants and indications that RBP using grants my eventually become unnecessary.

4) On maturity, please provide additional clarification on differences between the maturity of loans to beneficiaries and the maturity of the overall non-grant investment between GEF and EBRD.

5) Please provide a flow-chart that illustrates the methodology and milestones for tracking, verifying, and awarding the RBP.

6) Please further refine the reflows estimates with indicative ranges for interest rates to be levied, non-performance of loans, and non-performance of RBP metrics.

Agency's Comments-

Review Dates

	PIF Review	Agency Response
First Review	**7/8/2024**	**9/18/2024**
Additional Review (as necessary)	**10/2/2024**	
Additional Review (as necessary)	**10/29/2024**	
Additional Review (as necessary)	**10/31/2024**	
Additional Review (as necessary)		