



## GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS\*

### THE GEF/LDCF/SCCF TRUST FUNDS

GEF ID:	4348		
Country/Region:	Kazakhstan		
Project Title:	Reducing GHG Emissions through a Resource Efficiency Transformation Programme (ResET) for Industries in Kazakhstan		
GEF Agency:	EBRD	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-2; CCM-2; CCM-2;		
Anticipated Financing PPG:	\$0	Project Grant:	\$7,090,000
Co-financing:	\$38,500,000	Total Project Cost:	\$45,590,000
PIF Approval:		Council Approval/Expected:	November 01, 2010
CEO Endorsement/Approval			
Program Manager:	Alexis Jean-Roch Mariani	Agency Contact Person:	Mr. Peter Hobson

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes	
	2. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	There is a non-grant instrument in the project (component 3). EBRD is capable to manage it. However, it is not clear if this non-grant instrument is in line with GEF policy on non-grant instrument (GEF/C.33/12) - please clarify this point based on some solid references to this policy (especially page 8). Especially, please clarify the issue of reflows.  9-21-2010- cleared	
	3. Has the operational focal point endorsed the project?	Yes	

\*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

<sup>1</sup> Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated 9-8-2010

Agency's Comparative Advantage	4. Is the Agency's comparative advantage for this project clearly described and supported?	Yes	
	5. Is the co-financing amount that the Agency is bringing to the project in line with its role?	Yes	
	6. Does the project fit into the Agency's program and staff capacity in the country?	Yes	
Resource Availability	7. Is the proposed GEF/LDCF/SCCF Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	Yes	
	• the focal area allocation?	Yes	
	• the LDCF under the principle of equitable access?	na	
	• the SCCF (Adaptation or Technology Transfer)?	na	
	• focal area set-aside?	na	
Project Consistency	8. Is the project aligned with the focal area/multi-focal area/ LDCF/SCCF results framework?	Yes	
	9. Are the relevant GEF 5 focal area/ LDCF/SCCF objectives identified?	Yes	
	10. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, and NCSA?	Yes	
	11. Does the proposal clearly articulate how the capacities developed will contribute to the institutional sustainability of project outcomes?	<p>No. The key stakeholders in the government are identified but their commitment does not seem to be very strong. In particular, component 1 (institutional capacity building) is not cofinanced by the government. How will the industrial EE policies be sustained after the end of GEF and EBRD funding ?</p> <p>9-21-2010- cleared but MINT should be identified in the first table as "other executing partner".</p> <p>9-29-2010- cleared</p>	

Project Design	<p>12. Is (are) the baseline project(s) sufficiently described and based on sound data and assumptions?</p>	<p>No. The question is about the baseline "project" and not the baseline scenario in the country.</p> <p>This question refers to the main objective of the GEF : GEF funding must be "incremental / additional" to an existing or planned project.</p> <p>Section B.1 must thus describe the project that would happen without GEF funding. In particular, you should clarify in which activities EBRD would invest \$37M without GEF funding. You should also clarify what the government would do on industrial EE without GEF support.</p> <p>In addition, the link between this project and KazSEFF is not clear - it appears that consultants contracted under KazSEFF are going to be involved in project identification and review - please clarify.</p> <p>9-21-2010- The content is fine but its presentation must be in line with the new PIF template.</p> <p>- Section A.2 must present the specific national plan under which THIS particular project is developed. We do not expect a long and general description of all national documents/strategies on climate change but on the contrary a very specific description of the policy framework under which this project takes place. In this case, a reference to the Law on EE and its development would be interesting.</p> <p>- Section B.1 is about the "baseline project and the problem it seeks to address". The para you have added (last para page 5) is in line with this and should be elaborated. Similarly, as a part of KazSEFF is included in the baseline project, this program should be described under this section. Finally, the last para</p>	
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		<p>page 7 ("in the absence of the project"....) should clearly be under the baseline section.</p> <p>On the contrary, all the section on "project approach" should not be under this section but under B.2 - "describe the incremental activities etc".</p> <p>- Section B.2 is about the incremental activities and their associated GEB. This section should include the project description and the expected global environment benefits (that you have put under the wrong section, B.3). Similarly, we consider that the cost-effectiveness of the project and the sustainability of the GEB should be addressed under B.2 and not B.3.</p> <p>- Section C.2 is very important. Again we do not expect under this section a long description of all EBRD documents on climate change but a very specific reference to the strategy under which THIS project takes place. In this case, the reference to "economy diversification" is very weird, especially because EBRD's strategy in KZ include a whole objective on energy ! Staff capacity (number?) in the country is missing.</p> <p>9-29-2010- cleared</p>	
	13. Is (are) the problem(s) that the baseline project(s) seek/s to address sufficiently described and based on sound data and assumptions?	<p>See comment 12. The baseline project must be described in details, including the problems that it seeks to address.</p> <p>9-21-2010- See above.</p> <p>9-29-2010- cleared</p>	
	14. Is the project framework sound and sufficiently clear?	<p>Yes. However the incremental reasoning must be clarified and the following comments should be addressed:</p> <p>1. Component 1 - this component aims at developing national capacity on industrial EE. To guarantee the success of this</p>	

	<p>component, the government should be fully committed to these activities: please provide evidence of this commitment. We are looking for :</p> <ul style="list-style-type: none"> <li>- cofinancing from the government</li> <li>- commitment to really pass and enforce the sub-laws on industrial EE</li> <li>- clear identification of a governmental agency to execute this part of the project.</li> </ul> <p>9-21-2010- This commitment will be critical at the CEO endorsement stage.</p> <p>2. Component 2 - what lessons do you draw from other projects in the same area, especially the UNIDO-EBRD project in Russia ? We note that in the Russian project, the PIF included the development of voluntary schemes. However these activities were dropped during project development. Why do you think these activities would be more appropriate in the case of KZ ? In addition, please clarify how the TA activities of this component will be articulated with the investment component (3).</p> <p>9-21-2010- cleared</p> <p>3. Component 3 - Could you elaborate on the coordination with other funds - especially with KazSEFF and the ADB fund ? It seems unclear what value added this particular project really brings to the current situation. Regarding the financial package, please see comment on non-grant instruments. In addition, the figures presented page 7 under the description of component 3 do not seem to match those in the financial framework (table C). If the GEF provides \$6M, EBRD \$36M and the private sector \$20M, then it means that GEF provides <math>6/62 = 9.8\%</math> of the investments. But page 7 you refer to 20% of 30% - please clarify.</p>	
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		<p>9-21-2010- still not very clear. <math>6/42 = 14\%</math> and not 20-30%.</p> <p>9-29-2010- cleared</p> <p>4. We note that you do not request GEF funding for PM, which is fine for us and should be kept as such in the CEO endorsement request. Please note that in any case, the PM component must have the same cofinancing ratio as the whole project. Finally, please be aware that under GEF-5 we will not accept consultant costs beyond \$5000/week.</p> <p>9-21-2010- Your answer is noted on PM. Regarding consultant cost, this point will have to be addressed at CEO endorsement stage.</p> <p>9-29-2010- cleared.</p>	
	15. Are the incremental (in the case of GEF TF) or additional (in the case of LDCF/SCCF) activities complementary and appropriate to further address the identified problem?	<p>No - see comment 12. Currently sections B.1 and B.2 are not clear. Section B.1 must present the baseline project. Section 2 must present the incremental activities funded by the GEF.</p> <p>9-21-2010- See above.</p> <p>9-29-2010- cleared</p>	
	16. Are the applied methodology and assumptions for the description of the global environmental benefits/adaptation benefits sound and appropriate?	<p>There is no information about the GEB.</p> <p>9-21-2010- cleared but under the wrong section. How are the expected 10-35% savings related to a 3MtCO<sub>2</sub> reduction ?</p> <p>9-29-2010- cleared</p>	
	17. Has the cost-effectiveness sufficiently been demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?	<p>No, this justification is missing.</p> <p>9-21-2010- cleared but under the wrong section.</p> <p>9-29-2010- cleared</p>	

	18. Is there a clear description of the socio-economic benefits to be delivered by the project and of how they will support the achievement of environmental/ adaptation benefits (for SCCF/LDCF)?	Yes	
	19. Is the role of civil society, including indigenous people and gender issues being taken into consideration and addressed appropriately?		
	20. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	The political risk is supposed to be low, but there is now evidence of commitment from the government in the project.  9-21-2010- cleared	
	21. Is the provided documentation consistent?		
	22. Are key stakeholders (government, local authorities, private sector, CSOs, communities) and their respective roles and involvement in the project identified?	The appropriate governmental agencies should be fully involved in the project and execute at least the institutional components. What will be the role of the private sector associations ?  9-21-2010- on MINT, please see above (role as executing partner). Regarding the private sector associations, this point should be addressed during project preparation.  9-29-2010- cleared	
	23. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	Please provide clarifications on the coordination with KazSEFF and the ADB project. Please also clarify the status/coordination with the CTF project managed by IFC.  9-21-2010- cleared. During project preparation, please prepare a concrete plan to coordinate with other projects.	
	24. Is the project implementation/ execution arrangement adequate?	See comment 22.  9-29-2010- cleared	

	25. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	26. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	27. Is the GEF/LDCF/SCCF funding level for project management cost appropriate?	Yes.	
	28. Is the GEF/LDCF/SCCF funding per objective appropriate to achieve the expected outcomes and outputs according to the incremental/additional cost reasoning principle?	Likely	
	29. Is co-financing confirmed?		
	30. Is the budget (GEF/LDCF/SCCF funding and co-financing) per objective adequate to achieve the expected outcomes and outputs?	<p>Yes. However, please note that the financing from the private sector should not be considered as "cofinancing" but as "leveraged cofinancing", to wit funding leveraged during the project implementation. According to the GEF policies on cofinancing, this should not appear in table C.</p> <p>9-21-2010- cleared. Note : even if this leveraged cofinancing cannot be displayed in table C, you still can mention it in a separate paragraph / footnote.</p>	
Project Monitoring and Evaluation	31. Has the Tracking Tool been included with information for all relevant indicators, as applicable?		
	32. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	33. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		

Secretariat Recommendation			
Recommendation at PIF Stage	34. Is PIF clearance/approval being recommended?	Could you please address the preceding comments ?  9-29-2010- PIF clearance is being recommended.	
	35. Items to consider at CEO endorsement/approval.	See comments above.	
Recommendation at CEO Endorsement/ Approval	36. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	37. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	September 15, 2010	
	Additional review (as necessary)	September 21, 2010	
	Additional review (as necessary)	September 29, 2010	

\* This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments.

## REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	
	2. Is itemized budget justified?	
Secretariat Recommendation	3. Is PPG approval being recommended?	
	4. Other comments	
Review Date (s)	First review*	
	Additional review (as necessary)	

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