



**REQUEST FOR PROJECT PREPARATION GRANT (PPG)**  
**PROJECT TYPE: FULL-SIZED PROJECT**  
**THE GEF TRUST FUND**

**Submission date:** 11 April 2008  
**Re-submission date:**

**GEFSEC PROJECT ID<sup>1</sup>:** 3596

**GEF AGENCY PROJECT ID:**

**COUNTRY(IES):** Russian Federation

**PROJECT TITLE:** Improving Efficiency in Public Buildings in the Russian Federation

**GEF AGENCY(IES):** EBRD

**OTHER EXECUTING PARTNER(S):**

**GEF FOCAL AREA(S):** Climate Change

**GEF-4 STRATEGIC PROGRAM(S):** CC-SP1-Building EE

**NAME OF PARENT/PROGRAM/UMBRELLA PROJECT:** Umbrella Programme for Energy Efficiency in the Russian Federation

**A. PROJECT PREPARATION TIMEFRAME**

|                          |                |
|--------------------------|----------------|
| Start date               | April 2008     |
| Completion date          | September 2008 |
| CEO Endorsement/Approval | November 2008  |

**B. PROJECT PREPARATION ACTIVITIES (\$)**

**Describe the PPG activities and justifications:**

The PPG will cover the following preparatory activities. These are essential in order to provide the necessary information for sound project design:

- 1 Commercial approach and contract structure definition**
  - Review the nature and level of activity in public sector energy efficiency improvements in Russia
  - Review the commercial, financial and legal framework for performance contracting and energy supply services in the public sector
  - Review the public procurement process and practices used in Russia and assess implications for energy performance contracting
  - Determine contracting methodology with recommended form of ESCO contracting and contract, or if appropriate recommend variants with indications of the pros and cons of each in the context of the Russian market; outline model contract development
- 2 Market Demand Assessment**
  - Review the engineering sector and its capability to offer performance contracting services
  - Review the banking sector and its willingness to provide finance secured on receivables (forfeiting)
  - Assessment of readiness of the market to accommodate proposed approaches, including assessment of local authority interest and intentions, types of buildings are being targeted, openness to financing approaches and willing to allocate public funding.
  - Assessment of the market size
- 3 Project Strategy Development**
  - Identification of target sectors for the GEF project (e.g. schools, hospitals, other forms of public service buildings, etc.)
  - Determine ideal financing structures
  - Review project barriers and refine project strategy to address them
  - Inform and gain support of key stakeholders necessary to address barriers

<sup>1</sup> Project ID number will be assigned initially by GEFSEC. If PIF has been submitted earlier, use the same ID number as PIF.

|  |                                    |                         |                      |
|--|------------------------------------|-------------------------|----------------------|
| <ul style="list-style-type: none"> <li>• Identification of engineering firms capable of entering into and implementing projects in Russia under the recommended approach</li> <li>• Identification of local and/or regional authorities with whom the project will initially engage</li> <li>• Development of project tendering methodology including tender documentation, evaluation methodology and negotiating guidelines;</li> <li>• Development of the project implementation plan</li> <li>• Development of promotion and dissemination plan</li> <li>• Development of monitoring and verification plan, including establishing project boundary and developing a rigorous methodology for capturing the benefits of the policy, information, and training components of the project, including an estimate of GHG reductions related to those project activities (IC reasoning)</li> </ul> |                                    |                         |                      |
| <b>List project preparation activities</b>   | <b>Project Preparation PPG (a)</b> | <b>Co-financing (b)</b> | <b>Total (c=a+b)</b> |
| Task 1: Commercial approach and contract structure definition  | 60,000                             | 60,000                  | 120,000              |
| Task 2: Market demand assessment   | 40,000                             | 40,000                  | 80,000               |
| Task 3: Project strategy development   | 115,000                            | 100,000                 | 215,000              |
| <b>Total project preparation financing</b>   | <b>215,000</b>                     | <b>200,000</b>          | <b>415,000</b>       |

### C. PPG REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)

| GEF Agency                 | Focal Area     | Country Name/ Global | (in \$)        |                |                 |
|----------------------------|----------------|----------------------|----------------|----------------|-----------------|
|                            |                |                      | PPG (a)        | Agency Fee (b) | Total c = a + b |
| EBRD                       | Climate Change | Russian Federation   | 215,000        | 21,500         | 236,500         |
| <b>Total PPG Requested</b> |                |                      | <b>215,000</b> | <b>21,500</b>  | <b>236,500</b>  |

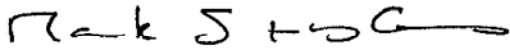

### D. PPG BUDGET REQUEST

| Cost Items                 | Total Estimated Person Weeks (PW) | GEF (\$)       | Co-financing (\$) | Total (\$)     |
|----------------------------|-----------------------------------|----------------|-------------------|----------------|
| Local consultants *        | 22                                | 88,000         | 70,000            | 158,000        |
| International consultants* | 11                                | 103,000        | 100,000           | 203,000        |
| Per Diem Allowance         | 10                                | 15,000         | 15,000            | 30,000         |
| Travel                     |                                   | 6,000          | 6,000             | 12,000         |
| Miscellaneous              |                                   | 3,000          | 9,000             | 12,000         |
| <b>Total PPG Budget</b>    |                                   | <b>215,000</b> | <b>200,000</b>    | <b>415,000</b> |

\* A separate Annex A for Consultant cost details should be included in this PPG Request.

\*\* Person weeks here refers to the weeks that are to be charged to GEF grant. One can also provide person months, if this is more applicable to the project.

**E. GEF AGENCY(IES) CERTIFICATION**

|  |  |
|--|--|
| This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation. |  |
| <br><i>Mr Mark Hughes</i><br>GEF Agency Coordinator                 | <br><i>Mr Peter Hobson</i><br>Project Contact Person |
| Date: April 11, 2008   | Tel. and Email:<br><br>+44-20 7338 6737<br><a href="mailto:HobsonP@ebrd.com">HobsonP@ebrd.com</a>                                      |

**Annex A****Consultants Financed by the Project Preparation Grant (PPG)**

| <b>Position Titles</b>                  | <b>\$/Person Week</b> | <b>Estimated PWs</b> | <b>Tasks to be performed</b>  |
|---|-----------------------|----------------------|---|
| <b><i>Local</i></b>                     |                       |                      |   |
| Energy efficiency expert                | 4000                  | 6                    | Lead review of activity in public sector energy efficiency; support the work to identify target sectors   |
| Policy advisor                          | 4000                  | 6                    | Lead review of public procurement processes and implications for performance contracting; lead review of policy barriers, and refine project strategy as necessary; identification of stakeholders with whom the project will initially engage                                    |
| Industrial development / finance expert | 4000                  | 10                   | Lead review of engineering sector and its capability to offer performance contracting services; support review of banking sector and assessment of market readiness; lead assessment of market size; support the process of determining ideal financing structures                |
| <b><i>International</i></b>             |                       |                      |   |
| Commercial / Legal expert               | 11000                 | 5                    | Lead review of financial and legal frameworks for performance contracting; support the policy reviews; define contracting methodologies and project contract strategy; outline model contract; lead development of project tendering methodologies, draft tendering documentation |
| Finance expert                          | 8000                  | 3                    | Lead review of the banking sector and its willingness to provide finance secured on receivables (forfeiting)  |
| Project co-ordination                   | 8000                  | 3                    | Lead consultation on project activities, refine GEF project implementation, promotion and dissemination plan, carry out IC analysis, development of M&E plan  |