



GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS* THE GEF/LDCF/SCCF/NPIF TRUST FUNDS

GEF ID:	6913		
Country/Region:	Uzbekistan		
Project Title:	Market Transformation for Sustainable Rural Housing Project		
GEF Agency:	UNDP	GEF Agency Project ID:	5392 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):			
Anticipated Financing PPG:	\$100,000	Project Grant:	\$6,000,000
Co-financing:	\$130,665,099	Total Project Cost:	\$136,865,099
PIF Approval:	April 28, 2015	Council Approval/Expected:	June 04, 2015
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Ming Yang	Agency Contact Person:	Marcel Alers

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible ?	XT, August 11, 2014: Yes	MY 9/22/2016 Yes
	2. Has the operational focal point endorsed the project?	XT, August 11, 2014: Yes	MY 9/22/2016 Yes
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	XT, August 11, 2014: Yes	MY 9/22/2016 Yes
	• the focal area allocation?	XT, August 11, 2014: Yes	MY 9/22/2016 Yes
	• the LDCF under the principle of equitable access	XT, Aug. 11, 2014: Not applicable	MY 9/22/2016 N/A
	• the SCCF (Adaptation or	XT, Aug. 11, 2014: Not applicable	MY 9/22/2016

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

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

FSP/MSP review template: updated January 2013

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	Technology Transfer)?		N/A
	<ul style="list-style-type: none"> the Nagoya Protocol Investment Fund 	XT, Aug. 11, 2014: Yes	MY 9/22/2016 N/A
	<ul style="list-style-type: none"> focal area set-aside? 	XT, Aug. 11, 2014: Not applicable	MY 9/22/2016 N/A
Strategic Alignment	<p>4. Is the project aligned with the focal area/multifocal areas/ LDCE/SCCF/NPIF results framework and strategic objectives?</p> <p><i>For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track progress toward achieving the Aichi target(s).</i></p>	<p>XT, August 11, 2014:</p> <p>1) To be eligible under GEF-6, CCM-1, Program 1, the technologies demonstrated and deployed have to have transformative potential and be promoted through policies, strategies, regulations and financial that accelerate uptake. (please see our programming document, pages 51-53. Support for innovative business models and PPP could be pursued. We don't see sufficient detail in the PIF to qualify CCM-1.</p> <p>2) To be eligible under GEF-6, CCM-2, Program 1, the interventions to address low emission development need to take place at the city level. The PIF doesn't suggest it is qualify for CCM-2.</p> <p>XT, January 27, 2015:</p> <p>Yes, the project is in line with Program 2 “ Develop and demonstrate innovative policy packages and market initiatives to foster a new range of mitigation actions. Particularly, it supports measures to de-risk low-emission investments.</p>	MY 9/22/2016 Yes. As cleared in the PIF.
	<p>5. Is the project consistent with the recipient country’s national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?</p>	<p>XT, August 11, 2014:</p> <p>The Government of Uzbekistan is investing significantly in rural housing and infrastructure. In that sense, the project is in line with the national priority.</p>	MY 9/22/2016 Yes. As cleared in the PIF.

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Project Design	6. Is (are) the baseline project(s) , including problem(s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	<p>XT, August 11, 2014:</p> <p>1) The baseline doesn't provide a clear overview of where Uzbekistan stands in terms of rural housing energy consumption and potentials for improvement;</p> <p>2) The baseline doesn't have any description on the status of housing finance in Uzbekistan, while setting up a financial mechanism is identified as a major solution by the project;</p> <p>3) There is no analysis on the root causes of poor energy efficiency level in rural housing;</p> <p>4) Barriers identified in table 4 are generic and can be applied to many other developing countries. As a result, the proposed project responses are very generic.</p> <p>XT, January 27, 2015:</p> <p>The baseline sufficiently described the problems to be addressed and the unique challenges Uzbekistan faces in addressing these problems. One minor issue is about the existing new rural settlements. Please briefly explain the rural settlements as showed in the two pictures are factory-built or site-built homes?</p> <p>XT, Feb. 19, 2015:</p> <p>The minor issue is explained. Comment cleared.</p>	<p>MY 9/22/2016</p> <p>Yes. As cleared in the PIF.</p>
	7. Are the components, outcomes and outputs in the project framework (Table B) clear, sound and appropriately detailed?	<p>XT, August 11, 2014:</p> <p>Component 1:</p> <p>1) Please clarify the statement of "possibly developing new building codes,</p>	<p>MY 9/22/2016</p> <p>Yes. Table B is clear, sound and appropriately detailed.</p>

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		<p>including the requirements for RE systems in buildings". First, why "possibly?" Second, the new building codes will only cover new buildings or existing buildings or both?</p> <p>2) Please clarify the statement of "identification of targets for increasing energy efficiency in standard rural houses". IEA has a set of building energy efficiency standards tailored to different climates. Is there a need to reinvent the wheel? Some of the IEA publications are very relevant: Energy Efficiency Requirements in Building Codes – Policies for New Buildings (http://www.iea.org/publications/freepublications/publication/energy-efficiency-requirements-in-building-codes---policies-for-new-buildings.html) and Technology Roadmap- Energy Efficient Building Envelopes (http://www.iea.org/publications/freepublications/publication/TechnologyRoadmapEnergyEfficientBuildingEnvelopes.pdf)</p> <p>3) Please specify the audiences of the training that is designed to ensure code revision and regular update and the training on land-use plans and zoning policy.</p> <p>Component 2:</p> <p>1) Please briefly describe what criteria will be used to select rural houses and housing blocks to be piloted.</p> <p>Component 3:</p> <p>1) What are the incentives for national financial institutions, such as Kishlok Kurilish Bank, to design, capitalize and operationalize a financial mechanism that</p>	

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		<p>supports low-carbon housing? If the incentives are not there, the feasibility of component 3 is questionable.</p> <p>2) The sustainability of the financial mechanism seems to come from the profitability of the participating financial institutions. Therefore the sustainability plan shouldn't simply focus on government outreach and awareness rising.</p> <p>Component 4:</p> <p>1) Component 1, 2, and 3 already have elements of capacity strengthening and awareness raising. Please justify why there is a need for an individual component.</p> <p>XT, January 27, 2015:</p> <p>Component 1:</p> <p>1) A mortgage market involves several key players, such as financial institutions, appraisers, collection agencies, and home developers. To create a green mortgage market mechanism, the project needs to build up a team of green appraisers. Component 1 seems to only look at the financial side of the mechanism and lose sight of other critical pieces. Please briefly describe the "appraisal" side of the EE Home and Low-carbon Home.</p> <p>Component 2:</p> <p>2) Please briefly explain if the pilot prototype designs will cover both building materials and building process optimization, or one of them.</p>	

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		<p>3) Please further elaborate on the "domestic supply chain" component. Specially, it would be helpful to give an overview of domestic capacity in providing low-carbon materials, technologies and management.</p> <p>Component 3:</p> <p>4) Linking to question 1) about green appraisers, please include the "appraisal" side of the EE Home to the capacity building activities.</p> <p>5) The extension of better building codes to the proposed 87,000 standard homes should be a top priority.</p> <p>6) The Minimum Energy Performance Standards (MEPs) are targeted at appliances, not buildings. Please consider adopting EU level building codes.</p> <p>7) Land-use plans and zoning component is not reflected in table B. Please clarify why.</p> <p>Component 4:</p> <p>8) Please briefly describe how end-users (rural population) will be selected for the training. Is there a sampling methodology or random selection or something else?</p> <p>XT, Feb. 19, 2015: Component 1: 1) Please explain why Gosarchitctstory (State Committee for Architecture and Construction), which oversees the design and construction of</p>	

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		<p>rural houses, has vested interests in appraising these houses and how to ensure it stays independent and objective. In any well functioned mortgage market, appraisers are always independent from construction players, so that they can give unbiased review of the housing quality.</p> <p>Component 2:</p> <p>2) Please provide a table summarizing the building materials and building process used respectively for standard, EE and Low-carbon homes.</p> <p>3) On domestic supply chain, please provide the source of the data (Paragraph 1, page 7)</p> <p>Component 3:</p> <p>4) Please address comment 1) first and then propose appropriate capacity building activities.</p> <p>5) The new paragraph (paragraph 6 in page 14) provided info on who and when. Please briefly describe what and how.</p> <p>6) Please clarify if strengthening MEPs, which are targeted at appliances, is still part of the project. If yes, there is no description on what and how. An obvious discrepancy between the sub head and content exists in Component 3's section a).</p> <p>7) Comment cleared.</p> <p>Component 4:</p> <p>8) Comment cleared.</p> <p>XT, March 12, 2015:</p>	

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		<p>The term MEPs has usually been used for energy efficiency improvement for appliances. We prefer to separate MEPs from building energy efficiency code. All comments cleared.</p>	
	<p>8. (a) Are global environmental/adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?</p>	<p>XT, August 11, 2014: The project claims to avoid direct GHG emissions of 6,000 tCO₂e /year or a total 120,000 tCO₂e over the course of 20 years.</p> <p>XT, January 27, 2015: 1) The project aims to reduce direct GHG emissions of 15,900 tCO₂ e/year or 318,000 tCO₂ e/year over investment lifecycle. 2) The project should place a high priority on GHG benefits from building codes being applied to 87,000 standard homes. Please clarify and propose a methodology for promoting code adoption.</p> <p>XT, Feb. 19, 2015: 2) Please provide an estimate of GHG savings resulted from building codes improvement of 87,000 standard homes.</p> <p>XT, March 12, 2015: New number provided. Comment cleared.</p>	<p>MY 9/22/2016 Yes, the agency used GEF recommended GHG accounting methodologies to estimate emission reductions at the ex-ante stage. The targeted GHG emission reduction numbers are updated from the PIF stage.</p>
	<p>9. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional</p>		<p>MY 9/22/2016 Yes. these questions are well addressed on pages 13 and 14 of the CEO RE document.</p>

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	benefits?		
	10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?	XT, August 11, 2014: Yes.	MY 9/22/2016 Yes. these issues are well addressed on pages 14 and 15.
	11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience)	<p>XT, August 11, 2014:</p> <p>1) The financial risk of the project is very high, although the project rated it as medium. According to the World Bank's technical note on Housing Finance Development in Uzbekistan, "mortgage lending is a new product for Uzbekistan's banks. It is highly unlikely that a long term lending market will develop." Under this circumstance, the project's component 3 faces high risk.</p> <p>2) The market risk is also very high, although the project rated it as medium. Overall, housing market is still emerging in Uzbekistan, especially the primary market for mortgage lending and residential real estate market. Therefore, the prospect of a booming market for more EE houses is dim.</p> <p>XT, January 27, 2015: Yes, the assessment of potential risks and explanations are reasonable.</p>	MY 9/22/2016 Yes. these issues are well addressed on pages 9 and 13 of the CEO RE document.
	12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	XT, August 11, 2014: The project could benefit from working with the ADB, which extended \$500 million loan to help Uzbekistan improve rural housing.	MY 9/22/2016 Yes. these issues are well addressed on pages 16 and 17 of the CEO RE document.

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		<p>XT, January 27, 2015: Yes.</p>	
	<p>13. Comment on the project’s innovative aspects, sustainability, and potential for scaling up.</p> <ul style="list-style-type: none"> • Assess whether the project is innovative and if so, how, and if not, why not. • Assess the project’s strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience. • Assess the potential for scaling up the project’s intervention. 	<p>XT, August 11, 2014: Innovative 1) The innovative nature of a project doesn't come from if it is the first attempt or the 100th attempt to do something. Please describe what technologies with transformational potential the project aims to deliver, or if the project will accelerate the uptake of innovative technologies. Sustainable 1) Please explain the financial revolving scheme. Scaling up 1) The project's high financial risk needs to be addressed before the proposed financing mechanism could be replicated in neighboring countries.</p> <p>XT, January 27, 2015: Yes, the project explained its innovative nature and potential for scaling up in the region. However, please clarify how better building codes will be adopted in 87,000 standard homes.</p> <p>XT, Feb. 19, 2015: The explanation on Gosarchitectstroy's roles in promoting building codes is helpful. Please clarify how UNDP can strengthen the enforcement capacity of Gosarchitectstroy and its regional branches, as stated on page 19.</p> <p>XT, March 12, 2015:</p>	<p>MY 9/22/2016 Not at this time. The justification of innovation and scaling up of the project is not sufficient. Please write one paragraph for each of the two topics.</p> <p>Innovation: Why is this project innovative? What has been done and what has not been done before by other investors in this area? How will this project fill the gap? Answering these questions will help justify innovation.</p> <p>Scaling up: Please identify any kind of outcomes or results from the project during and after project implementation that will help scale up sustainable housing in the country.</p> <p>MY 10/11/2016 Yes. Comments were addressed.</p>

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		UNDP's roles are clarified. Comment cleared.	
	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		MY 9/22/2016 Yes.
	15. Has the cost-effectiveness of the project been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar benefits?		MY 9/22/2016 Yes. It is stated on page 23 that the government has identified the project area most cost effective.
Project Financing	16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?	<p>XT, August 11, 2014: As indicated in table 7, component 4 seems redundant considering that components 1, 2, and 3 already cover capacity building and training. Therefore, the proposed \$520,000 GEF grant is not justified.</p> <p>XT, January 27, 2015: Yes. Justification was provided. Comment cleared.</p>	MY 9/22/2016 Yes
	17. <u>At PIF</u> : Is the indicated amount and composition of co-financing as indicated in Table C adequate? Is the amount that the Agency bringing to the project in line with its role? <u>At CEO endorsement</u> : Has co-financing been confirmed?	XT, August 11, 2014: Yes	<p>MY 9/22/2016 Not at this time. On page 186 of the UNDP project document, the page of co-financing letter is empty, and no standalone letters of co-financing are found. When providing co-financing letters, please make sure any non-English letters are translated into English.</p> <p>MY 10/11/2016 Not at this time. The sources of co-financing (names of co-financiers, the co-financing amounts</p>

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			<p>and types in the document of co-financing letters are not consistent with those in Table C on page 3 of the CEO RE document. Please provide a new co-financing document that matches the names, amounts and types of co-financing in Table C in a compatible list. Please delete any co-financing letters that do not contribute to any amounts in Table C. We only need 10 letters to match the 10 co-financiers; we do not need 13 letters. Again, please make sure that the types (in-kind or cash or grants) in the letters match those in Table C.</p> <p>MY 11/16/2016 Yes, comments were addressed, and co-financing letters were provided.</p>
	18. Is the funding level for project management cost appropriate?	XT, August 11, 2014: Yes	MY 9/22/2016 Yes. It is less than 5%.
	19. <u>At PIF</u> , is PPG requested? If the requested amount deviates from the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? <u>At CEO endorsement/ approval</u> , if PPG is completed, did Agency report on the activities using the PPG fund?	XT, August 11, 2014: Yes	MY 9/22/2016 Yes. It is stated on page 48 of the CEO RE document.
	20. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?	XT, August 11, 2014: Not applicable	MY 9/22/2016 N/A
Project Monitoring and Evaluation	21. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		MY 9/22/2016 Yes.

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	22. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		MY 9/22/2016 Yes. It is on page 26.
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		MY 9/22/2016 Yes. It is on page 39-44.
	• Convention Secretariat?		MY 9/22/2016 N/A
	• The Council?		MY 9/22/2016 Yes. It is on page 35-47.
	• Other GEF Agencies?		MY 9/22/2016 N/A
Secretariat Recommendation			
Recommendation at PIF Stage	24. Is PIF clearance/approval being recommended?	XT, August 11, 2014: Not at this time. XT, January 27, 2015: Not at this time. Please address comments in boxes 6, 7, 8 and 13. XT, February 19, 2015: Not at this time. Please address comments in boxes 7, 8, and 13. XT, March 12, 2015: PIF clearance recommended.	
	25. Items to consider at CEO endorsement/approval.		
Recommendation at CEO Endorsement/ Approval	26. Is CEO endorsement/approval being recommended?		MY 9/22/2016 Not at this time. Please address comments in Boxes 13, and 17. MY 10/11/2016 Not at this time. Please address comments in Box 17. MY 11/16/2016 Yes, all comments were addressed. The project has been technically cleared and

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			the PM recommends CEO endorsement.
	First review*		September 22, 2016
	Additional review (as necessary)		October 11, 2016
Review Date (s)	Additional review (as necessary)		November 16, 2016

* **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. Greyed areas in each section do not need comments.**