

## UNITED NATIONS DEVELOPMENT PROGRAMME

**PROJECT DOCUMENT****Country: Georgia****Project Title:** Support to sustainable and climate-friendly forest management practices in Georgia**Project Number:** 00141162    **Output:** 00129930**Implementing Partner:** UNDP (DIM)**Start Date:** 22-Mar-2022**End Date:** 21-Mar-2023**LPAC Meeting date:** 25 March-2022**Brief Description**

Georgia's forests contain globally significant biodiversity. They suffer from both forest degradation and illegal logging. The main drivers are climate change and so-called "social cut" practices, whereby local communities use firewood for cooking and heating. Georgia's updated Nationally Determined Contributions (NDC) includes sustainable forest management practices and aims to increase forest carbon capture capacity by 10% by 2030 from 2015 levels.

In close partnership with the national counterparts the National Forestry Agency (NFA) and the Ministry of Environment Protection and Agriculture of Georgia (MEPA), and Japanese partners where possible, a pilot project – Business Service Yard concept in Mtskheta Municipality will be introduced. It will use sustainably harvested timber and fuelwood from NFA-managed forest land, transported to BSYs where it will be processed for sale in local markets. The BSY facility will be securely demarcated and have necessary infrastructure for wood registration and storage prior to selling to the private sector buyers. In addition, capacities for forest fire risk management will be enhanced through knowledge sharing and the provision of fire safety kits.

The direct beneficiaries of the project will be 43,359 persons, who are registered annually as recipients of the "social cuts". The number of indirect beneficiaries will be 63,300 persons. In addition to reducing pressure on the forest and mitigating GHG emissions, the project will support ease of access of the beneficiaries to sustainable energy sources and contribute to their improved livelihoods. This project is part of UNDP's global Climate Promise initiative responding to both of its pillars.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

**UNSDCF 2021-2025 Outcome 5:** By 2025, all people, without discrimination, enjoy enhanced resilience through improved environmental governance, climate action and sustainable management, and the use of the natural resource(s) in Georgia.

**CPD 2021-2025 Output 2.1** Environmental governance and institutional capacity enhanced to enable rational, equitable, and sustainable use of natural/land resources, to ensure the conservation of ecosystems, use of innovative and climate-friendly technologies for an inclusive green economy, energy efficiency, and clean energy production, and make communities more resilient to environmental shocks.


**Strategic Plan 2022-25 Output 1.1:** The 2030 Agenda, Paris Agreement and other intergovernmentally agreed frameworks integrated in national and local development plans, measures to accelerate progress put in place, and budgets and progress assessed using data-driven solutions

**Award:** 00141162; **Output:** 00129930

Gender Marker: GEN1

<b>Total resources required:</b>	<b>926,659 USD</b> (including 1% levy)	
<b>Total resources allocated:</b>	<b>UNDP TRAC:</b>	
	<b>Government of Japan:</b>	<b>926,659 USD</b>
	<b>Government:</b>	
<b>Unfunded:</b>		

**Agreed by:**

<b>UNDP</b>	
Nick Beresford Resident Representative	DocuSigned by:  87B8354624D7437...
Date: 30-Mar-2022	

## I/ Development Challenge

Located in South Caucasus, Georgia is rich in forest ecosystems. Its forest cover is 3 million ha or approximately 43% of Georgian territory. Approximately 97% of forests are in mountainous areas, with 80% on steep slopes (of 21 degrees or more). The Caucasus, especially Georgia, is considered as a global hotspot of biodiversity, richest and most threatened reservoirs of plant and animal life: identified as WWF's "priority places" (the greater Black Sea basin) and part of Conservation International's "biodiversity hotspots" (the Caucasus and Iran-Anatolian hotspots).

Georgian forests have suffered overexploitation, with canopy cover reaching critically low thresholds in more than 55% of forested areas. Climate change is a key driver of degradation, alongside logging, grazing, alien species and unsustainable use.<sup>1</sup> The higher temperatures and lower precipitation/drying associated with climate change lead directly to loss and damage to forest ecosystems, accompanied by increased frequency and intensity of extreme events (drought, floods, forest fires, high winds, and storms). Livelihoods of rural communities and related sectors have been affected (e.g., through lower forest productivity, forest loss, energy shortage, loss of biodiversity and impacts on tourism) further exacerbating the risk to human security. Finally, the loss and degradation of forest cover lead to the reduction of natural carbon sinks and release of GHG emissions, thus undermining global efforts under the Paris Agreement.

Forests are also critical for socio-economic development in Georgia, especially for the rural population that depends on forests for fuelwood, timber and non-timber forest resources as well as for jobs and investments. They are also of importance for other sectors such as hydropower, agriculture and tourism where the protection of forests and introduction of rational practices for their use significantly affects the population's socio-economic standing. However, the unsustainable use of forest resources, primarily for fuelwood – the main source of energy in rural areas - has resulted in over-harvesting and degradation of Georgia's forest resources. Currently, 7 m<sup>3</sup> of firewood can be issued to each household per calendar year in lowlands, with the number increasing to 15 m<sup>3</sup> in mountainous settlements and the beneficiaries of the social cut program are responsible for cutting and extracting firewood from the forest themselves, leading to lack of traceability of amount of wood- extracted from the forest.

Georgia suffers from outdated forest inventory and insufficient monitoring systems. The forest reform, which started in 2012, aims to introduce sustainable forest management<sup>2</sup> at the national level, which cannot be fulfilled without undertaking new forest inventories and setting up monitoring systems that will allow for better data and support improved decision making and resource allocation for forest conservation and regeneration. In 2013 the Ministry of Environment Protection and Agriculture of Georgia (MEPA)<sup>3</sup> has embarked on several institutional and legislative changes by first adopting National Forest Concept in 2013 that defined the attitude of the state towards the forests of Georgia, their main functional purpose and values. Followed by participatory process and considering best international practices, Georgia has adopted new Forest Code in May 2020. The new law ensures the increase of the role of forests in social and economic development, addresses challenges related to climate change and facilitates the transition to green economy.

Adoption of the new Forest Code coincided with the unpredictable emergence of the COVID-19 crisis, causing national health emergency and deaths, affecting livelihoods and economies, especially for the most vulnerable strata of the population that are already disproportionately impacted by the ongoing climate crisis. Addressing pandemic was a challenge leaving a huge socio-economic impact, redirecting state funds and resources to an emergency, recovering economies by introducing state subsidy programs in various sectors. This unpredictable and volatile situation has indeed negatively impacted previous gains and efforts towards SDGs attainment and implementing Paris Agreement / NDC.

Nevertheless, Georgia continued its efforts and the NDC was updated with increased ambition, adopted and submitted to UNFCCC in May 2021. The country declared commitment to an unconditional limiting target of 35 % below the 1990 level of its domestic total GHG emissions by 2030. As a part of its obligations, it also recognizes forest ecosystems as key to combating climate change and declares its conditional and unconditional commitment to introducing and expanding Sustainable Forest Management (SFM) practices. Georgia intends to increase the carbon capturing capacity through the forestry sector by 10% for 2030 compared to the 2015 level, in particular, to increase the carbon capture capacity of the forests from a baseline of -5621 MtCO<sub>2e</sub> to -6,183 (+10%)

<sup>1</sup> See EPNI-FLEG <http://enpi-fleg.ge/index.php/ka/2-uncategorised/9-georgian-forests>

<sup>2</sup> According to the new forest code of Georgia, SFM entails the management and use of forest in a manner and extent so as to maintain forest biodiversity, productivity, regeneration capacity, vitality and potential, such that the environmental, social and economic functions of forests are performed at local, national and global levels both at present and in the future, and whereby other ecosystems are not damaged.

<sup>3</sup> In 2013 the title of the ministry was Ministry of Environment and Natural Resources

MtCO<sub>2e</sub>. The Government also approved the Climate Change Strategy 2030 and Action Plan 2021 - 2023 for Georgia (April 2021) with the forestry sector as one of the main priorities, containing forestry issues and settings to reduce GHG emissions by 2030.

The proposed project will contribute to the achievement of NDC targets through the application of sustainable forest management practices and consequently increasing carbon capturing potential, introducing energy-efficient technologies, facilitating development and investment towards rural communities, promoting green jobs, reducing the risk of climate-driven forest fires, and developing local capacities to address these risks. The project will also contribute to Georgia's efforts to achieve significant progress in ensuring nationwide access to affordable, reliable, and modern energy services (SDG 7.1.); promote the implementation of sustainable management of all types of forests, reduce deforestation, restore degraded forests, and increase afforestation and reforestation by 2030 (SDG Goal 15.1) and combat climate change (SDG goal 13). The project will directly benefit 43, 359 persons living in Mtskheta Municipality, calculated based on the number of households participating in the social cuts program (average Georgian household consists of 3 persons i.e 14, 453 HH x3 = 43,359 persons). Additionally considering the benefit from the mitigation and adaptation components of sustaining forest (such as GHG reduction, decreased number of avalanches, landslides, better biomass, etc) the indirect beneficiaries would amount to the whole population of the region, e.g., Mtsketa-Tianeti combined, hence– 53,000 + 10,300 = 63, 300 persons respectively.

Country NDC sector	Country NDC target	Project activity contributing to this target	Expected results towards target ( <i>full achievement or partial</i> )
Forestry	(i) 10% improved carbon capture capacity compared to 2015, and (ii) 50-57% of its total GHG emissions reduction with international support by 2030 compared to 1990.	application of sustainable forest management practices and consequently increasing carbon capturing potential, introducing energy-efficient technologies	Partial contribution to the target

## II. Strategy

There is an urgent need to promote the transition to sustainable forest management and improve the livelihoods of at-risk communities and businesses. The country needs to develop multi-purpose use of forests with modern approaches and technologies, including reducing the pressure on forests through the use of alternative fuel resources and sustainable use of firewood resources.

MEPA with the adoption of the new Forest Code initiated a new stage of sectoral reform that aims at changing the existing practice of so-called 'social cuts'. The forest sector reform envisages a new mechanism for the sustainable provision of fuelwood and timber through National Forestry Agency (NFA)-operated Business Service Yards (BSYs) to support efficient procurement, concentration, sorting, utilization, marketing, and distribution of wood. According to new legislation, social cuts will be phased out and the agency will organize timber production in BSYs from 2023. Moreover, NFA is establishing around 54 BSYs in all regions of Georgia. It is notable that MEPA/NFA has already prepared infrastructure and logistic capacity for 15 BSYs in Georgia and is seeking international support to expand the coverage and start step-by-step operationalization.

This BSY instrument works as follows: timber and fuelwood will be sustainably harvested from NFA-owned forest land and transported to BSYs where it will be sorted, processed, stored and air-dried. The BSY facility will be fenced and have the necessary infrastructure for wood registration and storage prior to sale to private businesses and the local population. Necessary equipment and machinery will be required for such uses as wood processing and logistical capacity. The revenues from BSYs, in particular the sale of commercial timber and fuelwood, will be reinvested into the NFA and supporting agencies to reinvest in the sustainable management of the country's forest resources. This model will contribute to and support phasing out the 'social wood program' by January 1, 2023, along with foreseen strengthened law enforcement to combat illegal logging, transitioning to a new fuelwood provision mechanism where NFA's sustainably produced fuelwood could be provided to the local households and businesses. Since 78-90% of the rural population use fuelwood as either a supplemental or main energy source, fuelwood production will need to be ensured from sustainable sources while simultaneously supporting the phasing down of fuelwood use. Under the new forest code, NFA will be responsible for the provision of legally and sustainably sourced fuelwood in the country

Stemming from above, the MEPA and NFA have selected **Mtskheta Municipality** (Mtskheta-Mtianeti Region) - an area with significant forest cover, which is not managed sustainably, is prone to increased cases of forest fires, particularly due to the high volume of tourists visiting the sites, and high demand of the local population for fuelwood. NFA has already invested in Mtskheta municipality by preparing infrastructure for two BSYs. With the proposed project third (final) BSY will be established and all three BSYs will be fully equipped and functional. It is noteworthy that GCF-funded project - Enabling Implementation of Forest Sector Reform in Georgia to Reduce GHG Emissions from Forest Degradation will also supports the establishment of BSYs in several municipalities, including in Tianeti municipality (neighbouring to Mtskheta municipality, and thus establishing BSY in Mtskheta will ensure full regional coverage and bigger forest area that will be sustainably managed. The proposed investment will be complementary to GCF-funded project as both will facilitate the transition from the 'social wood programme' to a new system of NFA-run 'BSYs' for fuelwood supply, which increases transparency and traceability in the forestry sector, and ensures harvesting levels are based on eco-system-based forest management. The necessary accompanying public awareness-raising on this new scheme will be conducted for the local population as well as local municipal authorities and local business sector representatives explaining the benefits of the BSYs and their positive impact on livelihoods. These activities will be in line with the Forestry Sector Communication Strategy 2020-2024 and Action Plan, developed earlier by the NFA. Much needed capacity development will be introduced including targeted training of NFA and local staff, procurement of necessary equipment and machinery for collection and processing of timber products as an energy source and documenting lessons learned for knowledge management. Technical and advisory support will be provided to arrange necessary infrastructure, logistical capacity and make BSYs functional in Mtskheta municipality. The establishment of the BSYs will also create new green jobs for local and rural residents. The NFA is committed to ensuring that premises and staff are allocated to BSY and running costs are covered for maintenance and operations at the BSY.

In addition, to support the transition from heavy use of fuelwood and timber to cleaner energy, more efficient technologies will be introduced and applied. Pre-identified socially vulnerable groups, who will be direct beneficiaries of BSY, will be trained in the use of energy-efficient technologies and be provided with relevant equipment, such as energy-efficient stoves or alternative sources of energy which will be explored. This approach will have a positive impact on the livelihoods by improving the livelihoods of residents while making energy consumption more efficient. It is thought that beneficiaries will include socially vulnerable groups, i.e., former beneficiaries of state program on fuelwood (social cuts).

As in the recent months/years, there has been a high risk of climate change-induced forest fires, it is proposed to increase the resilience of local communities to address this risk and equip local foresters with relevant knowledge and know-how as well as the necessary equipment to deal with forest fires efficiently. More specifically, the project will seek to establish a partnership (through the Embassy of Japan in Georgia) with the Forestry Agency of the Ministry of Agriculture, Forestry and Fisheries or suggested counterparts in Japan. The project seeks to introduce knowledge, experience, and methodologies applied in Japan to Georgia where possible. Considering that the previous experience showed that most of the recently procured [by NFA] equipment for the forestry sector, for example, pick-ups and tractors were of Japanese origin. It is suggested that the project may further support the enhancement of Georgian-Japanese private sector cooperation.

The proposed activities are fully aligned with the global framework of UNDP's flagship Climate Promise initiative. The project will support the achievement of both global Climate Promise *pillars*: 1. clean energy and net-zero pathways, in particular, driving investment in clean energy, which in this case means the provision of biofuel harvested from sustainable forest management practices to local communities, and 2. scale-up adaptation, resilience, and disaster risk reduction tools and ensuring they are available to marginalized groups. In this case, this would constitute the reduction of forest fires and improved livelihood for the local population. These aims are also aligned with the national targets and policies and more specifically with Georgia's updated NDC. The details for the Climate Promise global indicators are provided in the Results Framework below (please see section III) .

Additionally, the project is in line with UNDP Georgia Country Programme Document 2021-2025 and United Nations Sustainable development Cooperation Framework (UNSDCF) 2021-2025 and contributes to UNSDCF Outcome 5/CPD Outcome 1: "By 2025, all people, without discrimination, enjoy enhanced resilience through improved environmental governance, climate action and sustainable management, and the use of the natural resource(s) in Georgia", as well as to CPD Output 2.1 "Environmental governance and institutional capacity enhanced to enable rational, equitable, and sustainable use of natural/land resources, to ensure the conservation of ecosystems, use of innovative and climate-friendly technologies for an inclusive green economy, energy efficiency, and clean energy production, and make communities more resilient to environmental shocks".

### III/ RESULTS AND PARTNERSHIPS

#### 3.1/ Expected Results

**Output 1:** BSY is piloted with necessary infrastructure and logistical capacity in Mtskheta municipality (*Global Climate Promise Output 1.1. Driving investment in clean energy*)

The project will support NFA in construction of one Business Service Yard (BSY), and provision of necessary equipment to operationalize three BSYs in Mtskheta (Note: two BSY infrastructure is already prepared by the NFA); technical support will be provided in operational planning and monitoring of BSY functioning. This will enable transition from social wood program to BSYs for fuelwood supply promoting sustainable forest management practices. The BSY infrastructure will include a checkpoint, office, drying and storage facilities and equipment for primary timber site manipulation. To achieve this, project will support NFA in review of the BSY concept for Mtskheta Municipality and validate needs assessment on the equipment required. Next phase will include purchase of the equipment and machinery and renovation/construction works for the BSY.

Indicative activities under this output include:

Activity 1.1/ Establishing and operationalizing BSY in Mtskheta municipality

Activity 1.2/ Purchasing and installing machinery and equipment for Mtskheta BSY

**Output 2:** NFA and local municipality are equipped with knowledge and capacities for BSY operationalization (*Global Climate Promise Output 2.1. Scaling-up adaptation, resilience, and disaster risk reduction tools and ensuring they are available to marginalized groups*)

The project will support NFA and local municipality in the establishment of the new mechanism for fuelwood provision through BSY, including elaboration of training modules, operational regulations, and technical guidelines to ensure their transparent and efficient operation. The training modules will include components on timber and fuelwood marketing, sorting, gender aspect, occupational health, and safety. The project will support the advocacy and public awareness campaigns in Mtskheta municipality through local meetings, social and TV media, targeted information materials, etc. In addition, to support the transition to greener energy and energy-efficiency, project will support the provision of the energy efficient technologies, such as energy efficient (EE) stoves to the most vulnerable households. Necessary trainings will be conducted to ensure the correct utilization of the EE stoves. The trainings and capacity building will ensure increased resilience of the local population and increased knowledge of local actors in sustainable forest management practices. Additionally, as the region is prone to the forest fires, the project will provide necessary equipment to the foresters such as personal safety kits, fire extinguishers and quadricycles to improve resilience against fires and their personal safety. The foresters will also have the opportunity to learn how to use the new equipment.

Indicative activities under this output include:

Activity 2.1 Conducting targeted trainings for BSY staff based on training needs assessment

Activity 2.2 Conducting public awareness campaign in Mtskheta municipality on the importance of SFM, BSY and energy efficiency

Activity 2.3 Equipping socially vulnerable households with energy-efficient equipment/technologies

Activity 2.4 Targeted trainings of socially vulnerable households on the use of energy-efficient technologies

Activity 2.5: Provision of necessary equipment for sustainable management of forests and BSYs (personal safety kits, fire extinguishers, 3 quadricycles for foresters)

Activity 2.6: Relevant trainings are carried out for foresters to use the new equipment

#### 3.2/ Resources Required to Achieve the Expected Results

The resources required for this programme include programmatic and operational costs needed to support implementation, including development effectiveness and implementation support arrangements. These include

activities that directly support implementation, i.e. communications, human resources, procurement, finance, policy advisory, quality assurance, reporting, management, etc. In line with standard UNDP programming policies, 8% GMS will be deducted from the overall amount of programmable JSB funding, totalling ~US\$67,962 out of the total US\$926,659 dedicated to the project. In addition to project operational costs, such as office supplies, rental office space/equipment for project staff, miscellaneous costs, incl. monitoring visits, partnerships, etc.), and communication/visibility, the project will appoint Project Manager (70% NPSA 9). Financial and Admin Assistant (50% NPSA 7), and CO Environment and Energy portfolio manager (10%, NOB). Total operational cost, including staff costs totals to US\$60,000

### **3.3/ Partnerships**

The project will be implemented directly by UNDP with National Forestry Agency (NFA) under the Ministry of Environment Protection and Agriculture (MEPA) serving as a Responsible Partner. The National Forestry Agency, established in 2013 as a Legal Entity of Public Law (LEPL) of the MEPA, plays a significant role in the forest sector reform process. NFA is a key forest management body in the country and has assumed responsibility for the sustainable management of Georgia's forests. The policy level support and guidance will be provided by the Department of Biodiversity and Forestry of MEPA. Partnerships with GIZ (GCF-funded project) will be envisaged to ensure complementarity and coordination of efforts, but also knowledge sharing. Partnership opportunities will be further explored with Japanese authorities and businesses to introduce relevant expertise, knowledge and experience in sustainable forest management practices, clean energy, disaster risk reduction with the focus on forest fires, or other related areas in Georgia. Such partnership may also include the transfer of international/Japanese technologies (such as the use of equipment and machinery) for SFM and fire risk management, where possible. More specifically, UNDP Georgia, in close cooperation with the national counterparts, plans to partner with the Forestry Agency of the Ministry of Agriculture, Forestry and Fisheries and Fire and Disaster Management Agency (FDMA) in Japan. Contact with the Japanese Embassy in Georgia was established, and consultations will be maintained to ask support in establishing links with these two Japanese agencies and other potential counterparts, including from academia, NGO or private sector. Due to the nature of the proposed project and activities to be carried on municipal and community level, links with the Japanese municipal authority (prefecture) may also be considered. These may include inviting relevant specialists/trainers for knowledge exchange on sustainable forest management and forest fire risk management.

### **3.4/ Risks and Assumptions**

The project design stage included analysis of assumptions and assessment of potential risk. The initial overall assumption is that MEPA and National Forestry Agency are fully committed to the implementation of the project and achievement of the development objective. The proposed activities are fully in line with national priorities and will indeed serve as an important contribution to the ongoing forest reform process. The major risk to the achievement of the project objective is relatively limited timeframe for establishing strong partnerships, procurement of all the necessary equipment and services for the operationalization of the BSYs. Political instability or lockdown are seen as another challenge that may hamper timely implementation. And lastly, procurement and delivery of equipment in light of restrictions that might be imposed in the region due to the war in Ukraine. For more detailed risk log with the proposed mitigation measures, please refer to Annex 1.

### **3.5/ Stakeholder Engagement**

The key stakeholders of the project are the NFA and Mskheta municipality as well as direct beneficiaries of the project, i.e. former participants (43,359 persons) of the 'social cut' programs. These beneficiaries will also receive EE stoves and relevant trainings. Other specific target groups are the firemen, who will participate in the trainings to increase resilience and receive personal safety equipment for improved wildfire risk management.

The project will ensure that direct beneficiaries of the project are aware of the existing Stakeholder Response Mechanism, which will allow them to submit their concerns about the social and environmental impacts of the project. The mechanism will be available when UNDP project-level stakeholder engagement processes have not successfully resolved issues of concern. UNDP Country Office management will lead Stakeholder Response. However, the beneficiaries will be informed that they have the option to file the request directly with the Stakeholder Response Mechanism at UNDP.

### **3.7/ Knowledge**

The project envisages conducting of the trainings to ensure the correct utilization of the EE stoves. Within this activity production of specific leaflets and publications are envisaged, which will include the information on the BSYs, forest fires and personal safety equipment. The project will contribute to creating BSY concept and relevant training modules

that will help local population (including foresters) learn and participate in the sustainable forest practices introduced within the scope of the project.

### ***3.8/ Sustainability and Scaling Up***

The proposed project will contribute to the achievement of NDC targets through the application of sustainable forest management practices and consequently increasing carbon capturing potential, introducing energy-efficient technologies, facilitating development and investment towards rural communities, promoting green jobs, reducing the risk of climate-driven forest fires, and developing local capacities to address these risks. The project will also contribute to Georgia's efforts to achieve significant progress in ensuring nationwide access to affordable, reliable, and modern energy services (SDG 7.1.); promote the implementation of sustainable management of all types of forests, reduce deforestation, restore degraded forests, and increase afforestation and reforestation by 2030 (SDG Goal 15.1) and combat climate change (SDG goal 13). While the impact of the project could be assessed only once the BSYs are fully operational, lessons learned will be documented and analysed for the replicability in other regions of Georgia, and potential national level scale-up. Towards end of the project, the sustainability plan will be developed based on the lessons learned, and considering the operational maintenance of the BSYs by the NFA in future.

---

## **IV/ PROJECT MANAGEMENT**

### ***4.1/ Cost Efficiency and Effectiveness***

To deliver maximum results with available resources, the project will use a portfolio management approach to improve cost effectiveness by leveraging activities and partnerships with ongoing initiatives and projects. For example, the programme will co-finance the salaries of new and existing staff and consultants with other sources of funding in the Energy and Environment portfolio projects. In addition to ensuring the more effective use of budgetary resources, these shared positions will also be used to ensure greater policy and programmatic synergies within and across the programmes and team implementing the programme. Also, office space, transportation, administrative and operational services will be co-shared with other UNDP projects in the portfolio.

### ***4.2/ Project Management***

The project will be managed through Project Implementing Unit (Project Manager and Administrative/Finance Assistant) based in Tbilisi to ensure day-to-day implementation of the project and project reporting, which will include submission of the final narrative report within three months after the completion of the project and the final financial report within one year. The final report will also include, to the extent possible, calculating the outcome of carbon capture. The project will consider project launching (inception) as well as project closure events. For these, and other events, such as site visits, trainings or other project milestones, UNDP will make efforts to maintain high visibility (issue press releases, ensure social and TV media coverage, photo/video stories). The project visibility plan will be developed and followed throughout project implementation and ensure continuous engagement and partnership with the Japanese Embassy in Georgia, and other potential stakeholders.

## V. RESULTS FRAMEWORK

<b>Intended Outcome as stated in the UNSDCF 2021-2025 Results and Resource Framework:</b> By 2025, all people, without discrimination, enjoy enhanced resilience through improved environmental governance, climate action and sustainable management and use of natural resource(s) in Georgia						
<b>Outcome indicators as stated in the Country Programme Document 2021-2025 Resources Framework, including baseline and targets:</b> 2.1. (UNSDCF indicator 5.1) [National SDG 13.2.1] Country communicated establishment of integrated policy/strategy/plan which increases country's ability to adapt to adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development. Baseline (2015): In 2015 Georgia adopted intended nationally determined contributions (INDC). The following are prepared: (a) Climate action plan (CAP), 2021-2030; (b) Nationally determined contributions (NDC), 2021-2030; Target (2025): (a) Updated NDC approved by Government and submitted to UNFCCC; (b) National action plan for energy sector produced (2023); (c) Long-term low emissions development strategies (LTLEDS) elaborated/adopted (2021); (d) Third biennial update report (BUR) (2022); (e) Fourth national communication to UNFCCC (2021)						
<b>Applicable Output(s) from the UNDP Strategic Plan 2022-2025:</b> Output 1.1: The 2030 Agenda, Paris Agreement and other inter-governmentally-agreed frameworks integrated in national and local development plans, measures to accelerate progress put in place, and budgets and progress assessed using data-driven solutions						
<b>Project title and Atlas Project Number: Award: 00141162; Output 00129930</b>						
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)	DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2023/ FINAL	
<b>Output 1</b> BSY is piloted with necessary infrastructure and logistical capacity in Mtskheta municipality	1.1/ BSY in Mtskheta municipality is established and fully operational (Yes/No)	<i>Project Progress Report</i>	No	2022	1.1/ Yes: The BSY concept is validated for Mtskheta Municipality, incl. for infrastructure and logistics needs, procurement of machinery and renovation/construction of BSY is completed.	<i>Responsible Party Progress Report</i>
	1.2 Machinery and equipment are procured (Yes/No)	<i>Project Progress Report</i>	No	2022	1.2/ Yes: Machinery and equipment is purchased and transferred to the NFA and utilized	<i>Responsible Party Progress Report</i>
<b>Output 2</b> NFA and local municipality are equipped with knowledge and capacities for BSY operationalization	2.1 Targeted trainings for BSY staff conducted based on training needs assessment. (Yes/No)	<i>Training records</i>	No	2022	2.1/ Yes. Number of trainings and staff will be defined based on needs assessment.	<i>Training records</i>
	2.2 Public awareness campaign on the importance of SFM, BSY and energy efficiency is conducted in Mtskheta municipality (Yes/No)	<i>availability of visibility products and media coverage</i>	No	2022	2.2/ Yes: Local communities of Mtskheta Municipality are informed about SFM, BSY and energy efficiency.	<i>Outreach to partners and the development of campaigns will be tracked in a campaign tracking tool.</i>
	2.3 # of socially vulnerable households equipped with energy-efficient equipment/technologies and trained in the usage	<i>delivery acceptance acts</i>	No	2022	2.3 At least 50 socially vulnerable households of Mtskheta Municipality	<i>Project/RP project progress Report</i>
	2.4 Number of local foresters of Mtskheta Municipality are equipped with the necessary equipment (safety kits, quadricycles, fire extinguishers) and trained in the usage (gender disaggregated)	<i>Project Progress Report</i>	No	2022	2.4/ At least 15 local foresters	<i>Responsible Party Progress Report</i>



## CLIMATE PROMISE CORE GLOBAL INDICATORS

CORE INDICATORS	DATA SOURCE	BASELINE		Pillar 1			Pillar 2	
		Value	Year	1.1 Driving investment in clean energy sectors and infrastructure	1.2 Support to Ministries of Energy, Finance, Environment and Planning to address key energy-related decisions on COVID-19 recovery	1.3 Alignment of energy targets in NDCs with net-zero pathways	2.1 Scaling-up adaptation, resilience, and disaster risk reduction tools and ensuring they are available to marginalized groups	2.2 Aligning targets in NDCs with national adaptation strategies and plans, including COVID-19 recovery
<b>1.1</b> Tonnes of CO2 emissions avoided or reduced				X				
<b>1.2</b> Megawatts of renewable or low-emission energy capacity installed, generated or rehabilitated								
<b>1.3</b> Number of beneficiaries with new access to green/sustainable energy ( <i>disaggregated by: male, female, youth (15-24) and indigenous people</i> )								
<b>2.0</b> Number of direct beneficiaries with increased resilience to climate change (i.e more resilient physical and natural assets, diversified and strengthened livelihoods and sources of income, new/improved climate information systems) ( <i>disaggregated by: male, female, youth (15-24) and indigenous people</i> )								
<b>3.0</b> Number of green/sustainable jobs created ( <i>disaggregated by: male, female, youth (15-24) and indigenous people</i> )				X			X	
<b>4.0</b> Number of people trained/educated/informed through technical transfers, dialogues, workshops, campaigns, and other efforts ( <i>disaggregated by: male, female, youth (15-24) and indigenous people</i> )				X			X	
<b>5.0</b> Number of development or sectoral policies/plans/budgets that integrate NDC targets or net-zero goals								
Legislation								
Covid-19 response measures or assessments								
Development plans or roadmaps								
Sectoral policies and plans								
National or sectoral budgets								
Financial instruments or models								
Subsidy reforms								
Others (specify)								
<b>6.0</b> Number of partnerships with Japanese organizations				X				
Private Sector								
JICA/University/technical experts								
Other								

## VI/ MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plan:

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Annually, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Annually	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.
<b>Project Report</b>	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project. The Project Board will be established immediately after the inception meeting, and will meet twice (at the start and end of project). Depending on the implementation progress as well as any issues or major risk identified as a part of regular monitoring by project team, an ad hoc Board meeting will be called to provide advice and guidance. Towards end of the project, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Twice: in the beginning and end of the project.	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.

## VII/ ANNUAL WORK PLAN (USD)

Atlas Output/Activity	Resp. Party (Impl. Agent)	Fund	Donor	Activity	Atlas Account Code	ATLAS Budget Description	Unit	# of unit	Unit rate	Total
<b>Output 1:</b>  <b>BSY is piloted with necessary infrastructure and logistical capacity in Mtskheta municipality</b>	National Forestry Agency	32045	00141	1.1/ BSY in Mtskheta municipality is established and fully operational	71300	Individual Consultants	days	20	500	10,000
	National Forestry Agency	32045	00141	1.2 Machinery and equipment are procured	72100	Contractual Service companies				
						4X2 Truck	unit	2	27,000	54,000
						6X6 Truck	unit	3	98,000	294,000
						Pickups	unit	3	24,000	72,000
						Electriciry Generator	unit	3	2,500	7,500
						Tractor	unit	1	99,500	99,500
	Renovation/construction	lumpsum	1	77,522	77,522					
<b>TOTAL OUTCOME 1</b>										<b>614,522.00</b>
<b>Output 2:</b>  <b>NFA and local municipality are equipped with knowledge and capacities for BSY operationalization</b>	UNDP	32045	00141	2.1 Targeted trainings for BSY staff conducted based on training needs assessment	75700	Training, Workshops and Conference	day*participants	500	30	15,000
	UNDP	32045	00141	2.2 Public awareness campaign on the importance of SFM, BSY and energy efficiency is conducted in Mtskheta municipality	72100	Contractual Services - Companies	lumpsum	1	40,000	40,000
	UNDP	32045	00141	2.3 Equipping socially vulnerable households with energy-efficient equipment/technologies	72100	Contractual Services- Companies	household*stove	50	500	25,000
	UNDP	32045	00141	2.4 Targeted trainings of socially vulnerable households on the use of energy-efficient technologies	75700	Training, Workshops and Conference	day*participants	500	30	15,000

Atlas Output/Activity	Resp. Party (Impl. Agent)	Fund	Donor	Activity	Atlas Account Code	ATLAS Budget Description	Unit	# of unit	Unit rate	Total	
	UNDP	32045	00141	Activity 2.5: Provision of necessary equipment for sustainable management of forests and BSYs (personal safety kits, fire extinguishers, 3 quadricycles for foresters)	72100	Contractual Services-Companies					
							personal safety kits	Unit	30	300	9,000
							fire extinguishers	Unit	100	370	37,000
							quadrocycles	Unit	3	9,667	29,000
	UNDP	32045	00141	Activity 2.6: Relevant trainings are carried out for foresters to use the new equipment	75700	Training, Workshops and Conference	day*participants	100	50	5,000	
<b>TOTAL OUTCOME 2</b>										<b>175,000</b>	
<b>Management</b>	UNDP	32045	00141	Project Management	64300	EE Team Leader (10%, NOB)	months	12	350	4,200	
					71400	Project Manager (70% NPSA 9)	months	12	1,850	22,200	
					71400	Financial and Admin Assistant (50% NPSA 7)	months	12	800	9,600	
					74500	Miscellaneous Expenses (Office supplies, Rental, monitoring visits and Communication)	months	12	2,000	24,000	
	<b>TOTAL DPC</b>										<b>60,000.00</b>
<b>Subtotal</b>										<b>849,522.00</b>	
<b>GMS (8%)</b>										<b>67,961.76</b>	
<b>Project Total</b>										<b>917,483.76</b>	
<b>UN Coordination Levy (1%)</b>										<b>9,175.50</b>	
<b>GRAND TOTAL</b>										<b>926,659.26</b>	

---

## VII/ GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be implemented directly by UNDP (DIM) in accordance with UNDP rules and regulations. UNDP Georgia will use the structures in place (office shared among EE portfolio projects) for the project implementation. It includes fully established working space, meeting room, ICT equipment, office furniture and supplies, transport means, security, insurance, communication, Internet and other means needed for proper functioning of the project office. The administrative and management costs for implementing the project will be charged proportionally in complementarity with other EE portfolio Projects.

UNDP Country Office in Georgia will provide operational support to the project implementation, including in recruitment, granting, procurement and financing. UNDP CO will ensure the project implementation and all processes therein takes place in accordance with the UNDP rules and regulations as stipulated in the Programme and Operations Policies and Procedures (POPP) and are in line with best international standards. As per UNDP's Financial Regulations and Rules, the following general principles must be given due consideration while executing granting or procurement on behalf of the organization: (1) Best Value for Money, (2) Fairness, Integrity and Transparency and (3) Effective Competition.

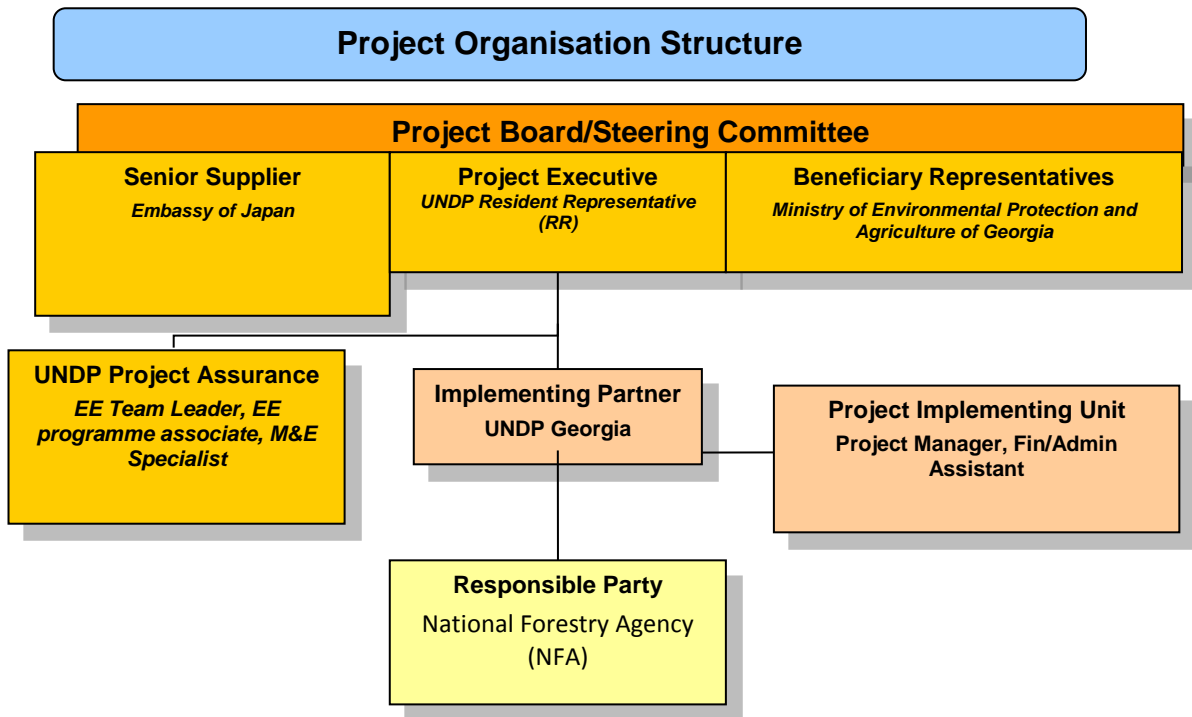
The UNDP Country Office will provide the operational and programmatic support and advice to the project, and will ensure troubleshooting and smooth decision-making, as needed. EE Team Leader's role will be instrumental here in her capacity, as portfolio manager. The EE Team Leader will be responsible for direct oversight and supervision of the project from portfolio perspective. In this role Team leader will be supported by EE Programme Associate and M&E Specialist. UNDP Georgia's Deputy Resident Representative (DRR) in close collaboration with UNDP Resident Representative (RR) will provide overall guidance on project related activities as well as on risks and mitigation measures.

The main strategic decision-making body for the project will be the **Project Board**, where UNDP will be representing project executive's role, Embassy of Japan will be represented as a senior supplier, while MEPA will stand for senior beneficiary. The Project Board (also called Project Steering Committee) is responsible for taking corrective action as needed to ensure the project achieves the desired results. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition. The members of the PB shall seek to reach consensus on all decisions. In case consensus cannot be reached within the Board, the UNDP Resident Representative (or their designate) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed. The Project Board will meet once upon project inception and once upon completion of the project.

Responsible Party: **National Forestry Agency (NFA)** under the Ministry of Environment Protection and Agriculture (MEPA) will serve as a Responsible Partner. Letter of Agreement with NFA will be signed to implement project activities. The National Forestry Agency, established in 2013 as a Legal Entity of Public Law (LEPL) of the MEPA, plays a significant role in the forest sector reform process. NFA is a key forest management body in the country and has assumed responsibility for the sustainable management of Georgia's forests. The policy level support and guidance will be provided by the Department of Biodiversity and Forestry of MEPA. Partnerships with GIZ (GCF-funded project) will be envisaged to ensure complementarity and coordination of efforts, but also knowledge sharing. *Partner capacity assessment tool (PCAT) and the HACT of NFA are attached as Annex 4 and Annex 5 respectively.*

Partnership opportunities will be further explored with Japanese authorities and businesses to introduce relevant expertise, knowledge and experience in sustainable forest management practices, clean energy, disaster risk reduction with the focus on forest fires, or other related areas in Georgia. Such partnership may also include the transfer of international/Japanese technologies (such as the use of equipment and machinery) for SFM and fire risk management, where possible.

The project will be managed through Project Implementing Unit (Project Manager and Administrative/Finance Assistant) to ensure day-to-day implementation of the project and project reporting, which will include submission of the final narrative and financial report after the completion of the Project. The final report will also include, to the extent possible, calculating the outcome of carbon capture. The project will consider project launching (inception) as well as project closure events. For these, and other events, such as site visits, trainings or other project milestones, UNDP will make efforts to maintain high visibility (issue press releases, ensure social and TV media coverage, photo/video stories). The project visibility plan will be developed and followed throughout project implementation and ensure continuous engagement and partnership with the Japanese Embassy in Georgia, and other potential stakeholders. In addition, MEPA has adopted Forestry Sector Communication Strategy (2020-2024) and Action Plan, which will be used for visibility and communication to ensure the integrated approach.



## VIII/ LEGAL CONTEXT

### LEGAL CONTEXT STANDARD CLAUSES

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Georgia and UNDP, signed on 1-Jul-1994. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.” The project will be implemented by the UNDP (“Implementing partner”) in accordance with its financial regulations, rules, practices and procedures.

## IX/ RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
6. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
  - a. Consistent with the Article III of the SBAA, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
    - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
    - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
  - b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
  - c. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
  - d. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).
  - e. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
  - f. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- g. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used

inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term “Project Document” as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- h. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- i. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- j. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.



## **ANNEXES:**

- 1/ Risk Log
- 2/ Social and Environmental Screening Procedure (SESP) report
- 3/ Project Quality Assurance Report
- 4/ Partner Capacity Assessment Tool (PCAT) of NFA
- 5/ Micro Assessment of NFA

## Annex 1:

## Risk Log

As per standard UNDP requirements, the Project Manager will monitor risks quarterly and report on the status of risks to the UNDP Country Office. Risks will be reported as critical when the impact and probability are high (i.e. when impact is rated as 5, and when impact is rated as 4 and probability is rated at 3 or higher).

Project Title: Support to sustainable and climate-friendly forest management practices in Georgia			Project Number: 00141162		Output #: 00129930			
#	Event	Cause	Impact(s)	Risk Category	Impact and Likelihood = Risk Level	Risk Treatment / Management Measures	Risk Owner	Risk Valid From/To
1	Lack of high-level political willingness and commitment	Could occur if there are structural changes/ changes in the senior officials of the NFA/MEPA	Delay may occur for certain activities	Political	Text L =1 I = 2 Low	Close monitoring and if the risk probability becomes higher, apply advocacy for uninterrupted services	Project Manager	April 2022 – March 2023
2	Unpredictable development of Covid19 pandemics	Travel restrictions; limitations in logistics/delivery of equipment	the project implementation will be slowed down.	Operational	L =3 I = 3 Moderate	To mitigate COVID-19 related risks, the project will review plans, and apply on-line methods and tools wherever possible.	Project Manager	April 2022 – March 2023
3.	Escalation of conflict in the region	Delay/restrictions in purchase/transport of the equipment	The project implementation will be slowed down	Operational	L=3 I=4 Moderate	To moderate the risks the project will consider all possible alternatives of diversified service/product providers	Project Manger	April 2022-03 – March
4.	Potential failure of tenders and limited timeframe of the project implementation	Limited participation of potential suppliers	Delay in project implementation	Operational	L=3 I=3 Moderate	Project Team will ensure good planning of procurements	Project Manger	April 2022-03 – March
5.	Exchange rate Loss / Inflation	Local currency instability	Not sufficient funds to procure initially agreed number of equipment	Operational	L=3 I=3 Moderate	Early detection and re-allocation of funds	Project Manger	April 2022-03 – March

## SOCIAL AND ENVIRONMENTAL SCREENING TEMPLATE (2021 SESP TEMPLATE, VERSION 1)

### Project Information

<b>Project Information</b>	
1. Project Title	Support to sustainable and climate-friendly forest management practices in Georgia
2. Project Number (i.e. Atlas project ID, PIMS+)	00141162
3. Location (Global/Region/Country)	Georgia
4. Project stage (Design or Implementation)	Implementation
5. Date	22-Mar-2022

### Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

#### **QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?**

##### ***Briefly describe in the space below how the project mainstreams the human rights-based approach***

Meaningful stakeholder engagement and a commitment to human rights are key commitments of UNDP's Social and Environmental Standards and therefore the Programme will support capacities for stakeholder engagement through a human rights-based approach as a critical aspect of identifying integrated and sustainable solutions.

Because this global project encompasses a wide range of activities at different scales, stakeholder engagement and human rights considerations will need to be assessed and contextualized. To ensure this is being done, a stakeholder engagement will be ensured for the funded activities and will be part of what is reported on and the related lessons learned captured.

In addition to proactive stakeholder engagement and assessing human rights considerations, UNDP's Social and Environmental Standards are underpinned by a corporate Accountability Mechanism ([www.undp.org/secu-srm](http://www.undp.org/secu-srm)) that provides a mechanism for affected people to submit their concerns and complaints to UNDP with formal processes to respond. As part of any stakeholder engagement plan prepared as part of this Programme for activities that may have a direct impact on people and the environment, this will include ensuring stakeholders are informed of UNDP's Accountability Mechanism and any local or project grievance redress mechanisms that may be in place. The Programme will also support capacity building within UNDP related to these grievance mechanisms.

##### ***Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment***

Gender equality and women's empowerment issues are critical to implementation of UNDP's Strategic Plan and Signature Solutions. The UNDP approach to gender mainstreaming is a dual one: it supports the empowerment of women and girls through gender-responsive targeted interventions and addresses gender

concerns in the process of developing, planning, implementing and evaluating of all policies and programmes. This work is supported by diagnostic tools and participatory consultations and analysis that identifies gender gaps, capacity needs of public and civil society organizations, and engages women, men, and youth to promote women’s empowerment and gender equality. UNDP’s Social and Environmental Standards (SES) also underpin UNDP’s commitment to mainstream gender, linked social issues and environmental sustainability in all projects. The SES includes a Social and Environmental Screening Procedure. The SES require that all UNDP projects enhance positive social and environmental opportunities and benefits as well as ensure that adverse social and environmental risks and impacts are avoided, minimized, and mitigated. They are grounded in a set of overarching Principles including Human Rights, Gender Equality and Women’s Empowerment, and Environmental Sustainability. They include a Stakeholder Response Mechanism that ensures women, youth, local groups and other stakeholders affected by UNDP projects have access to procedures for addressing project-related grievances; and a Review process to respond to claims that UNDP is not in compliance with its SES policies. The project activities are based on the abovementioned frameworks and envisages that the beneficiaries of the project are selected carefully including gender considerations and improving gender equality over time.

**Briefly describe in the space below how the project mainstreams sustainability and resilience**

The project provides financial support to NFA for the construction of Business Service Yard and for the processing and sales of timber and fuelwood. The project also supports the NFA in purchase of the relevant vehicles to ensure transportation and logistics necessary for the operationalization of the BSY. This ensures that the mechanism will become self-sustainable over time (e.g. 15 years) of reformed NFA operations. Besides, the NFA takes responsibility of ensuring maintenance and operation of the BSYs and allocate necessary financial resources from its budget for these purposes. This project will support similar project which aims to ensure that NFA gains financial independence from the state budget and receives revenues from SFM implementation across the country. The resilience of local community is also improved through the purchase of the EE stoves, which ensure energy efficient use of the fuel wood and hence, lower spending on heating and cooking and improves health conditions of the local population as the direct burning of the wood is avoided. And lastly, local capacities for the wildfire risk management will be improved through targeted trainings and necessary personal protective equipment that will increase the resilience.

**Briefly describe in the space below how the project strengthens accountability to stakeholders**

Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).

UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

## Part B. Identifying and Managing Social and Environmental Risks

**QUESTION 2: What are the Potential Social and Environmental Risks?**

*Note: Complete SESP Attachment 1 before responding to Question 2.*

**QUESTION 3: What is the level of significance of the potential social and environmental risks?**

*Note: Respond to Questions 4 and 5 below before proceeding to Question 5*

**QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High**

<b>Risk Description (broken down by event, cause, impact)</b>	<b>Impact and Likelihood (1-5)</b>	<b>Significance (Low, Moderate, Substantial, High)</b>	<b>Comments (optional)</b>	<b>Description of assessment and management measures for risks rated as Moderate, Substantial or High</b>								
Risk 1 Possible discontent of local population who previously benefited from social cuts due to newly introduced practices	I = 3 L = 1	<b>Low</b>		Conduct preliminary awareness raising and information campaigns among local population informing about the benefits of switching to sustainable forest management practices.								
<b>QUESTION 4: What is the overall project risk categorization?</b>												
<b>Low Risk</b> <input checked="" type="checkbox"/>												
<b>Moderate Risk</b> <input type="checkbox"/>												
<b>Substantial Risk</b> <input type="checkbox"/>												
<b>High Risk</b> <input type="checkbox"/>												
<b>QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)</b>												
Question only required for Moderate, Substantial and High Risk projects												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><b><u>Is assessment required? (check if "yes")</u></b></td> <td style="width: 5%; text-align: center;"><input type="checkbox"/></td> <td style="width: 35%;"></td> <td style="width: 10%; text-align: center;"><b>Status? (completed, planned)</b></td> </tr> <tr> <td style="text-align: center;"><i>if yes, indicate overall type and status</i></td> <td></td> <td> <input type="checkbox"/> Targeted assessment(s)  <input type="checkbox"/> ESIA (Environmental and Social Impact Assessment)  <input type="checkbox"/> SESA (Strategic Environmental and Social Assessment)                 </td> <td></td> </tr> </table>					<b><u>Is assessment required? (check if "yes")</u></b>	<input type="checkbox"/>		<b>Status? (completed, planned)</b>	<i>if yes, indicate overall type and status</i>		<input type="checkbox"/> Targeted assessment(s) <input type="checkbox"/> ESIA (Environmental and Social Impact Assessment) <input type="checkbox"/> SESA (Strategic Environmental and Social Assessment)	
<b><u>Is assessment required? (check if "yes")</u></b>	<input type="checkbox"/>		<b>Status? (completed, planned)</b>									
<i>if yes, indicate overall type and status</i>		<input type="checkbox"/> Targeted assessment(s) <input type="checkbox"/> ESIA (Environmental and Social Impact Assessment) <input type="checkbox"/> SESA (Strategic Environmental and Social Assessment)										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><b><u>Are management plans required? (check if "yes")</u></b></td> <td style="width: 5%; text-align: center;"><input type="checkbox"/></td> <td style="width: 35%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td style="text-align: center;"><i>if yes, indicate overall type</i></td> <td></td> <td> <input type="checkbox"/> Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)  <input type="checkbox"/> ESMP (Environmental and Social Management Plan which may include range of targeted plans)  <input type="checkbox"/> ESMF (Environmental and Social Management Framework)                 </td> <td></td> </tr> </table>					<b><u>Are management plans required? (check if "yes")</u></b>	<input type="checkbox"/>			<i>if yes, indicate overall type</i>		<input type="checkbox"/> Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others) <input type="checkbox"/> ESMP (Environmental and Social Management Plan which may include range of targeted plans) <input type="checkbox"/> ESMF (Environmental and Social Management Framework)	
<b><u>Are management plans required? (check if "yes")</u></b>	<input type="checkbox"/>											
<i>if yes, indicate overall type</i>		<input type="checkbox"/> Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others) <input type="checkbox"/> ESMP (Environmental and Social Management Plan which may include range of targeted plans) <input type="checkbox"/> ESMF (Environmental and Social Management Framework)										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><b><u>Based on identified risks, which Principles/Project-level Standards triggered?</u></b></td> <td colspan="4" style="text-align: center;"><b>Comments (not required)</b></td> </tr> </table>					<b><u>Based on identified risks, which Principles/Project-level Standards triggered?</u></b>	<b>Comments (not required)</b>						
<b><u>Based on identified risks, which Principles/Project-level Standards triggered?</u></b>	<b>Comments (not required)</b>											

	<b>Overarching Principle: Leave No One Behind</b>		
	<b>Human Rights</b>	<input type="checkbox"/>	
	<b>Gender Equality and Women's Empowerment</b>	<input type="checkbox"/>	
	<b>Accountability</b>	<input type="checkbox"/>	
	<b>1. Biodiversity Conservation and Sustainable Natural Resource Management</b>	<input type="checkbox"/>	
	<b>2. Climate Change and Disaster Risks</b>	<input type="checkbox"/>	
	<b>3. Community Health, Safety and Security</b>	<input type="checkbox"/>	
	<b>4. Cultural Heritage</b>	<input type="checkbox"/>	
	<b>5. Displacement and Resettlement</b>	<input type="checkbox"/>	
	<b>6. Indigenous Peoples</b>	<input type="checkbox"/>	
	<b>7. Labour and Working Conditions</b>	<input type="checkbox"/>	
	<b>8. Pollution Prevention and Resource Efficiency</b>	<input type="checkbox"/>	

### Final Sign Off

*Final Screening at the design-stage is not complete until the following signatures are included*

<b>Signature</b>	<b>Date</b>	<b>Description</b>
QA Assessor: Nino Antadze, E&E Team Leader	25.03.22	UNDP staff member responsible for the project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
QA Approver: Anna Chernyshova, DRR	25.03.22	UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.
PAC Chair: Nick Beresford, RR	25.03.22	UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

## SESP Attachment 1. Social and Environmental Risk Screening Checklist

<b>Checklist Potential Social and Environmental Risks</b>		
<b>INSTRUCTIONS:</b> The risk screening checklist will assist in answering Questions 2-6 of the Screening Template. Answers to the checklist questions help to (1) identify potential risks, (2) determine the overall risk categorization of the project, and (3) determine required level of assessment and management measures. Refer to the <a href="#">SES toolkit</a> for further guidance on addressing screening questions.		
<b>Overarching Principle: Leave No One Behind</b>		<b>Answer (Yes/No)</b>
<b>Human Rights</b>		
P.1	Have local communities or individuals raised human rights concerns regarding the project (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
P.2	Is there a risk that duty-bearers (e.g. government agencies) do not have the capacity to meet their obligations in the project?	No
P.3	Is there a risk that rights-holders (e.g. project-affected persons) do not have the capacity to claim their rights?	No
<i>Would the project potentially involve or lead to:</i>		
P.4	adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
P.5	inequitable or discriminatory impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups, including persons with disabilities? <sup>4</sup>	No
P.6	restrictions in availability, quality of and/or access to resources or basic services, in particular to marginalized individuals or groups, including persons with disabilities?	No
P.7	exacerbation of conflicts among and/or the risk of violence to project-affected communities and individuals?	No
<b>Gender Equality and Women's Empowerment</b>		
P.8	Have women's groups/leaders raised gender equality concerns regarding the project, (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
<i>Would the project potentially involve or lead to:</i>		
P.9	adverse impacts on gender equality and/or the situation of women and girls?	No
P.10	reproducing discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
P.11	limitations on women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
P.12	exacerbation of risks of gender-based violence? <i>For example, through the influx of workers to a community, changes in community and household power dynamics, increased exposure to unsafe public places and/or transport, etc.</i>	No
<b>Sustainability and Resilience:</b> Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below		
<b>Accountability</b>		
<i>Would the project potentially involve or lead to:</i>		
P.13	exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	No
P.14	grievances or objections from potentially affected stakeholders?	Yes

<sup>4</sup> Prohibited grounds of discrimination include race, ethnicity, sex, age, language, disability, sexual orientation, gender identity, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender and transsexual people.

P.15	risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the project?	
<b>Project-Level Standards</b>		
<b>Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management</b>		
<i>Would the project potentially involve or lead to:</i>		
1.1	adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2	activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3	changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	risks to endangered species (e.g. reduction, encroachment on habitat)?	No
1.5	exacerbation of illegal wildlife trade?	No
1.6	introduction of invasive alien species?	No
1.7	adverse impacts on soils?	No
1.8	harvesting of natural forests, plantation development, or reforestation?	No
1.9	significant agricultural production?	No
1.10	animal husbandry or harvesting of fish populations or other aquatic species?	No
1.11	significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.12	handling or utilization of genetically modified organisms/living modified organisms? <sup>5</sup>	No
1.13	utilization of genetic resources? (e.g. collection and/or harvesting, commercial development) <sup>6</sup>	No
1.14	adverse transboundary or global environmental concerns?	
<b>Standard 2: Climate Change and Disaster Risks</b>		
<i>Would the project potentially involve or lead to:</i>		
2.1	areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	No
2.2	outputs and outcomes sensitive or vulnerable to potential impacts of climate change or disasters? <i>For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes</i>	No
2.3	increases in vulnerability to climate change impacts or disaster risks now or in the future (also known as maladaptive or negative coping practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
2.4	increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	No
<b>Standard 3: Community Health, Safety and Security</b>		
<i>Would the project potentially involve or lead to:</i>		
3.1	construction and/or infrastructure development (e.g. roads, buildings, dams)? (Note: the GEF does not finance projects that would involve the construction or rehabilitation of large or complex dams)	No
3.2	air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No

<sup>5</sup> See the [Convention on Biological Diversity](#) and its [Cartagena Protocol on Biosafety](#).

<sup>6</sup> See the [Convention on Biological Diversity](#) and its [Nagoya Protocol](#) on access and benefit sharing from use of genetic resources.



3.3	harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No
3.4	risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	No
3.5	transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.6	adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	No
3.7	influx of project workers to project areas?	No
3.8	engagement of security personnel to protect facilities and property or to support project activities?	No
<b>Standard 4: Cultural Heritage</b>		
<i>Would the project potentially involve or lead to:</i>		
4.1	activities adjacent to or within a Cultural Heritage site?	No
4.2	significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No
4.3	adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.4	alterations to landscapes and natural features with cultural significance?	No
4.5	utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No
<b>Standard 5: Displacement and Resettlement</b>		
<i>Would the project potentially involve or lead to:</i>		
5.1	temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No
5.2	economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	risk of forced evictions? <sup>7</sup>	No
5.4	impacts on or changes to land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
<b>Standard 6: Indigenous Peoples</b>		
<i>Would the project potentially involve or lead to:</i>		
6.1	areas where indigenous peoples are present (including project area of influence)?	No
6.2	activities located on lands and territories claimed by indigenous peoples?	No
6.3	impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)?  <i>If the answer to screening question 6.3 is "yes", then the potential risk impacts are considered significant and the project would be categorized as either Substantial Risk or High Risk</i>	No
6.4	the absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No

<sup>7</sup> Forced eviction is defined here as the permanent or temporary removal against their will of individuals, families or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Forced evictions constitute gross violations of a range of internationally recognized human rights.

6.6	forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 5 above</i>	No
6.7	adverse impacts on the development priorities of indigenous peoples as defined by them?	No
6.8	risks to the physical and cultural survival of indigenous peoples?	No
6.9	impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 4 above.</i>	No
<b>Standard 7: Labour and Working Conditions</b>		
<i>Would the project potentially involve or lead to: (note: applies to project and contractor workers)</i>		
7.1	working conditions that do not meet national labour laws and international commitments?	No
7.2	working conditions that may deny freedom of association and collective bargaining?	No
7.3	use of child labour?	No
7.4	use of forced labour?	No
7.5	discriminatory working conditions and/or lack of equal opportunity?	No
7.6	occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the project life-cycle?	No
<b>Standard 8: Pollution Prevention and Resource Efficiency</b>		
<i>Would the project potentially involve or lead to:</i>		
8.1	the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
8.2	the generation of waste (both hazardous and non-hazardous)?	No
8.3	the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	No
8.4	the use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the <a href="#">Montreal Protocol</a>, <a href="#">Minamata Convention</a>, <a href="#">Basel Convention</a>, <a href="#">Rotterdam Convention</a>, <a href="#">Stockholm Convention</a></i>	No
8.5	the application of pesticides that may have a negative effect on the environment or human health?	No
8.6	significant consumption of raw materials, energy, and/or water?	No

### Design & Appraisal Stage Quality Assurance Report

Form Status:	Approved
Overall Rating:	Satisfactory
Decision:	Approve: The project is of sufficient quality to continue as planned. Any management actions must be addressed in a timely manner.
Portfolio/Project Number:	00141162
Portfolio/Project Title:	Forest management-JSB
Portfolio/Project Date:	2022-03-01 / 2023-03-31

Strategic Quality Rating: Exemplary

1. Does the project specify how it will contribute to higher level change through linkage to the programme's Theory of Change?

- 3: The project is clearly linked to the programme's theory of change. It has an explicit change pathway that explains how the project will contribute to outcome level change and why the project's strategy will likely lead to this change. This analysis is backed by credible evidence of what works effectively in this context and includes assumptions and risks.
- 2: The project is clearly linked to the programme's theory of change. It has a change pathway that explains how the project will contribute to outcome-level change and why the project strategy will likely lead to this change.
- 1: The project document may describe in generic terms how the project will contribute to development results, without an explicit link to the programme's theory of change.

Evidence: The project is linked to CPD 2021-2025, as well as SP 2021-2025.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

2. Is the project aligned with the UNDP Strategic Plan?

- 3: The project responds to at least one of the development settings as specified in the [Strategic Plan<sup>1</sup>](#) and adapts at least one [Signature Solution<sup>2</sup>](#). The project's RRF includes all the relevant SP output indicators. (all must be true)
- 2: The project responds to at least one of the development settings as specified in the [Strategic Plan<sup>4</sup>](#). The project's RRF includes at least one SP output indicator, if relevant. (both must be true)
- 1: The project responds to a partner's identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF.

Evidence: Yes, the project is linked to SP Output 1.1: The 2030 Agenda, Paris Agreement and other intergovernmentally agreed frameworks integrated in national and local development plans, measures to accelerate progress put in place, and budgets and progress assessed using data-driven solutions

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

3. Is the project linked to the programme outputs? (i.e., UNDAF Results Group Workplan/CPD, RPD or Strategic Plan IRRF for global projects/strategic interventions not part of a programme)

- Yes
- No

Evidence: Yes, project is linked to UNSDCF 2021-2025 Outcome 5: By 2025, all people, without discrimination, enjoy enhanced resilience through improved environmental governance, climate action and sustainable management, and the use of the natural resource(s) in Georgia and CPD 2021-2025 Output 2.1 Environmental governance and institutional capacity enhanced to enable rational, equitable, and sustainable use of natural/land resources, to ensure the conservation of ecosystems, use of innovative and climate-friendly technologies for an inclusive green economy, energy efficiency, and clean energy production, and make communities more resilient to environmental shocks.

List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

Relevant

Quality Rating: Satisfactory

4. Do the project target groups leave furthest behind?

- 3: The target groups are clearly specified, prioritising discriminated, and marginalized groups left furthest behind, identified through a rigorous process based on evidence.
- 2: The target groups are clearly specified, prioritizing groups left furthest behind.
- 1: The target groups are not clearly specified.

Evidence: The target groups (direct and indirect) beneficiaries are clearly defined in section s2/ Strategy and 3.5/ Stakeholder Engagement

List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

5. Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design?

- 3: Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies, and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project.
- 2: The project design mentions knowledge and lessons learned backed by evidence/sources but have not been used to justify the approach selected.
- 1: There is little, or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence.

Evidence: No prior lessons are explicitly mentioned, as the project constitutes pilot activity. Namely, project will pilot set-up of Business Service Yards (BSYs) in Mtskheta municipality to support efficient procurement, concentration, sorting, utilization, marketing, and distribution of wood. The activity is part of Forest Code sectoral reform that aims at changing the existing practice of so-called 'social cuts', by introducing a mechanism for sustainable provision of fuelwood and timber through National Forestry Agency (NFA)-operated Business Service Yards (BSYs).

List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

6. Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national / regional / global partners and other actors?

- 3: An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project's intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key

partners. Options for south-south and triangular cooperation have been considered, as appropriate. (all must be true)

2: Some analysis has been conducted on the role of other partners in the area where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project, with unclear funding and communications strategies or plans.

1: No clear analysis has been conducted on the role of other partners in the area that the project intends to work. There is risk that the project overlaps and/or does not coordinate with partners' interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance.

Evidence: The project will be implemented directly by UNDP in with National Forestry Agency (NFA) under the Ministry of Environment Protection and Agriculture (MEPA) serving as a Responsible Partner. The National Forestry Agency, established in 2013 as a Legal Entity of Public Law (LEPL) of the MEPA, is a key forest management body in the country and has assumed responsibility for the sustainable management of Georgia's forests and is therefore best placed to serve as responsible party of the project. 3.3/ Partnerships section also considers partnerships with different actors, like GTZ project, Japan;s government, etc.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

Principled

Quality Rating: Satisfactory

7. Does the project apply a human rights-based approach?

3: The project is guided by human rights and incorporates the principles of accountability, meaningful participation, and non-discrimination in the project's strategy. The project upholds the relevant international and national laws and standards. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget. (all must be true)

2: The project is guided by human rights by prioritizing accountability, meaningful participation and non-discrimination. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget. (both must be true)

1: No evidence that the project is guided by human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered.

Evidence: Meaningful stakeholder engagement and a commitment to human rights are key commitments of UNDP's Social and Environmental Standards and therefore the Programme will support capacities for stakeholder engagement through a human rights-based approach as a critical aspect of identifying integrated and sustainable solutions.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

8. Does the project use gender analysis in the project design?

3: A participatory gender analysis has been conducted and results from this gender analysis inform the development challenge, strategy and expected results sections of the project document. Outputs and indicators of the results framework include explicit references to gender equality, and specific indicators measure and monitor results to ensure women are fully benefitting from the project. (all must be true)

2: A basic gender analysis has been carried out and results from this analysis are scattered (i.e., fragmented and not consistent) across the development challenge and strategy sections of the project document. The results framework may include some gender sensitive outputs and/or activities but gender inequalities are not consistently

integrated across each output. (all must be true)

1: The project design may or may not mention information and/or data on the differential impact of the project's development situation on gender relations, women and men, but the gender inequalities have not been clearly identified and reflected in the project document.

Evidence: The results framework includes gender disaggregated indicators, wherever applicable.

List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

9. Did the project support the resilience and sustainability of societies and/or ecosystems?

3: Credible evidence that the project addresses sustainability and resilience dimensions of development challenges, which are integrated in the project strategy and design. The project reflects the interconnections between the social, economic and environmental dimensions of sustainable development. Relevant shocks, hazards and adverse social and environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. (all must be true)

2: The project design integrates sustainability and resilience dimensions of development challenges. Relevant shocks, hazards and adverse social and environmental impacts have been identified and assessed, and relevant management and mitigation measures incorporated into project design and budget. (both must be true)

1: Sustainability and resilience dimensions and impacts were not adequately considered.

Evidence: The project aims at increasing sustainability and resilience of forest ecosystem. All relevant risks have been assessed through SESP.

List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

10. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks? The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences and/or communication materials and information dissemination. [if yes, upload the completed checklist. If SESP is not required, provide the reason for the exemption in the evidence section.]

Yes

No

SESP not required because project consists solely of (Select all exemption criteria that apply)

1: Preparation and dissemination of reports, documents and communication materials

2: Organization of an event, workshop, training

3: Strengthening capacities of partners to participate in international negotiations and conferences

4: Partnership coordination (including UN coordination) and management of networks

5: Global/regional projects with no country-level activities(e.g.activities such as knowledge management, inter-governmental processes)

6: UNDP serves as Administrative Agent

7: Development Effectiveness projects and Institutional Effectiveness projects

Evidence: SESP has been conducted (uploaded). Risk category: Low.

## List of Uploaded Documents

#	File Name	Risk Category	Risk Requirements	Document Status	Modified By	Modified On
1	<a href="#">SESP-Japanese forest 12609 110</a>	Low	Accountability	Final	khatuna.chanukvadze@undp.org	3/28/2022 9:43:00 PM

## Management &amp; Monitoring

Quality Rating: Satisfactory

11. Does the project have a strong results framework?

3: The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators that measure the key expected development changes, each with credible data sources and populated baselines and targets, including gender sensitive, target group focused, sex-disaggregated indicators where appropriate. (all must be true)

2: The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of target group focused, sex-disaggregated indicators, as appropriate. (all must be true)

1: The project's selection of outputs and activities are not at an appropriate level; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. (if any is true)

Evidence: Yes, the project's indicators are concrete and measurable, baseline/targets and data sources are provided.

## List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

12. Is the project's governance mechanism clearly defined in the project document, including composition of the project board?

3: The project's governance mechanism is fully defined. Individuals have been specified for each position in the governance mechanism (especially all members of the project board.) Project Board members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the project board has been attached to the project document. (all must be true)

2: The project's governance mechanism is defined; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The project document lists the most important responsibilities of the project board, project director/manager and quality assurance roles. (all must be true)

1: The project's governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided.

Evidence: The project's governing mechanism (Project Board) and its role is well described in section 8/ Governance and Management Arrangement.

## List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

13. Have the project risks been identified with clear plans stated to manage and mitigate each risk?

3: Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the programme's theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational

risk. Risks have been identified through a consultative process with key internal and external stakeholders, including consultation with the UNDP Security Office as required. Clear and complete plan in place to manage and mitigate each risk, including security risks, reflected in project budgeting and monitoring plans. (both must be true)

2: Project risks related to the achievement of results are identified in the initial project risk log based on a minimum level of analysis and consultation, with mitigation measures identified for each risk.

1: Some risks may be identified in the initial project risk log, but no evidence of consultation or analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified, no initial risk log is included with the project document and/or no security risk management process has taken place for the project.

Evidence: Yes, the project has developed risk log (Annex 1)

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

Efficient

Quality Rating: Highly Satisfactory

14. Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design? This can include, for example:

i) Using the theory of change analysis to explore different options of achieving the maximum results with the resources available.

ii) Using a portfolio management approach to improve cost effectiveness through synergies with other interventions.

iii) Through joint operations (e.g., monitoring or procurement) with other partners.

iv) Sharing resources or coordinating delivery with other projects.

v) Using innovative approaches and technologies to reduce the cost of service delivery or other types of interventions.

Yes

No

Evidence: Section 4.1/ Cost Efficiency and Effectiveness discusses the issues of efficiency and effectiveness.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

15. Is the budget justified and supported with valid estimates?

3: The project's budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Realistic resource mobilisation plans are in place to fill unfunded components. Costs are supported with valid estimates using benchmarks from similar projects or activities. Cost implications from inflation and foreign exchange exposure have been estimated and incorporated in the budget. Adequate costs for monitoring, evaluation, communications and security have been incorporated.

2: The project's budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget, but no funding plan is in place. Costs are supported with valid estimates based on prevailing rates.

1: The project's budget is not specified at the activity level, and/or may not be captured in a multi-year budget.

Evidence: The project has detailed, activity based budget.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**



16. Is the Country Office / Regional Hub / Global Project fully recovering the costs involved with project implementation?

3: The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.)

2: The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant.

1: The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project.

Evidence: The project will recover DPC costs.

List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

Effective

Quality Rating: Needs Improvement

17. Have targeted groups been engaged in the design of the project?

3: Credible evidence that all targeted groups, prioritising discriminated and marginalized populations that will be involved in or affected by the project, have been actively engaged in the design of the project. The project has an explicit strategy to identify, engage and ensure the meaningful participation of target groups as stakeholders throughout the project, including through monitoring and decision-making (e.g., representation on the project board, inclusion in samples for evaluations, etc.)

2: Some evidence that key targeted groups have been consulted in the design of the project.

1: No evidence of engagement with targeted groups during project design.

Not Applicable

Evidence: The project was designed in consultation and close collaboration with the Ministry of Environment Protection and Agriculture, which has launched new stage of sectoral reform in Forest Management that aims at changing the existing practice of so-called 'social cuts'. The government agency National Forestry Agency (NFA), which is key forest management body, will be involved as responsible party of the project. Mtskheta Municipality (Mtskheta-Mtianeti Region), which is one of the direct beneficiaries of the project, has been selected by MEPA and NFA, since this is an area with significant forest cover, which is not managed sustainably, and is prone to increased cases of forest fires, particularly due to the high volume of tourists visiting the sites, and high demand of the local population for fuelwood.

List of Uploaded Documents

#	File Name	Modified By	Modified On
---	-----------	-------------	-------------

**No documents available.**

18. Does the project plan for adaptation and course correction if regular monitoring activities, evaluation, and lesson learned demonstrate there are better approaches to achieve the intended results and/or circumstances change during implementation?

Yes

No

Evidence: The Project Board will serve as a mechanism for addressing changes in the programmatic context.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

19. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum.

- Yes  
 No

Evidence: The project was assigned GEN1, as it does not directly contribute to gender equality.

Management Response: The project was assigned GEN 1 marker as the main activities are procurement of forest management equipment and construction of site for the storage and distribution of wood. To the extent possible, a few trainings envisaged in the project will ensure participation of women as most of the forest rangers and forest management staff are men.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

Sustainability & National Ownership

Quality Rating: Satisfactory

20. Have national / regional / global partners led, or proactively engaged in, the design of the project?

- 3: National partners (or regional/global partners for regional and global projects) have full ownership of the project and led the process of the development of the project jointly with UNDP.  
 2: The project has been developed by UNDP in close consultation with national / regional / global partners.  
 1: The project has been developed by UNDP with limited or no engagement with national partners.

Evidence: The project was elaborated in close consultation with the Ministry of Environment Protection and Agriculture (MEPA) and represents assistance to this ministry on new Forest Code initiated a new stage of sectoral reform that aims at changing the existing practice of so-called 'social cuts'. The forest sector reform envisages a new mechanism for the sustainable provision of fuelwood and timber through National Forestry Agency (NFA)-

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

21. Are key institutions and systems identified, and is there a strategy for strengthening specific / comprehensive capacities based on capacity assessments conducted?

- 3: The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly.  
 2: A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment.  
 1: Capacity assessments have not been carried out.  
 Not Applicable

Evidence: HACT and PCAT for Responsible Party (National Forestry Agency) has been conducted and is attached to prodoc as Annex 3 and 4.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

22. Is there is a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.) to the extent possible?

- Yes
- No
- Not Applicable

Evidence: The project is DIM, and UNDP will use its own rules and procedures.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

23. Is there a clear transition arrangement / phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation and communications strategy)?

- Yes
- No

Evidence: Exit and sustainability is discussed in section 3.8/ Sustainability and Scaling Up.

List of Uploaded Documents

#	File Name Modified By	Modified On
---	-----------------------	-------------

**No documents available.**

QA Summary/LPAC Comments

# ANNEX 4/ Partner Capacity Assessment Tool (PCAT) of NFA

Partner Capacity Assessment Tool - Step 1: Pre-Requisites for Partnering - applicable to all Partners						
<a href="#">Return to PCAT Overview page</a>						
<b>Applicability:</b> This 'Pre-requisites for Partnering' section should be completed for all UNDP partners, regardless of whether they are IPs, RPs, Other Partners or grant recipients.						
<b>Responsibility &amp; Timing:</b> The Project Developer should complete this 'Pre-requisites for Partnering' as early as possible in the Project Design phase to ensure that the proposed partner is not a prohibited organization and does not engage in practices that are inconsistent with UNDP's social & environmental standards and code of ethics.						
<b>Background Information (Enter this information here and it will be carried throughout the PCAT - no need to enter it again)</b>						
Region	CEE/CIS	Comments: (Optional)				
Office	Georgia	National Forestry Agency (NFA) is a legal entity of public law and is subsidiary of the Ministry of Environmental Protection and Agriculture (MEPA) of Georgia.				
Programme Start	22-Mar-22					
Programme End	21-Mar-23					
Partner Name	National Forestry					
Partner budget for this Project	\$ 789,522					
ERM Risk Category	Risk being addressed	Q. #	Pre-requisites for Partnering Questions	What to review to determine your response	Response	Action Needed
Regulatory (6.3, FRR)	Violation of UN sanctions	1	Is the organization listed on the Consolidated United Nations Security Council Sanctions List, the UNDP vendor sanctions list or the UN Global Marketplace Ineligibility List ?	<a href="#">UN Sanctions List</a> <a href="#">UNDP Vendor Sanctions List</a> <a href="#">UN Global Marketplace Ineligibility List (accessible to UNDP Buyer Roles)</a>	No	Continue to Question 2
<b>Comments</b>						
Strategic (7.5 Code of conduct & ethics), Social & Environmental (1.1-1.12)	Violation of programming principles and ethical standards	2	Is there any credible evidence that the organization persistently commits acts that violate: (i) UNDP's social and environmental standards (human rights, gender equality, labor conditions, environmental sustainability standards); or (ii) code of conduct/ethics standards to such an extent that UNDP's association with the organization cannot be adequately managed or justified?	<ul style="list-style-type: none"> <li>* Internet/press search</li> <li>* Donor evaluations, assessments</li> <li>* Significant criticism from donors/CSOs/ media/social media or other significant partners of UNDP locally or globally</li> <li>* Significant criticism from governmental agencies / political parties that makes UNDP's partnering politically sensitive</li> </ul>	No evidence found	
Strategic (7.6 Public opinion & media)	Damage to UNDP's reputation	3	Has an internet/donor evaluation report search revealed any credible and significant adverse publicity or controversy about the organization that could damage UNDP's reputation by association to such an extent that the association cannot be adequately managed or justified?	<ul style="list-style-type: none"> <li>* Recurring local or global public events against the organization (e.g. local demonstrations, online protests, etc)</li> <li>* Relevant legal case in progress/in court etc.</li> </ul>	No adverse publicity found	
Regulatory (6.3, FRR)	Absence of neutrality	4	If the Partner is a CSO/NGO or private sector organization, is there any credible evidence that the organization has political affiliations that could compromise UNDP's neutrality, perceived or actual, in a way that cannot be adequately managed and justified?		No neutrality concerns found	
Financial (2.3 Corruption & Fraud); Strategic (7.5 Code of Conduct & Ethics)	Fraud, corruption and potential damage to UNDP's reputation	5	If there is a history of fraud and/or any potential Conflicts of Interest (CoI) in relation to this organization, have they been reviewed and satisfactorily resolved or if not, can they be adequately managed or justified in the context of this specific project? (Consider such as issues as the organization employing any individual/s who is/are currently holding any position in UNDP or the UN <u>OR</u> any individual/s who is/are related by blood or affinity to any UNDP or UN staff member.)	<ul style="list-style-type: none"> <li>* Internet/press search on fraud issues</li> <li>* Donor evaluations or assessments for fraud issues</li> <li>* Discussions and/or documents and/or written confirmation from the Partner disclosing conflicts of interest or such relationships</li> </ul>	No evidence of fraud or conflicts found	
<b>Conclusion on 'Pre-Requisites for Partnering' &amp; Next Steps</b>				<b>Proceed with this Partner. Continue to 'Section 2: Capacity Assessment Scoping'</b>		

#REF!

[Capacity Assessment Scoping](#)

**Partner Capacity Assessment Tool - Step 2: Capacity Assessment Scoping - applicable to all Partners**

**Purpose:** This 'Capacity Assessment Scoping' tool is designed to assist you in identifying the Partner capacity assessments that will help manage risks stemming from UNDP's engagement with IPs, RPs or Other partners. It will lead you through a series of questions and based on your responses, indicate for you the capacity assessments that should be completed, including HACT Micro-Assessments.

**Applicability:** This 'Capacity Assessment Scoping' should be completed for all UNDP partners, regardless of whether they are IPs or RPs or Private Sector partners fulfilling other roles.

**Responsibility & Timing:** The Project Developer should complete this 'Capacity Assessment Scoping' as early as possible in the Project Design phase to ensure that the Capacity Assessments needed are identified early and arrangements made for their timely completion.

Background Information (carried forward from 'Partner Pre-requisites' worksheet)		
Region	CEE/CIS	Comments: (Optional) National Forestry Agency (NFA) is a legal entity of public law and is subsidiary of the Ministry of Environmental Protection and Agriculture (MEPA) of Georgia.
Office	Georgia	
Programme Start	22-Mar-22	
Programme End	21-Mar-23	
Partner Name	National Forestry Agency (NFA)	
Partner budget for this Project (USD)	\$ 789,522	

Capacity Assessment Scope Questions	Select Responses from the Dropdown menus
1. Is this a humanitarian project for which a rapid CSO/NGO Partner capacity assessment is needed?	No
2. What role will this organization fulfil on this project?	RP
3. What is the nature of this organization? (Govt, CSO etc)	Government
4. Will this Partner receive more than US \$150,000 per annum?	Yes
5. Has a Partner Capacity Assessment (including HACT Micro-Assessment) already been performed during the Programme Period?	Yes
6. Will the Partner be implementing construction activities?	Yes
7. Will the Partner undertake grant-making activities on behalf of UNDP?	No
8. Will the Partner be implementing project activities funded by the Global Environment Facility (GEF) or the Green Climate Fund (GCF)?	No
9. Will this project utilize a Performance-Based Payment Agreement with the RP?	No
10. Will the PBPA exceed USD300,000?	Yes

*If you don't see the assessments you expect, please refresh your answers to the questions above starting with Q1.*

Capacity Assessments needed for this IP:	Links to these Capacity Assessments
0	
Construction Management Capacity Assessment needed	<a href="#">Construction Assessment</a>
	-
	-

Capacity Assessments needed for this RP:	Links to these Capacity Assessments
Competitive Procurement Process not required; HACT Micro-Assessment not needed	-
Construction Management Assessment needed	<a href="#">Construction Assessment</a>
	-
	-
	-

[Return to PCAT Overview page](#)

**Partner Capacity Assessment Tool: Construction Management Assessment**

**Purpose:** This worksheet is designed to assess the **Partner's capacity to manage construction activities if this is a key focus of the project**. It covers key risk areas in management of construction projects that are not covered by the Programme & Project Management Assessment or the HACT Micro-Assessment. **Further policies and operational guidance on this Construction Management Assessment will be forthcoming in 2019.**

**Responsibility & Timing:** The Construction Management capacity assessment should be completed by the Project Developer (with the assistance of a suitable technical expert if required (e.g. procurement expert, construction management specialist) as soon as possible in the Project Design Phase.

Background Information (carried forward from 'Partner Pre-requisites' worksheet)			
Region	CEE/CIS	Comments: (Optional)	<b>Guide for determining the relative importance to this project of each capacity assessed below<sup>1</sup>:</b>
Office	Georgia	National Forestry Agency	The risk categories below should be used to assess the relative importance of each capacity to this specific project:
Programme Start	22-Mar-22		<b>High Risk:</b> This capacity is <b>critical</b> for the success of the project. Without this capacity there is a <b>high likelihood</b> that the IP will not fulfil the project goals.
Programme End	21-Mar-23		<b>Substantial Risk:</b> This capacity is <b>very important</b> for the success of the project. Without this capacity there is a <b>substantial likelihood</b> that the IP will not fulfil the project goals.
Partner Name	National Forestry Agency (NFA)		<b>Moderate Risk:</b> This capacity is <b>important</b> for the success of the project. Without this capacity there is a <b>moderate likelihood</b> that the IP will not fulfil the project goals.
Partner budget for this Project (USD)	\$ 789,522		<b>Low Risk:</b> This capacity is <b>not important</b> for the success of this project. Without this capacity there is a <b>low likelihood</b> that the IP will not fulfil the project goals.

Construction Activities <sup>2</sup>							
ERM Risk Category	Risk Being Addressed	Q.#	Questions	Response (Yes, No or N/A)	Relative Importance of Each Capacity to this Project? <sup>2</sup>	Risk Score based on Response	Remarks/ comments
Strategic (7.3 Partner capacities)	No or poor track record	1	Does this Partner have a proven track record with UNDP or other UN Agencies in successfully managing and delivering outputs for construction projects of similar size and complexity as this project? <i>(If possible and feasible, consider conducting a site visit to a prior construction project).</i>	No	High	4	Organization has more than 8 years of successful cooperation with UNDP, similar
Strategic (7.3 Partner capacities)	Inadequate leadership & oversight	2	Has there been any major changes in the Partner's management team since those projects were completed?	No	Substantial	0	No Major changes since 2019, Head of Agency was
Strategic (7.3 Partner capacities)	Inadequate staffing capacity	3	Has the Partner provided specific staffing/supervision commitments for the project in writing?	No	Substantial	3	Not in Prococ - LOA is under elaboration and submission
Strategic (7.3 Partner capacities)	Inadequate staffing capacity	4	Has the Partner's current and projected workload been assessed to ensure it has the capacity to take on this project?	Yes	High	0	Agency has implemented
Strategic (7.3 Partner capacities)	Inadequate technical expertise	5	Does the Partner have sufficient technical expertise available to the project to ensure that construction specifications are adequately and timely defined/specific to ensure efficient, effective and transparent construction	Yes	High	0	Considering that similar project has been successfully completed - agency
Strategic (7.3 Partner capacities)	Inadequate technical expertise	6	If the Partner will rely on other organizations to complete aspects of the construction, has it assessed the capacities of those organizations to deliver works that meet appropriate quality standards, including access to own / operate relevant equipment and machinery that will be used for the works, if	Yes	Substantial	0	These will be one of the main requirements of the tender which will be announced by NFA
Strategic (7.3 Partner capacities)	Inadequate quality assurance	7	Does the Partner have adequate quality assurance mechanisms in place to ensure the construction is safe and meets national or international quality standards? <i>(Consider whether quality assurance policies and procedures are in place and are overseen by a qualified professional; consider any past public reports and/or litigation related to quality assurance issues, etc)</i>	Yes	Select	0	Technical Coordinator to ensure that construction works comply with international/nation
Social & Environmental	Inadequate safeguards for doing no harm to people and/or the environment	8	Does the Partner have protocols and safeguards in place to identify and manage risks associated with potential harm to people and/or the environment?	Yes	High	0	Agency represents key forest management body
Strategic (7.3 Partner capacities); Financial (2.5 Delivery)	No Pre-financing capacity	9	Has the Partner's financial condition and ability to finance the work been confirmed?	No	Moderate	2	As soon as pilot construction will be completed, budget
Strategic (7.3 Partner capacities); Financial (2.5 Delivery)	Pre-financing capacity	10	If the Partner cannot pre-finance the work, can it provide performance and payment bonds/bank guarantee from a qualified surety in the amount of any advances provided by UNDP?	No	High	4	Winner company will provide such bank guarantee
Regulatory (6.4 Other)	Insurance non-compliance	11	Has the Partner provided proof of its compliance with insurance requirements?	No	Substantial	3	This also will be
Regulatory (6.4 Other)	Legal non-compliance	12	Does the Partner have procedures in place to ensure it complies with national building codes and standards and any other applicable local laws and other requirements?	Yes	High	0	Compliance with codes and standards will also be included in Tender
Regulatory (6.4 Other)	Litigation risk	13	Has the Partner been subject to any litigation or arbitration in the past 5 years that could adversely affect or impact delivery of outputs under the project?	No	Substantial	0	Not identified
<b>Overall Risk Score for this Section</b>						<b>16</b>	
<b>Overall Risk Assessment for this Section</b>						<b>Moderate Risk</b>	

Conclusion on Construction Management Assessment	
Overall Risk Assessment	<b>Moderate Risk</b>
Select the risk mitigation strategies that will be employed (i.e. capacity building actions and/or enhanced monitoring and assurance)	Enhanced monitoring & assurance activities
Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document	UNDP hired PM will closely monitor
Provide the estimated budget required for these activities (to be included in the Project Budget) (\$US)	\$ -
Comments on Overall Construction Management Capacity Assessment: (Optional)	
XXX	

[Return to Capacity Assessment Scoping](#)

**Partner Capacity Assessment Tool: Step 4: Capacity Assessment Conclusions**

[Return to PCAT Overview page](#) [Return to Capacity Assessment Scoping](#)

**Purpose:** This worksheet is designed to capture the results of the Capacity Assessments completed and the resulting mitigation strategies for the risk levels identified. Risk mitigation strategies can include capacity building and/or enhanced monitoring and assurance activities. These activities should be included in the Project Document and the associated Project Budget. When completed, attach this worksheet to the Project Document.

**Responsibility & Timing:** This Capacity Assessment Conclusion page is automatically generated based on the results of the assessments completed in the PCAT. It should be reviewed by the Project Developer for completeness and accuracy and attached to the Project Document. If changes need to be made to this Conclusion page, they should be done on the relevant Capacity Assessment Worksheet (i.e., Programme-Project Mgt, Construction Assess, On-Granting Assess, PBPA Proposal Due Diligence, Private Sector Due Diligence, etc) so that the corrections will be captured in the relevant assessments and automatically displayed here.

**Background Information (carried forward from 'Partner Pre-requisites' worksheet)**

Region	CEE/CIS	Comments: (Optional)
Office	Georgia	National Forestry Agency (NFA) is a legal entity of public law and is subsidiary of the Ministry of Environmental Protection and Agriculture (MEPA) of Georgia.
Programme Start	22-Mar-22	
Programme End	21-Mar-23	
Partner Name	National Forestry Agency	
Partner budget for this Project (USD)	\$ 789,522	

**Manageable Concerns noted in the 'Pre-Requisites for Partnering' Screen**

Area of concern	Nature of evidence found and how associated risks to UNDP will be managed	Management & Justification Plans documented?	Information included in Project Risk Log? (Yes/No)	Estimated Budget to Implement Management & Justification Plans (if any)	Comments (Optional)

**Capacity Assessment Conclusions for this RP**

**Automatically Generated**

Capacity Assessment Component	Overall Risk Assessment for this Component	Risk Mitigation Strategies (i.e. capacity building actions and/or enhanced monitoring and assurance activities)	Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document	Estimated budget required for these activities (include in the Project Budget) (\$US)	Comments (Optional)
HACT Assessment conducted on 1-Mar-2019 by AIG International	Low risk	N/A	N/A	N/A	
Conclusion on Construction Management Assessment	Moderate Risk	Enhanced monitoring & assurance activities	UNDP hired PM will closely monitor construction works	\$0	
Total				\$0	

Comments on Overall Capacity Assessments for this RP: (Optional)

Assessment Conducted by:  
Davit Samunashvili  
EE Programme  
Associate



Date: 20 March 2022

# MICRO ASSESSMENT REPORT

Micro Assessment of  
LEPL NATIONAL FORESTRY AGENCY  
Commissioned by United Nations  
Development Programme in Georgia

AG International Consulting  
March 01, 2019

AG International Consulting  
Member of EuraAudit International  
Audit & Business Advisory Services





## TABLE OF CONTENTS

<b>Background, Scope and Methodology</b> .....	2
<b>Summary of Risk Assessment Results</b> .....	4
<b>Detailed Internal Control Findings and Recommendations</b> .....	5
<b>Annex I. IP and Programme Information</b> .....	6
<b>Annex III. List of Persons Met</b> .....	Error! Bookmark not defined.
<b>Annex IV. Micro Assessment Questionnaire</b> .....	8



ეიჯი ინტერნეიშენალ კონსალტინგი  
პ. კავთარაძე, I შესახვევი N10, სართული 5  
თბილისი, საქართველო  
ტელ.: (995) (322) 2 500 130  
ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
P. Kavtaradze, I Turn N10, Floor 5  
Tbilisi, Georgia  
Tel.: (995) (322) 2 500 130  
E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

---

## 1. Background, Scope and Methodology

### Background

The micro assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN agencies' transfer of cash to government and non-governmental implementing partners.

The micro-assessment assesses the IP's control framework. It results in a risk rating (low, moderate, significant or high). The overall risk rating is used by the UN agencies, along with other available information (e.g. history of engagement with the agency and previous assurance results), to determine the type and frequency of assurance activities as per each agency's guideline and can be taken into consideration when selecting the appropriate cash transfer modality for an IP.

### Scope

The micro-assessment provides an overall assessment of the Implementing Partner's programme, financial and operations management policies, procedures, systems and internal controls. It includes:

- A review of the IP legal status, governance structures and financial viability; programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement;
- A focus on compliance with policies, procedures, regulations and institutional arrangements that are issued both by the Government and the Implementing Partner.

It takes into account results of any previous micro assessments conducted of the Implementing Partner.



ეჯი ინტერნეშენალ კონსალტინგი  
პ. კავთარაძე, I შესახვევი N10, სართული 5  
თბილისი, საქართველო  
ტელ.: (995) (322) 2 500 130  
ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
P. Kavtaradze, I Turn N10, Floor 5  
Tbilisi, Georgia  
Tel.: (995) (322) 2 500 130  
E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

## Methodology

We performed the micro-assessment from February 15, 2019 to March 01, 2019 at Gulua St. N6, Tbilisi Georgia.

Through discussion with management, observation and walk-through tests of transactions, we have assessed the Implementing Partner's and the related internal control system with emphasis on:

- The effectiveness of the systems in providing the Implementing Partner's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements with the United Nations agencies;
- The general effectiveness of the internal control system in protecting the assets and resources of the Implementing Partner.

We discussed the results of the micro assessment with applicable UN agency personnel and the IP prior to finalization of the report. The list of persons met and interviewed during the micro-assessment is set out in Annex III.



AG International Consulting  
Member of EuraAudit International  
Tbilisi, Georgia



ეიჯი ინტერნეიშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

## 2. Summary of Risk Assessment Results

The table below summarizes the results and main internal control gaps found during application of the micro-assessment questionnaire (in Annex IV). Detailed findings and recommendations are set out in section 3. below:

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
1. Implementing partner	Low	
2. Programme Management	Low	
3. Organizational structure and staffing	Low	
4. Accounting policies and procedures	Low	
5. Fixed Assets and Inventory	Significant	
6. Financial Reporting and Monitoring	Significant	
7. Procurement	Low	
<b>Overall Risk Assessment</b>	Low	

\*High, Significant, Moderate, Low



იჯი ინტერნეშენალ კონსალტინგი  
პ. კავთარაძე, I შესახვევი N10, სართული 5  
თბილისი, საქართველო  
ტელ.: (995) (322) 2 500 130  
ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
P. Kavtaradze, I Turn N10, Floor 5  
Tbilisi, Georgia  
Tel.: (995) (322) 2 500 130  
E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

### 3. Detailed Internal Control Findings and Recommendations

No.	Description of Finding	Recommendation
1.	<p><b>Controls and policies not appropriately evidenced as having taken place.</b></p> <p>We noted, that IP doesn't have sufficient experience working with other donors. As such, there are number of policies and procedures, which could not be appropriately evidenced as having taken place by date of our assessment :</p> <ul style="list-style-type: none"> <li>- Stocktaking procedures</li> <li>- Financial reporting</li> <li>- Training evidence of financial staff</li> <li>- Formalized monitoring procedures</li> </ul>	<p>We recommend to formalize the listed procedures and elaborate written manuals describing particular instructions over listed processes.</p>
2	<p><b>Absence of a comprehensive finance manual</b></p> <p>There is a lack of accessible and practical guidance as to the financial controls and processes which the IP is implementing to ensure a robust financial management and reporting system.</p> <p>This lack of guidance increases the risk that controls are not being consistently understood and implemented across the organisation.</p> <p>The comprehensive finance manual should give consideration to, among other areas, the:</p> <ul style="list-style-type: none"> <li>• expenditure system</li> <li>• budgeting system</li> <li>• payroll system</li> <li>• cash &amp; bank management system</li> <li>• asset management system</li> <li>• donor reporting system</li> <li>• management of sub-recipients / implementing partners</li> </ul>	<p>We recommend that a comprehensive finance manual is designed which provides an accessible, comprehensive guide to the financial controls and procedures implemented by the IP. This finance manual would have the benefit of increasing the likelihood that controls are being appropriately implemented. It would also provide a reference for all stakeholders including non-financial staff, current and potential donors to better understand the procedures implemented by the entity.</p> <p>The manual should be dated and should indicate how often it is to be reviewed, who is responsible for ensuring its timely review and who can authorise any suggested amendments to any of the procedures articulated within the manual.</p>



ეიჯი ინტერნეიშენალ კონსალტინგი  
პ. კავთარაძე, I შესახვევი N10, სართული 5  
თბილისი, საქართველო  
ტელ.: (995) (322) 2 500 130  
ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
P. Kavtaradze, I Turn N10, Floor 5  
Tbilisi, Georgia  
Tel.: (995) (322) 2 500 130  
E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

## Annex I. IP and Programme Information

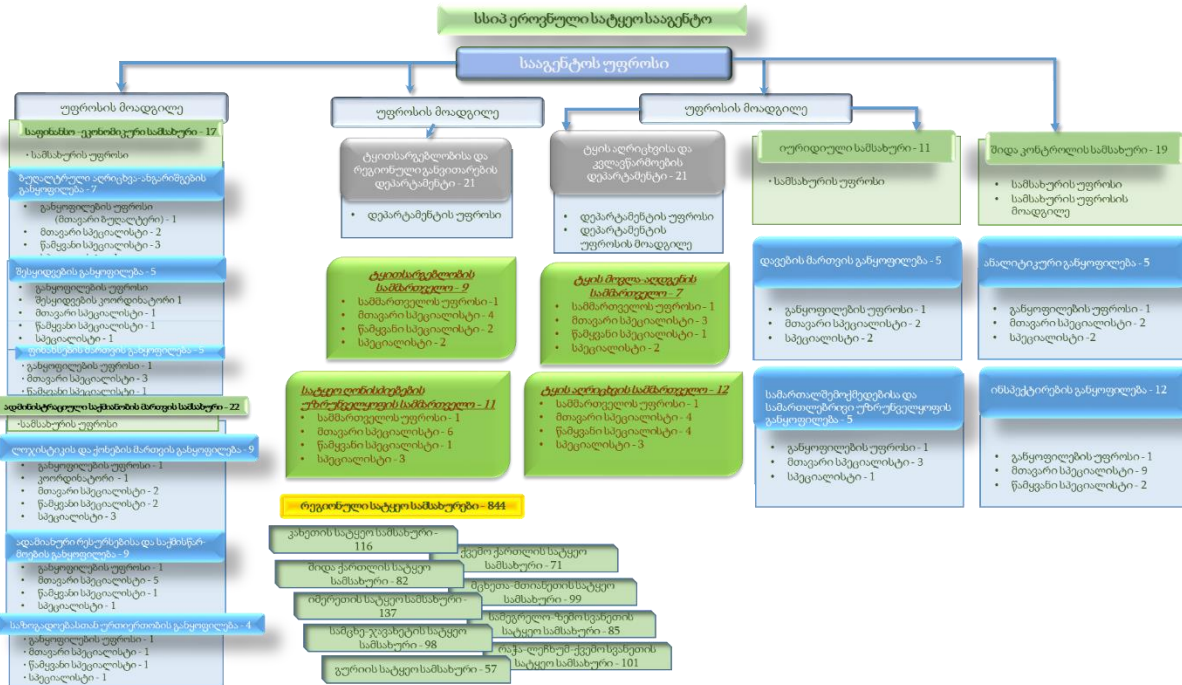
Implementing partner name:	LEPL NATIONAL FORESTRY AGENCY
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	204578581
Implementing partner contact details (contact name, email address and telephone number):	Lia Komakhidze Head of Financial and Economic Department  Address: <i>Gulua St. N6, Tbilisi Georgia.</i>  Tel (Cell): <i>+995 595 000 008</i>  Mail: <i>liakomakhidze@gmail.com</i>
Main programmes implemented with the applicable UN Agency/ies:	N/A
Key Official in charge of the UN Agency/ies' programme(s):	Liliana Gureshidze
Programme location(s):	Tbilisi, Georgia
Location of records related to the UN Agency/ies' programme(s):	Tbilisi, Georgia
Currency of records maintained:	N/A
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$);	N/A
Cash transfer modality/ies used by the UN agency/ies to the IP	N/A
Intended start date of micro assessment:	26/02/2019
Number of days to be spent for visit to IP:	1 (one)
Any special requests to be considered during the micro assessment:	N/A



ვიჯი ინტერნეიშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

## Annex II. Implementing Partner Organizational Chart



## Annex III. List of Persons Met

Name	Unit/organization	Position
Lia Komakhidze	LEPL National Forestry Agency	Head of Financial and Economic Department



ეიჯი ინტერნეიშენალ კონსალტინგი  
პ. კავთარაძე, I შესახვევი N10, სართული 5  
თბილისი, საქართველო  
ტელ.: (995) (322) 2 500 130  
ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
P. Kavtaradze, I Turn N10, Floor 5  
Tbilisi, Georgia  
Tel.: (995) (322) 2 500 130  
E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

## Annex IV. Micro Assessment Questionnaire

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
<b>1. Implementing Partner</b>						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	Identification Code: 204578581 Incorporation Date: 28/03/2011
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.	Yes			Low	1	Organization gained 2 UNDP grant in 2015. First project's total Budget was 50525 Gel; Second project's total Budget was 22458 Gel
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	Organization has liability to present a report to the Ministry of Environment Protection and Agriculture of Georgia
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	
1.5 If any other offices/ external entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?	Yes			Low	1	The organization has a territorial unit
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.	Yes			Low	1	2016 - 8,459,600GEL 2017 - 8,425,700GEL 2018 - 10,195,000GEL
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	Yes			Low	1	The organization is funded by the state budget
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? If so, provide details and actions taken by the IP to resolve the legal action.	Yes			Significant	3	1. შპს "საფორესტაშენი" Defendant - LEPL National Forestry Agency Subject of Dispute - Restoration at work and remuneration of 1,875.00 GEL Monthly. 2. Suer - LEPL National Forestry Agency Defendant - LLC Andri Group Subject of Dispute - Remuneration of insured transport for 13,882.00 GEL. 3. Suer - LEPL National Forestry Agency Defendant - LLC "Mshenebeli" Subject of Dispute - For the defendant 990.91 GEL will be imposed as a penalty 4. Suer - LEPL National Forestry Agency Defendant - LLC GBM Group Subject of Dispute - To pay fee for violation of contract requirements. Requested amount is 10,864.81 GEL 5. Suer - LEPL National Forestry Agency Defendant - LLC "Energizer" Subject of Dispute - To pay fee for violation of contract requirements. Requested amount is 16,711.39 GEL 6. Suer - LEPL National Forestry Agency Defendant - PE Lasha Sajaia Subject of Dispute - To pay fee for violation of contract requirements. Requested amount is 947.18 GEL. On the other hand Lasha Sajaia request remuneration of 8,563.5 Gel. 7. Suer - LEPL National Forestry Agency Defendant - LLC "MB" Subject of Dispute - To pay fee for violation of contract requirements. Requested amount is 7,524.00 GEL 8. Suer - LEPL National Forestry Agency Defendant - LLC "MB"
1.9 Does the IP have an anti-fraud and corruption policy?		No		High	4	
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	Yes			Moderate	2	If the fraud is suspected, employees should address to the director. Process in not formalized.
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. Examples: foreign exchange risk; cash receipts.		No		Low	1	IP only receives funding in national currency.
<b>Total number of questions in subject area:</b>	11					
<b>Total number of applicable questions in subject area:</b>	11					
<b>Total number of applicable key questions in subject area:</b>	5					
<b>Total number of risk points:</b>	17					
<b>Risk score</b>	1.545					
<b>Area risk rating</b>	Low					





ეიჯი ინტერნეშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
<b>2. Programme Management</b>						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	Yes			Moderate	2	Organization doesn't have formalized manual of program activities, but ip works by Approval of the Methodology of Program Budget order# 385
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	Yes			Low	1	
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?		No		Significant	3	
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?		No		Significant	3	
2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results? □	Yes			Low	1	Organization is monitoring programmes and creating reports quarterly
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	1	
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	
2.8 Is it evident that the IP followed up on independent evaluation recommendations? □	Yes			Low	1	
<b>Total number of questions in subject area:</b>	<b>8</b>					
<b>Total number of applicable questions in subject area:</b>	<b>8</b>					
<b>Total number of applicable key questions in subject area:</b>	<b>2</b>					
<b>Total number of risk points:</b>	<b>13</b>					
<b>Risk score</b>	<b>1.625</b>					
<b>Area risk rating</b>	<b>Low</b>					



ეიჯი ინტერნეიშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
<b>3. Organizational Structure and Staffing</b>						
<b>3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?</b>	Yes			Low	1	Vacancy is announced on HR.GOV.GE and there is indicated job descriptions and requirements. Selection process is transparent and competitive
<b>3.2 Does the IP have clearly defined job descriptions?</b>	Yes			Low	1	
<b>3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.</b>	Yes			Low	1	
<b>3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?</b>	Yes			Low	1	
<b>3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?</b>	Yes			Low	1	Employees of financial department are attending trainings and some of them are funded by IP
<b>3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?</b>	Yes			Low	1	
<b>3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?</b>	Yes			Significant	3	During last 5 years Head of department changed three times
<b>3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.</b>	Yes			Moderate	2	IP formalized internal control policy but it isn't detailed
<b>Total number of questions in subject area:</b>	8					
<b>Total number of applicable questions in subject area:</b>	8					
<b>Total number of applicable key questions in subject area:</b>	3					
<b>Total number of risk points:</b>	11					
<b>Risk score</b>	1.375					
<b>Area risk rating</b>	Low					



ეიჯი ინტერნეიშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
<b>4. Accounting Policies and Procedures</b>						
<b>4a. General</b>						
<b>4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?</b>	Yes			Low	1	The organization uses Treasury and ORIS MANAGER softwares.
<b>4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?</b>	Yes			Low	1	Organization is accounting each project separately and each grant has its own code in accounting software
<b>4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?</b>	Yes			Low	1	
<b>4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?</b>	Yes			Low	1	Hence organization works in treasury software all transactions are checked automatically
<b>4b. Segregation of duties</b>						
<b>4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?</b>	Yes			Low	1	Following functional responsibilities are divided between department of financial accounting and department of logistics
<b>4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?</b>	Yes			Low	1	Head of financial resources department is responsible for controlling budget, procurements are done by sub-division which is specialized in procurement policy
<b>4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?</b>			N/A	N/A	-	
<b>4c. Budgeting system</b>						
<b>4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?</b>	Yes			Low	1	
<b>4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?</b>	Yes			Low	1	
<b>4.10 Is prior approval sought for budget amendments in a timely way?</b>	Yes			Low	1	
<b>4.11 Are IP budgets approved formally at an appropriate level?</b>	Yes			Low	1	



ეჯი ინტერნეიშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

4d. Payments						
4.12 Do invoice processing procedures provide for: - Copies of purchase orders and receiving reports to be obtained directly from issuing departments? - Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? - Checking the accuracy of calculations?	Yes			Low	1	Inventory turnover is monitored and checked by Logistic department
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low	1	
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?		No		Moderate	4	
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?		No		Significant	6	Payroll changes are regulated by law. Bonuses are declared by Head of financial department. Organization doesn't use Time sheets
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?		No		Significant	6	
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Low	1	
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	Yes			Low	1	Organization is using Accrual Bases accounting method
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?		No		Significant	3	
4f. Cash and bank						
4.20 Does the IP require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?			N/A	N/A	-	IP doesn't use cash
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?			N/A	N/A	-	
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection, timely deposit and recording of receipts at each collection location?			N/A	N/A	-	
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?			N/A	N/A	-	
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?			N/A	N/A	-	
4.25 Does the IP carry out a regular petty cash reconciliation?			N/A	N/A	-	
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?			N/A	N/A	-	
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?			N/A	N/A	-	
4g. Other offices or entities						
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?			N/A	N/A	-	Accounting is done by central office
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?			N/A		Error	The organization doesn't have internal audit
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?			N/A		Error	
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?			N/A		Error	
4.32 Does the IP act on the internal auditor's recommendations?			N/A		Error	
<b>Total number of questions in subject area:</b>	<b>32</b>					
<b>Total number of applicable questions in subject area:</b>	<b>22</b>					
<b>Total number of applicable key questions in subject area:</b>	<b>13</b>					
<b>Total number of risk points:</b>	<b>33</b>					
<b>Risk score</b>	<b>1.5</b>					
<b>Area risk rating</b>	<b>Low</b>					



ეიჯი ინტერნეიშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
<b>5. Fixed Assets and Inventory</b>						
<b>5a. Safeguards over assets</b>						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Low	1	
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Significant	3	The organization was unable to provide documentation.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Significant	3	The organization was unable to provide documentation.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Low	1	
<b>5b. Warehousing and inventory management</b>						
5.5 Do warehouse facilities have adequate physical security?	Yes			Low	1	Warehouses are protected by police security
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?		No		High	4	
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?		No		High	8	
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	Yes			Significant	3	Procedures not documented
5.9 Are regular physical counts of inventory carried out?		No		High	4	
<b>Total number of questions in subject area:</b>	9					
<b>Total number of applicable questions in subject area:</b>	9					
<b>Total number of applicable key questions in subject area:</b>	2					
<b>Total number of risk points:</b>	28					
<b>Risk score</b>	3.11					
<b>Area risk rating</b>	Significant					



ეიჯი ინტერნეიშენალ კონსალტინგი  
 პ. კავთარაძე, I შესახვევი N10, სართული 5  
 თბილისი, საქართველო  
 ტელ.: (995) (322) 2 500 130  
 ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
 P. Kavtaradze, I Turn N10, Floor 5  
 Tbilisi, Georgia  
 Tel.: (995) (322) 2 500 130  
 E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
<b>6. Financial Reporting and Monitoring</b>						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Low	1	
6.2 Does the IP prepare overall financial statements?	Yes			Significant	3	The organization was unable to provide documentation.
<b>6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.</b>	Yes			Moderate	4	Audit was conducted by the State Audit
<b>6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years?</b>	Yes			High	8	Audit opinion was adverse
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	Yes			High	4	Audit opinion was adverse
<b>6.6 Is the financial management system computerized?</b>		No		Significant	6	
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Significant	3	
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? E.g. password access controls; regular data back-up.	Yes			Low	1	
<b>Total number of questions in subject area:</b>	8					
<b>Total number of applicable questions in subject area:</b>	8					
<b>Total number of applicable key questions in subject area:</b>	3					
<b>Total number of risk points:</b>	30					
<b>Risk score</b>	3.75					
<b>Area risk rating</b>	Significant					



ეიჯი ინტერნეიშენალ კონსალტინგი  
პ. კავთარაძე, I შესახვევი N10, სართული 5  
თბილისი, საქართველო  
ტელ.: (995) (322) 2 500 130  
ელ-ფოსტა: [info@agconsulting.ge](mailto:info@agconsulting.ge)

AG International Consulting  
P. Kavtaradze, I Turn N10, Floor 5  
Tbilisi, Georgia  
Tel.: (995) (322) 2 500 130  
E-mail: [info@agconsulting.ge](mailto:info@agconsulting.ge)

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
<b>7. Procurement and Contract Administration</b>						
<b>7a. Procurement</b>						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	The procurement procedures and policies is specified in the organizational chart and governed by law
7.2 Are exceptions to procurement procedures approved by management and documented ?	Yes			Low	1	
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.	Yes			Low	1	IP follows the procurement system, which is developed by State Procurement Agency and represents a sufficient tool for maintaining necessary reports, selection of supplier and tracking past performance. According to local regulations and laws, all state owns agencies are obliged to announce a tender over 5,000 Gel.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Low	1	
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	
7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the a IP's procurement rules and regulations?	Yes			Low	1	
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	Yes			High	4	
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	Followed procurement procedures in line with electronic portal <a href="http://procurement.gov.ge">procurement.gov.ge</a>
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	1	
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?		No		Significant	3	
7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	Yes			Low	1	
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.		No		Significant	3	
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	Yes			Low	1	
7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	Yes			Low	1	
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?		No		Significant	3	
<b>7b. Contract Management - To be completed only for the IPs managing contracts as part of programme implementation. Otherwise select N/A for risk assessment</b>						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?	Yes			Low	1	
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?		No		Moderate	2	
7.19 Does the IP have a policy on post-facto actions on contracts?		No		Significant	3	
7.20 How frequent do post-facto contract actions occur?	Yes			Moderate	2	
<b>Total number of questions in subject area:</b>	<b>20</b>					
<b>Total number of applicable questions in subject area:</b>	<b>20</b>					
<b>Total number of applicable key questions in subject area:</b>	<b>5</b>					
<b>Total number of risk points:</b>	<b>33</b>					
<b>Risk score</b>	<b>1.65</b>					
<b>Area risk rating</b>	<b>Low</b>					