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Risk Assessment Tool

For internal UNDP use

This template permits the collection of information on potential partner private sector entities, helps to evaluate whether or not UNDP should pursue a partnership with the private sector entity¹, and determines which cases might need to be escalated to HQ.

This template contains the practical steps to be followed to reach a decision on a given partnership. It should be used in conjunction with the "UNDP Policy on Due Diligence and Partnerships with the Private Sector 2013" and "Risk Assessment Tool Guideline" which explains each of the steps in more detail. **This risk Assessment is a mandatory requirement for any type of partnership between UNDP and a private sector entity. Special attention should be paid to complete it well in advance of the planned partnership.**

Content of this document:

- Collate background information.
- Step 1: Assess the Private sector entity against UNDP Exclusionary Criteria.
- Step 2: Research Potential Controversies.
- Step 3: Assess the Private sector entity Commitment to ESG and the Partnership Risks and Benefits.
- Step 4: Make a Decision.
- Step 5: Monitor and Prepare Communication Materials.

Collate Background Information

Private sector entity information	
Name of the private sector entity:	Bitfury Holding B.V. LLP
Contact details of UNDP's main contact(s) at the private sector entity:	Valery Vavilov, Director of Bitfury Holding B.V. LLP, valery.vavilov@bitfury.com Timur Bairov, Head of Bitfury Kazakhstan, timur.bairov@bitfury.com Kemel Aitzhanov, Expert of Bitfury Kazakhstan, kemel.aitzhanov@bitfury.com Vladislav Radysh, Government Relations Director, CIS Region, vladyslav.radysh@bitfury.com
Sector:	Information Technology (blockchain, hardware and software)
Private sector entity description / background:	The Bitfury Group is the largest full-service blockchain technology company in the world. The company develop sand delivers cutting-edge software and hardware solutions necessary for businesses, governments, organizations and individuals to securely move assets across the blockchain.

¹ The UNDP Policy On Due Diligence And Partnerships With The Private Sector (2013) defines the private sector as:

- a) For-profit and commercial enterprises of any size
- b) Corporate foundations (Corporate foundations are independent grant-making organizations that have close ties to the corporation providing funds. Some companies have corporate direct giving programmes instead of foundations; some have both. Examples of such foundations are the Coca-Cola Foundation and the Nike Foundation)
- c) Business associations, coalitions and alliances (including e.g. chambers of commerce, employers' associations, cooperatives, industry and cross-industry initiatives where the participants are for-profit enterprises). These organizations will be assessed on their own merits, rather than on the merits of its members. (For example, UNDP will not exclude working with a chamber of commerce because it may have a company from an excluded sector among its members. However, if the chamber or association itself is involved in promotion of an excluded sector, then UNDP will not engage with them)
- d) State owned enterprises.

Controlling private sector entity and subsidiaries:	More detailed information represented on the Company's website https://bitfury.com/about Bitfury Group, established by Valery Vavilov in 2011.
Countries / regions of operation of the private sector entity:	The Bitfury Group has offices in Washington D.C., London, Amsterdam, Tokyo, Hong Kong, Seoul, Dubai and Moscow, and datacenter operations in Iceland, the Republic of Georgia, Canada and Norway.
Date of assessment:	December 2019
Annual turnover in US\$:	Latest valuation: \$1 billion plus Bona fides: \$500 million in revenue in 2018 https://www.forbes.com/companies/bitfury/#3b18ab311a48
Number of employees:	More than 3000 people
Information sources:	<ol style="list-style-type: none"> 1) Documents of the Company <ul style="list-style-type: none"> • Health, Safety and Environmental Policy • Human Rights Policy • Government Relations Policy 2) www.bitfury.com 3) yevheniia.lipska@bitfury.com 4) discussions in meetings with company representatives, 1) July 17, 2018; 2) February 5, 2019; 3) February 26, 2019. 5) oral review of experts of AIFC
Credibility of the information:	High. Bitfury website, public research platforms and Wikipedia, company's legal documents
Relationships between UNDP staff and the private sector entity	UNDP staff do not have any relationship with the private sector entity
Comments:	None

UN partner

Does UNDP or any other member of the UN family currently have, or has it previously had, any relationship with the private sector entity?

If **yes**, please briefly explain in the comment box the nature of the relationship with the private sector entity.

No previous partnership.

Comments: -

Level of due diligence

The risk assessment needs to be completed for any potential partnership with a private sector entity. If the private sector entity is a general participant in a UNDP event, no risk assessment needs to be done. For major event panelists it is recommended that the exclusionary criteria are checked. For any other type of engagement the due diligence needs to be done as defined in the "Level of Due Diligence" matrix (either limited or full due diligence).

The level of due diligence applied will be influenced by the type of partnership and the sector of activity. Please refer to the *Policy on Due Diligence and Partnerships with the Private Sector (2013)* for an overview of the different types of partnership and details about the high-risk sectors mentioned in the footnote. For a detailed description about cases when the risk assessment needs to be done, please refer to the Guideline.

Select the appropriate level of due diligence to be applied from the table below (several types of partnership may apply, select all that are applicable).

NB: Note that for private sector partnerships that involve project funding, the project must also be reviewed to ensure compliance with UNDP's Social and Environmental Standards, including through UNDP's Social and Environmental Screening Procedure (<https://undp.unteamworks.org/ses>).

Sector of activity of the private sector entity Type of partnership	Low-risk	High-risk
Advocacy and policy dialog	<input type="checkbox"/> Limited due diligence. ⇒ If there are no issues with the exclusionary criteria and significant controversies (Step 1 and 2) you can move directly to decision (Step 4).	<input type="checkbox"/> Normal due diligence ⇒ All of the steps in this document must be completed. High-risk sectors include the following, select the one/s that apply: <ul style="list-style-type: none"> <input type="checkbox"/> Oil and gas <input type="checkbox"/> Metals and mining <input type="checkbox"/> Utilities <input type="checkbox"/> Large infrastructure <input type="checkbox"/> Agriculture and fishing <input type="checkbox"/> Timber, pulp and paper <input type="checkbox"/> Alcohol <input type="checkbox"/> Chemicals (incl. pharmaceuticals) <input type="checkbox"/> Clothing, toys and consumer electronics <input type="checkbox"/> Fast food, high sugar drinks and soda A full list can be found in the policy.
Resource mobilization / Private sector entity providing financial resources to UNDP to implement ≤ US\$100,000 (total contribution)	<input checked="" type="checkbox"/> Normal due diligence. ⇒ All of the steps in this document must be completed.	
Resource mobilization / Private sector entity providing financial resources to UNDP to implement >US\$100,000		
Core business for inclusive market development (programmatic joint initiative)		
Innovations (e.g. pro-bono provision of technology to support a UNDP project)		
Transformational partnerships (broader collective partnerships)		

Description of the planned collaboration:

The planned financial collaboration involves the development and implementation of a new project on offset greenhouse gas emissions from forest ecosystems. The main goal of the project is to introduce into the Kazakhstani forest management practice a mechanism of offsetting greenhouse gas emissions from through ecosystems. The project is aimed at 1) creating green forest belts around the cities of Pavlodar and Aksu in the Pavlodar region, 2) transferring the unrecorded forests of the East Kazakhstan and Pavlodar regions into the category of managed forests.

The project consists of several stages: 1) data collection and preparation of the PIF project; 2) preparation of the project document; 3) project implementation in accordance with the UNDP logical framework and procedures. According to the preliminary discussion, the implementation of each stage will be formalised by agreements and financed by the Bitfury. The expected amount of funding USD \$ 1,5 million with a potential of being scaled up. Herewith the amount of funding is tied to the amount of energy consumed by the company. The project implementation is supported by the Ministry of Agriculture of the Republic of Kazakhstan and local executive agencies.

Comments: None

Step 1: Assess the Private sector entity against UNDP Exclusionary Criteria

1.1 Exclusionary criteria

UNDP has defined a set of exclusionary criteria outlining those business practices considered unacceptable to the organization. The Policy on Due Diligence and Partnerships with the Private Sector (2013) defines the threshold limits when UNDP cannot engage with private sector entities involved in the below mentioned exclusionary criteria. The thresholds have also been defined for parent companies, subsidiaries and supply chain, remember to also check any potential issues with them. If any evidence is found, the issue needs to be compared with the exclusionary criteria matrix and defined whether the evidence is within or above the exclusionary criteria threshold.

Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons. ²	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence ³ <input type="checkbox"/> Not known
Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Replica weapons marketed to children.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Manufacture, sale or distribution of tobacco or tobacco products.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Violations of UN sanctions and the relevant conventions, treaties, and resolutions, and inclusion in UN ineligibility lists or UNDP vendor sanctions list.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Involvement in the manufacture, sale and distribution of pornography.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known

² [The Convention on Certain Conventional Weapons](#), ICRC, [Ethical Investment Research Services](#) and [Ethix Sri Advisors Guidance to institutional investors](#) also covers **non-detectable fragments, blinding laser weapons, incendiary weapons, booby traps and depleted uranium ammunition**.

³ There is no threshold option as UNDP will not, under any circumstances, partner with a private sector entity that has activities related to controversial weapons.

Manufacture, sale or distribution of substances subject to international bans or phase-outs ⁴ , and wildlife or products regulated under the CITES ⁵	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Gambling including casinos, betting etc. (excluding lotteries with charitable objectives).	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Violation of human rights or complicity in human rights violations.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Use or toleration of forced or compulsory labor.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Use or toleration of child labor.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known

Comments: No data on the company's attitude to the above criteria

Conclusion

All "No evidence" boxes ticked and "Limited due diligence" selected above:

⇒ Continue with the risk assessment.

All "No evidence" boxes ticked and "Normal due diligence" selected above:

⇒ Continue with the risk assessment.

One or more "Evidence within threshold" or "Not known" boxes ticked / Exception

⇒ Explain in the comment box why a partnership is still worth pursuing.

⇒ The complete risk assessment tool including your conclusions must be escalated to HQ after finalization.

Any exclusionary criteria above threshold, or several "Not known" boxes ticked:

⇒ Refrain from engaging

⁴Initiatives and activities with private sector entities falling under the auspices of the Montreal Protocol; and the Stockholm and Minamata Conventions on Ozone depleting substances, POPs and Mercury respectively, will not be covered under this policy but under their specific guidelines.

⁵ CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival. <http://www.cites.org>

Comments: The envisaged partnership aims to mobilize resources for forest biodiversity conservation and creation of forests through a mechanism for offsetting greenhouse gas emissions. UNDP intends to support the introduction in Kazakhstan of new innovative mechanisms of biodiversity and ecosystems conservation

Step 2: Research Potential Controversies

2.1 Potential Controversies

Potential partner private sector entities may be exposed to controversies or there may be factors that can cause reputational risks to UNDP. Annex 2 of the *Risk Assessment Tool Guidelines* contains guidance on how to gather information.

List below any controversies and possible reputational risks that are not already covered in step 1.1., i.e. controversies not directly related to exclusionary criteria. Use the comment box to provide details of the criticism. Controversies and reputational risks may relate to issues such as:

Labor

- Discrimination at work⁶
- Freedom of association and the right to collective bargaining
- Occupational health and safety
- Poor employment conditions

Communities

- Community health and safety
- Impact on livelihoods
- Local participation
- Social discrimination
- Indigenous peoples

Environment

- Pollution (including climate change)
- Impact on ecosystems and landscapes
- Overuse of resources
- Waste management
- Mistreatment of animals

Governance

- Corruption
- Fraud
- Tax evasion

Product-related

- Product safety
- Controversial products or services, e.g. use of conflict minerals in the products
- Marketing of breast milk substitutes contrary to the WHO's International Code of Marketing of Breast-Milk Substitutes.⁷

Ownership or management

- Controversies related to the individuals owning or managing the private sector entity

Significant criticism from local or global NGOs / media/social media or other significant partners of UNDP (including CSO advisory committee, marginalized people etc.) locally or globally

No evidence

Evidence

Not known

Significant criticism from governmental agencies / political parties that makes UNDP participation politically sensitive

No evidence

Evidence

Not known

Recurring local public events against the private sector entity (e.g. local demonstrations)

No evidence

Evidence

Not known

⁶ This also includes assessing potential partner's commitment to gender equity. For example, do they have family friendly policies, equal wages for equal jobs, work-life balance policies, etc.

⁷ The WHO's International Code of Marketing of Breast-Milk Substitutes is available at [WHO website](#)

Global public events (e.g. significant demonstrations at several locations, significant online protests)	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
Relevant legal case in progress/in court etc.	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
Other (specify):	<input checked="" type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known

Comments: According to GR Policy the company adheres to a responsible attitude to both employees and partners of the company. The company works on the creation of innovative products in the field of healthcare, education, music, business development.

Conclusion	
<input checked="" type="checkbox"/> All "No evidence" boxes ticked ⇒ 'Normal due diligence' - Continue with the risk assessment. ⇒ 'Limited due diligence' - If there was no evidence of exclusionary criteria and no evidence of significant controversies you may skip Step 3 and move directly to the Step 4 "Make a decision". The decision can be taken locally.	<input type="checkbox"/> One or more "Evidence" or "Not known" boxes ticked ⇒ Research publicly available sources (e.g. search for public statements from the private sector entity), or contact the private sector entity to assess how it addresses the identified significant controversies. List these elements in the comment box below. ⇒ Continue with the risk assessment. Consult with HQ to determine escalation of the decision to HQ after risk assessment finalization.

Comments: There is no evidence of the company's involvement in the activities listed in the criteria above.

Step 3: Assess the Private sector entity's Commitment to ESG and the Partnership Risks and Benefits

3.a) Private sector entity's engagements ⁸		
Is the private sector entity a participant in the UN Global Compact?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> Not known
If "yes" to the question above: a) Is the private sector entity actively communicating its progress and level of reporting? See: General Communication on Progress (COP)	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity have any sustainability-related certifications or reporting (e.g. ISO14001, SA8000, AA1000, OHSAS 18001, or GRI Principles)? Provide details in the comment box below.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> Not known
Is the private sector entity included in any sustainability or ESG-related indices (e.g. FTSE4Good, Dow Jones Sustainability Indexes, etc.), or similar national/regional initiatives? Does the private sector entity abide by any voluntary sustainability or ethical principles or guidelines ⁹ ? List them in the comment box below.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> Not known

⁸ The private sector entity does not have to have a positive answer to all these questions, especially SMEs and even larger domestically oriented private sector entities may not be engaged in these initiatives.

⁹ Examples of voluntary sustainability or ethical principles include: e.g. Principles for Responsible Investment, Extractive Industries Transparency Initiative, Voluntary Principles on Security and Human Rights, Equator Principles.

Comments: According to the Company's response to the request (March 5, 2019) the Bitfury has no current partnership relations with UNDP, no relevant certificates and related regular reporting practices. This is a voluntary certification for the class of equipment manufactured by Bitfury. Also, the company is not included in any sustainability index or ESG-related indicators.

5 b) Private sector entity's commitment to ESG issues ¹⁰		
Human rights:		
Does the private sector entity have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts, especially on the local communities, that are directly linked to its operations ? ¹¹	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and a monitoring system cover occupational health and safety issues , ensuring that workers are afforded safe, suitable and sanitary working conditions? ¹²	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system cover land or property issues, i.e. does the private sector entity ensure that all affected owners and users of the land or property used by the private sector entity have been adequately consulted and compensated ?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system cover the rights of indigenous peoples , and in particular the principles of self-determination and self-governance, the right to lands and natural resources, including issues of resettlement, and the right to free, prior and informed consent?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system cover the private sector entity's security arrangements , i.e. whether or not they comply with international human rights principles for law enforcement and the use of force (e.g. have security personnel received adequate human rights training)? ¹³	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity have an appropriate dispute resolution mechanism that is in line with the human rights norms and principles?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts that are directly linked to products and services by its business relationships (business partners, entities in its value chain, other non-State or State entities)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Labor:		
Does the private sector entity have a policy and a monitoring system to ensure fair labor practices ¹⁴ at its operations ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system adequately ensure equal opportunity to all employees and applicants regardless of ethnic origin, color, age, gender, sexual orientation, religion, marital status?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known

¹⁰ The private sector entity does not have to have a positive answer to all these questions, especially SMEs and even larger domestically oriented private sector entities may not have all the different policies and systems in place.

¹¹ An example of a [framework specifically designed for human rights](#)

¹² Useful resources can be found at [ILO website](#)

¹³ Useful resources can be found at [Global Compact website](#)

¹⁴ International Labor Standards provide a framework for fair labor practices. The fundamental conventions include: Freedom of Association and Protection of the Right to Organise Convention, 1948; Right to Organise and Collective Bargaining Convention, 1949; Forced Labour Convention, 1930; Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999; Equal Remuneration Convention, 1951; and Discrimination (Employment and Occupation) Convention, 1958. ([ILO](#))

Does the private sector entity have a policy and a monitoring system that seeks to promote fair labor practices in its interactions with suppliers and business partners ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system ensure freedom of association and the right to collective bargaining ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system ensure the elimination of forced or compulsory labor ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system ensure the elimination of child labor ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Environment:		
Does the private sector entity have a policy and a monitoring system to minimize environmental damage at its operations ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity have a policy and a monitoring system which it applies to working with suppliers to improve environmental performance, extending responsibility down the supply chain ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity have a policy and a monitoring system to reduce emissions (emissions to air, waste and effluents)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity have a policy and a monitoring system to ensure that natural resources are used in a sustainable manner?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity take action to reduce energy consumption ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity prevent, minimize and remedy significant impacts on biodiversity ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the private sector entity have emergency procedures in place to prevent and address industrial accidents affecting the environment and human health effectively?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Good governance:		
Does the private sector entity have a policy and a monitoring system stating that it will not engage in corruption at any time or in any form in its interaction with suppliers, intermediaries, governments and business partners?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known

Comments: According to the Health, Safety and Environmental Policy and Human Rights policy Biffury considers Environmental Protection, Health of Employees and Safety of Activities as belonging to the highest Company priorities and as a key values and contribution to sustainable development. The HSE Management System is therefore actuated as a leading value of company's culture and business development.

Conclusion

Is the private sector entity's commitment to ESG appropriate **in relation** to its exposure to risks? In principle, most answers would be expected to be positive for multinationals. For smaller and domestically oriented private sector entities more flexibility can be applied.

Yes

⇒ Continue risk assessment.

No or not known / exception

⇒ Explain in the comment box below why you believe that the private sector entity is willing and able to address significant gaps.

⇒ Continue risk assessment.

No or not known

⇒ Refrain from engaging.

Comments: None

3 c) Partnership Risks

UNDP must maintain impartiality and accountability to all of its private and public stakeholders. UNDP's engagement with the private sector must therefore allow UNDP to remain unbiased, while supporting its overall goals and objectives. Similarly, the agreed partnership must not in any way compromise the integrity and independence of UNDP or that of the parties involved.

Evaluate market risks and select applicable statements below:

<p>Impartiality UNDP will not – and will not be perceived to – give any unfair advantage to one or more businesses within an industry, sector or market, neither is it perceived to have endorsed a particular business, product or service.</p>	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>No market distortion The partnership will not have negative unintended consequences by distorting a market by giving one business or group of businesses an unfair advantage and/or by crowding out other economic actors.</p>	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Non-exclusivity UNDP will not enter in an exclusive relationship with a private sector entity that would exclude UNDP from working with another private sector entity from the same sector.</p>	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Reasonable benefit The benefit to the private sector entity from the collaboration will not be disproportionately high compared to the public benefits or benefits to UNDP.</p>	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Non-dependency in procurement / No conflict of interest The private sector entity has been informed that partnering with UNDP will not provide preferential treatment in procurement process.</p>	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Political Risks¹⁵ It is unlikely that any potential political risks would arise during the partnership.</p>	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known

Comments: None

3 d) Partnership Benefits

The balance between expected risks and expected benefits must be in line with the risk tolerance of UNDP. UNDP may generally be willing to bear higher risks if the benefits of the partnership clearly outweigh the risks.

Select applicable statements below:

¹⁵ Political risks include the consequences and likelihood of changes in government. Special attention should be given to countries under United Nations sanctions. Political risks also include the risk of having the government withdraw support for the partnership or UNDP engaging in close partnership with an actor that is seen as business arm of the political elite.

There are significant potential gains in terms of achieving one or more of UNDP's strategic priorities within the UNDP Strategic Plan and Private Sector Strategy.	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The private sector entity is among the most suitable partners available in the country context.	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
There is considerable potential for long-term engagement with the private sector entity, in which resources are contributed on a significant scale, and there may be a significant outcome in terms of human development.	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership is likely to create immediate results in the well-being of communities that are facing high rates of poverty and a low human development.	<input checked="" type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership will create wider awareness of, and support for, UNDP and its causes from positive exposure and publicity surrounding the collaboration.	<input checked="" type="checkbox"/> Correct <input type="checkbox"/> Not relevant	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership allows access to new innovations for development.	<input checked="" type="checkbox"/> Correct <input type="checkbox"/> Not relevant	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
Other (specify):	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
Comments: None		

Conclusion		
<input checked="" type="checkbox"/> ● All "Correct" boxes ticked under Market risks and Political risks. The risk-benefit analysis indicates that the partnership is worth pursuing. ⇒ Go to step 4 "Make a decision".	<input type="checkbox"/> ● One or more "Incorrect" or "Not known" boxes ticked under step Market risks and Political risks, but they are clearly outweighed by the "Yes" boxes ticked under step Benefits. The risk-benefit analysis indicates that the partnership is worth pursuing. ⇒ Record your reasoning in the comment box below. ⇒ Go to step 4 "Make a decision".	<input type="checkbox"/> ● One or more "Incorrect" or "Not known" boxes ticked under step Market risks and Political risks and they are <i>not</i> sufficiently outweighed by benefits. ⇒ Refrain from engaging.
Comments: -		

Step 4: Make a Decision

Based on the information collected in this template, make a suggestion as to whether or not UNDP should engage in the partnership. Some partnerships may be considered worth pursuing given certain conditions. These conditions should be defined at this stage, and should be communicated to and accepted by the private sector entity. Use the box below to set out your proposal as to whether or not UNDP should engage in the partnership, including the conditions, if applicable. Remember that it is essential that there is separation between the staff who are directly involved in developing the relationship and making a recommendation as to whether or not to proceed, and the staff who make the final decision.

Suggested decision by the initiating unit

If all : approve without or with conditions (see below).

If one or more : escalate the Risk Assessment Tool, including your conclusions, to HQ.

If one or more : refrain from engaging.

Rationale for the decision: Bitfury is considered to be a low-risk company, according to this assessment. The company is registered in the Republic of Kazakhstan on the platform of Astana International Financial Center and cooperates with the Government of Kazakhstan, Akimat of the city of Nur-Sultan, developing the introduction of the blockchain into the system of services for the population in the field of ecology, healthcare, education.

The main objectives of the partnership between UNDP, Bitfury and the Governemnt of Kazakhstan will be achieved through the following measures (1) reduction of the "carbon footprint" produced by Bitfury's electricity suppliers in the Republic of Kazakhstan by 110% with a total consumption of 82 MW (2) supporting Kazakhstan's national initiative to create compensation mechanisms to neutralize greenhouse emissions of gases in the framework of fulfilling the obligations under the Paris Agreement (3) contributing to the achievement of the UN Sustainable Development Goal, which involves the restoration of 350 million ha of forests of the world by 2030 combating climate change.

With this UNDP will regularly monitor and evaluate adherence to the principles of responsibility and ethics.

Conditions: None

For cases that do not require escalation: decision by the RC/RR for COs, or the Regional Director for Regional Bureaus, or designated persons with the proper authority (please specify).

Approve without or with conditions (see below).

Refrain from engaging.

Person designated to make the decision: Yakup Beris, UNDP Resident Representative in Kazakhstan

Signature:


6/12/19

Rationale for the decision: The Due Diligence Risk Assessment does not provide any cause for concerns or major risks associated with UNDP engaging in partnership with Bitfury.

Conditions: None

In escalated cases, decision by HQ

Approve without or with conditions (see below).

Refrain from engaging.

Rationale for the decision: n/a

Conditions: n/a

Step 5: Risk Log, Monitoring Plan and Communication Materials

The Project Manager should also document the risks that have been identified into a risk log of the Project Document. If the partnership is part of a project that already has a risk log, these risks can be added into the existing mechanism. In low-risk and short term partnerships the project manager may decide that risk log is not needed.

Has a risk log been done?	
<input type="checkbox"/> Yes ⇒ Attach the risk log to this document or explain in the comment box below where it can be found.	<input checked="" type="checkbox"/> No ⇒ Explain in the comment box below why a risk log has not been done.
Comments: A risk log will be prepared by December 2019.	

The Project Manager should regularly scan publicly available information and informal intelligence systems for new controversies surrounding the private sector entity or its industry. Any significant issues that might cause potential damage should be flagged to HQ, and should be recorded in the Private Sector Due Diligence Database. Similarly, the Project Manager should regularly assess whether or not the private sector entity is meeting the conditions (if any) defined in step 4 above. Especially if there are specific conditions set for the partnership it is recommended to prepare a monitoring plan.

The Project Manager can be supported in the monitoring activities by the Regional Bureau or HQ, especially in difficult cases.

Has a monitoring plan been defined?	
<input type="checkbox"/> Yes ⇒ Attach the monitoring plan to this document or explain in the comment box below where it can be found.	<input checked="" type="checkbox"/> No ⇒ Explain in the comment box below why a monitoring plan has not been defined.
Comments: The monitoring plan will be created at the stage of preparing the PIF of a joint project for the development and implementation of forest carbon projects.	

The Project Manager is in charge of drawing up the needed communications materials that cover the basic details about the partnership and possibly address the main risks identified during the risk assessment process. For partnerships that do not involve significant risks, the Project Manager may decide that there is no need for communications materials.

Have the needed communications materials been drawn up?	
<input type="checkbox"/> Yes ⇒ Attach the communications materials to this document or explain in the comment box below where they can be found.	<input checked="" type="checkbox"/> No ⇒ Explain in the comment box below why communications materials have not been drawn up.
Comments: Communications materials have not been drawn up as the new project has not be launched. Necessary communication materials will be formed by UNDP units responsible for project management	