Minutes of the Virtual Local Project Appraisal Committee Review

Project: Mayors for Economic Growth Facility

Date: 8 December 2020

1. LPAC Committee members

Name	Title
Agi Veres	Deputy Regional Director, RBEC, LPAC Chairperson
Gerd Trogemann	IRH Manager
Dmitri Mariassin	Resident Representative, UNDP in Armenia
Alessandro Fracassetti	Resident Representative, UNDP in Azerbaijan
Alexandra Solovieva	Resident Representative, UNDP in Belarus
Louisa Vinton	Resident Representative, UNDP in Georgia
Dima Al-Khatib	Resident Representative, UNDP in Moldova
Dafina Gercheva	Resident Representative, UNDP in Ukraine
Bharati Sadasivam	Team Leader, Gender and Women empowerment, IRH
Farid Garakhanov	Operations Manager, IRH
Nicholas Reader	Chief of Strategy & Partnerships for UNDP Europe & CIS

LPAC QA and presenters

Ekaterina Paniklova	Chief, Country Office Solutions and Regional Programme Coordination, RBEC/IRH, LPAC initiator
Abusabeeb Elsadig	RBM and QA Specialist, IRH, Quality Assurance
Lejla Sadiku	Innovation Specialist, IRH, presenter
Robert Bernardo	Governance and Peacebuilding Team Leader, a.i., IRH, presenter
Yuliya Shcherbinina	RBEC COST Specialist – CO desk for Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine

2. Background information on the project:

Estimated project budget: EUR10 million
<u>Planned project starting date and duration</u>: 1 January 2021 - 31 December 2024
<u>Geographic coverage</u>: Eastern Partnership countries
<u>Major counterparts of the project</u>: UNDP Country Offices in Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine)
<u>Project implementation modality</u>: DIM

3. Summary of Mayors for Economic Growth Facility:

The proposed project aims to enhance economic inclusive growth and job creation in the region by supporting local authorities in the EaP countries to design and implement Local Economic Development Plans (LEDPs). The project will entail strengthening assistance to implement LEDPs developed during the first phase of the Mayors for Economic Growth project, including through development, seeding of dynamic and bankable portfolios, de-risking early investment into transformative projects and assisting local governments to tap into public and private finance. The action will cover secondary cities in the Eastern Partnership countries.

The overall objective of the project is to enhance economic inclusive growth and job creation in the region by supporting local authorities in the EaP countries to design and implement Local Economic Development Plans (LEDPs) in line with the principles of good governance and sound financial management.

The specific objectives of the new phase of the M4EG project are to:
1. Support local authorities in their participation to the M4EG initiative.
2. Support the preparation and implementation of local authority projects building on approved LEDPs.

During project implementation, the already established M4EG network will increase further beyond the current 400 signatories, and 12 local authorities will go through a process of portfolio development. Three funding facilities will be available to the local authorities in the network: the EU Project Fund (2021), Annual Portfolio Call (2021-2023) and M4EG Innovation Project Call (2021-2023).

4. Summary of LPAC member comments

The key comments from the LPAC members are summarized below:

1) Addressing specificities of the individual countries in the sub-region – notably Belarus and Azerbaijan, a special registration procedure is required. This may lead to delays in implementation, as project activities in these countries cannot commence before there is endorsement and registration in the country.
2) Budget allocation per country – restrictive policies for CSOs in some OIC countries and lack of legislation of crowdfunding may hamper the effectiveness of the project. Leveraging partnerships, existing CO knowledge and expertise, as well as programming is necessary;
3) Building on existing partnerships – leveraging existing platforms active in RBAS and other regions, leveraging learnings across the potential beneficiaries, and connecting to existing UNDP initiatives that are working in related areas would ensure stronger synergies and higher level of impact.
4) Leveraging the existing capacities in COs and building the capacities where they don't exist – this approach will be well taken into account through choosing the priority countries and choosing the seven countries annually to work with.

A detailed comments log is annexed to this document.

5. Final LPAC recommendation:

No objections were raised regarding the project. The project design is of sufficient quality to move to the implementation stage. A detailed comments log is in the Annex 1 to this document.

Prepared by: Lejla Sadiku, Regional Innovation Specialist, IRH

Cleared by: Ekaterina Paniklova, Chief, COST/RP, RBEC/IRH

Approved by: Agi Veres, Deputy Regional Director, RBEC, LPAC Chairperson

Annex 1: ***Comment Log to the draft project document "NGO Empowerment"***

<table>
<tr><th>Comments received from the LPAC member regarding the project design</th><th>Response by Leila Sadiku, Regional Innovation Specilast, presenter</th></tr>
<tr><td>Dmitry Mariassin, RR, UNDP Armenia

1) The ProDoc mentions that it builds on the 1st phase of "Mayors for Economic Growth" project which had introduced an integrated approach to local economic development planning; however, this had not generated the desired investments for transformation, at least not in Armenia. So, for this project - M4EG -II, it would be very important to understand and analyze the reasons and challenges that hindered the achievement of set transformation, to be able to choose correct strategies and propose appropriate solutions. The ProDoc could perhaps mention what key solutions it would employ to address that gap. Ideally, we should be able to demonstrate that the offered portfolio approach and systems transformation through innovation will overcome the challenges of phase I and ensure investments and implementation of the LEDPs.

2) We suggest to beef up the RRF so it can cover all key activities. Some important results like increased public and private funding, level of attracted investments, green recovery, etc. are not covered.

3) Also participating countries' contribution is detailed only at Impact level while it would be very important for the COs to have clear targets at Outcome and Output levels.

4) As additional input into the respective part of the ProDoc, where we speak about UNDP's capacities: we would like to offer from UNDP CO Armenia the capacities – which can eventually be shared by all beneficiary COs. Specifically: on system transformation & complexity, foresight, innovative finance models

5) Finally, predictably, we ask that the Project helps maximize the actual financial envelope going to the COs, and we would welcome an early discussion on the detailed project budget for 2021-22.</td><td>1) M4EG I is currently undergoing a final evaluation, and lessons learned will be drawn from that experience to feed into the implementation of the second phase. One of the key feedback on the first phase has been the lack of participatory processes in the design of LEDPs and limited consultation with the private secor. Under UNDP implementation, the project will focus on broad consultative and listening processes to ensure that designed projects reflect needs of communities and tap into narratives of transformation.

2) The context and legislation between countries in the region is very diverse, and would be difficult to draw on regional results. However, continuous sensemaking and embedded M&E function will enable capturing and tracking these results.

3) During the inception phase, a detailed AWP and results framework will be designed and agreed with the Country teams, during project implementation stage.

4) This has been added to the ProDoc, in the additional section on Regional Context.

5) The project will continuously seek to devolve the financial envelope towards the COs. A detailed project budget will be provided at the start of project implementation to the CO.</td></tr>
<tr><td>Alessandro Fracassetti, RR, UNDP Azerbaijan

1) The implementation will need to be discussed in detail with the government here given the sensitivities linked to a regional Programme at this time. The programme can be presented as an opportunity to support conflict and COVID-19 affected communities to get back on their feet.</td><td>1) The country team will be provided necessary documents to undergo consultations and dialogue with the government. The programme focuses on COVID-19 recovery which should facilitate buy-in.</td></tr>
<tr><td>Dima Al-Khatib, RR, UNDP Moldova</td><td></td></tr>
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1) A clarification is requested to country allocations.	1) The shared budget was the one that was signed with the EU. A detailed budget has been provided to all COs subsequently, as well as a detailed allocation per CO.
Dafina Gercheva, RR, UNDP Ukraine 1) Consider a more decentralized team composition. The country team should be sufficiently staffed and the following functions have to be distributed between the three members of the local team: a. overall coordination of activities within the country; b. day-to-day monitoring and support to the implementation of supported local initiatives; c. support to local communication activities; d. data/info collection; e. administrative support. 2) Some additional administrative/logistical support may be required from the Country Offices (to operations, M&E, communications, etc.), which should be covered from the project budget. Consider allocating some resources for cost-recovery of such support.	1) The envisioned project team is supposed to cover coordination, financial administration and day-to-day monitoring, with dissemination of information. The project hasn't envisioned data collection capabilities at the country level. However, should the need emerge during project implementation then current capacities could be complemented through consultants. 2) These can be discussed and addressed on a case-by-case basis.
Anna Chernyshova, DRR, UNDP Georgia 1) The document almost entirely lacks any data or evidence as to why this project is needed and of the current situation on the ground in different countries. The countries context is also missing. There are no references to any operational research or studies to substantiate the need for so many trainings. 2) If there are six countries participating, there are only two municipalities per country which will receive small grants. Please confirm. If there are 50 projects, it means there will be just 8 projects per country or so. Please confirm. 3) Allocation per country for programming and for project management. The CO teams are not spelled out so we are unaware how many positions and at which level were allocated to CO.	1) An entire section has been added on the regional context, which also includes details on country level contexts and UNDP leverage. The reflection on TA needed for local authorities stems from also from the first phase - which was entirely dedicated to capacity development and the evaluation found that there was a continuous need for local authority capacities to be built across the region. Additional country level context has been added to the project document. 2) The overall contribution for local authority projects is over 4million EUR, which is about 40% of the overall allocation for the project - and we expected somewhere around 70 projects for this. The competition will be open to all and competitive for all local authorities within the sub-region, so it is not predetermined how many projects a country will have. In addition, local authorities that are a part of the network have access to the EU CFP which has been published (that we will shortly share some information on). 3) Each country is expected to have a Project Coordinator (100%) and a Project Associate (50%). In the budget, there is an allocation for SB4 for the Project Coordinator, and for the project associate, as well as the project office costs. A detailed budget breakdown has been shared with the COs.
Kiryl Stsezhkin, Programme Manager, UNDP Belarus 1) Project will need to be registered at the country level, due to country specifics. There is a need to have a separate country-specific project document to meet the requirements of local legislation on ITA national approval and registration. This will also require the specific budget	1) At the start of project implementation, country team will be supported to go through the project registration.

for the countries to be allocated. National approval and registration might be a lengthy and cumbersome process, and for Belarus the official project start date will be the date of registration.	
2) Budget figures in excel, prodoc cover page and page 16 of the prodoc do not match.	2) These have been revised.
3) The project document reads that UNDP will use structures already in place (Country Offices in host countries) to serve as project offices for the implementation of the Action. The DoA specified two service contracts capacity to manage project activities at the CO level. I presume, the arrangement remains the same.	3) Each CO is envisioned to have one full time National Project Coordinator and one 50% project/financial assistant. Clearer language is included in the final ProDoc.