

ANNEX 1. Project Quality Assurance Report

Design & Appraisal Stage Quality Assurance Report

Form Status: Approved

Overall Rating:	Highly 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:	00139001
Portfolio/Project Title:	Applied SME Capability Centers - Phase II
Portfolio/Project Date:	2022-01-10 / 2024-12-30

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's link to the Programme's theory of change is explained in detail under the Development Challenge and Strategy section. ToC diagram is also enclosed in the attachment. It clearly demonstrates the results chain including the linkages between activity, output, outcome and impact level.

List of Uploaded Documents			
#	File Name	Modified By	Modified On
1	ToC_11957_101 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/ToC_11957_101.png)	sedef.zaglikilic@undp.org	2/15/2022 12:09:00 PM

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 Plan¹ and adapts at least one Signature Solution². 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 Plan⁴. 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:

The project responds the development setting of "Accelerate structural transformation for sustainable development" and "Eradicate poverty in all its forms and dimensions"
Signature solution is :Keeping people out of poverty.

The specific strategic plan output this project contributes to is 3.4.1 Innovative nature-based and gender-responsive solutions developed, financed and applied for sustainable recovery.

CPD output 2.1 and indicator of "2.1.1 Number of inclusive local economic development partnerships at scale for accelerating sustainable economic growth" reports against this SP output at the same time.

Draft project document is attached.

List of Uploaded Documents			
#	File Name	Modified By	Modified On
1	DRAFT20220217ProjectDocument-MFPhase2Clean_11957_102 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/DRAFT20220217ProjectDocument-MFPhase2Clean_11957_102.docx)	selcuk.sertesens@undp.org	2/18/2022 1:28:00 PM

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:

The related program outcome and outputs are:
 Draft UNSDCF (2021-2025) Outcome #2.1: By 2025, public institutions and the private sector contribute to more inclusive, sustainable, and innovative industrial and agricultural development, and equal and decent work opportunities for all, in cooperation with the social partners.
 CPD Output 2.1.1: Capacities at national and sub-national levels strengthened to promote inclusive local economic development

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No documents available.			

Relevant

Quality Rating: Exemplary

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 are identified as SMEs which are the backbone of Turkish economy . As of 2020 , there are 3.295.000 SMEs in Turkey. To ensure the structural transformation in the Turkish manufacturing industry, increasing productivity levels in SMEs has been targeted which is also one of the top government priority. (<https://www.kosgeb.gov.tr/site/tr/genel/detay/8044/kucuk-ve-orta-buyuklukteki-girisim-istatistikleri-2020>) To be specific, target groups of the project are identified under expected results and stakeholder engagement sections of the prodoc.

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#	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:

A detailed Lessons Learned Report was prepared within the scope of First Phase of Applied SME Capability Center (Model Factory) Project. The findings elaborated in this document has been reflected into the Project document.
The Lessons learned report is enclosed in the attachment.

List of Uploaded Documents			
#	File Name	Modified By	Modified On
1	ModelFactoryProject-BriefNoteonLessonsLearnedandWayForward_11957_105 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/ModelFactoryProject-BriefNoteonLessonsLearnedandWayForward_11957_105.docx)	sedef.zaglikilic@undp.org	2/15/2022 12:41:00 PM

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:

An analysis has been conducted on the current roles and expected roles of the partners in cooperation and reflected into the lessons learned report. It has been highlighted that the engagement and ownership of private sector in the field had utmost importance for the implementation of the project. Based on this analysis, the project document determined the roles of the partners. It has been indicated in the project document that the cooperation protocols between MOLT and local stakeholders will be the basis of collaborative action. It has been also underlined that construction of MF buildings and related costs will not be covered from the Project budget and will be under full responsibility of local stakeholders such as Chambers of Industry and Commerce.

Local stakeholders such as Offices of the Governors, Municipalities, Development Agencies, Chambers of Industry and Commerce, Organized Industrial Zones, Technology Transfer Offices, Technology Development Zones will provide support for conducting feasibility studies in target provinces before the establishment of Model Factories, allocate cash and in-kind support for the establishment, operationalization and sustainability of MFs, promote dissemination of MF services at the region and country and support the capacity development of MFs.

Universities, will take critical role in the improvement of the MFs capacity such that they will work together with MFs to develop training curriculums, expand the trainers pool and support academic studies in MFs' field including digital and green transformation.

The financial support of the related public institutions such as KOSGEB and Regional Development Agencies also contribute to engagement of SMEs.

For the overall coordination and ensuring collaboration with ecosystem actors, activities have been designed in the Project document.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

Principled

Quality Rating: Highly 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:

The project is prioritizing meaningful participation and non-discrimination. Target groups of the project are specified under expected outputs and stakeholder engagement sections of the prodoc. Additionally, women empowerment in the ToT and Capacity Development Activities are especially underlined both in the text and in the results framework. To mitigate any conflicts in selection of SMEs that will receive services of MFs will be based on a transparent process.

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 gender analysis was based on the study "Women Empowerment in Manufacturing Sector" prepared and the lessons learned and experiences gained in the First Phase of the MF Project. The document is enclosed in the attachment.

Additionally, gender mainstreaming has tried to be reflected in the result framework.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	ImalatSanayiindeKadin_10Ekim_EN_v03_11957_108 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/ImalatSanayiindeKadin_10Ekim_EN_v03_11957_108.docx)	sedef.zaglikilic@undp.org	2/15/2022 1:11:00 PM

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 to support the structural transformation in the manufacturing industry by increasing the number of MFs in the country. It is also targeted to expand MF services in green transformation and sustainability in order to support SMEs transformation throughout the EU green agenda. Interconnections between social and environmental dimensions of sustainable development has been reflected into SESP document, which is attached to the Project document

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. knowledge management, inter-governmental processes)
 - 6: UNDP acting as Administrative Agent

Evidence:

Final SESP document is attached.

List of Uploaded Documents

#	File Name	Risk Category	Risk Requirements	Document Status	Modified By	Modified On
1	MFII_SESP_For_m202.02.17.docx_11957_110.pdf	Low		Final	selcuk.sertesens@undp.org	2/28/2022 9:16:00 AM

Management & 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:

The result framework of the project includes all the criteria mentioned. Outputs, indicators and targets are identified in accordance with the lessons learned from the first phase. Results collected from the 8 Model Factories that have already been established combined and used as baselines.

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 governance mechanism which was proven successful in the first phase will be maintained mostly.

A Project Steering Committee (PSC) with representation from MoIT, Presidency of Strategy and Budget, Ministry of Foreign Affairs and UNDP will be set up to guide and oversee the implementation of the project. Project Steering Committee will be held annually. Strategy and Budget Office and Ministry of Foreign Affairs are natural members of all UNDP's Project Steering Committees. In previous phase local stakeholders were also represented in PSC. Due to increased number of stakeholders, the composition of PSC will be decided after initial consultations with Ministry.

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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. Draft risk log is enclosed in the attachment.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	RiskLog_MFII.20220218_11957_113 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/RiskLog_MFII.20220218_11957_113.doc)	selcuk.sertesens@undp.org	2/18/2022 1:19:00 PM

Efficient**Quality Rating: Exemplary**

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:

The First Phase of the MF Project will end at the end of 2022. The Project team will share their know-how and support the project team and throughout the implementation period. Because the first is the continuation of MF Project, studies that are of previously conducted (For example; MF Performance Monitoring and Evaluation System) will be used in this project and the activities will be implemented smoothly.

List of Uploaded Documents			
#	File Name	Modified By	Modified On
1	Annexi.MFPerformanceMonitoringandEvaluation_11957_114 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/Annexi.MFPerformanceMonitoringandEvaluation_11957_114.pptx)	sedef.zaglikilic@undp.org	2/15/2022 1:31:00 PM

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 budget realization of First Phase of Model Factory Project has formed a basis for the budget calculations. All the necessary costs for monitoring, evaluation, communications and security are included.

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#	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 budget fully covers all project costs that are attributable to the project.

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No documents available.			

Effective

Quality Rating: Exemplary

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:

A meeting was organized on 24 January 2021 to engage all stakeholder in the targeted provinces about the MFs to be established. The results of the first phase and steps to be taken was shared. The agenda of the event was enclosed in the attachment.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	ModelFabrika_Ek_ToplantıProgramı_11957_117 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/ModelFabrika_Ek_ToplantıProgramı_11957_117.pdf)	sedef.zaglikilic@undp.org	2/15/2022 1:05:00 PM

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:

Yes, in the Monitoring and Evaluation section, all mitigative actions are defined to achieve expected results.

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:

Gender has been mainstreamed in all project output. Within the scope of capacity development programs, awareness raising programs will be designed on women empowerment targeting manufacturing industry representatives and training programs on women empowerment, gender equality, "gender gap", and "gender-responsive conduct/analysis" including terminology, effects of women empowerment on social, economic and environmental issues, gender-responsive analyses, planning and budgeting will be delivered. Gender sensitive targets has also been identified for example women MF trainers, number of awareness raising activities on women empowerment organized and etc.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

Sustainability & National Ownership

Quality Rating: Exemplary

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 Turkish Government has full ownership of the project and use Model Factory as a policy tool to ensure the structural transformation in the Turkish manufacturing industry by increasing productivity levels in SMEs.

In the 10th National Development Plan (NDP) of Turkey, transformation program based on increasing productivity in manufacturing industry is envisaged. Besides, improving productivity levels, particularly in SMEs, is also one of the strategic objectives of Turkey's SME Strategy and Action Plan (2015-2018). In the same vein, Turkey's Productivity Strategy and Action Plan (2015-2018) pays a special attention to productivity levels of the SMEs in the manufacturing industry. Additionally, 2023 Industry and Technology Strategy approaches digital transformation as one of the main drivers of productivity policy. Followingly, in the Eleventh NDP, it is aimed to achieve stable and strong growth, sustainable current account balance; to increase employment and boost competitiveness and productivity at all levels, including individuals, companies, sectors government; to reduce dependence on technology import; to transform the production structure; to prioritize large-scale investments and technology-intensive sectors by implementing more active industrial policies based on the manufacturing industry, which is critical for an economic growth based on Total Factor Productivity increases.

List of Uploaded Documents			
#	File Name	Modified By	Modified On
1	OnbirinciKalkinmaPlani_11957_120 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/OnbirinciKalkinmaPlani_11957_120.pdf)	sedef.zaglikilic@undp.org	2/15/2022 1:39:00 PM
2	Onuncu_Kalkinma_Plani-2014-2018_11957_120 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/Onuncu_Kalkinma_Plani-2014-2018_11957_120.pdf)	sedef.zaglikilic@undp.org	2/15/2022 1:40:00 PM
3	KOBI_Stratejisi_ve_Eylem_Plani_2007-2009__11957_120 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/KOBI_Stratejisi_ve_Eylem_Plani_2007-2009__11957_120.pdf)	sedef.zaglikilic@undp.org	2/15/2022 1:42:00 PM
4	eK6XAvsep15-18-492015120647_11957_120 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/eK6XAvsep15-18-492015120647_11957_120.pdf)	sedef.zaglikilic@undp.org	2/15/2022 1:43:00 PM

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:

Project will support capacity development actions at national and local level, initially for MoIT together with related institutions. For this end it is planned to develop a capacity building program that will enable the Ministry staff to proactively guide and direct MFs and monitor and evaluate the activities and performances of MFs; implement the capacity building program; design interface structures /tools/ software in line with the needs of MoIT staff in project management and related training programs such as project management tools facilitating active project management and minimizing the errors that can be rise from manual monitoring and coordination and tools/programs/ platforms providing online trainings, online library and analysis and reporting tools in different fields.

The project has also a strategy for strengthening capacities of already established MFs and activities have been designed in the Project document accordingly.

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#	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:

PMES which was created for the Ministry in the First Phase, will be used in this Project including the online portal system that will monitor the progress of all MFs.

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#	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:

Within the scope of Output 2, preparation of exit and sustainability strategy for each MF and overall MF strategy of MoIT will be completed.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

QA Summary/LPAC Comments

ANNEX 2. Social and Environmental Screening

Social and Environmental Screening Template (2021 SESP Template, Version 1)

The completed template, which constitutes the Social and Environmental Screening Report, must be included as an annex to the Project Document at the design stage. Note: this template will be converted into an online tool. The online version will guide users through the process and will embed relevant guidance.

Project Information

Project Information	
1. Project Title	Applied SME Capability Center – Model Factory Phase 2 Project
2. Project Number (i.e. Atlas project ID, PIMS+)	Proposal ID: 139001
3. Location (Global/Region/Country)	Turkey
4. Project stage (Design or Implementation)	Design
5. Date	17/02/2022

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

The project aims to increase the productivity of manufacturing industry and on the impact level, this outcome is expected to lead to more sustainable and inclusive growth. This growth is intended to serve diffusion to subsectors and eventually increased job opportunities not only for ones having university degree but also for less qualified segment of the job market. In this respect the project contributes to “Leave no one behind” agenda and HRBA.

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

UNDP will mobilize its internal capacity to raise awareness on women empowerment targeting manufacturing industry. For this, training programs that will include the following themes: “designing and conducting training programs on women empowerment”, “gender equality”, “gender gap”, “gender-responsive conduct/analysis including terminologies”, “effects of women empowerment on social, economic and environmental issues”, “gender-responsive analyses, planning and budgeting”.

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

The expected outcome of the project is to increase the productivity of SMEs. Consequently, it is expected that the project will have a direct impact on competitiveness, structural transformation capacity of the industry together with enhancing inclusive and sustainable growth capacity of SMEs. In this way, SMEs benefitting from the high-quality services of MFs will also gain a level of resilience to shocks and crisis in the long term.

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

The project was designed in cooperation with Ministry of Industry and Technology with the help of lessons learned from the first phase that was implemented in a multi stakeholder approach including private sector and academia. Similar to the first phase will be implemented in selected provinces in cooperation with national and local actors. The Project Board will be operationalized as usual. Additionally, the project will ensure the use of performance monitoring and evaluation system PMES that was designed in the first phase in order to increase the accountability of MFs.

Part B. Identifying and Managing Social and Environmental Risks

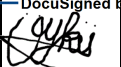
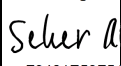
QUESTION 2: What are the Potential Social and Environmental Risks? <i>Note: Complete SESP Attachment 1 before responding to Question 2.</i>	QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>Note: Respond to Questions 4 and 5 below before proceeding to Question 5</i>			QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High												
<i>Risk Description (broken down by event, cause, impact)</i>	<i>Impact and Likelihood (1-5)</i>	<i>Significance (Low, Moderate, Substantial, High)</i>	<i>Comments (optional)</i>	<i>Description of assessment and management measures for risks rated as Moderate, Substantial or High</i>												
P 14: Project may involve “grievances or objections from potentially affected stakeholders” in case of high interest and motivation from SMEs to receive services from Model Factories the capacity of which may not be limited for the initial years. This may lead to dissatisfaction for those who feel lagging behind.	I = 3 L =2	Low	Transparent process management may minimize the likelihood of this risk.	To mitigate the mentioned risk, the project team and partners will ensure transparency and accountability measures during the selection of SMEs who will receive services from SMEs. Additionally, once established, the project team will ensure full capacity utilization of MFs during the project life cycle.												
[add additional rows as needed]																
QUESTION 4: What is the overall project risk categorization?																
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; text-align: right;"><i>Low Risk</i></td> <td style="width: 5%; text-align: center;"><input checked="" type="checkbox"/></td> <td style="width: 35%;">The project team and the partners will ensure mitigation measures.</td> </tr> <tr> <td style="text-align: right;"><i>Moderate Risk</i></td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> </tr> <tr> <td style="text-align: right;"><i>Substantial Risk</i></td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> </tr> <tr> <td style="text-align: right;"><i>High Risk</i></td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> </tr> </table>					<i>Low Risk</i>	<input checked="" type="checkbox"/>	The project team and the partners will ensure mitigation measures.	<i>Moderate Risk</i>	<input type="checkbox"/>		<i>Substantial Risk</i>	<input type="checkbox"/>		<i>High Risk</i>	<input type="checkbox"/>	
<i>Low Risk</i>	<input checked="" type="checkbox"/>	The project team and the partners will ensure mitigation measures.														
<i>Moderate Risk</i>	<input type="checkbox"/>															
<i>Substantial Risk</i>	<input type="checkbox"/>															
<i>High Risk</i>	<input type="checkbox"/>															
QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)																
Question only required for Moderate, Substantial and High Risk projects																
<i><u>Is assessment required? (check if “yes”)</u></i>				<input type="checkbox"/>	<i>Status? (completed, planned)</i>											

	<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)	
	Are management plans required? (check if "yes")	<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)	
	Based on identified risks, which Principles/Project-level Standards triggered?		Comments (not required)	
	Overarching Principle: Leave No One Behind			
	Human Rights	<input type="checkbox"/>		
	Gender Equality and Women's Empowerment	<input type="checkbox"/>		
	Accountability	<input type="checkbox"/>		
	1. Biodiversity Conservation and Sustainable Natural Resource Management	<input type="checkbox"/>		
	2. Climate Change and Disaster Risks	<input type="checkbox"/>		
	3. Community Health, Safety and Security	<input type="checkbox"/>		
4. Cultural Heritage	<input type="checkbox"/>			
5. Displacement and Resettlement	<input type="checkbox"/>			
6. Indigenous Peoples	<input type="checkbox"/>			
7. Labour and Working Conditions	<input type="checkbox"/>			
8. Pollution Prevention and Resource Efficiency	<input type="checkbox"/>			

Final Sign Off

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

Signature	Date	Description
QA Assessor Selçuk Serteser ISG M&E Officer	 DocuSigned by: <i>Selçuk Serteser</i> E52550B70FD42D...	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.

<p>QA Approver Öykü Uluçay, UNDP M&E Analyst</p>	<p>DocuSigned by:  D52DC47A253041E...</p>	<p>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.</p>
<p>PAC Chair Seher Alacaci Ariner UNDP ARR/P</p>	<p>DocuSigned by:  F3421E53F5144D3...</p>	<p>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.</p>

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks		
INSTRUCTIONS: 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 SES toolkit for further guidance on addressing screening questions.		
Overarching Principle: Leave No One Behind		Answer (Yes/No)
Human Rights		
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? ¹	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
Gender Equality and Women's Empowerment		
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
Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below		

¹ 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.

Accountability		
<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
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?	No
Project-Level Standards		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
<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? ²	No
1.13	utilization of genetic resources? (e.g. collection and/or harvesting, commercial development) ³	No
1.14	adverse transboundary or global environmental concerns?	No
Standard 2: Climate Change and Disaster Risks		
<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?	No

² See the [Convention on Biological Diversity](#) and its [Cartagena Protocol on Biosafety](#).

³ See the [Convention on Biological Diversity](#) and its [Nagoya Protocol](#) on access and benefit sharing from use of genetic resources.

	<i>For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes</i>	
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
Standard 3: Community Health, Safety and Security		
<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)	Yes
3.2	air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No
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
Standard 4: Cultural Heritage		
<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
Standard 5: Displacement and Resettlement		
<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? ⁴	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
Standard 6: Indigenous Peoples		
<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
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
Standard 7: Labour and Working Conditions		
<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
Standard 8: Pollution Prevention and Resource Efficiency		
<i>Would the project potentially involve or lead to:</i>		

⁴ 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.

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 Montreal Protocol, Minamata Convention, Basel Convention, Rotterdam Convention, Stockholm Convention</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

ANNEX 3. Risk Analysis

OFFLINE RISK LOG

(see [Deliverable Description](#) for the Risk Log regarding its purpose and use)

Project Title: Applied SME Capability Center – Model Factory Phase 2 Project	Award ID:	Date: 15.09.2022
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#	Description	Risk Category	Impact & Likelihood = Risk Level	Risk Treatment / Management Measures	Risk Owner
1	Worsening economic conditions preventing SMEs to invest in capacity development	Strategic	It may decrease both the possibility to reach out the most motivated SMEs and the effectiveness of the capacity building activities targeting SMEs P =2 I = 4	In cooperation with national and local partners, the project team will conduct intensive outreach and dissemination activities	Project team and partners
2	Local stakeholders (chambers, universities) are unwilling to collaborate and invest in the project	Organizational	In the first phase of the project, consensus building with the local stakeholders had taken much longer than expected and these stakeholders are key partners for the implementation. So, any delay in this process will eventually lead to serious amount of loss of time. P =3 I = 4	The project team and MoIT will communicate with the possible partners in the very early stage of the intervention to avoid this risk.	Project team and partners
3	High mobility of the trained MF key staff	Strategic	Technical staff will receive high quality and costly trainings during the project where human resource quality is the most important asset and determinant of success. So, their mobility will represent strategic loss to be hardly replace by the project. P =3 I = 4	The project team will regularly organize training sessions targeting technical staff together with continuous effort to enlarge the human resource pool.	Project team and partners
4	Project may involve “grievances or objections from potentially affected stakeholders” in case of high interest and motivation from SMEs to receive services from Model Factories the capacity of which may not be limited for the initial years. This may lead to dissatisfaction for those who feel lagging behind.	Strategic	Transparent process management may minimize the likelihood of this risk. P =2 I = 3	To mitigate the mentioned risk, the project team and partners will ensure transparency and accountability measures during the selection of SMEs who will receive services from SMEs. Additionally, once established, the project team will ensure full capacity utilization of MFs during the project life cycle.	Project team and partners

ANNEX 4. Capacity Assessment

Partner Capacity Assessment Tool - Introduction & Overview		
<p>Background: This Partner Capacity Assessment Tool (PCAT) is designed to streamline UNDP's approach to capacity assessments of project Implementing Partners (IPs) and Responsible Parties (RPs). It does this by consolidating all of the existing partner capacity assessment checklists, and eliminating duplicative questions and questions that don't add value. The PCAT also saves time by: (i) providing rapid guidance on which capacity assessments will ensure project risks are identified; and (ii) generating a summary report of the resulting risk assessments, risk mitigation actions and associated budgets for inclusion in the Project Document. The PCAT also includes capacity assessments for new programming instruments, including On-Granting and Performance-Based Payment Agreements.</p>		
<p>Purpose: The UNDP Enterprise Risk Management (ERM) Policy identifies 'Capacities of the Partners' as a key Strategic Risk to be managed for the success of UNDP's work. The PCAT is designed to assess the level of risk that is present when UNDP works with Partners to implement programmes and projects. The level of risk is identified by analyzing partner capacity and matching project management and oversight with the level of risk assessed. By identifying areas for capacity improvement, the PCAT should also help to reduce future Partner risk levels if the capacity building actions are implemented and sustained.</p>		
<p>Applicability: The PCAT is applicable to all Partners, including IPs and RPs, in all contexts, including crisis contexts. It also applies to Grantees for determining eligibility to receive a grant. The PCAT outlines the minimum requirements for capacity assessments based on UNDP thresholds (such as USD 150,000 per annum for HACT). This does not preclude offices doing additional capacity assessments for Partners that fall below the thresholds should they consider this to be beneficial for their office.</p>		
<p>Responsibility and Timing: The PCAT should be completed by the Project Developer as soon as possible during the Project Design phase, with HACT Micro-Assessment inputs from the Third-Party Service Provider where required. The PCAT generates a summary of the results of the Partner capacity assessments that can be attached to the Project Document, eliminating the need to write long-form/narrative reports on capacity assessment results.</p>		
How to Use the PCAT: Follow these 4 steps:		
<p>Step 1: Review Pre-Requisites for Partnering:</p>	<p>Start the PCAT with 'Pre-Requisites for Partnering.' Here you will enter background information about your office and the Partner, and then review 5 questions to assess whether the Partner meets certain basic criteria for partnering with UNDP (such as not being on UN Sanctions, UNDP Vendor Sanctions or UN Global Marketplace Ineligibility Lists). If the Partner meets the 'Pre-Requisites for Partnering,' you will then move to the next section 'Capacity Assessment Scoping.' If the Partner does not meet the 'Pre-Requisites for Partnering,' you will be advised to do no further assessments as the Partner cannot work with UNDP.</p>	<p>Go to Pre-Requisites for Partnering</p>
<p>Step 2: Complete Capacity Assessment Scoping</p>	<p>The PCAT is a dynamic tool that will display only the capacity assessments you need based on the answers you provide to 10 'assessment scoping' questions. These questions include:</p> <ul style="list-style-type: none"> (i) whether or not this is a humanitarian project for which a rapid capacity assessment is needed; (ii) what role the Partner will fulfill on the project (IP vs RP vs Other); (iii) what type of organization the Partner is (Govt, CSO/NGO, Private Sector etc); (iv) whether the Partner is expected to receive more than USD 150,000 per annum; (v) whether a HACT Micro-Assessment has been done; (vi) whether the Partner will be <u>managing</u> construction activities; (vii) whether the Partner will undertake grant-making activities on behalf of UNDP (on-granting); (viii) whether the Partner will be implementing activities funded by Global Environment Facility (GEF) or Green Climate Fund (GCF); (ix) in the case of RPs, whether a Performance-Based Payment Agreement (PBPA) will be used for the project; and (x) whether the PBPA will exceed USD 150,000 per year. <p>Your answers to these questions will determine which capacity assessments are displayed for completion. You will be provided with a link that will take you straight to the assessment(s) to be completed. Also, all of the background information you entered above for your office and the Partner will automatically be brought forward.</p>	<p>Go to Capacity Assessment Scoping</p>
<p>Step 3: Complete the Capacity Assessment(s)</p>	<p>Complete the capacity assessment(s) as needed. Based on the results of the capacity assessment and the level of assessed risk, you will be asked to identify risk mitigation strategies (such as capacity building actions and/or enhanced monitoring & assurance activities) and the associated budget required to implement those strategies.</p>	<p>Follow the links provided on the Capacity Assessment Scoping page</p>
<p>Step 4: Conclude on the Capacity Assessment(s)</p>	<p>The PCAT will automatically summarize the results of the completed capacity assessments, providing you with a concise document to attach to your Project Document.</p>	<p>Go to Conclude on Capacity Assessment</p>
<p>Optional: Additional Guidance Resources</p>	<p>If you need additional guidance, review the IP and/or RP decision trees, which provide step-by-step overviews of the capacity assessments needed; or try the POPP Points to Remember for important points on HACT and on specific programme/project instruments, such as On-granting or Performance-Based Payment Agreements (PBPA).</p>	<p>IP Decision Tree</p> <p>RP Decision Tree</p> <p>HACT - POPP Points to Remember</p> <p>On-Granting - POPP Points to Remember</p> <p>PBPA - POPP Points to Remember</p>

Partner Capacity Assessment Tool - Step 1: Pre-Requisites for Partnering - applicable to all Partners						
Return to PCAT Overview page						
Applicability: 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.						
Responsibility & Timing: 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.						
Background Information (Enter this information here and it will be carried throughout the PCAT - no need to enter it again)						
Region	CEE/CIS	Comments: (Optional)				
Office	Turkey	XXX				
Programme Start	1.Nis.22					
Programme End	31.Ara.23					
Partner Name	Ministry of Industry and Technology					
Partner budget for this Project (USD)	\$ 8.677.259					
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 ?	UN Sanctions List UNDP Vendor Sanctions List UN Global Marketplace Ineligibility List (accessible to UNDP Buyer Roles)	No	Continue to Question 2
Comments						
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"> * Internet/press search * Donor evaluations, assessments * Significant criticism from donors/CSOs/ media/social media or other significant partners of UNDP locally or globally * Significant criticism from governmental agencies / political parties that makes UNDP's partnering politically sensitive 	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"> * Recurring local or global public events against the organization (e.g. local demonstrations, online protests, etc) * Relevant legal case in progress/in court etc. 	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?		N/A	
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"> * Internet/press search on fraud issues * Donor evaluations or assessments for fraud issues * Discussions and/or documents and/or written confirmation from the Partner disclosing conflicts of interest or such relationships 	No evidence of fraud or conflicts found	
Conclusion on 'Pre-Requisites for Partnering' & Next Steps				Proceed with this Partner. Continue to 'Section 2: Capacity Assessment Scoping'		

[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) XXX
Office	Turkey	
Programme Start	1.Nis.22	
Programme End	31.Ara.23	
Partner Name	Ministry of Industry and Technology	
Partner budget for this Project (USD)	\$ 8.677.259	

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?	IP
3. What is the nature of this organization? (Govt, CSO etc)	Government
4. Will this Partner receive more than US \$150,000 per annum?	No
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?	No
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

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
Programmatic & HACT Micro-Assessment not needed	- - - - -

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Partner Capacity Assessment Tool: Step 4: Capacity Assessment Conclusions

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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	Turkey	XXX
Programme Start	1.Nis.22	
Programme End	31.Ara.23	
Partner Name	Ministry of Industry and	
Partner budget for this Project (USD)	\$ 8.677.259	

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

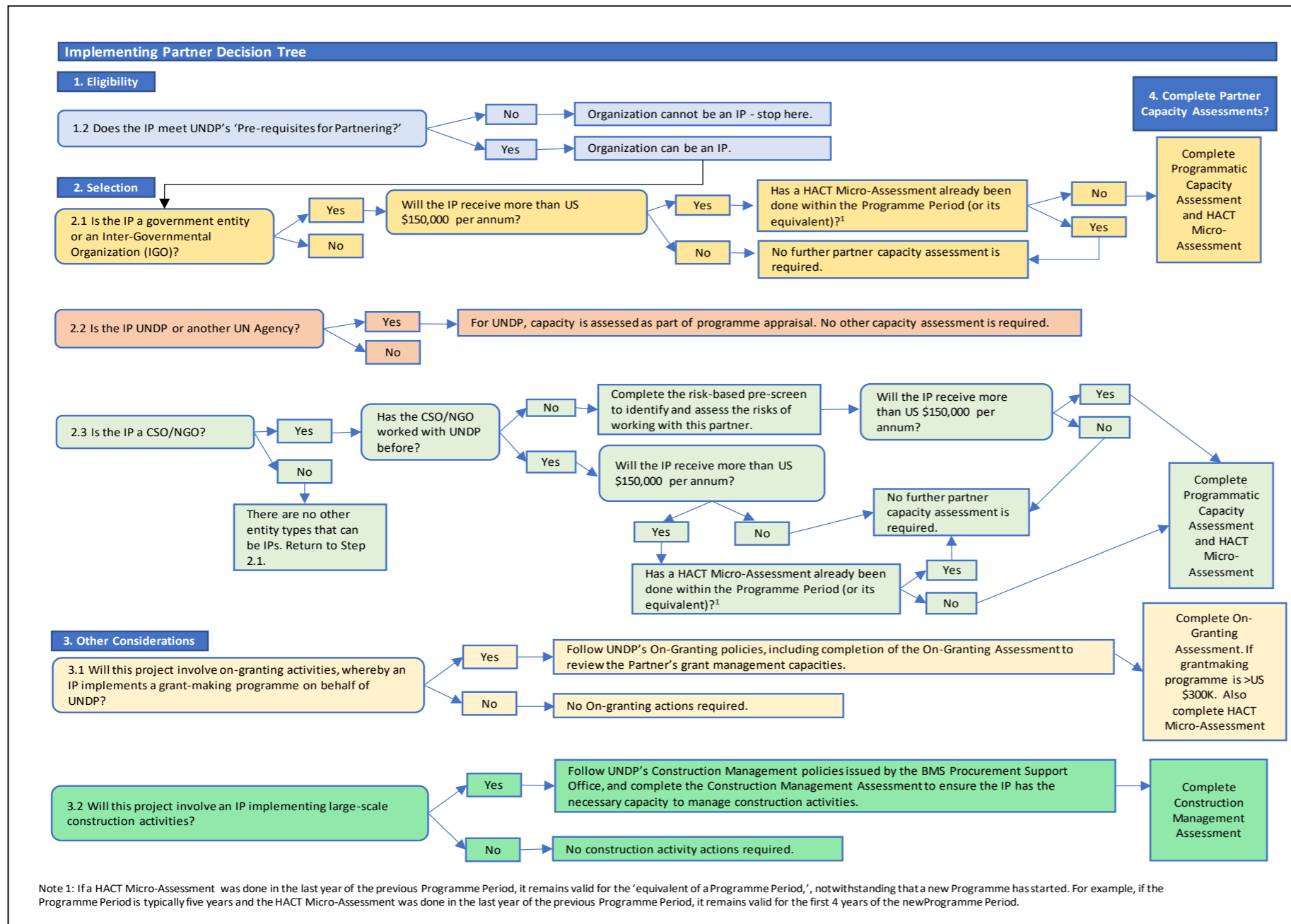
Area of concern	Nature of evidence found and how associated risks to UNDP will be managed	Management & Justification Plans documented?	Information included in Project Risk Log? (Yes/No)	Estimated Budget to Implement Management & Justification Plans (if any)	Comments (Optional)

Capacity Assessment Conclusions for this IP

Automatically Generated

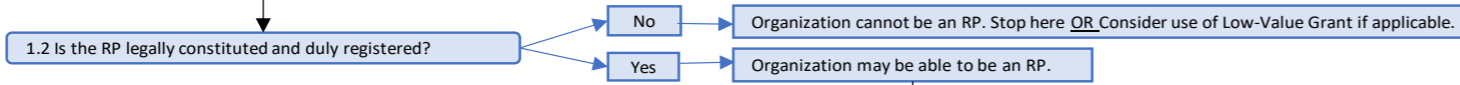
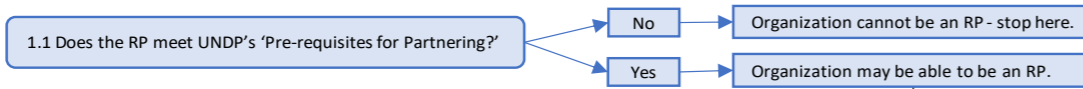
Capacity Assessment Component	Overall Risk Assessment for this Component	Risk Mitigation Strategies (i.e. capacity building actions and/or enhanced monitoring and assurance activities)	Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document	Estimated budget required for these activities (include in the Project Budget) (\$US)	Comments (Optional)
Total				\$ -	

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

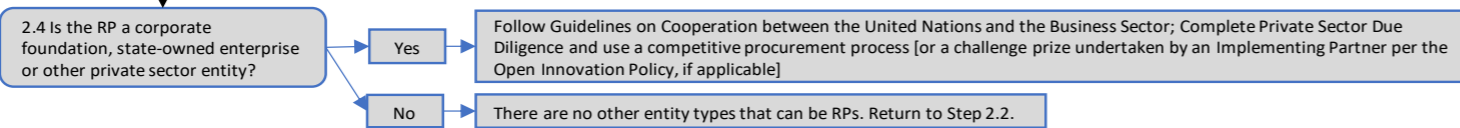
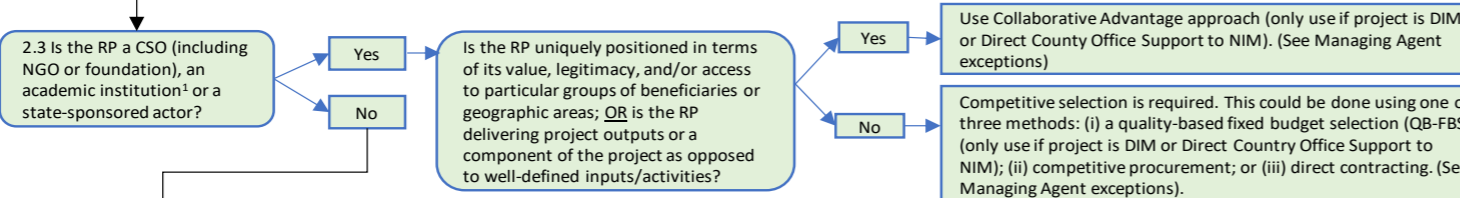
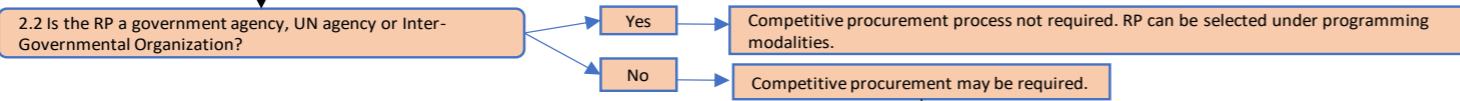
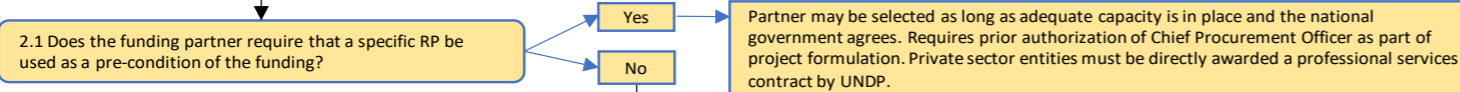


Responsible Party Decision Tree

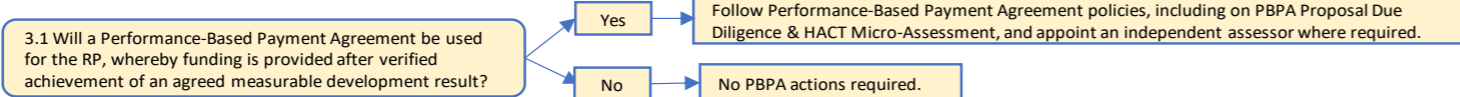
1. Eligibility



2. Selection



3. Other Considerations



4. Complete Partner Capacity Assessments?

Complete HACT Micro-Assess² if more than US\$150K per annum. Also see step 2.4 below for private sector entities.

For Govt or IGO, complete HACT Micro-Assess if more than US\$150K per annum.

Complete HACT Micro-Assess if more than US\$150K per annum.

Complete Private Sector Due Diligence. Also complete HACT Micro-Assess if more than US\$150K is expected to be transferred per annum.

Complete PBPA Proposal Due Diligence (all \$ amounts) & HACT Micro-Assess if more than US \$300K

Note 1: Academic institutions, notwithstanding their form of ownership (i.e. public or private) are considered CSOs and are treated as such in UNDP policies.

Note 2: If a HACT Micro-Assessment was done in the last year of the previous Programme Period, it remains valid for the 'equivalent of a Programme Period,' notwithstanding that a new Programme has started. For example, if the Programme Period is typically five years and the HACT Micro-Assessment was done in the last year of the previous Programme Period, it remains valid for the first 4 years of the new Programme Period.

HACT Micro-Assessments		
For full POPP guidance on HACT, refer to this link:	POPP Guidance on HACT	HACT Performance Dashboard
Note: The HACT Micro-Assessment Questionnaire approved by UNDG must be used for all HACT Micro-Assessments:	UNDG-approved Micro-Assessment Questionnaire (June 2016 version)	
POPP Points to Remember		
<p>Purpose: The purpose of the Micro-Assessment is to assess the IP's financial management capacity (i.e. accounting, procurement, reporting, internal controls, etc.) to determine the overall risk rating and assurance activities. The risk rating, along with other available information, is also taken into consideration when selecting the appropriate cash transfer modality for an IP, based on each agency's business model. This assessment applies to both governmental and non-governmental IPs. The Micro Assessment results in an overall risk assessment, which is a key input to determining the Adjusted Risk Rating for the IP and guides the types and frequency of</p>		
<p>Applicability: The HACT framework is applicable in every country and in all situations, including emergency, crisis and post-conflict countries. The prescribed procedures apply to all UNDP offices (headquarters, regional offices and country offices) that transfer cash to implementing partners in every country and operational context.</p>		
<p>Completion by a third-party service provider: The Micro-Assessment is performed by a third party service provider and includes a site visit to the IP. The assessment primarily consists of interviews with IP personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire.</p>		
<p>Use of HACT framework for IP capacity development activities: HACT is a risk-based approach, and the Framework identifies developing the IP's capacity, with assistance from UNDP and other development partners, as core to managing risk. Identification of and planning to address IP capacity gaps (either through direct assistance by the country team or through other development partners) is an important element of the Framework. Country Offices should use HACT assessment results to help focus future capacity development activities in key thematic and mandated areas of development, and on developing the financial management capacity necessary for any IP. However capacity development activities do not negate the results of the micro-assessment in determining the Cash Transfer Modality (CTM).</p>		
<p>Overall Risk Ratings: The Micro-Assessment questionnaire provides an overall risk rating based on responses provided:</p> <ul style="list-style-type: none"> - Low risk – Indicates a well-developed financial management system and functioning control framework with a low likelihood of negative impact on the IP's ability to execute the programme in accordance with the work plan. - Moderate/Medium Risk – Indicates a developed financial management system and control framework with moderate likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan. - Significant Risk – Indicates an underdeveloped financial management system or control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan. - High Risk – Indicates an underdeveloped financial management system and control framework with a high likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan. 		

On-Granting Activities		
For full POPP guidance on On-Granting activities, refer to this link:	POPP Grantees (includes On-Granting)	also see the 'Low-Value Grants Operational Guide'
Return to PCAT Overview Page		
 POPP Points to Remember		
<p>Applicability: The On-Granting Assessment should be used for low-value grants that are awarded indirectly via 'on-granting,' an arrangement where UNDP provides funds to a grant-making institution serving as an implementing partner (under national implementation) or responsible party (under direct implementation or direct country office support services). The institution then awards grants to recipient(s) following certain specified guidelines and appropriate due diligence. The 'grant recipient' in both cases is defined as an entity that is the final beneficiary of the grant. In the case of 'on-granting', UNDP and the grant-making institution must sign an agreement that defines the terms and conditions under which UNDP will provide funding to the grant-making institution to perform the grant-making function. Such an agreement defines the implementing partner/responsible party as an entity assessed by UNDP as possessing sufficient financial and grant management skills to bear responsibility for on-granting funds to Grant Recipient(s). UNDP is responsible for assessing the grant-making institution to ensure it has the programmatic, financial and management capacities and systems to effectively undertake its roles. This is achieved through completion of the standard programmatic and financial assessments applied to UNDP's implementing partners, including HACT, <u>AND</u> the completion of the on-granting assessment.</p>		
<p>Key Principles: UNDP defines low-value grants as cash awards - selected via programmatic decisions - to civil society and non-governmental partners to generate and solicit development solutions for which no repayment is typically required. If UNDP provides funds to a grant-making institution serving as either an implementing partner (under national implementation) or responsible party (under direct implementation or direct country office support services to NIM), this is called "on-granting." The institution then awards grants to recipient(s) following certain specified guidelines and appropriate due diligence, including being qualified to perform that role after an assessment of their capacity for on-granting by UNDP. The on-granting capacity assessment is based on the following 8 good grantmaking principles:</p> <ol style="list-style-type: none"> 1. Outcomes are clearly defined 2. Program structure is tailored to its circumstances, target group/s and purpose 3. Governance is clear and strong 4. Risks are identified and managed 5. Decision-making is transparent and criteria-based 6. Information is available and accessible 7. Financial and grant performance are both monitored and reported on; and 8. A contribution is made to the knowledge base of the broader community. 		
<p>Key Thresholds to Remember: Funding provided to each grant recipient cannot exceed \$150,000 per grant and \$300,000 on a cumulative basis within the same programme period. To receive multiple grants, the grant recipient must have produced the results agreed to in the prior grant agreement, and a new grant agreement must be approved by the project board or selection committee. The same entity could receive separate grants under different projects with a cumulative ceiling of \$300,000 in the programme period. The UNDP business unit is responsible for reviewing proposed grant awards under UNDP projects and confirming that the amount falls under the grant threshold amounts allowable per programme period. If a responsible party oversees implementation of the grant project on behalf of the implementing partner originally selected by UNDP under on-granting, funding provided by it to any individual grant recipient shall not exceed \$60,000 per individual grant and \$120,000 on a cumulative basis within the same programme period.</p>		
<p>Non-exclusivity: The award of grants is not exclusive. Several entities can be awarded separate grants for the same development challenge, or a consortium can be awarded a single grant to foster collaboration. Moreover, LVGs can be used in parallel to other engagement types; for instance the same NGO can concurrently be a grant recipient to develop a new local income-generation scheme and hold a procurement contract to provide logistical services for a workshop (provided there is no conflict of interest; see section below on difference between grants and procurement). All resources provided to the entity by UNDP during the programme period are considered when assessing what, if any, capacity assessments should be done. For example, if the value of a LVG plus procurement contract or responsible party agreement exceeds \$300,000 total during the programme period, the relevant capacity assessment must be done for that partner.</p>		
<p>Eligibility: Grants can be awarded to civil society and (national or international) non-governmental organizations, including non-governmental academic or educational institutions. Private sector and commercial entities, and governmental organizations (e.g. regional governments, municipalities, etc.) are currently not eligible to receive LVGs. Under exceptional circumstances an individual can be a grantee when legislation prevents excluded and marginalized groups (e.g. LGBTQ people, sex workers, people affected by certain illnesses, etc.) from organizing and attaining legal status. The understanding would be that the individual signing the grant agreement represents the group barred from attaining legal status. If the country office's senior management has determined that the engagement is critical to delivery of results and is in the best interests of UNDP, the head of the Business Unit may authorize the use of the IC modality with one or more of the principals. The value of each individual contract shall be capped at the established threshold for micro purchasing (USD 10,000). Grants must not be awarded to any organization or individual appearing on prohibited entity lists, such as the UN Sanctions List, UNDP Vendor Sanctions List, or other barred lists (such as the World Bank Barred List).</p>		
<p>Granting is not a substitution for Procurement: a grant cannot be used in lieu of a procurement process to provide commercial goods and services to a project since grants are intended to generate or solicit development solutions. So even in the case of a strategically important non-government entity, if its role is limited to the provision of goods and services, then a procurement process is necessary.</p>		

Technical Clearance on Micro-finance Grants: Low-value grants may be made for credit activities, and can be used by the recipient organization to cover the costs of its operations, purchase equipment, hire new staff or capitalize credit funds within the financial limits set out below. On all requests related to credit or microfinance, technical clearance from UNCDF is required. The policies for microfinance, credit and/or loan programmes administered by UNDP and/or UNCDF are covered by the UNDP/UNCDF Microfinance Policy.

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Performance-Based Payment Agreements	
For full POPP guidance on Performance-Based Payment Arrangements, refer to this link:	Performance-Based Payment Agreements
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Q POPP Points to Remember	
<p>Programmatic Use: Circumstances that might warrant the use of performance-based payments include, but are not limited to: (a) the desire of a donor to use a this approach to ensure results are achieved and mitigate financial risk; (b) particularly volatile development situations that cannot be effectively addressed by standard agreements; (c) specific sectors where performance-based payments are established practice, such as the use of results-based payment schemes by countries for reducing deforestation as supported in various UN Framework Convention on Climate Change decisions; (d) implementation capacities and arrangements exist and can be leveraged; and (e) development approaches and best practices to address the development challenge are readily available.</p>	
<p>Project Types: Performance-based payments may be used under a project implemented by UNDP, where a responsible party is selected to take programmatic and financial responsibility for delivering specified results. They may also be used under a nationally implemented project, where UNDP provides direct country office support services to the implementing partner, and those services include engaging a responsible partner using a performance-based payment arrangement.</p>	
<p>Types of PBPA: There are three types of PBPA, which vary according to funding amount and use of working capital reimbursements. They have different conditions which are summarized at the link shown.</p>	Summary of PBPA Types & Conditions
<p>Key Thresholds to Remember: For PBPA greater than US\$300,000 per year, the achievement of specific, pre-agreed results (outputs and/or activities) must be validated through performance measures and quality certified by an independent assessor. Given the cost associated with engaging an independent assessor, it is recommended to use PBPA of at least US\$1,000,000 or more per annum. The project board may verify results for PBPA of US\$300,000 or less.</p>	
<p>Eligibility: The selection of a responsible party for a PBPA is a programmatic decision. RPs can include government entities, NGOs/community-based organizations, academic institutions, the private sector and non-UN intergovernmental organizations. PBPA must not be awarded to any organization or individual appearing on prohibited entity lists, such as the UN Sanctions List, UNDP Vendor Sanctions List or the UN Global Marketplace Ineligibility List.</p>	

ANNEX 5. Legal Context

Supplemental Provisions to the Project Document: The Legal Context

General responsibilities of the Government, UNDP and the executing agency

1. All phase and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP policies and procedures for such projects, and subject to the requirements under UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this project document being provided for the benefit of the Government and the people of (the particular country or territory), the Government shall bear all risks of operations in respect of this project.
4. The Government shall provide to the project the national counterpart personnel training facilities, land, buildings, equipment and other required services and facilities. It shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the "Co-operations Agency"), which shall be directly responsible for the implementation of the Government contribution to the project.
5. The UNDP undertakes to complement and supplement the Government participation and will provide through the Executing Agency the required expert services, training, equipment and other services within the funds available to the project.
6. Upon commencement of the project the Executing Agency shall assume the responsibility for project execution and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Government or to an entity designated by the Government during the execution of the project.
7. Part of the Government's participation may take the form of cash contribution to UNDP. In such cases, the Executing Agency will provide the related services and facilities and will account annually to the UNDP and to the Government for expenditure incurred.

1. Participation of the Government

8. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document. Budgetary provision, either in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.
9. The Co-Operating Agency shall, as appropriate and in consultation with the Executing Agency, assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.
10. The estimated cost of items included in the Government contribution, as detailed in the Project Budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.
11. Within the given number of man-months of personnel services described in the project document, minor adjustments of individual assignments of project personnel provided by the Government, may be made in consultation with the Executive Agency, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.
12. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
13. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance and replacement, if necessary, after delivery to the project site.
14. The Government shall make available to the project - subject to existing security provisions - any published and unpublished reports, maps, records and other data, which are considered necessary to the implementation of the project.
15. Patent rights, copyrights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the parties in each

case, however, the Government shall have the right to use any such discoveries or work within the country free of royalty and any charge of similar nature.

16. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.

17. The services and facilities specified in the Project Document which are to be provided to the project by the Government by means of a contribution in cash shall be set forth in the project Budget. Payment of this amount shall be made to the UNDP in accordance with the Schedule of Payments by the Government.

18. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to the commencement or continuation of project operations.

1. Participation of the UNDP and the executing agency

19. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.

20. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Manager[1] who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.

21. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.

22. Fellowships shall be administered in accordance with the fellowship regulations of the Executing Agency.

23. The Executing Agency may, in agreement with the Government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.

24. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.

25. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.

26. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion, retain title to part or all of such equipment.

27. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary, the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.

28. UNDP may release information relating to any investment-oriented project or potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

(c) Rights, Facilities, Privileges and Immunities

29. In accordance with the Agreement concluded by the United Nations (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations Organization associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.

30. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.

31. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:

1. Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project.
 2. Be immune from national service obligations.
 3. Be immune together with their spouses and relative's dependent on them from immigration restrictions;
 4. Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project; and
 5. Be accord together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.
32. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers a document relating to the project.
33. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:
1. The salaries or wages earned by such personnel in the execution of the project.
 2. Any equipment of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom.
 3. Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b), above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and
 4. As in the case of concessions currently granted to UNDP and Executing Agency's personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.
34. The Government shall ensure
1. Prompt clearance of experts and other persons performing services in respect of this project; and
 2. The prompt release from customs of:
 1. Equipment, materials and supplies required in connection with this project; and
 2. Property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.
35. The privileges and immunities referred to in the paragraph above, to which firm or organization and its personnel may be entitled, may be waived by the Executing agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.
36. The Executing Agency shall provide the Government through the Resident Representative with the list of the personnel to whom the privileges and immunities enumerated above shall apply.
37. Nothing in this Project Document or Annex shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.

(d) Suspension or termination of assistance

- 38.
1. The UNDP may be written notice to the Government and to the Executing Agency concerned to suspend its assistance to any project if in the judgement of the UNDP any circumstance arises which interferes with or threatens to integration of the successful completion of the project or the accomplishment of its purpose UNDP may, in the same or subsequent written notice, indicate the under which it is prepared to resume its assistance to the project. Any such suspension shall continue until

such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that is prepared to resume its assistance.

2. If any situation referred to in paragraph 1, above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may be written notice to the Government and the Executing Agency terminate the project.

3. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.

ANNEX 6. Standard Letter of Agreement for Provision of Services Provided by UNDP

